This document is important and should be read carefully. If you are in any doubt about its contents or the action to take, kindly consult your Stockbroker, Accountant, Banker, Solicitor, an Independent Financial Adviser or any other professional adviser for guidance immediately. **For information concerning certain risk factors which should be considered by prospective investors, please refer to the section on "risk factors" on pages 75-86.**

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

FCMB GROUP PLC

RC 1079631

₦300,000,000,000 (THREE HUNDRED BILLION NAIRA) DEBT ISSUANCE PROGRAMME

This Shelf Prospectus has been issued in compliance with Rule 279 of the Rules and Regulations of the Securities & Exchange Commission ("SEC" or the "Commission") and the listing requirements of Nigerian Exchange Limited ("NGX") and/or FMDQ Securities Exchange Limited ("FMDQ" or "FMDQ Exchange") contains particulars in compliance with the requirements of the Commission for the purpose of giving information with regards to the Programme.

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

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

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

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

LEAD ISSUING HOUSE / BOOK RUNNER

CHAPEL HILL DENHAM

RC 1381308

JOINT ISSUING HOUSE / BOOK RUNNER

FCMB CAPITAL MARKETS

RC 446561

www.fcmbgroup.com **www.chapelhilldenham.com** **www.sec.gov.ng**

THIS SHELF PROSPECTUS IS DATED FEBRUARY 16, 2023

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1. IMPORTANT NOTICE

This Shelf Prospectus has been prepared by Chapel Hill Denham Advisory Limited and FCMB Capital Markets Limited (referred to as ''the Issuing Houses") on behalf of FCMB Group Plc **("FCMB Group"** or the "**Issuer**" or the "**Group**") in connection with its ₦300,000,000,000 (Three Hundred Billion Naira) Debt Issuance Programme, and in accordance with the provisions of the Act, Rules and Regulations of the SEC, the listing and quotation requirements of the FMDQ and NGX, for purposes of giving information to prospective investors in respect of the securities described herein. The SEC has cleared and registered this Shelf Prospectus and the securities referred to herein.

Information concerning projections about the future performance referenced herein has been provided by the Group and is based on assumptions concerning the Nigerian economy and the Group's anticipated results and they have been included solely for guidance. Prospective investors should be aware that certain forward-looking statements which are not historical facts but refer to the expectations of the Issuer with respect to the political, regulatory and economic environment and the Issuer's intentions, current and future expectations concerning the industry in which it operates, financial projections and liquidity are not guarantees of future performance. These statements, estimates and projections should not be relied upon as a representation, warranty or undertaking, expressed or implied, as to the future performance of the Group and actual occurrences may vary materially from the projected developments contained herein and/or the assumptions on which such statements, estimates and projections were based.

Certain statistical information presented in this Shelf Prospectus has been obtained from third party sources, as described herein. This third-party information is presented in the following sections of this document Risk Factors, Overview of Nigeria and Overview of the Banking Sector. FCMB Group has accurately reproduced such information and as far as the Group is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the information inaccurate or misleading.

FCMB Group and members of its Board have taken all reasonable care to ensure that the information stated herein, is to the best of their knowledge and belief, true and accurate in all material respects and in accordance with the facts. The Directors confirm that to the best of their knowledge and belief there are no other facts, the omission of which would make any fact or opinion herein misleading or untrue. The Directors individually and collectively accept full responsibility for the accuracy of the information provided in this Shelf Prospectus.

The Professional Parties have not separately verified the information stated herein. Accordingly, no representation, warranty or undertaking, expressed or implied, is made and to the fullest extent permitted by law, no responsibility or liability is accepted by the Professional Parties or any of their affiliates as to the accuracy or completeness of the information stated in this Shelf Prospectus.

No person has been authorised to give any information or to make any representation not stated in or not consistent with this Prospectus and, if given or made, such information must not be relied upon as having been authorised by either the Group or any of the professional advisers.

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

Neither this Shelf Prospectus nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer, the Professional Parties or the Trustees to any person to subscribe for the Bonds.

The distribution of this Shelf Prospectus and the offer or sale of Bonds may be restricted by law in certain jurisdictions. Persons who come into possession of this Shelf Prospectus or any Bonds must inform themselves about and observe any such restrictions. In particular, there are restrictions on the distribution of this Shelf Prospectus and the offer or sale of Bonds in the United States of America, the United Kingdom and certain other jurisdictions.

The Issuer does not represent that this Shelf Prospectus may be lawfully distributed, or that any Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, nor does it assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, which would permit a public offering of any Bonds or distribution of this document in any jurisdiction (other than Nigeria) where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Shelf Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable law and regulations.

Forward-Looking Statements

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

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

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

- Overall political, economic and business environment in Nigeria;
- Economic and political conditions in international markets, including governmental changes;
- Changes in tax provisions, including tax rates or revised/new tax laws or interpretations;
- Interest rate fluctuations and changes in other capital market conditions;
- Changes in government regulations, especially those pertaining to the Group’s industry and competitive factors in the industry in which the Group and its customers operate;
- The demand for the Group’s products and services;
- Continued hostilities and disruptions in the North-Eastern part of Nigeria
- Global and local public health crises, including pandemics;
- Exchange rate fluctuations; and
- The timing, impact and other uncertainties of future actions
-

The sections of this Shelf Prospectus titled “Risk Factors”, “Description of FCMB Group Plc’’ and “Statutory and General Information” contain a more detailed discussion of the factors that could affect the Group’s future performance and the industry in which it operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Shelf Prospectus may not occur. The Group does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Issuer or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Shelf Prospectus.

2. GLOSSARY OF DEFINED TERMS

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

Terms	Definition
"AT 1"	Additional Tier 1
"Additional Tier 1 Capital"	Capital comprised of instruments that are not common equity, and are Perpetual as there is no fixed maturity, and no incentives for the Issuer to redeem them; as more specifically defined in the Guidelines on Regulatory Capital issued by the CBN in September 2021 (as may be amended, modified, supplemented or superseded from time to time and/or other applicable circulars, guidelines, guidance notes, regulatory decisions or regulations issued from time to time)
"Additional Tier 1 Instruments" or "AT1 Bonds" or "AT1 Instruments"	Any securities or other instruments that at the time of issuance constitute Additional Tier 1 Capital of the Issuer and/or the Regulatory Group
"AMCON"	Asset Management Corporation of Nigeria
"AMCON Act"	The Asset Management Corporation of Nigeria Act 2010 (as amended)
"Auditors" or "Deloitte"	Deloitte & Touche Nigeria
"Board" or "Directors"	The Board of Directors of FCMB Group
"BOFIA"	Banks and Other Financial Institutions Act, 2020
"Bonds"	The instruments that will be issued by the Group from time to time in accordance with the terms of this Shelf Prospectus and any applicable Pricing Supplement
"Bondholder" or "Holder"	In relation to any Bonds of a Series or Tranche, a person (whether currently or in the future) registered in the applicable Register of such Tranche or Series of Bonds, as the holder of those Bonds from time to time and shall include the legal, personal representative or successor of such holder and those entered as joint holders
"Bond Maturity Date" or "Maturity Date"	The date specified in the applicable Pricing Supplement on which the bonds are due to be redeemed
"Bond Trustee(s)" or "Trustee(s)"	ARM Trustees Limited and FCMB Trustees Limited or such other trustee as may be appointed by the Issuer
''Book Runner(s)''	Chapel Hill Denham Advisory Limited and FCMB Capital Markets Limited, or such other additional book runner duly appointed by the Issuer to maintain the Order Book in respect of the Bonds being sold by way of Book Building
''Book Building''	The process of price and demand discovery through which the Book Runners will determine the price at which the Bonds will be issued, based on the demand from the Qualified Investors
"Business Day"	Any day(s) except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria, on which banks are open for business in Nigeria
"CAC"	Corporate Affairs Commission
"CAMA"	Companies and Allied Matters Act 2020
"Capital Disqualification Event"	A Capital Disqualification Event may occur on any change or amendment in Nigerian law, which is after the Issue Date and results in the Bonds being ineligible for inclusion as Additional Tier 1 capital or Tier 1 capital and the Issuer has demonstrated that the regulatory reclassification of the Bonds was not reasonably foreseeable at the Issue Date.

"Capital Guidance"	The Regulatory Capital Measurement and Management Framework for The Implementation Of Basel II/III for the Nigerian Banking System (published on 10 December 2013), Guidance Notes on Regulatory Capital (published on 24 June 2015), Guidance Notes on the Calculation of Regulatory Capital (published on 10 December 2013), the CBN Prudential Guidelines for Deposit Money Banks in Nigeria (published on 8 July 2010) and the Guidelines on Regulatory Capital, Guidelines on Leverage Ratio, Guidelines on Liquidity Coverage Ratio, Guidelines on Liquidity Monitoring Tools, Guidelines on Large Exposures, Guidelines on Liquidity Risk Management and Internal Liquidity Adequacy Assessment Process, Revised Guidelines on Supervisory Review Process of Internal Capital Adequacy Assessment Process (SRP/ICAAP), each dated March 2020 and listed in the CBN Circular dated 2 September 2021 on Basel III Implementation by Deposit Money Banks in Nigeria, each as amended, modified, supplemented or superseded from time to time and/or other applicable circulars, guidelines, guidance notes, regulatory decisions or regulations issued by the Relevant Regulator from time to time
"Capital Regulations"	At any time the laws, regulations, communiqués, regulatory decisions, requirements, guidelines, guidance notes and policies relating to capital adequacy then in effect in Nigeria as applicable to the Issuer and/or the Regulatory Group including, without limitation to the generality of the foregoing, the Capital Guidance and those regulations, decisions, requirements, guidelines and policies of the Relevant Regulator relating to capital adequacy to the extent then in effect in Nigeria (whether or not any such requirements, guidelines, guidance notes or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Regulatory Group)
"CBN" or "Relevant Regulator"	Central Bank of Nigeria
"CET1"	Common Equity Tier 1
"Chapel Hill Denham"	Chapel Hill Denham Advisory Limited
"CITA"	Companies Income Tax Act Chapter C21, LFN, 2004 (as amended by the Companies Income Tax (Amendment Act No. 11 of 2007), and the Finance Acts
"Conditions" or 'Terms and Conditions"	Terms and conditions in accordance with which the Bonds will be issued, as set out in the "Terms and Conditions of the Programme" section of this Shelf Prospectus , the "Summary of the Offer" section of the Pricing Supplement and the Programme Trust Deed
"Coupon"	The interest paid on interest paying bond instruments periodically expressed as a percentage of the face value of the Bond as specified in the applicable Pricing Supplement
"Coupon Commencement Date"	The date on which the Coupons on each interest paying bond instruments start accruing to Bondholders as specified in the applicable Pricing Supplement
"Coupon Payment Date" or "Interest Payment Date"	The date on which the Coupon becomes payable to the Bondholders as specified in the applicable Pricing Supplement
"CSCS" or "Clearing System"	Central Securities Clearing Systems Plc
"CSD"	CSCS,FMDQ-D or any central securities depository registered or recognized by SEC and appointed by the Issuer or as may be specified in the applicable Pricing Supplement
"Daily Official List"	The publication of NGX, published daily, detailing price movements and information on all securities quoted on the NGX
"Distributable Items"	The Issuer's accumulated, realised profits (so far as not previously utilised by distribution or capitalization), less its accumulated, realised losses (so far as not previously written-off in a lawfully made reduction or reorganisation of capital),

	retained earnings and other items eligible for distribution by the Issuer to its shareholders in any financial year of the Issuer by way of dividend in accordance with BOFIA
“Events of Default”	All such events as are defined under the Trust Deeds
“Exchange”	FMDQ ,the NGX or any other securities exchange recognised by the Commission on which the Bonds are listed
"Face Value"	The nominal value of the Bond
“FGN” or “Federal Government”	Federal Government of Nigeria
“Final Redemption Amount”	The final Redemption Amount as may be specified in the applicable Pricing Supplement
“Finance Acts”	Finance Act 2019, 2020 and 2021
“FinTech(s)”	Financial Technology
“FIRS”	Federal Inland Revenue Service
“Fixed Rate”	The rate of interest payable in respect of Fixed Rate Bonds
“Fixed Rate Bonds”	Bonds in respect of which interest is to be calculated and paid on a Fixed Rate basis and will not change during the life of the Bonds
“Floating Rate Bonds”	Bonds in respect of which interest is to be calculated and paid on a floating rate basis as prescribed in the applicable Pricing Supplement
‘’FMDQ-D’’	FMDQ Depository Limited, a securities depository and clearing system
“Force Majeure”	Means any event or circumstance (or combination of events or circumstances) that is beyond the control of the Issuer and the Trustees which materially and adversely affects the ability of any party to perform its obligations under or pursuant to this Deed, which could not have been reasonably foreseen, including without limitation change of law, national emergency, war, acts of God, invasion by foreign enemy, revolution, act of terrorism, civil commotion, pandemic, Epidemic and industrial unrest
"FRCN”	Financial Reporting Council of Nigeria
“FX”	Foreign Exchange
“GCR”	Global Credit Rating Company Limited
"GDP"	Gross Domestic Product
“High Net-Worth Investors”	As defined in the SEC Rules
"IFRS"	International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”)

"Interest Period"	The period from (and including) the Issue Date to (but excluding) the first Interest Payment Date, and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date
"Issue Date"	The date for any particular series of Bonds, or such other date as may be specified in the applicable Pricing Supplement, from which Coupon payment begins to accrue to Bondholders as specified in the applicable Pricing Supplement
"Issue Price"	The price at which a Bond is issued as specified in the applicable Pricing Supplement
"Issuing Houses"	Chapel Hill Denham Advisory Limited and FCMB Capital Markets Limited or any other Issuing House that may be appointed by the Issuer from time to time
"LFN"	Laws of the Federation of Nigeria
"Material Adverse Effect"	For as long as the Bonds are outstanding, the occurrence of any event or series of events, which, in the opinion of the Trustee, has adversely affected or could adversely affect (a) the ability of the Issuer to perform or comply with any its obligations under the Trust Deed or (b) the business, operation, performance, condition (financial or otherwise), assets, or prospects of the Issuer; or (c) the validity/enforceability of any of the Bond Issuance documents or rights or remedies of any party thereunder;
"Naira/NGN" or "₦"	Nigerian Naira
"NDIC"	Nigeria Deposit Insurance Corporation
"Nigeria"	The Federal Republic of Nigeria and the word "Nigerian" shall be construed accordingly
"Non-Viability Event"	Applicable to AT1 Instruments and the earlier of: (a) a decision to make a public sector injection of capital, or equivalent support, without which the Issuer (on an individual basis) or the Regulatory Group (on a consolidated basis or as otherwise required by the Capital Regulations) would become non-viable as determined by the Relevant Regulator; or (b) a decision that a Write-off, conversion or write-down of the Bonds, without which the Issuer (on an individual basis) or the Regulatory Group (on a consolidated basis or as otherwise required by the Capital Regulations) would become non-viable is necessary as determined by the Relevant Regulator, as specified in a notice in writing by the Relevant Regulator to the Issuer in accordance with the Capital Regulations
"Non-Viability Event Notice"	A notice which specifies (at a minimum) that a Non-Viability Event has occurred, that the Bonds will be Written-off as a result of the occurrence of the Non-Viability Event, the Written off Amount, and the Write-off Date. Such notice shall also contain an instruction by the Issuer (through the Registrars) to the clearing system to cease all clearance and settlement of transfers in the Bonds during a Suspension Period, or such other instructions that may be relevant according to the then applicable rules and regulations of such clearing system
"Non-Viability Loss Absorbing Instrument"	Means at any time, any security or other instrument or payment obligation which may have all or some of its Principal Amount Written-off (whether in whole or in part or on a permanent or temporary basis) or converted to the most subordinated form of equity of the Issuer (whether in whole or in part) on the occurrence, or as a result, of the occurrence of the Non-Viability Event

"Non- Viability Trigger Event"	Means when the CET falls to below the required regulatory CET level
"Offer"	The offer of the Bonds to investors
"OMO"	Open Market Operations
"Order Book"	The collation of all bids received from Qualified Investors in respect of the Offer, indicating the value of the bids, the Coupon bid and the respective allocations
"Ordinary Shares"	The ordinary shares held by the shareholders of the Group
"Parity Loss Absorbing Instruments"	Any Non-Viability Loss Absorbing Instrument that is or represents a Parity Obligation.
"Parity Obligation"	Means – (i) all obligations of the Issuer in respect of Tier 1 Instruments (excluding any such obligations that rank, or are expressed to rank, junior to claims in respect of the Notes); and (ii) any other securities or obligations (including, without limitation, any guarantee, credit support agreement or similar undertaking) of the Issuer that rank, or are expressed to rank, pari passu with claims in respect of the Notes and/or any Parity Obligation
"Perpetual Bonds"	Bonds that have no set maturity date
"PFAs"	Pension Fund Administrators
"PITA"	Personal Income Tax Act Cap, P8, LFN 2004 (as amended by the Personal Income Tax (Amendment) Act No. 20 of 2011), (as amended by the Finance Acts)
"Pricing Supplement" or "Supplementary Shelf Prospectus"	The document(s) to be issued pursuant to this Shelf Prospectus which shall provide final terms and conditions of a specific Series of debt securities issued under the Programme and read in conjunction with the Shelf Prospectus
"Principal Amount"	The aggregate amount of the Bonds as specified in the applicable Pricing Supplement
"Professional Parties"	Professional advisers engaged by the Issuer to facilitate the registration and issuance of the Bonds
"Programme Trust Deed"	The Deed dated February 16, 2023 constituting the Bond between the Issuer and the Trustee in relation to the Debt Issuance Programme
"Qualified Institutional Investor"	An investor that is so designated, as stipulated by Rule 321 of the Rules and Regulations of the SEC
"Qualified Investors"	Qualified Institutional Investors and High Net-Worth Investors
"Rating Agencies"	Global Credit Rating Company Limited, DataPro Limited. or any other rating agency that may be appointed by the Issuer
"Receiving Bank"	FSDH Merchant Bank Limited
"Record Date"	The date on which the list of holders of the Bonds is extracted from the register for the purposes of making Coupon payments

"Redemption Amount"	The aggregate Principal Amount outstanding in respect of a Bond on the Maturity or Redemption Date as specified in the applicable Pricing Supplement
“Register”	The record maintained by the Registrar detailing the particulars of Bondholders, respective Bonds held by each Bondholder and the particulars, transfers and redemption of Bonds held by each Bondholder
“Registrars”	Meristem Registrars & Probate Services Limited
“Regulatory Group”	means the Issuer and its subsidiaries, from time to time, taken as a whole, and any other undertakings from time to time consolidated with the Issuer for regulatory purposes, in each case in accordance with the rules and guidance of the Relevant Regulator then in effect
“Reporting Accountant” or “EY”	Ernst & Young Professional Services
“Reset Date”	The first date at which the Coupon resets
"SEC Rules” or “Rules and Regulations of the SEC"	The consolidated Rules and Regulations of the SEC (2013) (or as amended from time to time), issued by the SEC pursuant to the ISA
“Securities” or “Instruments”	The registered Bond issued by FCMB Group Plc under this Issuance
“Series”	A tranche of Bonds, Securities or Instruments together with any further tranche or tranches of Bonds which areare identical in all respects (including listing) except for their respective Issue Dates, Coupon Payment Dates and/or Issue Prices (as applicable)
‘’Series Trust Deed’’	A Deed supplementing or modifying the provisions of the Programme Trust Deed entered into by the Issuer and the Trustees with regards to a specific Series
“Shelf Prospectus” or “Prospectus”	This Prospectus dated February 16, 2023 that FCMB Group has filed in accordance with the Rules and Regulations of the SEC, which contains details of the Debt Issuance Programme
“Solvency Conditions”	means that the Company is solvent by virtue of (i) its assets exceeding its liabilities (other than its liabilities to Persons who are not holders of senior Indebtedness); and (ii) its being able to pay its debts as they fall due
“Subordinated Bonds”	Bonds that rank pari passu without any preference to one above the other by reason of priority of date of issue, the currency of payment or otherwise with all other subordinated obligations of the Issuer, present and future, except to the extent that any such obligations are by their terms expressed to be subordinated in right of payment to other subordinated unsecured obligations in this Pricing Supplement
“Suspension Period”	The period commencing on the day the Non-Viability Event Notice has been delivered and ending on the close of business in Lagos on the Write-off Date
“Taxation Authority”	Means any revenue, customs, fiscal, governmental, statutory, state or provincial authority, body or person in Nigeria
“Taxes”	Means: (a) all forms of tax, levy, duty, charge, impost, statutory deduction, withholding, social security (or similar), value added tax or other amount whenever created or imposed and whether of Nigeria or elsewhere payable to or imposed by any Taxation Authority; and

	all charges, interest, penalties and fines incidental or relating to any taxation falling within paragraph (a) above or which arise as a result of the failure to pay any taxation on the due date or to comply with any obligation relating to taxation.
"Tax Event"	A ***"Tax Event"*** shall occur if as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined below), which change or amendment becomes effective after February 16, 2023, on the next Interest Payment Date the Issuer would be required to: (i) pay additional amounts and/or (ii) make any withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of the Relevant Jurisdiction, where such requirement cannot be avoided by the Issuer taking reasonable measures available to it as determined in good faith by the Board.
"Tier 1 Capital"	The sum of CET1and AT1 capital, net of regulatory adjustments applied to those categories as more specifically defined in the Guidelines on Regulatory Capital issued by the CBN in September 2021 (as may be amended, modified, supplemented or superseded from time to time and/or other applicable circulars, guidelines, guidance notes, regulatory decisions or regulations issued from time to time)
"Tranche"	Bonds, Securities or Instruments which are identical in all respects (including listing) except for their respective Issue Dates and/or Maturity Dates, Coupon Payment Dates and/or Issue Prices (as applicable).
"Trust Deeds"	The Programme Trust Deed by which the Debt Issuance Programme is constituted and the Series Trust Deed(s).
"Write-off" or "Write-off Amount"	means, in respect of the AT1 Instruments: (a) the Instruments shall be cancelled (in the case of a write-off in whole) or written-off in part on a pro rata basis (in the case of a write-off in part) among themselves, in accordance with the Capital Regulations and as determined by the Relevant Regulator; and (b) all rights of any AT1 Instrumentholder for payment of any amounts under or in respect of the Bonds (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, an event of default) shall be cancelled or written-off pro rata among the Bondholders and, in each case, not restored under any circumstances, irrespective of whether such amounts have become due and payable prior to the date of the Non-Viability Trigger Event Notice and even if the Non-Viability Trigger Event has ceased.
"Write-Off Date"	means, in relation to a Write-off, such date selected by the Issuer in consultation with the Relevant Regulator but no later than 30 days following the occurrence of the Non-viability Event unless, in accordance with the Capital Regulations, the Relevant Regulator has agreed with the Issuer in writing that the then outstanding Principal Amount (or part thereof) of the Notes may be written off after a longer period, in which case, the Write-off shall take place on such date as agreed with the Relevant Regulator
"Validity Period"	means three years after the issue date indicated on the cover of this Prospectus
"VAT"	Value Added Tax
"Zero Coupon Bond"	A Bond issued at a discount to its face value

3. PRESENTATION OF INFORMATION

1. Presentation of Information

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

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

2. Financial Information

The Group maintains its books of accounts in Naira and in accordance with IFRS as issued by the International Accounting Standards Board.

Unless otherwise indicated, the financial information set forth herein related to FCMB Group and its consolidated subsidiaries has been derived from FCMB Group's audited consolidated financial statements for each of the years ended December 31, 2021, 2020, 2019, 2018 and 2017 ("Financial Statements"). The consolidated and separate Financial Statements for the years ended December 31, 2021, 2020, 2019, 2018 and 2017 were prepared in accordance with IFRS and audited by KMPG Nigeria (in respect of the financial years ending 2017, 2018 and 2019) Deloitte & Touche Nigeria, (in respect of the financial years ending 2020 and 2021) in accordance with International Standards on Auditing.

The Financial Statements were also prepared in accordance with the provisions of the CAMA, BOFIA and the Financial Reporting Council Act No. 6, 2011.

The Financial Statements, including an extract of the Reporting Accountants' report of FCMB Group Plc are set forth in this Shelf Prospectus.

Deloitte is an independent auditor in accordance with International Standards on Auditing and is located at Civic Towers, Ozumba Mbadiwe Avenue, Victoria Island, Lagos.

3. Rounding

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

4. DOCUMENT INCORPORATED BY REFERENCE

This Shelf Prospectus should be read and construed in conjunction with:

1. The Financial Statements comprising the audited annual financial statements of the Company and prepared in compliance with the IFRS issued by the IASB. The Group will, in the event of any material change in its financial position which is not reflected in this Shelf Prospectus, prepare an amendment or addendum to this Shelf Prospectus; and

2. Each applicable Pricing Supplement or Supplementary Prospectus relating to any Series or Tranche of the Bonds issued under this Prospectus.

Any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Shelf Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Shelf Prospectus.

4.1 AVAILABILITY OF INFORMATION

This Shelf Prospectus and any Supplementary Prospectus, if applicable, are accessible, and copies of same may be obtained (without charge) at the offices of the Issuing Houses (as set out on page 19) from 8.00 a.m. until 5.00 p.m. on Business Days, during the Validity Period.

Additional information may be obtained by contacting the Lead Issuing House on any Business Day during the period between the respective opening and closing dates of any Series or Tranche of Bonds issued under the Programme as specified in the applicable Pricing Supplement; provided that the Lead Issuing House possesses such information or can acquire and provide it to the prospective investor without unreasonable effort or expense.

Copies of the Financial Statements of the Company incorporated by reference herein may be obtained from the Issuer website at: www.fcmbgroup.com.

5. DECLARATION BY THE ISSUER AND OTHER DISCLOSURES

A. DECLARATION BY THE ISSUER

FCMB

FCMB GROUP PLC
RC No: 1079631

August 1, 2022

The Director-General
Securities & Exchange Commission
Plot 272, Samuel Adesujo Ademulegun Street
Central Business District
Abuja
FCT

PRINCE ABDUL-MUJIB ADETOKUNBO MUMUNI
Legal Practitioner & Notary Public
28, Joseph Str, Lagos Island
01-08-2022

ESTABLISHMENT OF A ₦300 BILLION DEBT ISSUANCE PROGRAMME BY FCMB GROUP PLC THE ("PROGRAMME") AND SUBSEQUENT ISSUANCES OF NOTES UNDER THE PROGRAMME: DECLARATION BY THE ISSUER

The Shelf Prospectus and Pricing Supplement have been prepared by the Issuing Houses on behalf of FCMB Group Plc (**the "Issuer"**) with a view to providing information and disclosures on relevant aspects of the Issuer and its business in connection with the establishment of a ₦300 Billion Debt Issuance Programme and issuance of securities thereunder.

We hereby make the following declarations to the best of our knowledge and belief:

1. We confirm that the information contained in the Shelf Prospectus and Pricing Supplement is in accordance with the facts and contains no omission likely to affect its import.

2. There has been no significant change in the financial condition or material adverse change in the prospects of the Issuer as of the date of publication of the Shelf Prospectus and Pricing Supplement.

3. The Issuer is not in breach of any terms and conditions in respect of borrowed monies, which has resulted in the occurrence of an event of default and an immediate recall of such borrowed monies during the 12 (twelve) months preceding the date of the Shelf Prospectus and Pricing Supplement; and

4. No prosecution has been commenced against the Issuer nor any of its subsidiaries during the 12 (twelve) calendar months preceding the date of the Shelf Prospectus in respect of any breach or contravention of any provision of the Companies and Allied Matters Act, securities law, or the listing requirements of any securities exchange on which the securities of the Issuer are listed.

Signed for and on behalf of **FCMB Group Plc**:

Ladi Balogun	**Deji Fayose**	**Olufunmilayo Adedibu**
Group Chief Executive Officer	Chief Financial Officer	Company Secretary

First City Plaza, 44 Marina, Lagos, Nigeria. **Tel:** +234 (0) 1 279 3030, +234 (0) 1 279 3033
www.fcmbgroup.com | fcmbgroupplc@fcmb.com

B. CONFIRMATION OF GOING CONCERN STATUS

Deloitte.

P.O. Box 965
Marina
Lagos
Nigeria

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

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

10 August 2022

The Managing Director
Chapel Hill Denham Advisory Limited
10, Bankole Oki Street
Ikoyi
Lagos

The Managing Director
FCMB Capital Markets Limited
First City Plaza
44, Marina
Lagos

Dear Sirs,

<u>**CONFIRMATION OF GOING CONCERN STATUS OF FCMB GROUP PLC**</u>

FCMB Group Plc ("**the Issuer**") is in the process of seeking registration of its proposed ₦300 billion Debt Issuance Programme and Series 1 Issuance up to ₦30 billion with the Securities & Exchange Commission ("SEC").

Based on our audit of the financial statements of the Issuer for the year ended 31 December, 2021, we confirm that nothing has come to our attention that causes us to believe that the Issuer will not continue as a going concern in the foreseeable future and therefore consider it appropriate that the Directors of the Issuer have prepared the financial statements for the year ended 31 December 2021, on a going concern basis.

This letter has been prepared solely for the purposes of compliance with the rules and regulations of the Securities & Exchange Commission (''SEC").

Yours faithfully,

Joshua Ojo
For: Deloitte & Touche Nigeria

MAKING AN IMPACT THAT MATTERS since 1845

FCMB

FCMB GROUP PLC
RC No: 1079631

August 1, 2022

The Managing Director
Chapel Hill Denham Advisory Limited
10, Bankole Oki Street
Ikoyi
Lagos

PRINCE ABDUL-MUJIB ADETOKUNBO MUMUNI
Legal Practitioner & Notary Public
28, Joseph Str. Lagos Island
01-08-2022

The Managing Director
FCMB Capital Markets Limited
First City Plaza
44, Marina
Lagos

Dear Sirs,

CONFIRMATION OF GOING CONCERN STATUS OF FCMB GROUP PLC

FCMB Group Plc (**"the Issuer"**) is in the process of seeking registration of its proposed ₦300 Billion Debt Issuance Programme and Series 1 issuance of up to ₦30 Billion with the Securities & Exchange Commission ("SEC").

Based on our review of the financial statements of the Issuer for the period ended 31 December 2021, we have reasonable expectation that the Issuer has adequate resources to continue as a going concern in the foreseeable future.

This letter has been prepared only for the purposes of compliance with the rules and regulations of the SEC.

Yours faithfully,
For and behalf of FCMB Group Plc

Deji Fayose
Group Chief Financial Officer

Femi Badeji
Executive Director

First City Plaza, 44 Marina, Lagos, Nigeria. **Tel:** +234 (0) 1 279 3030, +234 (0) 1 279 3033
www.fcmbgroup.com | fcmbgroupplc@fcmb.com

6. PARTIES TO THE TRANSACTION

Directors of FCMB Group Plc

Mr. Ladi Jadesimi (Chairman)
First City Plaza
44 Marina
Lagos

Mr. Ladi Balogun (Group Chief Executive Officer)
First City Plaza
44 Marina
Lagos

Mr. Femi Badeji (Executive Director, Corporate & Investment Banking)
First City Plaza
44 Marina
Lagos

Mr. Adegbolahan Joshua (Executive Director, Group Chief Operating Officer)
First City Plaza
44 Marina
Lagos

Alhaji Mustapha Damcida (Non-Executive Director)
First City Plaza
44 Marina
Lagos

Professor Oluwatoyin Ashiru (Non-Executive Director)
First City Plaza
44 Marina
Lagos

Dr. (Engineer) Gregory Omosigho Ero (Non-Executive Director)
First City Plaza
44 Marina
Lagos

Mrs. Olapeju Sofowora (Non-Executive Director)
First City Plaza
44 Marina
Lagos

'Mrs. Tokunboh Ishmael (Non-Executive Director)
First City Plaza
44 Marina
Lagos

Ms. Muibat I. Ijaiya (Independent Non-Executive Director)
First City Plaza
44 Marina
Lagos

Mrs. Olufunmilayo Adedibu (Company Secretary)
First City Plaza
44 Marina
Lagos

Professional Parties

Lead Issuing House/Bookrunner
Chapel Hill Denham Advisory Limited
10 Bankole Oki
Ikoyi
Lagos
Kemi Awoden

Joint Issuing House/Bookrunner
FCMB Capital Markets Limited
First City Plaza (6th Floor)
44 Marina Road
Lagos
Kazeem Raji

Solicitors to the Issue
Olaniwun Ajayi LP
Plot L2 401 Close, Banana Island
Ikoyi
Lagos
Yewande Senbore

Solicitors to the Issuer
Banwo & Ighodalo
48 Awolowo Road
Ikoyi
Lagos
Azeezah Muse-Sadiq

Trustees
FCMB Trustees Limited
17A Tinubu Street
Lagos
SAMUEL ODEGBAMI

ARM Trustees Limited
1 Mekunwen Road
Off Oyinkan Abayomi Drive, Ikoyi
Lagos
MICHAEL ABIODUN THOMAS

Rating Agencies
Global Credit Rating Company Limited
New Africa House Marina (17th Floor)
31 Marina
Lagos
Suliat Ayiola-Farayola

DataPro Limited
Ground Floor, Foresight House
163/165 Broad Street
Lagos Island
Lagos
MATTHEW JESSE OLADELE

Registrar
Meristem Registrars & Probate Services Limited
213 Herbert Macaulay Way
Yaba
Lagos
Morifa Usage

Reporting Accountants
Ernst and Young Nigeria
UBA House (10th Floor)
57 Marina Road
Lagos
Abiodun Akinmusi

Receiving Bank
FSDH Merchant Bank Limited
UAC House (5th-8th Floor)
1/5 Odunlami Street
Lagos
TAIWO OTITI

Auditor
Deloitte & Touche Nigeria
Civic Towers
Ozumba Mbadiwe Avenue
Victoria Island
Lagos
Jumoke Ojo

Joint Stockbrokers
CSL Stockbrokers Limited
First City Plaza
44 Marina
Lagos
Abiodun Fagbulu

Chapel Hill Denham Securities Limited
10, Bankole Oki Street
Ikoyi
Lagos
OLAYEMI IDRIS

7. THE PROGRAMME

A copy of this Shelf Prospectus and the documents specified herein have been delivered to the SEC for clearance and registration.

This Shelf Prospectus is being issued in compliance with the provisions of the ISA, SEC Rules and the listing requirements of the relevant Exchanges and contains particulars in compliance with the requirements of the SEC for the purpose of giving information to the public with regards to the Programme. In the event that any issue under the Programme is to be listed, an application will be made to either the Governing Council of The NGX for the admission of such Bonds to its Daily Official List or to the FMDQ Exchange for the listing of the Bonds (as determined by the Issuer).

The Directors of FCMB Group have taken all reasonable care to ensure that the information concerning the Group contained in this Prospectus is true and accurate in all material respects on the date of this Prospectus and that as of the date hereof there are no other material facts in relation to the Group the omission of which would make misleading any statement herein.

LEAD ISSUING HOUSE / BOOK RUNNER

CHAPEL HILL DENHAM

RC 1381308

JOINT ISSUING HOUSE / BOOK RUNNER

FCMB

CAPITAL MARKETS

RC 446561

on behalf of

FCMB

FCMB GROUP PLC

RC 1079631

Is authorised to issue this Shelf Prospectus in respect of the
₦300,000,000,000 Debt Issuance Programme

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

This Shelf Prospectus must be read in conjunction with the applicable Pricing Supplement to be issued by the Group from time to time within the Validity Period. No Bonds will be issued on the basis of this Prospectus read together with any Pricing Supplement later than Validity Period.

This Shelf Prospectus contains:

1. on page 15, the declaration to the effect that the Issuer and its subsidiaries did not breach any terms and conditions in respect of borrowed monies which resulted in the occurrence of an event of default and an immediate recall of such borrowed monies during the twelve calendar months immediately preceding the date of filing an application with the SEC for the registration of this Shelf Prospectus;
2. on page 28 – 38, the Terms and Conditions of the Programme;

3. on page 64 – 65, an extract of the Rating Report on the Group by GCR, Data Pro, respectively for incorporation in this Shelf Prospectus; and
4. on pages 110, the legal opinion issued by the Solicitors to the Issue, Olaniwun Ajayi LP on the effect of any claims and litigation against the Issuer on the Programme.

Validity Period of the Shelf Prospectus and Delivery of Documents:

This Shelf Prospectus is valid until February 16, 2026. No Bonds shall be issued on the basis of this Shelf Prospectus read together with the applicable Pricing Supplement(s) later than the Validity Period. Pricing Supplements must be issued pursuant hereto no later than three (3) years after the issue date indicated on the cover of this Shelf Prospectus. The Shelf Prospectus can be obtained from the Issuer at FCMB Plaza, 44 Marina Road, Lagos Island and Issuing Houses at 10 Bankole Oki Street, Ikoyi, Lagos and First City Plaza (6th Floor), 44 Marina Road Lagos, throughout its Validity Period.

8. PARTICULARS OF THE PROGRAMME

A. SUMMARY OF THE PROGRAMME

The following information should be read in conjunction with the full text of this Shelf Prospectus, from which it is derived. The information provided below is a summary of the key features of the proposed Bonds to be issued under the Programme and a description of the Issuer. This summary does not purport to be complete and is taken from and qualified in its entirety by the remainder of this Shelf Prospectus as a whole, the Supplementary Prospectus and/or the applicable Pricing Supplement and other documents, if any, incorporated by reference to this Prospectus. Prospective investors in the issue should see "Risk Factors" on pages 75 – 86 that should be considered in connection with an investment in the Bonds. Words and expressions defined in ''Form of the Bonds'' and ''Terms and Conditions of the Programme'' shall have the same meaning in this summary:

Terms		Definitions
1	**Issuer:**	FCMB Group PLC
2	**Programme Description:**	A Debt Issuance Programme being undertaken by FCMB Group Plc through which a Bond or a series of Bonds with varying maturities may be issued, the maximum aggregate Principal Amount outstanding of which shall not exceed the Programme Size Bonds to be offered hereunder are accorded a shelf registration with the SEC for a three (3) year period commencing on the date of the issue of this Shelf Prospectus. No Bonds shall be offered on the basis of this Prospectus after the expiration of the Validity Period. Under the terms of the Programme, loans, notes, convertible and non-convertible Bonds, senior or subordinated, secured or unsecured Bonds, Fixed Rate Bonds, Floating Rate Bonds, Zero Coupon Bonds, Perpetual Bonds, including, but not limited to, any such instruments with capital qualifying features and any combinations thereof may be issued, all of which shall be denominated in Naira or in such other currency as may be agreed between the Issuer and the Issuing Houses and specified in the applicable Pricing Supplement. The Bonds shall be constituted by the Programme Trust Deed. A Series Trust Deed will be issued in respect of each Series.
3	**Lead Issuing House/Book Runner:**	Chapel Hill Denham Advisory Limited, or any other Issuing House as may be specified in the applicable Pricing Supplement
4	**Joint Issuing House/Book Runner:**	FCMB Capital Markets Limited, or any other Issuing House as may be specified in the applicable Pricing Supplement
5	**Registrar:**	Meristem Registrars and Probate Services Limited and/or such other registrar as may be specified in the applicable Pricing Supplement.
6	**Trustees:**	FCMB Trustees Limited, ARM Trustees Limited and/or such other Trustee as may be specified in the applicable Pricing Supplement

7	**Listing:**	Bonds may be listed on the Exchange as specified in the relevant Pricing Supplement
8	**Programme Amount:**	₦300,000,000,000 (Three Hundred Billion Naira) only
9	**Availability:**	The Programme will be continuously available during the Validity Period
10	**Methods of Issue:**	Bonds under this Programme may be issued via a Book Build, public offering, private placement and/or any other such methods as described in the applicable Pricing Supplement and as approved by the SEC
11	**Issuance In Series:**	The Bonds will be issued in series and each Series may comprise one or more Tranches issued on different dates. The Bonds in each Series will be subject to identical terms, whether as to currency or maturity or otherwise, except that the Issue Date, the Issue Price and Coupon Commencement Dates may be different. Details applicable to each Series will be specified in the applicable Pricing Supplement
12	**Interest Rates:**	Bonds may be interest-bearing or non-interest bearing. Interest (if any) may be at a fixed or floating rate and may vary during the lifetime of the relevant Series
13	**Use of Proceeds[1]:**	The use of proceeds from each Tranche shall be specified in the applicable Pricing Supplement
14	**Variable Coupon Amount Bonds:**	The Pricing Supplement issued in respect of each issue of Variable Coupon Amount Bonds will specify the basis for calculating the amounts of interest payable, which may be by reference to a variety of financial instruments, a currency exchange rate or any other index or formula or as otherwise provided in the relevant Pricing Supplement
15.	**Fixed Rate Bonds:**	Fixed Rate Bonds will bear Coupons which will be payable in arrears on each Coupon Payment Date as may be specified in the relevant Pricing Supplement(s)

1 The Issuer will receive the net proceeds of each issuance after the deduction of the cost of the issuance

16	**Currencies:**	Bonds will be denominated in Naira or such other currency or currency units as may be agreed between the Issuer and the Issuing House(s), subject to compliance with all applicable legal or regulatory requirements in either case as specified in the applicable Pricing Supplement
17	**Status of the Bonds:**	The Programme allows for the issuance of various types of Instruments that can be classified as senior or subordinated Bonds. The Senior Bonds and related Coupons are direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and shall rank and will at all times rank pari passu, amongst themselves and at least pari passu in right of payment with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. Payments in respect of Subordinated Bonds will be subordinated as described in “Terms and Conditions of the Programme” section in this Shelf Prospectus, in the “Summary of the Offer” section of the Pricing Supplement and in the Trust Deeds
18	**Ratings:**	The Bonds issued under this Programme will be rated by one or more rating agencies at the instance of the Issuer. The Rating Report will be set out in the applicable Pricing Supplement
19	**Events of Default:**	The events of default under the Bonds are as specified within the Programme Trust Deed and the relevant Series Trust Deed(s)
20	**Form of the Bonds:**	The Bonds shall be issued in registered form and shall be transferable. The issue and ownership of the Bonds will be effected and evidenced by the particulars of the Bond being entered in the Register by the Registrar and the Bonds being electronically registered in the CSD account of the Bondholder
21	**Issue Price:**	Bonds may be issued at par or at a discount or premium to par, as specified in the applicable Pricing Supplement
22	**Maturity of Bonds:**	As specified in the applicable Pricing Supplement

23	**Denominations:**	Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Issuing Houses and as specified in the applicable Pricing Supplement, subject to compliance with all applicable legal and regulatory requirements, and in accordance with usual market practice
24	**Early Redemption:**	Early redemption will be permitted only to the extent specified in the applicable Pricing Supplement and then only subject to any applicable legal or regulatory limitations
25	**Redemption:**	Bonds may be redeemable at par or at such other Redemption Amount as may be specified in the applicable Pricing Supplement
26	**Taxation:**	Pursuant to the Companies Income Tax (Exemption of Bonds and Short-Term Government Securities) Order 2011 and VAT(Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011, all Bonds in Nigeria were exempt from taxes ordinarily imposed under the Companies Income Tax Act 2004 and from the imposition of VAT respectively, for a period of ten years from the date the Orders became effective on January 2, 2012. These Orders have however now lapsed, the terminal date being January 2, 2022. Accordingly, the Issuer shall be required - by law - to withhold tax on the Coupons accruing on Bonds held by corporate entities. This requirement to deduct withholding tax is without exception as regards corporate entities and the Issuer shall be obliged to deduct the tax from Coupon payments to corporate bondholders. Coupon payments on Bonds derived from Nigeria and accruing to both Nigerian investors and non-Nigerian investors would ordinarily be subject to withholding tax in Nigeria at the applicable rate of 10 percent. Effective 1 July 2022, withholding tax on interest payments to a foreign company or foreign resident from a country with which Nigeria has a double taxation treaty will generally be payable at the rate of 7.5 – 10% pursuant to the FIRS Circular of 11 May 2022. In view of this, the Issuer would be required to withhold tax on such payments and remit same to the appropriate tax authorities These provisions are however not applicable to individual Bondholders. Bonds held by individuals are exempt from taxation in Nigeria in accordance with the Personal Income Tax (Amendment) Act 2011. The exemption under the Personal Income Tax Act is indefinite Please refer to the section on Tax Considerations on page 39 for a detailed description of the tax considerations

27	**Negative Pledge:**	For as long as any of the senior and unsecured Bonds remain outstanding, the Issuer shall not , without the prior consent of the Trustees in writing, create or permit to subsist any mortgage, charge, pledge, lien or any Encumbrance upon the whole or any part of its present or future undertaking, business, assets or revenues to secure any indebtedness for listed bonds or other listed securities, unless the Issuer's obligations under the Bonds are secured equally and rateably therewith or have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustees in its absolute discretion shall deem not to be materially less beneficial to the Bondholders
28	**Waiver:**	Without prejudice to the provisions of the Trust Deed, the Trustees may, without the consent of the Holders and without prejudice to their rights in respect of any subsequent breach, from time to time and at any time, if in their opinion the interests of the Bondholders will not be materially prejudiced thereby, waive or authorise, on such terms as seem expedient to them, any breach or proposed breach by the Issuer of this Deed or the Conditions or determine that an Event of Default shall not be treated as such provided that the Joint Trustees shall not do so in contravention of an express direction given by an Extraordinary Resolution. No such direction shall affect a previous waiver, authorisation or determination. Any such waiver, authorisation or determination shall be binding on the Bondholders and shall be notified to the Bondholders as soon as practicable
29	**Modification:**	Without prejudice to the provisions of the Trust Deed, the Trustees may agree with the Issuer, without the consent of the Holders but subject to the SEC approval, to any modification to the Trust Deed of a formal, minor or technical nature or to correct a manifest error. The Trustees may also so agree, subject to SEC approval, to any modification to the Trust Deed that is in their opinion not materially prejudicial to the interests of the Holders

30 Issuer's Rating:

Rating Agency	Year	Credit Rating (Long Term)
GCR	2022	BBB+
Data Pro Limited	2022	A

31	**Issue Rating:**	Ratings for each Series under the Programme will be stated in the applicable Pricing Supplement
32	**Statement of Indebtedness:**	Details of all indebtedness of the Issuer at the time of any issuance of any Bonds under the Programme will be disclosed in the applicable Pricing Supplement relating to the relevant series or Tranche

33	**Governing Law:**	The Bonds and all related contractual documentation will be governed by and construed in accordance with Nigerian law
34	**Terms and Conditions:**	The terms and conditions applicable to each Series (the "Terms and Conditions") as specified in the applicable Pricing Supplement other than those contemplated under this Shelf Prospectus will be agreed between the Issuer and the relevant Issuing Houses or other purchaser at or prior to the time of issuance of such Series, and will be specified in the applicable Pricing Supplement subject to compliance with applicable laws and regulations
35	**Other Terms and Conditions:**	Such other terms and conditions as may be incorporated by reference into, modified by, or supplemented by the applicable Pricing Supplement
36	**Tenor:**	The Bonds will have such maturities as may be agreed between the Issuer and the Issuing Houses, subject to such minimum or maximum maturities as may be allowed or required from time to time by the SEC (or equivalent body) or any laws or regulations applicable to the Issuer. The tenor of a particular series of Bonds shall be specified accordingly in the applicable Pricing Supplement

B. TERMS AND CONDITIONS OF THE PROGRAMME

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

*Further information with respect to Bonds of each Series will be given in the relevant Final Terms, which will provide for those aspects of these terms and conditions (the "**Conditions**") which are applicable to such Series of Bonds. Certain provisions of these terms and conditions are summaries of, and are subject to, the detailed provisions of the Programme Trust Deed.*

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

*The Bonds are constituted by and under the Programme Trust Deed dated on or about the date of this Deed between FCMB Group Plc (the "**Issuer**"), and ARM Trustees Limited and FCMB Trustees Limited (together the "**Trustees**") as supplemented by the relevant Series Trust Deed between the Parties. The Bondholders are entitled to the benefit of and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the relevant Series Trust Deeds applicable to them. Copies of the Trust Deed are available for inspection at the designated offices of the Trustees at 1, Mekunwen Road Off Oyinkan Abayomi Drive, Ikoyi, Lagos, Nigeria and 17A Tinubu Street, Lagos, Nigeria and **at the Offices of the Registrar** as specified in the Pricing Supplement.*

*Any Series of Bonds which is to be created and issued pursuant to the Programme Trust Deed shall be constituted by, be subject to and have the benefit of a Series Trust Deed (the "**Series Trust Deed**") between the Issuer, and the Trustees. The Issuer shall execute and deliver such Series Trust Deed to the Trustees containing such provisions (whether or not corresponding to any of the provisions contained in the Programme Trust Deed) as the Trustee may require. Each Series Trust Deed shall set out the form of the Series of Bonds to be so constituted thereby.*

These Conditions include summaries of, and are subject to the detailed provisions of the Programme Trust Deed and the relevant Series Trust Deed. The Bondholders are entitled to the benefit of and are bound by, and are deemed to have notice of, all the provisions of the Programme Trust Deed and the relevant Series Trust Deed applicable to them.

Words and expressions defined in the Trust Deed (as same may be amended, varied, or supplemented from time to time with the consent of the Parties) are expressly and specifically incorporated into and shall apply to these Conditions.

Capitalised terms used but not defined in these Conditions shall have the meanings attributed to them in the Programme Trust Deed unless the context otherwise required or unless otherwise stated.

1. **FORM, DENOMINATION AND TITLE**

1.1. **Form and Denomination**

Unless otherwise specified in any relevant Pricing Supplement the Bonds shall be issued in registered form in denominations of ₦1,000.00 Bonds issued under the Programme may be Fixed Rate Bonds, Floating Rate Bonds, Perpetual Bonds whether with capital qualifying feature or otherwise, redeemable Bonds, senior or subordinated, unsecured Bonds, discounted or a combination thereof.

The Bonds may be issued in certificated form where upon a Bond certificate (each a "Certificate") will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders which the Issuer will procure to be kept by the Registrar. The Bonds may also be issued in uncertificated (dematerialised or book-entry) form, which shall be registered with a separate securities identification code with Clearing System Account.

1.2. **Title**

The holder of any Bond in certificated form, will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder.

Title to the Bonds held in certificated form passes only by registration in the register of Bondholders while transfer of title to Bonds issued in uncertificated form shall be effected in accordance with the rules of the Clearing System governing transfer of title in securities. In these Conditions, Bondholders and (in relation to a Bond) holder means the person in whose name a Bond is registered in the Register.

2. **REPAYMENT**

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

3. **REDEMPTION**

3.1 **Redemption at Maturity**

Unless previously redeemed or purchased and cancelled, or where the relevant Series Trust Deed provides otherwise, the Issuer will redeem the Bonds at their Principal Amount on such dates as specified in the Series Trust Deed.

3.2 **Redemption prior to Maturity**

3.2.1 Subject to the terms of the relevant Series Trust Deed, the Issuer shall be entitled at anytime to redeem the whole or any part of the Bond upon giving the Bondholders to be redeemed not less than three months' notice of its intention to do so, and at the expiration of such notice, the Issuer shall be entitled and bound to redeem the Bonds in respect of which such notice has been given.

3.2.2 In the event of the Issuer at anytime determining to redeem part only of the Bond for the time being outstanding, the particular Bond to be redeemed shall be selected by drawing to be made as provided in Condition 8 or at the option of the Issuer pro rata to holdings.

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

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

3.3 **Redemption for Taxation Reasons**

If so specified in the Pricing Supplement subject to obtaining the approval of the CBN (where necessary), the Bonds may be redeemed at the option of the Issuer in whole, or in part, if on giving not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Bondholders (which notice shall be irrevocable) at their early Redemption Amount together with the Coupon accrued to the date fixed for redemption if:

(i) the Issuer satisfies the Trustees and the Commission immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Nigeria or any political subdivision or any authority thereof or therein having power to tax or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the Series or Tranche of the Bonds; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 (ninety) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustees and the Commission a certificate signed by two Directors stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred.

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

(i) where the Bonds may be redeemed at any time, 90 (ninety) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts or would be entitled (as such entitlement is materially reduced) to claim a deduction in respect of computing its taxation liabilities; or

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

3.4 **Redemption of Additional Tier 1 Bonds**

If so specified in the Pricing Supplement, Additional Tier 1 Bonds may be redeemed by the Issuer in whole, or in part upon additional condition that may be specified in the relevant Pricing Supplement subject to the Issuer satisfying the solvency conditions as may be prescribed in accordance with the Capital Regulations and relevant Pricing Supplement subject to obtaining the prior approval of the Relevant Regulator. The relevant Pricing Supplement may amongst others require the Additional Tier 1 Bonds to be redeemed by way of: -

3.4.1 <u>Optional Redemption</u>

Subject to the Issuer satisfying the solvency conditions as may be prescribed in accordance with the Capital regulations and relevant Pricing Supplement, the Issuer may, upon the approval of the Relevant Regulator, as may be required, redeem all (but not some only) of the Bonds then outstanding at their then outstanding Principal Amount, together with interest accrued and unpaid to (but excluding) the relevant Reset Date (to the extent such interest has not been cancelled). The relevant pricing Supplement may require the Issuer when exercising a call, to (i) refinance or replace this AT 1 Bonds with another AT 1 Bond or instrument with better quality and the replacement of the AT 1 Bonds is done at conditions which are sustainable to the income capacity of the Issuer, or (ii) demonstrate that its capital position will be well above the regulatory minimum capital requirement after exercising the option.

3.4.2 <u>Redemption for Tax Reasons</u>

Subject to the Issuer satisfying the solvency conditions as may be prescribed in accordance with the Capital regulations and relevant Pricing Supplement, Issuer may be required at the relevant time to the Issuer giving prior written notice and receiving the approval therefor of the Relevant Regulator, to redeem the Principal Amount, together with interest accrued and unpaid to (but excluding) the date fixed for redemption (to the extent such interest has not been cancelled), if, immediately before giving such notice, the Issuer satisfies the Trustee that a Tax Event has occurred, all as more fully described in the Conditions.

3.4.3 <u>Redemption upon a Capital Disqualification Event</u>

Subject to the Issuer satisfying the solvency conditions as may be prescribed in accordance with the Capital regulations and relevant Pricing Supplement, if a Capital Disqualification Event occurs, the Issuer may, having given notice in accordance with relevant Pricing Supplement or Capital Regulations, to redeem all, but not some only, of the Bonds then outstanding subject to having obtained the prior approval of the Relevant Regulator.

4. **PURCHASE OF BOND BY THE ISSUER**

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

5. **STATUS OF THE BONDS**

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

5.2 Where the Bonds (and claims for payment by the Issuer in respect thereof) are intended to qualify as Additional Tier 1 Securities of the Issuer in accordance with applicable law and the Capital Regulations and under the relevant approval of the Relevant Regulator, will constitute direct, unsecured and subordinated obligations of the Issuer and shall, in the case of a winding up, dissolution, liquidation of the Issuer or similar event (**"Subordination Event"**) and for so long as that Subordination Event subsists, rank:

a) subordinate in right of payment to the payment of all present and future senior obligations of the Issuer as may be prescribed in the relevant Series Trust Deed or Pricing Supplement;

b) *pari passu* without any preference among themselves and with all present and future obligations of the Issuer that are equal in ranking with the Additional Tier Securities of the Issuer; and

c) In priority to all payments in respect of all present and future junior obligations of the Issuer as may be prescribed in the relevant Series Trust Deed or Pricing Supplement.

By virtue of the subordination of the Bonds, as set out in this Condition 5, no amount shall, in the case of a Subordination Event and for so long as that Subordination Event subsists, be required to be paid under the Bonds until all payment obligations in respect of Senior Obligations have been satisfied.

6. **COVENANTS BY THE ISSUER**

6.1 **Negative Pledge**

For as long as any of the senior and unsecured Bonds remain outstanding, the Issuer shall not, without the prior consent of the Trustees in writing, create or permit to subsist any mortgage, charge, pledge, lien or any Encumbrance upon the whole or any part of its present or future undertaking, business, assets or revenues to secure any indebtedness for listed bonds or other listed securities, unless the Issuer's obligations under the Bonds are secured equally and rateably therewith or have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustees in its absolute discretion shall deem not to be materially less beneficial to the Bondholders.

6.2 **Further Indebtedness**

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

6.3 **Restricted Payments**

The Issuer shall not, without the consent of the Trustees, declare or pay any dividend in cash or otherwise or make a distribution (whether by way of redemption, acquisition or otherwise) in respect of its class of its share capital or any Junior Obligation.

if

(A) there is a continuing Event of Default as at proposed date for a Restricted Payment;

(B) in any financial year, any Coupon or Principal payment due under the Bonds have not been paid on their respective due dates; and

such Restricted Payment (save in relation to the paragraph (B) above) when aggregated with all other Restricted Payments previously made in respect of the relevant financial year of the Issuer exceed 50 per cent of the Group's consolidated profit after tax for such financial year, determined by reference to the Group's audited consolidated IFRS financial statements for such financial year.

7. COUPON

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

7.1 Coupon on Fixed Rate Bonds

(a) The Fixed Rate Bonds (being those Bonds that specify the Coupon is payable at a fixed rate) shall bear Coupon on the Principal Amount Outstanding at the Coupon Rate specified in the applicable Pricing Supplement from (and including) the Coupon Commencement Date specified in the applicable Pricing Supplement to (but excluding) the Maturity Date. Coupon shall be payable in arrears on the Coupon Payment Date in each year. The first payment of Coupon will be made on the Coupon Payment Date following the Coupon Commencement Date (specified in the applicable Pricing Supplement) and, if the first anniversary of that Coupon Commencement Date is not a Coupon Payment Date, the first payment of Coupon shall be as specified in the applicable Pricing Supplement.

(b) If the Maturity Date is not a Coupon Payment Date, Coupon from (and including) the preceding Coupon Payment Date (or the Coupon Commencement Date, as the case may be) to (but excluding) the Maturity Date will amount to the Final Broken Amount. If Coupon is required to be calculated for a period of other than a full year, such Coupon shall be calculated on the basis of the actual number of days elapsed divided by 365 or such other method as described in the applicable Pricing Supplement.

7.2 Coupon on Floating Rate Bonds

(a) **General**

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

(b) **Coupon Payment Dates**

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

(c) **Coupon Rate**

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

(d) **Calculation of Coupon**

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

For the Purposes of Condition 7.2 (d):

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

(i) if "Actual/365" is specified, the actual number of days elapsed in the Coupon Period divided by 365; or

(ii) such other specified calculation method.

7.3 **Discounted Bonds**

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

7.4 **Coupon on Additional Tier 1 Bonds**

7.4.1 In respect of the issuance of Additional Tier 1 Bonds, the Issuer may elect, in its sole and absolute discretion and subject the requirements of the Capital Regulations, to cancel any payment of interest in whole or in part at any time and for any reason or to mandatory cancel the payment of interest or require that the interest may not be cumulative in accordance with the conditions of the relevant Series Trust Deed and Pricing Supplement.

7.4.2 The relevant Series Trust Deed and Pricing Supplement may provide that any failure by the Issuer to give any such notice to or otherwise to so notify Bondholders will not in any way impact on the effectiveness of, or other invalidate, any such election, or give Bondholders any rights as a result of such failure and that such interest may only be made from distributable items of the Issuer.

7.5 **Perpetual Bonds:**

Perpetual Bonds when issued with capital qualifying features will form part of the regulatory capital of the Issuer and constitute direct, unsecured and subordinated obligations of the Issuer and shall, in the case of a subordination event, rank subordinate to senior obligations and preference among themselves (as may be set out in the relevant Series Trust Deed).

8. **SINKING FUND/DEBT SERVICE RESERVE ACCOUNT**

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

8.2 The Issuer shall, not later than the date specified in a Series Trust Deed for any Series, cause payments to be made into a bank account which shall be called a “Sinking Fund Account” or “Debt Service Reserve Account” (“DSRA”) which shall be managed by the Trustees and shall form part of the trust property.

8.3 The Issuer shall irrevocably authorise the Chief Finance Officer or any officer for the time being in charge of the finance of the Issuer to deduct, as a first charge on the Issuer’s cashflows and to place to the credit of the Sinking Fund Account or the DSRA (in accordance with the Series Trust Deed setting up a particular Series and referenced in the Applicable Pricing Supplement), such sum or sums from the finance of the Issuer, at the Issuer’s discretion not below the sum as stipulated in the Series Trust Deed on a monthly basis which sum shall be applied by the Trustees towards the payment of Coupon and the redemption, at par, of the Bond PROVIDED THAT the Trustees at its discretion may ask the Issuer to increase the amount being credited to the account if in its opinion the amount being credited to the account may not be sufficient to meet Coupon and principal repayment due on the Bonds at any time.

8.4 **Authorised Investment**

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

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

9. **CANCELLATION OF BONDS**

9.1 The Issuer shall procure that all Bonds: (i) redeemed or (ii) purchased by or on behalf of the Issuer; may be cancelled by or on behalf of the Issuer and a certificate or statement stating:

9.1.1 the aggregate Principal Amount of Bonds which have been redeemed;

9.1.2 the serial numbers of such Bonds;

9.1.3 the aggregate nominal amount of Bonds (if any) which have been purchased by or on behalf of the Issuer and cancelled;

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

9.2 The Issuer shall procure: (a) that the Registrar shall keep a full and complete record of all Bonds and of their redemption or purchase by or on behalf of the Issuer, any cancellation or any payment (as the case may be); (b) that the Registrar shall with regards to Coupon bearing Bonds, retain a list of Holders to whom Coupon was paid; and (c) that such records shall be made available to the Trustees within the period stated in Clause 11.1 above.

10. **DRAWING OF BONDS FOR REDEMPTION**

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

11. **DELIVERY OF CERTIFICATE**

If required by the Issuer every Bondholder whose Bond is due to be redeemed under these Conditions shall not later than the due date for such redemption deliver up his Bond Certificate to the Issuer or as the Issuer shall direct. If any Certificate so delivered up includes any Bond not then due to be redeemed the Issuer may endorse such Certificate with a memorandum of the date and amount redeemed and return it to the Bondholder or may cancel such Certificate and, without charge, issue to such Bondholder a new Certificate for the balance of the Bond held by him and not due so to be redeemed.

12. **TRUSTS**

12.1 Except as required by law or as ordered by a court of competent jurisdiction, the Issuer will recognise the Bondholder of any Bond as the absolute owner of such Bond and shall not be bound to take notice or see to the execution of any trust whether express, implied or constructive to which any Bond may be subject.

12.2 The receipt by a Bondholder for the time being of any Bond (or in the case of joint registered holders, the payment to the joint Bondholder whose name stands first in the Register) of the principal of such Bond or of any other money payable in respect of such Bond shall be a good discharge to the Issuer notwithstanding any notice it may have whether express or otherwise of the right, title, Coupon or claim of any other person to or in such principal, dividend or other money. No notice of any trust whether express, implied or constructive shall (except as provided by statute or as required by a court of competent jurisdiction) be entered on the Register in respect of any Bond.

13. **FREEDOM FROM EQUITIES**

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

14. **TRANSFERS**

14.1 The Bond is transferable in amounts or integral multiples of an amount specified in the Series Trust Deed.

14.2 Transfers of the Bond shall be by an instrument in writing in any form the Issuer and the Trustees may approve.

14.3 If the Bonds are listed, the Bonds shall be transferred on the Exchange in accordance with the rules and regulation of the Exchange.

14.4 Every instrument of transfer must be signed by or on behalf of the transferor or where the transferor is a corporation, properly executed according of its constitutional documents, and the transferor shall be deemed to remain the owner of the Bonds until the name of the transferee is entered in the Register.

14.5 Every instrument of transfer must be left for registration at the place where the Register shall for the time being be kept accompanied by the Certificate for the Bond to be transferred, such other evidence as the issuer may require to prove the title of the transferor or his right to transfer the Bond and (if the instrument of transfer is executed by some other person on his behalf) the authority of that person so to do.

14.6 The transfer of the Bonds in de-materialized form shall be regulated by the Clearing System procedures and guidelines.

14.7 All instruments of transfer which shall be registered will be retained by the Issuer.

14.8 Closed Periods: No Bondholder may require the transfer of a Bond to be registered during the period of 15 (fifteen) days ending on the due date for any payment of principal or Coupon on that Bond.

15. **TRANSMISSION**

15.1 In the case of the death of a Bondholder the survivor or survivors where the deceased was a joint holder and the executor or administrator of the deceased where he was a sole or only surviving holder shall be the only person recognised by the Issuer as having any title to such Bond.

15.2 Any person becoming entitled to any Bond in consequence of the death or bankruptcy of any Bondholder or of any other event giving rise to the transmission of such Bond by operation of law may upon producing such evidence of his title as the Registrars shall think sufficient, be registered himself as the holder of such Bond or subject to Condition 14 may transfer such Bond without himself being registered as the holder of such Bond.

16. **METHOD OF PAYMENT OF PRINCIPAL MONEY, COUPON AND PREMIUM**

16.1 Payment of the Principal, Coupon and premium (if any) for the time being owing or due on all or any part of the Bond will be credited to the bank account nominated for this purpose by the Bondholder (or in the case of joint registered Bondholders) by the joint Bondholders or may be made by cheque /warrant drawn on a bank duly licensed by the CBN and sent by post to:

16.1.1 the relevant Bondholder at his registered address; or

16.1.2 in the case of joint registered Bondholders, the joint Bondholder whose name stands first in the Register; or

16.1.3 such person or persons or to such address as the relevant Bondholder or all the joint registered Bondholders may in writing direct.

Provided that any payment for an amount above ₦10,000,000.00 (ten million Naira) shall be made through electronic payment transfer by credit into the bank account specified by the Bondholder. Where a Bondholder has not nominated any bank account and the amount is above ₦10,000,000.00 (ten million Naira), the Trustees shall notify the Bondholder, and pending the time the Bondholder provides the account details, shall withhold payment on such amount. For the avoidance of doubt, no Coupon shall accrue from the period commencing on date of notification to the Bondholder to the date on which the Bondholder provides the account details.

16.2 Every such cheque sent through the post will be sent at the risk of the relevant Bondholder or joint registered Bondholders and payment of any such cheque or warrant by the banker upon whom it is drawn shall be a satisfaction of the principal, Coupon and premium (if any) represented by such cheque.

17. **RECEIPTS FOR MONEY PAID**

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

18. **WORN OUT/LOST CERTIFICATE**

18.1 If any Bond Certificate is worn out or defaced then upon production of that Certificate to the Directors they may cancel that Certificate and may issue a new Certificate free of charge but the Issuer shall be entitled to retain such worn out or defaced Certificate.

18.2 If any Bond Certificate is lost or destroyed then (upon proof of this to the satisfaction of the Directors and on such terms as to evidence and indemnity as the Directors may deem adequate being given and the payment of any out-of-pocket expense of the Issuer in investigating such evidence and preparing the requisite indemnity) a new Certificate may be issued free of charge to the persons entitled to such lost or destroyed Certificate.

18.3 An entry as to the issue of the new Certificate and indemnity (if any) shall be made in the Register.

19. **EVENTS OF DEFAULT**

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

i. if so requested in writing by the Majority Bondholders; or

ii. if so directed by an Extraordinary Resolution of the Bondholders,

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

19.1 **Non-Payment**: If the Issuer fails to pay any sums representing principal, Coupon and premium (if any) on the Bond or any fees or other sums as they fall due in accordance with this Deed unless its failure to pay is caused by an administrative or technical error, and payment is made within 10 (ten) Business Days of its due date. Provided however that where such non-payment is due to a Force Majeure event the Trustees may in its discretion (after consultation with the Issuer) determine that such Force Majeure event can be remedied within a reasonable period after the grace period referred to above in this Clause and extend the grace period;

19.2 **Insolvency:** If

19.2.1 the Issuer is unable, for the purposes of CAMA, to pay its debts, or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its Financial Indebtedness;

19.2.2 a Moratorium is declared in respect of any Financial Indebtedness of the Issuer, and such Moratorium is not discharged within 45 (forty-five) Business Days after it was declared. Provided that the Issuer is able to show to the satisfaction of the Trustees within 10 (ten) Business days after such Moratorium is declared that it is in good faith negotiating for the lifting of the Moratorium;

19.2.3 any corporate action or legal proceedings is concluded and judgment given against the Issuer in relation to:

19.2.3.1 a Moratorium of any Financial Indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer other than a solvent liquidation or any reorganisation of the Issuer;

19.2.3.2 the appointment of a liquidator (other than in respect of a solvent liquidation of the Issuer) receiver, administrator, administrative receiver or other similar officer in respect of the Issuer or any of its assets; or

19.2.3.3 any analogous procedure or step is taken in any jurisdiction, and such proceeding is not dismissed or terminated on or before the 30 (thirtieth) Business Day (which would exclude days on which Nigerian courts are on vacation) after the order is made or if any such dismissal or stay ceases to be in effect (or such longer period as the Trustees may permit) PROVIDED THAT the Issuer has within 10 (ten) Business Days filed good faith legal proceedings in the relevant court for the order to be set aside, dismissed or stayed.

19.3 **Cessation of Business**: if the Issuer ceases to conduct all or substantially all of its business as is now conducted or changes all or substantially all of the nature of such business or merges or consolidates with any other entity without the prior written consent of the Trustees pursuant to Clause 7.7 of the Trust Deed; or

19.4 **Material Adverse Effect:** If a Material Adverse Effect has occurred;

19.5 **Enforcement Proceedings:** if any distress, execution or other process shall be levied or enforced or sued upon or against any material assets of the Issuer and shall not be discharged, or stayed within 90 (ninety) days of service by the relevant officer of the court of such attachment, execution or other legal process or if an encumbrancer shall take possession or a Receiver shall be appointed over any material assets of the Issuer and such event shall be certified in writing by the Trustees to be in their opinion materially prejudicial to the interests of the Bondholders PROVIDED THAT the Issuer has filed good faith legal proceedings in the relevant court for application for dismissal or stay within 10 (ten) Business Days of becoming aware of the order or action; or

19.6 **Breach of Other Obligations** if default shall be made by the Issuer in the performance or observance of any covenant, condition, provision or agreement including the representations and warranties, (other than any covenant for the payment of any sum owing on any part of the Bond) binding on it under this Deed, or required by the Issue Documents to which it is a party or any other document delivered in connection with the Bonds, and the Issuer shall fail to perform fully or make good the breach of such covenant, condition, provision or agreement within 30 (thirty) days from receipt of notice in writing by the Trustees or in its opinion (or such longer period as the Trustees may reasonably permit) materially prejudicial to the interests of the Bondholders.

20. **NOTICES**

20.1 Any notice or other document (including a Bond Certificate) may be given to or served on any Bondholder either personally or by sending it by electronic mail, by post in a prepaid envelope or delivering it addressed to him at his registered address or (if he desires that notices shall be sent to some other persons or address) to the person at the address supplied by him to the Issuer for the giving of notice to him.

20.2 In the case of joint registered holders of any Bond a notice given to the Bondholder whose name stands first in the Register shall be sufficient notice to all the joint holders.

20.3 Any notice or other document duly served on or delivered to any Bondholder under these conditions shall (notwithstanding that such Bondholder is then dead or bankrupt or that any other event has occurred and whether or not the Issuer has notice of the death or the bankruptcy or other event) be deemed to have been duly served or delivered in respect of any Bond registered in the name of such Bondholder as sole or joint holder unless before the day of posting (or if it is not sent by post before the day of service or delivery) of the notice or document his name has been removed from the Register as the holder of the Bond and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or claiming through or under him) in the Bond.

20.4 Any notice shall be deemed to have been served on the fifth (5th) day following that on which the letter containing the notice is posted and in proving such service it shall be sufficient to prove that the envelope containing the notice or the notice itself was properly addressed, stamped and posted. Any notice given by delivery otherwise than by post shall be deemed given at the time it is delivered to the address specified.

21. **MEETINGS OF BOND HOLDERS**

The rights and duties of the Bondholders in respect of attendance at meetings of Bond holders are set out in the 3rd (third) Schedule of the Trust Deed (Provisions for Meetings of Bondholders). Decisions taken at Bondholders meetings may only be exercised by the Trustees in accordance with the Trust Deed or under these Conditions. For the avoidance of doubt, the Conditions of the Bond can only be amended with the consent of the Parties as that term is defined in the Trust Deed.

22. **GOVERNING LAW**

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

9. TAX CONSIDERATIONS

Except as otherwise indicated, this summary only addresses Nigerian tax legislation, as in effect and in force at the date hereof, as interpreted and applied by the Nigerian courts or tax authorities in Nigeria, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

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

Under current legislation in Nigeria, the tax consequences of an investment in the Bonds to be issued under the issuance are quite broad and extensive.

On January 2, 2012, the regulatory landscape for taxes for all categories of bonds witnessed a major overhaul as the Federal Government of Nigeria approved a waiver of taxes for all categories of bonds and short-term Federal Government Securities to drive the growth of all segments of the domestic bond market. The range of taxes covered by the approval are those prescribed under the PITA, Companies Income Tax (Exemption of Bonds and Short-Term Government Securities) Order 2011 ("CITA Order") and the VAT (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011 ("VAT Exemption Order").

By virtue of the CITA Order which came into force on January 2, 2012, interest earned by holders of bonds issued by Nigerian corporate bodies were exempted from income taxes which would ordinarily have been paid on such income. This exemption elapsed effectively from January 2, 2022. The Issuer is now required by law to withhold tax on Coupon payments to the Bondholders that are corporate entities. Coupon payments on Bonds derived from Nigeria and accruing to both Nigerian investors and non-Nigerian investors would ordinarily be subject to withholding tax in Nigeria at the applicable rate of 10 percent. Effective July 1, 2022, withholding tax on interest payments to a foreign company or foreign resident from a country with which Nigeria has a double taxation treaty will generally be payable at the rate of 7.5% – 10% pursuant to the FIRS Circular of May 11, 2022. In view of this, the Issuer would be required to withhold tax on such payments and remit same to the appropriate tax authorities.

In accordance with the provisions of the Finance Act 2019, any expense incurred in deriving tax-exempt income would not be deductible for the purpose of arriving at taxable profit.

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

10.OVERVIEW OF THE NIGERIAN ECONOMY

*The information in this section has been extracted from documents and other publications released by various officials and other public and private sources, such as the CBN, the International Monetary Fund ("**IMF"),** the Nigerian Debt Management Office ("**DMO**"), the National Bureau of Statistics ("**NBS**"), the Nigerian Federal Ministry of Finance ("**FMF**") and the Organization of Petroleum Exporting Countries ("**OPEC**"), as indicated herein. There is not necessarily any uniformity of views among such sources as to such information provided. We have not independently verified the information included in this section. The information in this section has been derived substantially from publicly available information, such as annual reports, official data published by the Nigerian government or regional agencies, or other third-party sources as indicated in the text*

Nigeria is located in the West African Sub region of Africa occupying a land area of c.923.777 square kilometers. The country is bordered by the Republic of Niger to the North, the Republic of Chad and the Republic of Cameroon to the East, the Republic of Benin to the West and the Atlantic Ocean to the South. With an estimated population of over 216 million people, Nigeria is the most populous country in Africa and ranks 7th in the world. The country's population is forecast to grow at an average of 2.75% annually with its total population expected to reach 230 million by 2025. The NBS also estimates a labour force of 89.51 million people with an average life expectancy of 55 years, according to the United Nations Population Fund (UNFPA).

According to the NBS, as of Q2-2022, the country boasts a nominal GDP of approximately ₦45.00 trillion on making it the largest economy in Africa and the thirtieth (30th) in the world. Nigeria has the ninth (9th) largest proven crude oil and natural gas reserves in the world and consequently relies heavily on oil as its main source of government revenues and foreign exchange earnings. According to OPEC, Nigeria is the fourteenth largest oil producing country globally. Nigeria is also a significant exporter of cocoa, rubber and cassava, in addition to other significant natural resources.

From a coronavirus disease (COVID-19) induced slowdown in 2020, Nigeria's economy has bounced back markedly. For evidence, the Nigerian economy grew by 3.40% yoy 2021, 532 percentage points ahead of the slowdown of 1.92% yoy reported in 2020. The economic growth recorded in 2021 broadly reflects the strong support of the non-oil sector.

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

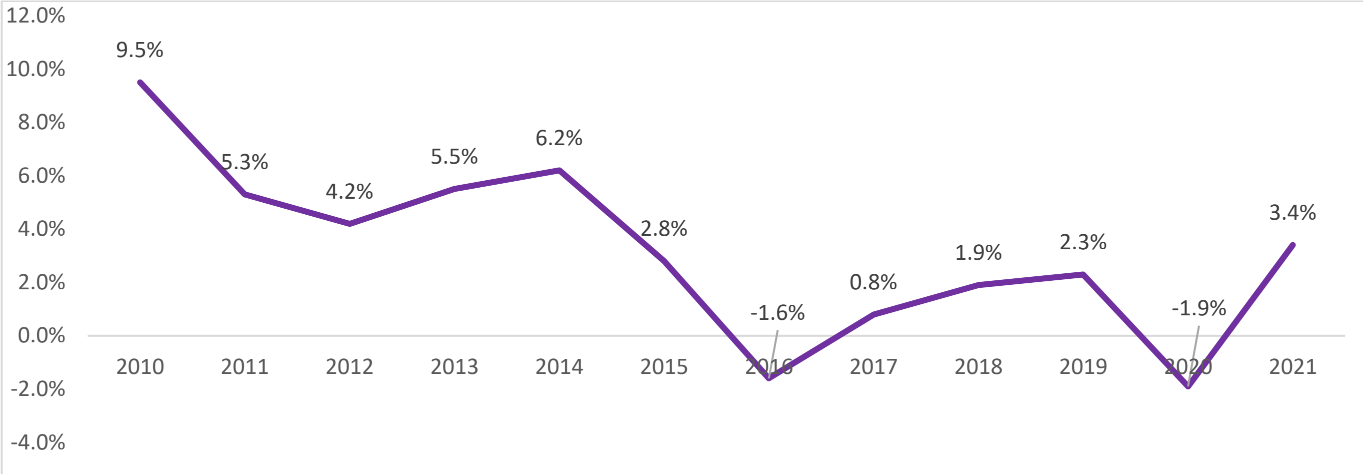
Economic indicators	2014	2015	2016	2017	2018	2019	2020	2021	Q2'2022
Nominal GDP (US$, bn)	568	495	405	376	397	400	423	424	109
Real GDP growth (YoY[1], %)	6.22	2.79	-1.58	0.82	1.91	2.27	-1.92	3.40	3.54
Population	176	181	186	191	196	201	207	213[3]	218
Inflation (YoY[1] average)	8.05	9.01	15.7	16.5	12.1	11.4	13.2	17.0	17.14
Oil Production (thousands bpd[2])	2,188	2,119	1,831	1,890	1,922	2,028	1,760	1,595	1,430
Exchange rate (USD/NGN, average)	172	227	381	398	362	361	382	408	416

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

Notes

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

<u>Gross Domestic Product (GDP)</u>



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

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

GDP growth turned positive in 2017 as oil prices recovered and output stabilized. Economic recovery through 2018 and 2019 has been supported by growth in oil exports and the positive impact of increased foreign exchange liquidity on the non-oil sector. In addition, growth has also been buoyed by the development and implementation of the Economic Recovery and Growth Plan (ERGP) which has focused on economic diversification, infrastructure development, amongst others, which are expected to drive more robust growth and sustainable near-term growth.

The rapid spread of COVID-19 altered global economic growth for 2020. The pandemic catalysed shutdown across economies with negative feedback effects on global trade and mobility, economic output and oil prices. In response to the collapse in crude oil prices, OPEC members and some non-OPEC nations including Russia, eventually agreed on an oil production cut agreement in April 2020 after a destructive oil price war sent oil prices to multi-year lows. The domestic economy is not immune to the impact of deteriorating global macros and collapse of major commodity prices. The Nigerian economy slid into recession in 2020 as a result of the drawback of both oil and non-oil GDP components but has since recovered in 2021, notching higher by 3.4% yoy as stated earlier.

According to NBS, Nigeria's GDP grew by 3.54% year-on-year in real terms in the second quarter of 2022, marking the seventh consecutive quarter of positive growth by the Nigerian economy, nevertheless, quarter on quarter real GDP has contracted by 0.37% in Q2 2022 compared to Q1-2022, reflecting a lower rate of economic activity. According to the IMF, GDP growth is projected at 3.4% year-on-year by the end of 2022. However, the country's fiscal deficit is anticipated to remain high at 6.1% of GDP as a result of the importation and subsidization of petrol in addition to limited tax revenue due to mass unemployment across the country.

Non-oil industries like finance, communication, trade, and healthcare were among those that experienced the fastest rate of growth, according to the NBS report. Conversely, the oil sector declined by 11.77% in Q2-2022 compared to the 26.04% contraction experienced in Q1-2022.

The NBS also reports Nigeria's unemployment rate to be 33% as at Q1 2022.

Inflation

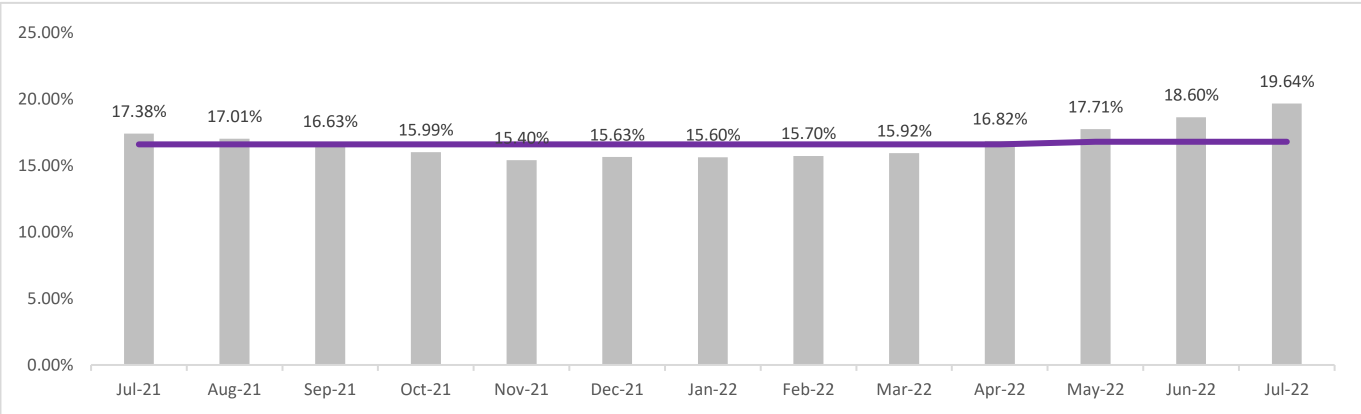
Headline inflation in the month of July 2022 rose to a 17 year high of 19.64% from 18.60% recorded in June 2022 and higher by 2.27% compared to July 2021 (17.38%).

The food inflation rate was 22.02% in July 2022, 0.99% higher on a year-on-year basis and a marginal decline by 0.01% month-on-month from 2.05% in June 2022 to 2.04% in July 2022. The increase in food inflation year-on-year is due to increase in prices of bread, cereal, food products, potatoes, yam, meat, fish, oil and fat.

Core inflation, which excludes prices of agriculture produce, year-on-year stood at 16.26% in July 2022, up by 2.54% compared to 13.72% recorded in July 2021 and a month-to-month increase of 0.20%. Drivers of the increase in core inflation prices include price of Gas, Liquid, Solid fuel, passenger transport by road, Passenger transport by Air, Garments, Cleaning, Repairs and Hire of clothing recorded the highest increase.

An evaluation of the sub-indexes reiterates the commonplace argument that food inflation has a stronger positive correlation with headline inflation while core inflation is rather obstinate periodically. The policy import of this claim is that taming overall inflation in Nigeria would require drilling down the mounting food prices in Nigeria, which cascades further - the need to substitute cheaper domestic food items in place of expensive imports.

Trend in headline inflation vs. 1-year average



Recent headline inflation data in the last twelve months, the blend of energy challenges, rising borrowing cost, pressing exchange rate challenges, elevated transport prices, and food supply shortages have fueled inflationary pressure in Nigeria. These have left the Nigerian economy vulnerable, despite the fact that growth prospects have improved. Increased commodity prices are thought to have been partly caused by the Russia-Ukraine war.

According to the NBS, as of July 2022, the consumer price index, (CPI) used to measure inflation stood at 16.75%. This is 0.46 percentage points greater than the rate recorded in the corresponding year of July 2021, which stood at 16.30%. The urban inflation rate increased to 20.09% in July 2022, 2.08% higher than July 2021 (18.01%). In addition, the rural inflation rate increased to 19.22% year-on-year by 2.34% in July 2021 (18.01%). The increase in inflation levels will lead to an erosion of purchasing power of Nigerians.

According to the IMF, rising food prices are the underlying reason for the increase in headline inflation in Nigeria. Food prices have increased due to the greater restrictions on importation following the COVID19 pandemic. The IMF has however noted that the inflation rate should drop to 13.1 % in 2023.

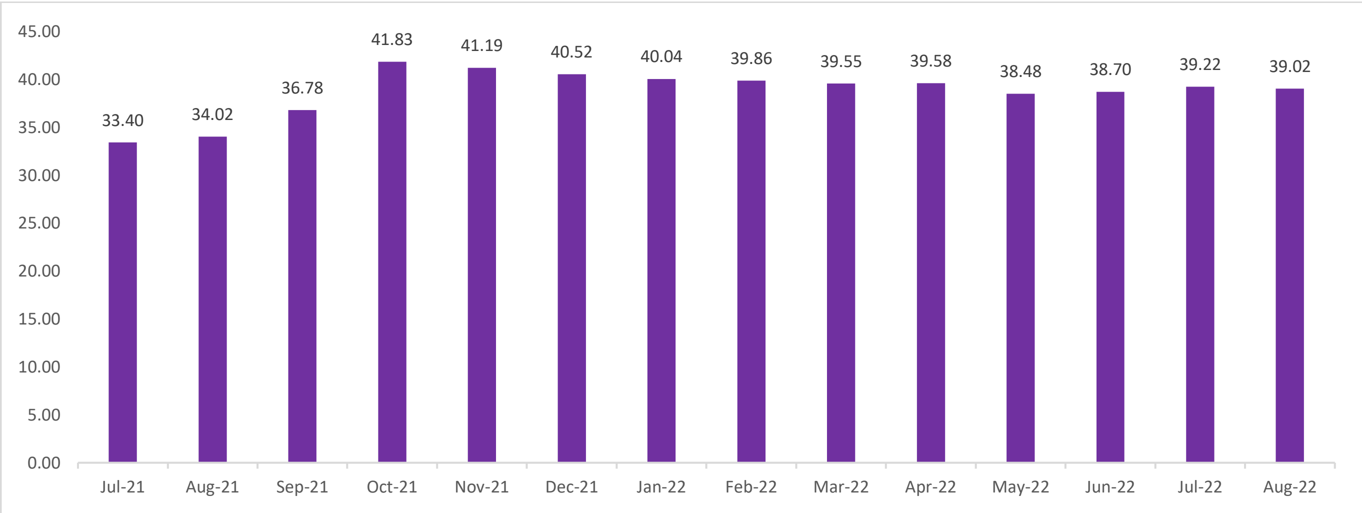
Interest Rates

In line with the trends in the global monetary policy scene where most countries are increasingly embracing monetary easing, Nigeria's Monetary Policy Committee also made changes to its monetary policy rate (MPR). In July 2022, the CBN Monetary Policy Committee (MPC) raised the MPR by 100bps to 14% from 13%, a rate it maintained to curb inflation. The switch to a hawkish monetary policy was driven by a sharp rebound in economic growth, which paved way for a shift in the MPC's focus from stimulating economic growth to pursuing price stability. The current rise in inflation, coupled with weakening growth prospects across the world formed part of the considerations for the MPC's decision, and it also noted that the war between Russia and Ukraine had resulted in a significant disruption of the global supply chain, at a time when the global economy is still confronted with downside risks to growth associated with the COVID-19 pandemic.

In addition, the CBN also adopts other non-conventional monetary policy tactics to achieve its objectives. For one, the CBN uses OMO for liquidity management. This is done by auctioning OMO bills to banks and foreign portfolio investors. In addition, the CBN has also managed the liquidity in the system through the use of the Cash Reserve Ratio. While the CRR was pegged at 27.5%, the effective CRR for banks has hovered above the regulatory requirement over the past few months. This gives credence to CBN's hawkish monetary policy and non-tolerance for elevated system liquidity.

While the MPR was adjusted, the CBN left the rest of the policy parameters unchanged with the asymmetric corridor retained at plus 100 and minus 700 basis points around the MPR; and the liquidity ratio retained at 30%. Over the near term, there is an expectation for further monetary tightening in a bid to manage the rising inflation.

Trend in Foreign Reserves



Foreign Reserves

Nigeria's foreign reserves stood at US$39.024 billion as at August 31, 2022 compared to US$39.219 billion as at July 28, 2022, representing a marginal decline of 0.5% month on month. External reserves are not showing signs of recovery and despite the bullish run on oil price as a result of the Russia-Ukraine War, which has caused oil prices to rise to a 13 year high of $130 due to low oil production (Jun-2022: 1.3mbbl/dpd). The Federal Government successfully issued US$4.00 billion Eurobond in September 2021 and a US$1.25 billion in March 2022, which had an impact on the Foreign Reserves.

Foreign Exchange

The CBN has intensified efforts to converge Nigeria's multiple exchange rates in a bid to reduce arbitrage incentives and round-tripping. In 2019, the CBN adjusted the retail and wholesale intervention USD/NGN rate to ₦358 from ₦330 in August 2018. Also, the CBN adjusted the foreign exchange rate for computing customs duty to ₦326 from ₦306. The USD/NGN rate in the Investors' and Exporters' Window (I&E Window), which is the most flexible of the multiple exchange rates, closed flat year-on-year in 2019 at ₦364.70 The currency initially strengthened following the conclusion of the 2019 Presidential election in February 2019, but these gains were lost towards the end of the year due to capital outflow pressures.

In 2020, Nigeria's foreign exchange market came under pressure as a result of the twin shocks of weaker oil prices and a decline in foreign portfolio inflows, both linked to the COVID-19 health pandemic. Against the backdrop, the Naira weakened across all segments of the foreign exchange market. Notably, the CBN adjusted its official USD/NGN peg by 19% to ₦379.0/US$ in December 2020 from ₦307.0/US$ in 2019. By May 2021, the CBN adopted the I&E exchange rate as the official exchange rate, signaling to the market that they had achieved convergence of the exchange rate. The exchange rate has ranged between ₦410.0/US$ and ₦415.0/US$ since this convergence.

Due to the rent-seeking and supposed money laundering activities in the parallel market, the CBN decided to suspend the sale of FX to BDCs is recorded at US$110.0 million weekly. Following this announcement, the scramble for FX pushed the parallel market rate to ₦570/US$ by September 2021. The CBN, at its September MPC meeting, accused the major parallel exchange rate publishing website of manipulating the market. This resulted in a halt in publishing the parallel exchange rate.

Besides these developments, the FX market still lacks liquidity as the CBN continuously intervenes in the official market. Thus, demand continues to approach the parallel market, putting further pressure on the parallel market exchange rate. It is expected that the CBN will supply FX vigorously later in 2022 to support the market based on the significant reserve accretion. The exchange rate continues to depreciate and in August 2022 hit a high of ₦710/US$ in the parallel market amidst low supply and the downward trend in the external reserves.

In terms of attracting more USD flows to the economy, the CBN has begun paying more attention to the c.US$25bn annual remittance market to shore up the foreign reserves as dollar inflows via oil receipts remain challenged by low production quota by OPEC+. In Mach 2021, the CBN introduced a policy on diaspora remittance, where International Money Transfer Operators (IMTOs) are directed to make diaspora remittances available to beneficiaries in foreign currency (US dollars). According to the CBN, foreign currency inflows through this channel should support the balance of payment position, reduce dependence on external borrowing and improve the US$ liquidity in the economy. In furtherance of the FCY remittance policy, the CBN also introduced a "five naira for one dollar" scheme, for inflows received via licensed IMTOs. The scheme means that recipients of USD inflows into Nigeria will receive an additional ₦5.00 for every US$1 received in cash or paid into domiciliary accounts. In February 2022, the CBN launched its forex repatriation scheme "RT200 FX Programme" with the aim of achieving a goal of US$200 billion in FX repatriation, exclusively from non-oil exports, over the next 3-5 years.

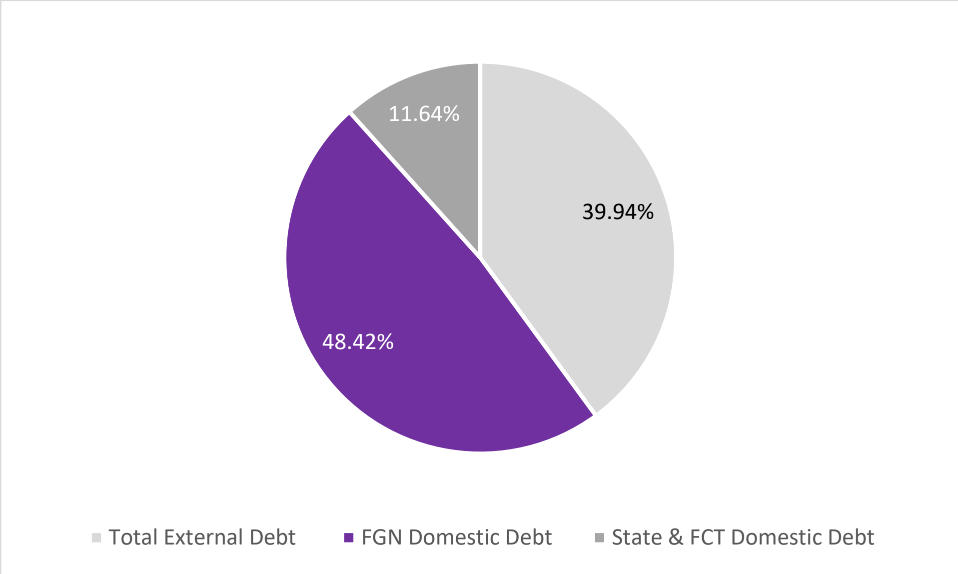
Public Debt

As of Q1-2022, Nigeria's total public debt was US$100.069 billion (₦41.60 trillion or 23.3% of GDP) according to the DMO. Of the outstanding public debt, the external component was US$16.62 billion, having increased from US$10.7 billion in 2015, after the DMO started implementing a new medium-term (2016-2019) debt management strategy. The 2016-2019 debt management strategy targets a debt composition of 60:40 for domestic and external debt, respectively, as against 83:17 at end-2015, to reduce the cost of servicing while taking into consideration the need to moderate foreign exchange risk. The domestic debt stood at ₦24.99 trillion (US$60.1 billion), having increased from ₦10.5 trillion (US$54.7 billion in 2015). The sharp increase in external borrowings altered the debt mix to 67:33 for domestic and external debt, respectively, as of March 2022. The DMO's ongoing medium-term (2020 – 2023) borrowing strategy targets a debt mix of 70:30 for domestic and external debt respectively, implying the government plans to increase the stock of domestic debt relative to external debt.

The medium-term (2020 – 2023) borrowing strategy also targets a domestic debt mix of 75:25 for long and short-term debts, respectively, from 69:31 actual as at end-2015, with the objective of reducing debt service cost and rollover risk. As at December 2021, the domestic debt mix of the Federal Government's debt stood at 78:22 for long and short-term debts, respectively. This justifies the aggression of the Federal Government in issuing treasury bills in 2021 as the short-term component of the domestic debt portfolio is 3ppts behind the target.

Although Nigeria's public debt burden (at 23.3% of GDP based on the DMO's data) is low in comparison to peers, the focus has shifted to weak debt affordability as indicated by the high debt service cost to revenue ratio. The ratio of debt service cost to FGN retained revenue increased from 38% in 2015 to 98% in FY-2021. In addition, the Federal Government now plans to securitise hitherto non-DMO recognized ways & means borrowing from the CBN, which could lead to a significant upward revision of public debt. As such, despite the moderate public debt level, fiscal space is considerably limited without revenue reforms to improve debt affordability and reduce debt sustainability risk. The IMF has projected that Nigeria's Debt to GDP will rise steadily to 44.2% in 2027.

Public Debt Profile as of March 2022



Source: Debt Management Office

Capital Markets

Sentiment for Nigerian equities improved significantly in 2017 following the pro-market FX reforms by the CBN and the economic recovery. The All Share Index ("ASI") returned 42.3% in the year to emerge as one of the best performing indices in the world. The ASI lost momentum in 2018, shedding 17.8% in 2018, partly due to a global risk aversion for emerging markets and frontier markets ("EM/FM") assets, as well as idiosyncratic domestic factors ranging from an increase in political risk premium ahead of the 2019 general elections to the weak momentum of the economic recovery.

Despite a broad-based recovery in EM/FM risk appetite in 2019, the Nigerian equity market extended its losing streak into the year with the All-share index losing 14.6%, ranking among the worst performing stock exchanges in the world. Despite the seemingly low valuation of equities and dovish policy outlook of key central banks in Europe and the U.S, foreign portfolio investors' inflow into the equity market was weak in 2019 due to weak growth momentum and subdued earnings outlook. The primary market, however, witnessed a boom with two large equity listings in 2019. Nigeria's largest telecommunications company, MTN Nigeria Communications Plc, was listed by introduction in May 2019. Airtel Africa Plc followed in July 2019 with an Initial Public Offering ("IPO") and a secondary listing on the NGX. Both listings have boosted equity market capitalization, which was up 10.6% in 2019.

Investor sentiments in the equity market were bullish in 2020, as a result of increased allocation to risk assets by local investors due to low yields in the fixed income market. The NGX-ASI appreciated by 50.0% in 2020, the best annual performance of the index since 2007 and one of the best performances in the world.

Equity sentiments were generally mixed in 2021, with the market starting the year on a bullish note before the combination of prolonged and absence of FX pricing flexibility by the CBN, together with the elusive positive catalyst supported the wave of sell-offs. The market then recovered, with the year-to-date loss printing a marginal 12 basis points ("bps") as of the end of Q3-2021. Even at that, bargain hunting opportunities, especially as major corporates delivered sturdier earnings, helped keep the market afloat, with the NGX delivering 6.2% in Q4-2021. The impact of this ensured the market closed 2021 on a positive note of 6.0%.

Into 2022, the benchmark index has cumulatively returned 24.5%, a marked improvement from H1-2021, where the gross FX illiquidity challenges at the time drove a 5.87% loss over the period. Looking ahead, the combination of corporate action-induced triggers, together with strong fundamentals, are some of the key factors that will likely keep the equities market afloat this year. Nigeria's valuation remains attractive relative to peer countries both on forward price-to-equity ("P/E") and dividend yield perspective, a factor that can potentially act as market catalyst going forward.

Similar to the equity market, sentiments in the fixed income market turned bullish in 2017 as yields compressed by 305bps on the sovereign yield curve to an average of 13.9% on 29 December 2017, due to the rebound in foreign portfolio inflows following the CBN's pro-market foreign exchange policy. The DMO's strategy to reduce domestic debt issuance in favour of external debt also supported the bullish sentiment in the fixed income market in 2017. The market turned bearish in mid-2018 due to risk aversion for emerging and frontier markets assets, weaker oil prices and escalation of the trade conflict between the U.S and China. The CBN also tightened its balance sheet policy in response to rising domestic political risk premium ahead of the 2019 elections. The market turned bullish in 2019, as the sovereign yield curve moved lower by over 5.0ppts to an average of 9.6%, thanks to the interest rate cut by the CBN in March (50bps to 13.50%) and the unexpected change in the structure of the fixed income market, particularly the decision by the CBN to restrict non-bank local investors from the market for OMO. In 2019, the Nigerian bonds returned 35% compared to the broader emerging markets universe of 12%.

The Nigerian local currency bond market continued to outperform peers in 2020, aided by the liquidity glut in the money market and dovish monetary policy of the CBN indicated by a cumulative 2000bps interest rate. Despite record bond issuance by the DMO to fund the widening budget deficit, Nigerian Bonds have delivered outstanding returns thus far in 2020, due to the dovish tilt of the CBN. The CBN trimmed its benchmark Monetary Policy Rate (MPR) twice this year by 100bps each, to 11.50%. Its balance sheet policy has also been dovish, with issuances of open market operation bills by the Bank tracking at an 8-year low. The S&P FMDQ Nigerian Bond Index returned 39.3% in 2020, as yields on benchmark bonds compressed by an average of 515bps to 6.32%.

The Fixed Income market in Nigeria turned out bearish in 2021. Specifically, the yield curve rose to 10.66% with most of the market appreciation stemming from the repricing of yields by the CBN in the second half of 2021 to attract foreign investors to the market. This is against the background where, in 2020, the equities market had outperformed the fixed income market, providing an incentive for the upward repricing of yield in the second quarter of 2021.

In 2022, based on the S&P FMDQ Nigeria Sovereign Bond Index, Nigerian sovereign bonds gained 0.84% on an aggregate basis in March 2022 (+1.3% in February), as yields dipped across the curve by 32bps month-on-month ("mom") on average. This brought the cumulative March 2022 returns to 4.84%, with the average yield declining by 121bps on average over the same period. A stronger system liquidity is a key driver of the gains recorded, when compared to the significant loss recorded in the corresponding period of last year (Q1-2021 bond return: -16.6%).

Into the rest of 2022, liquidity from maturing instruments is expected to expand slightly by 2.15% mom to N903 billion in April (NTB: N518 billion; OMO: N170 billion; bond Coupon payments: N215 billion). The impact of the foregoing will likely drive a further descent in rates, and by extension, partly midwife additional gains in the sovereign bond index for 2022. With a hike in MPR, however, an increase in bond yields can be anticipated, leading to lower bond prices. The pass through effect of increased interest rate is typically expected to depress stocks valuation, leading to selloffs and lower values for a limited period.

Reforms

The FGN continues to adopt and implement reforms to restore economic growth and transform Nigeria into one of the top economies in the world. The FGN seeks to continue diversifying the economy by pursuing a range of economic reforms, including power and banking sector reforms, privatization programs to address poor infrastructure, including power and transportation, oil and gas reforms to reduce dependence on oil and gas as a major source of income and policies to improve economic coordination.

- **Nigeria's Agenda 2050 and National Development Plan**

  The Federal Government adopted the National Economic Recovery and Growth Plan (the "NERGP") in 2017 aimed at several key areas, primarily diversifying the economy away from dependence on oil, reducing import dependency and lowering the cost of doing business. The Government expects to achieve this by addressing infrastructure and related deficiencies thereby creating a more favourable environment for the continued growth of the non-oil sectors of the economy.

  The NERGP focuses on five broad areas: (1) macroeconomic policy, (2) economic diversification and growth drivers, (3) competitiveness, (4) social inclusion and jobs, and (5) governance and other enablers. The NERGP has three "strategic objectives" – restoring growth, investing in people and building a competitive economy. The goal is to have an economy with low inflation, stable exchange rates, and diversified inclusive growth. The proposed initiatives prescribed by the NERGP address the country's poor competitiveness and are designed to improve the business environment and attract investment in infrastructure. Jobs and social inclusion are also key deliverables of the NERGP.

In September 2020, President Buhari announced the development of Nigeria's Agenda 2050 ("Agenda 2050") and the National Development Plan 2021-2025 (the "NDP 2025"), to succeed Vision 20:2020 and the NERGP, which were both due to end in December 2020. The Federal Executive Council approved the NDP 2025 in November 2021 and on December 22, 2021 same was launched by President Muhammadu Buhari.

- **Presidential Enabling Business Environment Council**

  In July 2016 the Federal Government created the Presidential Enabling Business Environment Council ("PEBEC") to spearhead the establishment of such necessary reforms required for an enabling business environment while the Enabling Business Environment Secretariat ("EBES"), was set up in October of the same year, to implement the reform agenda of PEBEC.

  This agenda centres on the removal of bottlenecks to doing business in Nigeria, moving the country upwards on the World Bank Ease of Doing Business Index, and ensuring the country becomes a globally competitive economy and the business hub of Africa. In February 2017, PEBEC approved a 60-Day National Action Plan on Ease of Doing Business in Nigeria, which is an inter-ministerial, inter-governmental plan driven by EBES for implementation by various Ministries, Departments and Agencies of government. Some of the major reforms driven by the various stakeholders relate to:

  - Expediting the process for registering or setting up a company in Nigeria;
  - Introducing electronic application for construction permits in Lagos State;
  - Consolidating the fees for registration of title to property in Lagos State;
  - Reform initiatives for ease of movement of persons in and out of Nigeria;
  - Initiatives and reforms geared towards promoting international trade; and
  - Reforms for enhancing credit transactions secured by moveable property in Nigeria.

11. OVERVIEW OF THE NIGERIAN BANKING SECTOR

1. Overview

The Nigerian banking industry as at the date of this Shelf Prospectus consists of Twenty-Four (24) commercial banks largely comprising domestic institutions, Thirteen (13) of which are publicly listed on The Exchange, and represent about 20% of the total market capitalization of the Exchange. The sector also consists of Six (6) registered Merchant Banks, 3 Non-interest banks and 887 licensed Microfinance banks. Out of the 24 commercial Banks in Nigeria, five (5) operate under a holding company and they include: Access Holdings Company Plc, FBN Holdings Plc, FCMB Group Plc, Guaranty Trust Holding Company PLC and Stanbic IBTC Holdings Plc.

2. Supervision and Regulation of the Banking Sector

The major regulators of Nigeria's financial sector are the CBN and the NDIC. Since January 1999, the CBN has acted autonomously from the Nigerian Federal Ministry of Finance ("FMF") (which formerly supervised the CBN) and now has the power to formulate and implement monetary and exchange rate policies. The principal governing body of the CBN is its board of directors which consists of the Governor of the CBN, who acts as Chairman, four Deputy Governors, the Permanent Secretary of the FMF, the Accountant General of the Federation and five directors who are appointed by the President and confirmed by the Senate. Each Deputy Governor overlooks one directorate of the CBN. The directorates are Operations, Corporate Services, Financial System Stability and Economic Policy. The Current governor of the CBN is Godwin Emefiele who was appointed on 3rd June 2014.

There are five departments under the remit of the Financial System Stability Directorate: banking supervision, consumer protection, financial policy and regulation, payments system management and other financial institutions supervision. The functions of the Financial System Stability Directorate include the supervision of banks, which involves amongst others, onsite examination of banks, especially in relation to their financial condition, internal control systems, reliability of the information provided and compliance with corporate governance codes. The CBN also monitors trends in the banking sector and generates industry reports on a monthly and quarterly basis, evaluates the development of the finance sector and monitors other financial institutions. Activities such as changes of auditors, announcements of audited financial statements, opening and closure of branches, and changes in control and appointments of directors by banks are subject to the prior approval of the CBN.

Central to the post-2008/2009 financial crisis restructuring was the CBN's ring-fencing of deposit-taking institutions from other financial services businesses, such as investment banks and insurance companies. The CBN revoked the universal banking model that characterized the post-2004 era and required banks to either incorporate holding companies to hold the bank and other non-banking subsidiaries or sell off the non-banking activities. The CBN also segmented capital requirements according to four types of licenses, requiring different Capital Adequacy Ratios ("CARs") and minimum capitalisation depending on the category of bank: national commercial banks; banks operating internationally; merchant banks; and specialized banks and regional banks, including sharia-compliant ones.

The CBN is also the government agency that maintains general surveillance over the Nigerian foreign exchange system. It is authorised to license banks to deal in foreign exchange as authorised dealers. By Section 1(2) of the Foreign Exchange (Monitoring and Miscellaneous Provisions) Act, the CBN may also make regulations from time to time pertaining to foreign exchange. The CBN continues to focus on maintaining exchange rate stability and preserving the value of the domestic currency. The CBN has the sole responsibility of maintaining a sound financial system. For example, stress tests were conducted at the end of December 2014 using the implied cash flow analysis and rollover risk to assess the resilience of individual banks and the banking industry to liquidity and funding shocks. Overall, the banking industry stress test suggested that the banking industry was generally resilient to the most severe shocks. .

With effect from January 2016, the CBN also phased out Commission on Turnover (CoT) and introduced the current account maintenance fee. According to the CBN governor, the zero charges on deposits would encourage investment attitudes amongst savers, while a reduction in the lending rates would make credit cheaper for potential investors. On the May 16, 2019, the current governor Godwin Emefiele was re-appointed and confirmed by the Senate for another term of five years, he is expected to build upon the policies enacted in his first term and deliver the unification of exchange rates across the various markets. To reduce the strain of the foreign exchange crisis and dwindling oil prices that Nigeria has been facing, the

CBN amongst a range of stringent measures to protect the Naira and shore up Nigeria's foreign reserves, discontinued its sales of foreign exchange to Bureau de Change operators in September 2021.

The NDIC, established in 1988 pursuant to the Nigeria Deposit Insurance Corporation Act Chapter N102 LFN 2004 (the "NDIC Act"), insures all deposit liabilities of licensed banks and other deposit-taking financial institutions operating in Nigeria. The NDIC Act repealed the Nigeria Deposit Insurance Corporation Decree of 1988 and sets out the powers and functions of the NDIC. The NDIC guarantees payments to depositors in case of imminent or actual suspension of payments by insured universal banks or financial institutions up to the maximum amount of ₦500,000.00 per depositor for universal banks, ₦200,000.00 for primary mortgage institutions and micro finance banks. The NDIC is also mandated to assist monetary authorities in the formulation and implementation of banking policy in Nigeria to ensure sound banking practices and promote fair competition amongst banks in Nigeria. It also plays a major role in the periodic examination of banks and coordinating with the CBN in the liquidation of banks in Nigeria.

Monetary Policy

The CBN's monetary policy mandate encompasses issuing currency (Naira and kobo), the maintenance of Nigeria's external reserves, promoting and maintaining monetary stability, and a sound and efficient financial system, and acting as both banker and financial adviser to the Federal Government and the banker and lender of last resort to commercial banks.

To attain bank soundness and manage liquidity effectively, the CBN introduced a new framework for monetary policy implementation in the marketplace in 2006 using the short-term interest rate as its benchmark rate. The benchmark rate, the MPR, serves as an indicative rate for transactions in the interbank money market as well as money market rates. The main aim of the MPR is to achieve a stable value of the Naira through stability in short-term interest rates around the MPR which will be determined and operated by the CBN. As at May 2022, the MPC voted to raise the MPR by 150bps to 13.0% and retained the CRR at 27.5%, an Asymmetric Corridor of +100/-700 basis points around the MPR, and liquidity Ratio at 30 per cent. Aside the MPR, the CBN also adopts other monetary policy tools to achieve its objectives. A prominent tool is the use of Open OMO to manage system liquidity. The OMO market is accessible to deposit money banks and foreign portfolio investors. In addition, the CBN also uses the Cash Reserves Requirement for liquidity management.

3. Banking Sector Reforms

Banking reform in Nigeria is an integral part of the country-wide reform program undertaken to reposition the Nigerian economy to achieve the objective of becoming one of the largest economies in the world. The various reforms undertaken by the CBN were targeted at making the system more effective and strengthening its growth potential. The recent experience from the global financial crisis has further underscored the imperative of countries to embark on banking reforms on a regular basis.

The world economy was hit by an unprecedented financial and economic crisis in 2008 that resulted in a global economic recession. This crisis led to the collapse of many world-renowned financial institutions. The Nigerian economy weakened and was hit by the second-round effect of the crisis as the stock market collapsed by 70 per cent in 2008–2009 and many Nigerian banks bore huge losses, particularly as a result of their exposure to the capital market and the downstream oil and gas sector of the economy. To restore confidence and sanity in the banking system, the CBN had to rescue 8 banks through capital and liquidity injections, management changes and even prosecution.

Following the banking crisis of 2008, the CBN articulated a blueprint known as "The Project Alpha Initiative" to reform the Nigerian financial system in general and the banking sector in particular. The reforms were aimed at removing the inherent weaknesses and fragmentation of the financial system, integrating the various ad-hoc and piecemeal reforms and unleashing the huge potential of the economy. The apex bank has over the years identified key priority sectors and developed tailored interventions to support and promote their growth. Some of the key interventions in the key priority sectors include:

- ₦200 Billion Refinancing/Restructuring of SME/Manufacturing Fund
- ₦300 billion for long-term funding of Power and Aviation
- Commercial Agricultural Credit Scheme ("CACS")
- The Small and Medium Enterprises ("SME") Credit Guarantee Scheme (SMECGS)

- The Nigerian Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL), a demand-driven credit facility programme aiming to build the capacity of banks to engage and deliver loans to agriculture by providing technical assistance and reducing counterparty risks facing banks.

Increased Focus on Capital Markets funding

The CBN has been collaborating with the SEC and NGX, to reduce the cost of transactions, particularly bond issues, so as to diversify funding sources away from banks as well as attract more foreign portfolio investors into the sector.

Repeal of the Universal Banking Model and introduction to Reg 3

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

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

This rule effectively required banks to divest from all non-banking businesses or to adopt a non-operating holding company structure in compliance with the regulation. Under Regulation 3, commercial banks were also required to maintain a minimum paid up share capital of ₦10 billion for institutions granted a regional banking license, ₦25 billion for institutions granted a national banking license and ₦50 billion for institutions granted an international banking license. On the other hand, merchant banks are required to have a share capital of ₦15 billion and specialised banks a capital of ₦10 billion.

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

Establishment of the Asset Management Corporation of Nigeria

The AMCON Act was signed into law in July 2010 to achieve a resolution of the banking crisis with minimal impact on depositors, taxpayers and other bank creditors. AMCON was created as a resolution vehicle to assist deposit money banks (“DMBs”) in Nigeria improve their capital and liquidity positions, with the ultimate aim of stabilizing the financial system. Pursuant to the provisions of the AMCON Act, AMCON has an authorised capital of up to US$67 million, which is jointly funded by the FMF and the CBN. To achieve its objectives, AMCON is expected to engage the debtors of all Nigerian banks, with a view to taking over their Non-Performing Loans (“NPLs”), and restructuring such loans by negotiating more favourable terms of repayment with the debtors. AMCON is also required to appoint asset managers to manage and seek the best returns on the underlying collateral with a view to minimising costs to the Nigerian government in the event that the debtors cannot redeem the debt. With AMCON’s intervention, the banking industry ratio of non-performing loans to total credit significantly reduced from 34.4% from inception to 6.02% in 2020.

The CBN and all the DMBs signed a Memorandum of Understanding on the financing of AMCON. CBN makes annual contribution of ₦50 billion to the Resolution Cost fund which was established mainly for paying AMCON bonds from 2011-2020, while each of the participating banks contributes an amount equivalent to 0.5% of its total assets and off-balance sheet assets annually into a sinking fund as at the date of their audited financial statements for the immediate preceding financial year. Consequently, the cost of the resolution to the Nigerian taxpayer is significantly minimized. Since inception, AMCON has so far recovered about ₦1.48 trillion out of the ₦ 4.15 trillion owed the bank by debtors. The corporation still has about 7,902 outstanding obligors with a total outstanding of about ₦ 3.1 trillion to recover due to debt recovery challenges that it is facing.

Accounting Standards

To integrate the banking system into global best practices in financial reporting and disclosure, the CBN mandated the adoption of the International Financial Reporting Standards ("IFRS") by the end of 2010. The objectives included providing a common reporting framework, giving credibility to financial reports, helping investors and protecting other stakeholders from bias reporting. Other benefits attributed to the adoption of IFRS were the reduction in the cost of operations for multinationals and better coordination of internal and external reporting.

On 24th July 2014, the IASB issued the IFRS 9 (Financial Instruments) as a replacement for IAS 39 Financial Instruments: Recognition and Measurement. The standard included requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The CBN published a guideline on the implementation of IFRS 9 to communicate supervisory expectations for the implementation of the new standard, especially in areas where banks are expected to exercise considerable judgment and/or elect to use simplifications and other practical expedients permitted under the standard. The implementation began in May 2017 and all reporting entities were required to have adopted IFRS 9 by January 1, 2018.

Financial Inclusion

The global pursuit of financial inclusion as a vehicle for economic development had a positive effect in Nigeria as the financial inclusion on rate rose to 51.0% in 2020 from 49.0% in 2018. 53.0% in 2008 to 46.3% in 2010. This has largely been driven by growth in banking, with 45% of Nigerians banked in 2020, up from 40% in 2018. Despite the rapid growth in financial inclusion over the past decade, Nigeria fell short of the National Financial Inclusion Strategy targets for 2020. While the country had aimed to reach 70% of Nigerians with formal financial services by 2020, the actual figure was 51%. The strategy also set targets for overall financial inclusion, which counts Nigerians that use either formal financial services or informal financial services that are not nationally regulated, such as savings groups. Although the overall financial inclusion target was 80% by 2020, data shows that only 64% of Nigerian adults were financially included by the end of 2020. This implies that 36% of Nigerian adults, remain completely financially excluded.

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

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

Non-Interest Banking

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

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

4. Developments in the Banking Sector

Charges on Banking Transactions

In its drive to build an inclusive banking system that adequately caters for the needs of the banking public whilst preserving the financial stability of banks, the CBN published a revised guide to charges by banks.

The new guide is expected to incentivize stakeholders especially those making micropayments to further embrace electronic banking channels, thus improving financial inclusion and lowering the cost of banking services to customers.

A summary of the changes are as follows:

- A fee scale for electronic transfers with transfers below ₦5,000 attracting a maximum charge of ₦10; transfer from ₦5,001 – ₦50,000 attracting ₦25 and transfers above ₦50,000 attracting ₦50
- Removal of card maintenance fee on current accounts with a fixed charge of ₦50 per quarter on savings accounts from ₦50 per month
- A reduction in annual card maintenance fee on foreign currency denominated cards to US$10 from US$20
- A reduction in ATM charges after third withdrawal within a month; from ₦65 to ₦35
- A reduction of hardware token charge from ₦3,500 to ₦2,500
- Revision of maximum charge on e-channel payments to ₦500 from 0.75% of transaction (subject to a maximum of ₦1,200)

This directive was contained in a circular titled, "Guide to Charges by Banks, Other Financial and Non-Bank Financial Institutions".

A number of other changes have affected margins in the sector since the introduction in December 2019.

Use of Bank Verification Number ("BVN")

The CBN, in conjunction with the Bankers Committee, introduced a financial inclusion strategy targeted at increasing access to financial services for many Nigerians at reduced cost. Following the introduction of "cashless policy" in 2013, the CBN introduced the BVN project on February 14 2014. The BVN initiative aimed at protecting bank customers and further strengthening the Nigerian banking system. The Bank introduced BVN to all banks' customers to address the absence of unique identifiers across the Nigerian Banking Industry and ultimately improve banking reach, capture customers' data, reduce fraud, and enhance credit growth over the long term. The BVN is a number that enables a bank customer to have a single identity in the banking system.

Over 2,000 BVN machines were deployed in 2014 to facilitate the enrolment process. An initial deadline of 30 June 2015 was set by the CBN for the completion of the BVN enrolment exercise but was extended to 31 October 2015. According to the CBN, the extension was expected to facilitate a smooth completion of the registration exercise. The CBN stipulated a purportedly final deadline of December 31, 2017 for the customers of other financial institutions to enroll and/or submit their BVN details. Following this, the CBN issued a directive in January 2018 mandating other financial institutions to place all accounts without BVN on a "post no debit status". However, credit lodgments may be received into such accounts. The full implementation was expected to enhance the effectiveness of KYC requirements and the safety and reliability of payments systems.

Implementation of International Financial Reporting Standard ("IFRS 9")

Nigerian banks now comply with IFRS 9, a new accounting standard for financial instruments that became effective on 1 January 2018. IFRS 9 differs from the previous reporting standard IASB 39 in various ways, but the key change is the difference in impairment recognition. IFRS 9 requires banks to recognize impairment sooner than before and to recognize estimated lifetime expected losses against a wider spectrum of financial assets. This is completely different from the incurred loss model, which required banks to set aside specific provisions only when they incurred losses, or when the counterparty or financial asset defaults on its obligations.

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

The New Banking Era

The increase in the use of the internet as well as the rise of cutting-edge technological innovations in the financial services sector is shaping the advent of Digital Banks. So far, the impact of the internet economy and digitalization in the banking industry is seen in the increased move to retail banking and the use of e-banking channels, which has further led to improvements in financial inclusion. According to the CBN, the total value of electronic payment (e-payment) transactions recorded in 2020 was ₦783 trillion with a volume of c5.1 billion transactions

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

Financial Technology

Fintechs are disrupting the conventional banking model by using technology to make financial operations easier, faster and more accessible to businesses, institutions and the general public at large (customers).

Nigeria has experienced a remarkable performance in the Fintech market in the past 12 months, marking an improvement from 2020, when the COVID-19 pandemic hit. Data obtained from the country's central switch, NIBSS, reveals that the transaction value of instant payments hit ₦241.7 trillion between January and November 2021, compared to the ₦137.9 trillion processed within the same period of the preceding year.

With the inflow of investments reaching new levels and an influx of innovative product features, Fintech contributed a great deal to Nigeria's economy in 2021. Collectively, Nigerian start-ups reportedly received a total of about US$903,680,000, which is 501% above the inflow in the previous year, when Nigeria ranked second on the continent with its combined total of US$150,358,000. In 2021, Nigeria received 42.1% of the total funding secured in Africa. Of the total amount raised by Nigerian start-ups in 2021, fintech start-ups raised a total of US$536,655,000, a 59% share of the total amount raised by all start-ups in the period under review (The African Tech Startups Funding Report by Disrupt Africa, 2021). 2021 also witnessed three Nigerian start-ups – Flutterwave, Opay and Andela – hit a US$1 billion valuation, attaining unicorn status. Notably, Flutterwave attained a US$3 billion valuation in February 2022, ranking as one of Africa's highest-valued start-ups.

Notably, there were significant acquisition transactions in the Nigerian fintech market, such as MFS Africa's acquisition of Baxi, one of Nigeria's leading super-agent networks. In a bid to expand market and service reach, there was an increased number of strategic partnerships and collaborations in the year, especially in the payments space. Notably, Paystack entered strategic partnerships with companies such as Apple Pay and WooCommerce, Flutterwave announced a collaboration with Paypal to facilitate payments for African businesses, and the Nigerian fintech start-up Carbon announced a strategic five-year partnership with Visa to offer digital and physical issuance of Visa cards to its customers.

2021 saw a shift towards agency banking, and other banking models targeted at banking the unbanked and improving access to financial solutions in rural and hard-to-reach areas. Agency banking grew, with more players – such as TeamApt (which announced a monthly transaction value of about ₦ 1.4 trillion in 2021), Kudi and Paga – making incursions. A statistic reflective of this shift is in point-of-sale transaction value between January and November 2021, which hit ₦5.7 trillion.

The regulatory developments for the Nigerian fintech market in 2021 kicked off with the CBN releasing a Framework for QR Code Payments in Nigeria and the SEC issuing the Rules on Crowdfunding (the "Crowdfunding Rules"), in early January 2021.

Artificial Intelligence (AI)

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

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

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

5. BASEL III Implementation

The CBN released guidelines for the Implementation of Basel III by Nigerian Banks on September 2, 2021. According to the prospective Basel III capital adequacy framework, Nigerian Bank will be required to have capital adequacy requirements of CET 1 capital ratio of seven per cent (7%) and ten point five per cent (10.5%) for National and Regional Banks and International/Domestically Systematically Important Banks ("D-SIBs") consecutively.

A Capital Adequacy Ratio ("CAR") of ten per cent (10%) for National and Regional Banks and Fifteen per cent (15%) for International Banks and D-SIBs with additional Capital Conservation Buffers ("CCB1") of one per cent (1%) and Countercyclical Buffer ("CCB2") of zero (0) to Two point Five per cent (2.5%) of the Total Risk Weighted Average Asset (TWRA). (see table below).

The CCB2 will be required where CBN determines buildup of Credit Risk, which could lead to a system wide stress. D-SIBs will be required to set aside Higher Loss Absorbency ("HLA") or additional capital surchange of one per cent (1%) to their respective minimum requied CAR.

In November 2021, Nigerian Banks commenced a test run for the implementation of Basel III, in parallel with existing Basel II guidelines in Nigeria for an initial period of six (6) months, which may be extended by another three (3) months subject to the milestones achieved in line with supervisory expectations. It is expected that during the parallel run, the Basel III guidelines will operate concurrently alongside the existing Basel II guidelines and then, subject to the successful conclusion of the parallel run, the CBN Basel III Guidelines will become fully effective and replace the Basel II guidelines.

The CBN's minium Regulatory Requirement and Buffer Level

Regulatory Capital Ratio	As a % of TRWA		
	National and Regional Banks	International Banks	D-SIBs
CET-1 Capital Ratio	7.0	10.5	10.5
Tier 1 Capital Ratio	7.5	11.25	11.25
CAR	10.0	15.0	15.0
CCB1	1.0	1.0	1.0
CCB2	As determined by CBN from time to time		
HLA	N/A	N/A	1.0

6. Sector Outlook

The Nigerian banking industry is currently contending with multiple challenges including macro-economic uncertainties, cyber risk, increased competition from fintech companies, increased regulations, and a restive customer base demanding effective and flexible banking service. These risks have been further heightened by the outbreak of COVID-19 in the first quarter of 2020 with an associated impact on oil prices, exchange rate stability, business activity, consumer behaviour and regulation. These challenges will negatively impact the implementation of Basel III and the minimum Loan-to-Deposit ratio policy of the CBN. Despite the near term concerns, the medium to long term outlook for the banking sector remains positive with intensified efforts of the CBN to ensure financial system stability and protect depositors' funds. Some of the CBN's policy measures to curtail the impact of COVID-19 on the banking sector are the reduction in interest rate (to 5% from 9%) on all applicable CBN intervention facilities, a one-year extension of moratorium on all CBN intervention facilities and regulatory forbearance for the restructuring of loans for businesses and individuals most affected by the outbreak of COVID-19.

Amid the current challenges, Nigeria's large unbanked population and increased consumer switch to electronic banking channels (such as mobile and internet) present a unique opportunity for banks with a wide branch network and viable technologies to promote financial inclusion in the economy. It is likely that banks will emerge from the current crises with new and improved operating models, a renewed focus on technology and increase digital offerings. Going forward, we see more Banks expanding their operations from beyond traditional Banking operations to holding structures, which will accommodate other financial services such as Asset Management and FinTechs

Measures such as building stronger capital buffers, tighter risk management frameworks, intensified investment in technology, expanding the portfolio of digital banking products, expansion into new markets, and exploring new businesses, among others, will likely be implemented as banks position for stronger and more resilient business models.

12.OVERVIEW OF FCMB GROUP PLC

HISTORY OF THE GROUP

FCMB Group Plc is a financial holding company that engages in the provision of banking and financial services to its corporate and individual customers through its subsidiaries. It is a bank-led financial services group, headquartered in Lagos, Nigeria, with operating companies divided into four (4) business groups:

- **The Banking Group:** First City Monument Bank Limited ('the Bank'), FCMB (UK) Limited and FCMB Microfinance Bank Limited;
- **Consumer Finance:** Credit Direct Limited
- **Investment Banking:**, FCMB Capital Markets Limited and CSL Stockbrokers Limited;
- **Investment Management:** FCMB Pensions Limited, FCMB Asset Management Limited and FCMB Trustees Limited

As at March 31, 2022, the Group has total assets of ₦2.5trillion and Asset under Management (AuM) of ₦713 billion.

The entity from which the Group was founded - City Securities Limited ("CSL") - was established in 1977 by Otunba Subomi Balogun, the Otunba Tunwashe of Ijebu, a Yoruba traditional aristocrat. Subsequently, First City Merchant Bank Limited (FCMBL) was established in 1982 with seed capital from CSL; it was incorporated as a private limited liability company on April 20, 1982, and granted a banking license on August 11, 1983. FCMB Group Plc was incorporated on November 19, 2012 due to the 2010 CBN regulation and became the financial holding company for several subsidiaries.

On July 15, 2004, FCMB Group changed its status from a private limited liability company to a public limited liability company and was listed on the NGX via a listing by introduction on December 21, 2004. The non-bank subsidiary - Credit Direct Limited - was established in 2007.

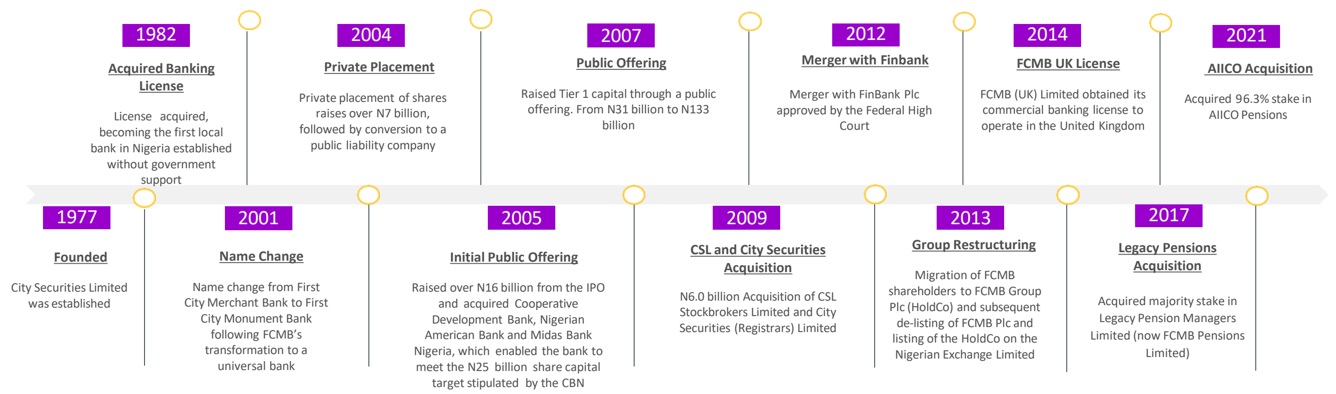
In November 2017, FCMB Group acquired FCMB Pensions Limited (formerly Legacy Pension Managers Limited) and in July 2021, FCMB Pensions Limited acquired a 96.3% stake in AIICO Pension Managers Limited. Both companies have now merged into a single entity – FCMB Pensions Limited.

Vision

To be the premier financial services group of African origin.

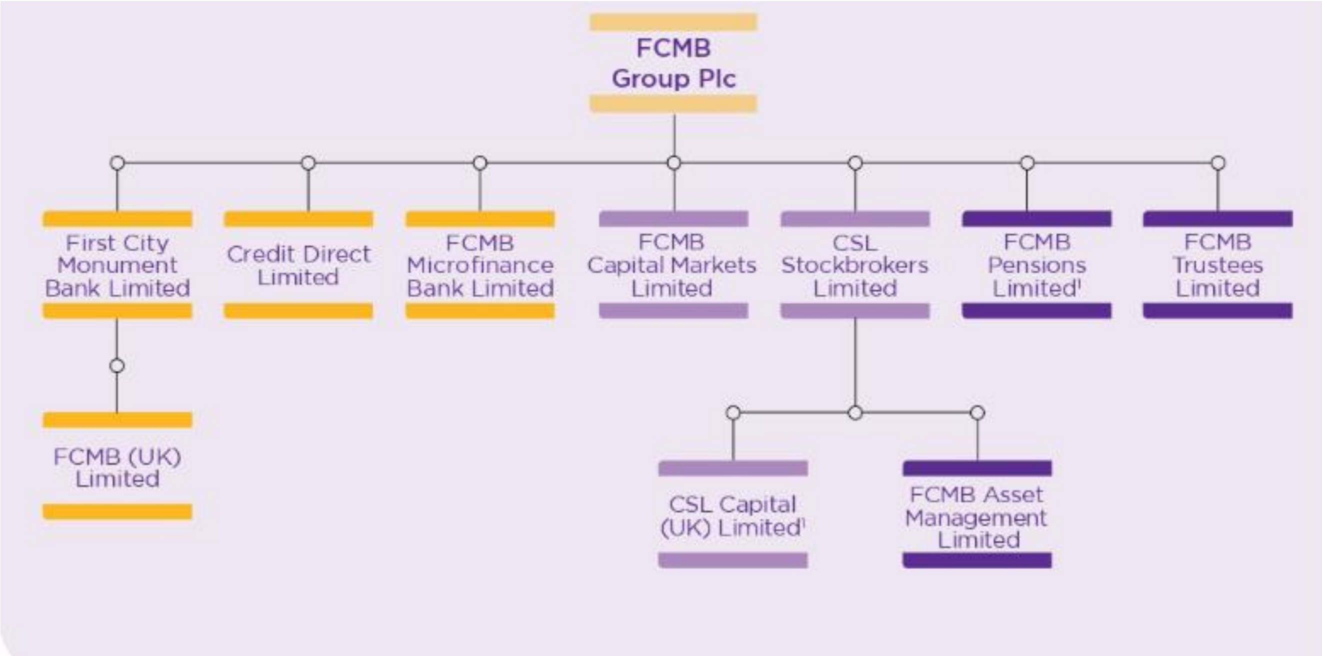
Mission

To attain the highest levels of customer advocacy, be "A Great Place to Work", and deliver superior and sustainable returns to our shareholders.



BUSINESS OPERATIONS

FCMB Group Plc has eleveen (11) operating entities, including the holding company, which are all wholly-owned subsidiaries except, FCMB Pensions Limited and CSL Capital (UK) Limited. The Group owns 92.8% and 75% respectively.



The Banking Group
Consumer Finance
Investment Banking
Investment Management

First City Monument Bank Limited

The Bank, the flagship company of the Group, is a full-service commercial bank with a strong retail focus with a Total Asset of ₦2.5trillion as at March 31, 2021.

It was the first bank established in Nigeria without government or foreign support. In 2001, its name was changed from First City Merchant Bank to First City Monument Bank Limited following the Bank's transformation to a universal bank.

It employs over 3,000 employees with a customer base of over 5 million customers and 205 branches and cash centres distributed across every state of the Nigeria. The Bank is a top 10 lender in Nigeria and the parent company of FCMB UK Limited.

In 2014, FCMB UK Limited obtained a wholesale banking licence and was authorized to operate in the United Kingdom. It is regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The Bank operates under the following segments:

a) Commercial Banking: this segment offers banking services to SME's and commercial registered businesses with an annual turnover between ₦2.5 billion and ₦5 billion;

b) Corporate Banking: this segment incorporates direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products for corporate entities;

c) Personal Banking: this segment handles private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages;

d) SME Banking: this segment provides banking services to Small and Medium Enterprises (SME);

e) Institutional Banking: this segment caters for governments at various levels and their agencies; and

f) Treasury and Financial Markets: this segment provides funding support to various business segments while ensuring the liquidity of the Bank is not compromised.

FCMB Capital Markets Limited

FCMB Capital Markets Limited is licensed, by the Nigerian SEC, as an issuing house and financial advisor. FCMB Capital Markets Limited was established to support the Group's corporate finance activities and provides comprehensive services to large corporate organizations.

FCMB Capital Markets Limited provides advice and arranges finance for public institutions and top-tier companies across various sectors. The specific services provided include corporate finance and strategic advice; project and structured finance; mergers and acquisitions including divestments, spin-offs and leveraged buy-outs; and corporate restructuring including delisting. FCMB Capital Markets Limited remains a market leader in its sector..

CSL Stockbrokers Limited

CSL Stockbrokers Limited is a leading stockbroking and investment management firm in Nigeria. Its equity and macroeconomic research are internationally recognised and the firm executes a significant share of international portfolio trades on NGX. The firm is positioning itself to be the leading conduit of portfolio investment into Sub-Saharan Africa.

FCMB Trustees Limited

FCMB Trustees Limited, previously called CSL Trustees Ltd, is a SEC-licensed company that partners with clients to ensure fund assets are kept securely and serviced properly, in the interest of beneficiaries. Services include debenture trustee, security trustee, facility agent, escrow agent, management of private trusts, employee stock ownership plans and employee welfare trustee. FCMB Trustees Limited's technical specialisation, individualised client focus, national coverage (enabled by FCMB Limited distribution network), responsiveness and monitoring programmes have enabled it to become one of the fastest growing trustees in the country. FCMB Trustees Limited is increasingly the choice of trustee for lenders, borrowers and investors.

FCMB Pensions Limited

FCMB Pensions Limited – owned 92.8% by FCMB Group Plc - is a private limited liability company incorporated on 7th April 2005, duly licensed by the National Pensions Commission (PENCOM) to carry on business as a PFA, as defined under the Pension Reform Act 2014.

In 2021, FCMB Pensions limited acquired a 96.3% stake in AIICO Pensions Managers Limited.

Credit Direct Limited

Credit Direct Limited (CDL) a leading innovation-driven financial services company based in Lagos, Nigeria with branches spread across the Country. CDL pioneered the unsecured micro-lending space in Nigeria and is positioned to be the dominant market leader in the Country.

CDL's services are hinged on a partnership with employers and customers to provide friendly innovative loan and investment products while various repayment options give customers the freedom, flexibility, and confidence to enjoy their lives.

FCMB Microfinance Bank Limited

FCMB Microfinance Bank Limited provides financial services to the unbanked low-income segment, especially women in the rural parts of the country.

BOARD OF DIRECTORS OF FCMB GROUP PLC

Mr. Ladi Jadesimi - Chairman

Mr. Ladi Jadesimi has an Oxford M.A. (Honours) in Law and was a jurisprudence scholar at the University of Oxford from 1963-1966. He was a senior with Coopers and Lybrand Lagos from 1966-1970, before moving to Nigerian Acceptances (later NAL Plc) as General Manager, Corporate Finance and Investment Banking, a role he occupied from 1971-1972, with responsibility for most of the initial IPOs that were listed on the nascent Nigerian Stock Exchange.

Over the years, Mr. Jadesimi has run several businesses in the Energy, Finance and Real Estate sectors. He is the Founder and Chairman of Ladol Group, the largest indigenous Free Zone Industrial Park, which hosts a variety of high value industrial free zone enterprises. He also currently serves as the Chairman of the Board of Directors of Niger Delta Exploration and Production Plc, one of the largest indigenous integrated oil and gas producing companies.

Mr. Jadesimi joined the Board of FCMB Group Plc on December 27, 2017, as a Non- Executive Director and was appointed Chairman of the Board on March 8, 2018.

Mr. Ladi Balogun - Group Chief Executive

Mr. Oladipupo Balogun holds a Bachelor's degree in Economics from the University of East Anglia, United Kingdom and an MBA from Harvard Business School, United States of America. He has over 20 years of experience in commercial and investment banking in Europe, the United States of America and Africa.

He began his Banking career in 1993 at Morgan Grenfell & Co Limited, where he worked in the areas of risk management and corporate finance (debt origination). He was responsible for managing the Bank's trading and investment positions in debt instruments in Latin America and Eastern Europe, and was part of a team that structured numerous complex debt deals in Latin America, Eastern Europe and the Asian sub-continent. Subsequently, he worked at Citibank in New York before returning to Nigeria as an Executive Assistant to the Chairman and Chief Executive in 1996.

He has worked in various areas of the Bank including Treasury, Corporate Banking and Investment Banking. He was appointed an Executive Director in charge of the Institutional Banking Group (IBG) in 1997. In 2000, he was made Executive Director in charge of Strategy and Business Development and in 2001, he rose to the position of the Bank's Deputy Managing Director and was subsequently appointed Managing Director of First City Monument Bank Plc (now First City Monument Bank Limited).

Mr. Ladi Balogun became the Group Chief Executive of FCMB Group Plc effective March 14, 2017.

Mr. Femi Badeji - Executive Director, Corporate & Investment Banking

Mr. Femi Badeji holds a Bachelor of Science degree (Magna Cum Laude) in Electrical Engineering, with a minor in Mathematics from the University of Hartford, and a Master of Science in Electrical Engineering, with specialization in Computer and Communication Networks, from Worcester Polytechnic Institute. In addition, Mr. Badeji holds a Master of Business Administration degree, with a specialisation in Finance and Accounting from the Wharton School, University of Pennsylvania. Mr. Badeji has over 20 years working experience in Engineering and Banking gained in the United States of America, South Africa and Nigeria.

Mr. Badeji was appointed as an Executive Director of FCMB Group Plc on October 2, 2019.

Mr. Adegbolahan Joshua - Executive Director, Group Chief Operating Officer

Mr. Adegbolahan Joshua has over 21 years of banking experience across various areas, including Finance, Strategy, Business Transformation, Investor Relations, Performance Management, Treasury, Operations, Technology and Digital Banking. He has served in various leadership capacities as CFO, CIO and COO. Prior to joining FCMB Group as Chief Operating Officer (COO), he was the Executive Director, Chief Operations and Information Officer with Fidelity Bank Plc, where he led various transformation initiatives.

One of his remarkable achievements was the introduction of a proprietary performance management software/tool that significantly improved employee productivity and ROE of the institution. He was the Project Director for several initiatives including the technology refresh project, digital transformation project and three (3) successful International and local debt capital raising transactions in the last 5 years.

He attended Kings College Lagos, is a graduate of Olabisi Onabanjo University, an Associate Member (ACA) of the Institute of Chartered Accountants of Nigeria (ICAN) and is a Senior Member (HCIB) of the Chartered Institute of Bankers (CIBN).

He has attended executive training programs at leading business schools including Harvard, Stanford, IMD, INSEAD and IESE.

Alhaji Mustapha Damcida - Non-Executive Director

Alhaji Mustapha Damcida has a Diploma in Law from Ahmadu Bello University and a BSc. in Business Administration from the Robert Morris College, Pittsburgh, USA. He is the MD/ CEO of Damus International Limited, Damus Security Solutions Limited and Damson Properties Limited. He was a Director at the Nigerian American Bank Limited between 2004 and 2005.

Prior to his joining the Board of FCMB Group Plc as a Non – Executive Director on July 1, 2013, he had served on the Board of First City Monument Bank Limited.

Professor Oluwatoyin Ashiru – Non-Executive Director

Professor Oluwatoyin Ashiru is a graduate of the University of Sussex, Brighton UK where he obtained a B.Sc in Materials Science and Engineering. He concluded his Ph.D at the University of Birmingham, UK in Industrial Metallurgy.

He began his career as a lecturer in Mechanical Engineering at the Universities of Lagos and Ibadan respectively before serving as Nigerian Senior Research Fellow at the International Tin Research Institute in the UK. He is currently the Managing Director and CEO of Tricontinental Oil Services Ltd.

He is an accomplished Materials and Metallurgical Engineer with over 30 years of comprehensive professional experience in academia, entrepreneurship, management engineering, technology invention, and consulting for the enhancement of productivity in major industries worldwide.

He also has a strong background in program development and quality assurance, with an outstanding history of managing projects from initial conception, through development, to implementation for major oil and gas, chemical, petrochemical, steel production, and energy production industries worldwide. He holds an exceptional record for executing mission-critical projects on schedule and within budget and is highly skilled in strategic planning, budget controls and problem-solving. He also has an extensive international experience in the UK, USA, Canada, Saudi Arabia, Bahrain, Far East, and Asia.

Professor Ashiru has extensive project management experience in major international refining, chemical, petrochemical, offshore oil & gas development, pipeline, infrastructure, and power generation projects ranging from US$40 million to US$2 billion. He is also a successful businessman as he has worked extensively on multi-national joint venture projects representing owners or as a contractor.

He has served on Joint Venture and Consortium Executive Committees and has participated directly in claims negotiations and settlement agreements in excess of US$100 million. His wealth of experience also includes membership on the Governing Board responsible for strategic and operational decisions, and he was responsible for worldwide engineering operations for proposals and projects.

Professor Ashiru is an expert consultant and Board Member of many international research centers and major industrial sectors, and has served worldwide on various governmental multi¬disciplinary task forces and technical committees.

Prof. Ashiru holds USA, British, European, Brazilian, and other international patents for products and systems that he invented. He is a recipient of several merit awards which include (but are not limited to) his recognition in the USA as a "Professional with Extraordinary Ability", listings in Who is Who in the World and Dictionary of International Biography, and the prestigious Distinguished Innovator Award of the Association of Tin Producing Countries.

Professor Ashiru joined the Board of FCMB Group Plc on December 23, 2013 as a Non- Executive Director.

Dr. (Engr) Gregory Omosigho Ero - Non-Executive Director

Dr. Gregory Ero is a graduate of the University of Ibadan with a B.Sc Hons in Chemistry. He also attended Imperial College, London and obtained an M.Sc and D.I.C in Petroleum Engineering, and he obtained a DMS from Templeton College, University of Oxford. He furthered his studies at the Graduate School of Business, University of Columbia, New York and the Institute of Management Development, Lausanne Switzerland.

He began his career as a Petroleum Engineer in the Lagos Office of the Federal Ministry of Petroleum and Energy, and thereafter, was posted as Head, Federal Ministry of Petroleum Resources, Warri. He spent much of his career in the Public Service, where he served in many capacities spanning three decades in the Petroleum Industry at NNPC. He has held many positions including CEO/ Group General Manager of NAPIMS- NNPC, Managing Director, National Engineering and Technical Company (NETCO) (JV owned by NNPC and Betchel of the United States); Managing Director, Integrated Data Services Limited (IDSL), a subsidiary of NNPC, General Manager, Commercial, Nigeria LNG; General Manager, Human Resources Development – NNPC; Head, Central Purchasing and Supply Department, NNPC and Head of DPR, Federal Ministry of Petroleum Resources- Warri. He also served on the Boards of many Federal Government Parastatals, including the Economic and Finance Committee of the Federal Government during the Buhari Administration, and Petroleum Training Institute Warri, amongst others.

Dr. Gregory Ero is a Fellow of many professional bodies, including the Fellowship of the Nigerian Academy of Engineering, Fellow, Nigerian Society of Engineers; Hon Fellow, Nigerian Society of Chemical Engineers; Fellow, Institute of Directors of Great Britain. In the quest to develop local capability in the petroleum industry, he is presently the Chairman/CEO of Arkleen Oil & Gas Limited and Chairman of Cardinal Drilling Company Limited among others.

He joined the Board of FCMB Group Plc on December 23, 2013 as a Non- Executive Director.

Mrs. Olapeju Sofowora - Non-Executive Director

Mrs. Olapeju Sofowora is a fellow, Institute of Chartered Accountants of Nigeria (ICAN) and a member of the Chartered Institute of Taxation of Nigeria (CITN). She holds a Treasurers Dealership Certificate jointly issued by the Chartered Institute of Bankers of Nigeria (CIBN) and Money Market Association of Nigeria (MMAN) and is also a certified Information Systems Auditor. The Founding Partner of Abax-Oosa Professionals, a firm of Chartered Accountants, Mrs. Sofowora has several years of professional work experience which cuts across Banking, Human Resources Consultancy, Tax Advisory, Finance and Accounting.

Mrs. Olapeju Sofowora joined the Board of FCMB Group Plc on December 27, 2017 as a Non- Executive Director.

Mrs. 'Tokunboh Ishmael- Non-Executive Director

Mrs. Tokunboh Ishmael was born on March 28, 1966. She is an alumnus of the London Business School and the University of London. She is a Chartered Financial Analyst and a member of the CFA Institute and the board of the African Venture Capital Association. She has over 20 years' experience spanning investment banking, private equity investing, technology and new business development in the USA, Europe and Africa.

Mrs. Ishmael was Country Partner for Nigeria at Aureos Capital where she raised US$50m for the Aureos West Africa Fund. Previously, she was a mergers & acquisitions banker at Salomon Smith Barney and Managing Director of Avante Capital Ltd. She is a co-founder and Managing Director of Alitheia Capital. She served diligently on the Board of First City Monument Bank Limited (the Bank) from January 2013 to February 2020 and has over the years been of tremendous positive influence on the Bank's innovative drive. She brings on board wealth of experience which would be of great impact at the Group level.

Mrs Ishamael joined the Board of FCMB Group Plc as a Non–Executive Director following the CBN's approval of her appointment on 28 April 2020.

Ms. Muibat I. Ijaiya – Independent Non-Executive Director

Ms. Muibat Ijaiya is a Strategy Development and Execution expert focused on measurable transformation and impact. She has 19 years consulting and advisory experience, working with clients across Europe, Middle East, Africa and Asia, to provide expert-led solutions that support private and public sector organisations to develop and actively implement their strategies to achieve measurable change, transformation and/or improved performance.

She holds a BSc Mathematics & Education from the University of Surrey and a Warwick Business School MSc. Management Science and Operational Research certificate. She also obtained an MBA from the University of Manchester.

Ms. Muibat Ijaiya is a partner at Strategy Management Partners, a professional services organisation focused on helping private and public organisations around the world to clarify, develop, align and execute their strategies. Prior to this, she was a director with Palladium Group Inc (United Kingdom & Middle East) and previously worked directly with Drs. Kaplan

& Norton, the co-creators of the Strategy Focused Organisation and Balanced Scorecard concepts. Other advisory experience was in Corporate Finance with Ernst and Young (UK) focused on Transaction Advisory Solutions, Restructuring, Turnaround and Commercial Due Diligence. She also worked with Robson Rhodes RSM Business Consulting (EMEA) focused on Transformation and Change Management.

Ms. Ijaiya continues to work in advancing the science of strategy execution, particularly for organisations in complex industries and public institutions focused on transforming key sectors.

She joined the Board of FCMB Group Plc as a Non-Executive Director following the CBN approval of her appointment on April 28, 2021.

MANAGEMENT TEAM OF FCMB GROUP PLC

Mr. Ladi Balogun – Group Chief Executive

Please refer to the profile above

Mr. Femi Badeji - Executive Director, Coverage & Investment Banking

Please refer to the profile above

Mr. Adegbolahan Joshua - Executive Director, Group Chief Operating Officer

Please refer to the profile above

Mrs. Olufunmilayo Adedibu - Group Executive Compliance Officer

Mrs. Olufunmilayo Adedibu is The Group General Counsel/ Company Secretary and the Group Executive Compliance Officer. Mrs. Adedibu i is a lawyer with wealth of experience in Legal practice and Banking. She graduated from Obafemi Awolowo University where she obtained a bachelor's degree in Law (LL. B), then proceeded to the Nigerian Law School where she obtained a B.L. She holds a Master of Law degree (LL.M) from the University of Lagos.

She started her legal career with the Law firm of Chris Ogunbanjo and Co where she garnered a lot of experience in Copyrights and Patent Laws before joining the banking Industry. Mrs. Adedibu has over 29 post-graduation experience out of which 25 years has been in banking with experience spanning Corporate Banking, Commercial Banking, Risk Management, Banking Operations and currently Group Legal Services, Company Secretarial, Insurance and Compliance.

She has attended a number of Leadership and Management trainings from Harvard Business School, Queen's School of Business Canada, Lagos Business School as well as Euromoney Loan Documentation and Advanced Loan Documentation Trainings in New York,

She is a member of the Nigerian Bar Association (NBA), International Bar Association (IBA), Life member of the Institute of Directors (IoD), an Honorary member of the Chartered Institute of Bankers of Nigeria (HCIB) and Toastmasters International.

Mr. Deji Fayose – Chief Financial Officer

Mr. Deji Fayose spent the early days (from 2003 to 2004) of his career with the Treasury Department of FCMB Plc. Thereafter, he left for the UK and worked for AXA Investment Managers and Cantor Fitzgerald Europe/BGC Partners, London. Upon his return to Nigeria, he's worked with Stanbic IBTC Bank, Standard Chartered Bank and First Bank of Nigeria, from where he has rejoined FCMB Group Plc.

Mr. Fayose has over 18 years of banking experience across various areas, including Finance and Capital Management, Financial Reporting. Retail Banking, Business Finance, Corporate and Investment Banking, Merger and Acquisition and Treasury.

Prior to his joining FCMB Group Plc, he was the Group Head: Subsidiaries Finance and Capital Management at First Bank of Nigeria Limited and its subsidiaries, where he was accountable for the Finance and Capital Management Strategy of all the First Bank subsidiaries.

Mr. Fayose is an Accounting graduate of Obafemi Awolowo University and has a Master's in Business Administration from University of Cumbria. He is a Fellow Member (FCCA) of the Association of Chartered Certified Accountants, United Kingdom (ACCA), a Fellow of the Institute of Credit Administration of Nigeria (FICA) and Certified in International Financial Reporting Standards (CertIFR).

13.RATINGS REPORT

GCR
RATINGS

Private Credit Rating Announcement

GCR assigns FCMB Group Plc National Scale Long and Short-term Issuer Ratings of BBB+$_{(NG)}$/A3$_{(NG)}$; Outlook Stable

Rating action

Lagos, 9 August – GCR Ratings ("GCR") has assigned FCMB Group Plc national scale long and short-term issuer ratings of BBB+$_{(NG)}$ and A3$_{(NG)}$ respectively, with a Stable Outlook.

Rated Entity	Rating class	Rating scale	Rating	Outlook/Watch
FCMB Group Plc	Long Term Issuer	National	BBB+$_{(NG)}$	Stable Outlook.
	Short Term Issuer	National	A3$_{(NG)}$	

Rating rationale

The ratings assigned to FCMB Group Plc ("the Company") is one notch lower than the Anchor Credit Evaluation ("ACE") of the consolidated FCMB Group ("the Group"), due to structural subordination. This reflects the Non-Operating Holding Company's ("NOHC") reliance on cash flows and dividends from First City Monument Bank Limited (the core entity within the Group), which could be diverted by regulatory intervention at a time of stress.

FCMB Group Plc is a financial service holding company in Nigeria with core operations in banking and an increasing presence in non-bank financial services through its other subsidiaries. The Group has seven direct subsidiaries and four indirect subsidiaries as at December 2021, with growing franchise strengths across different financial service areas including microlending, asset and wealth management, and investment banking.

For more information on the ratings of the Group read, '*GCR upgrades First City Monument Bank Limited's National Scale Long-term Issuer Rating to A-$_{(NG)}$ from BBB+$_{(NG)}$ and affirms the Short-term Issuer Rating of A2$_{(NG)}$; Outlook Stable' (To be published on the GCR website by the 16th of August 2022)*.

Outlook statement

The Stable Outlook reflects GCR's expectations that the Group's growth and diversification strategy would continue to enhance the contribution of the non-bank subsidiaries to the Group's earnings profile, albeit the bank is expected to remain the core operating entity over the rating horizon.

Rating triggers

The ratings of the Company will follow the creditworthiness of the group.

FCMB GROUP PLC

Long-Term Rating:

A

Short Term Rating: A2
Rating Outlook: Positive
Trend: UP
Currency: Naira
Date Issued: 9 Sept., 2022
Valid Till: 8 Sept., 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

	2021 ₦'M	2020 ₦'M	2019 ₦'M	2018 ₦'M	2017 ₦'M
Gross Earnings	212,012	198,371	181,250	177,249	169,882
Profit Before Tax	22,717	21,912	20,130	18,442	10,665
Shareholders' Funds	243,806	227,120	200,667	183,427	187,462
Deposit Liabilities	1,715,161	1,376,496	1,033,147	860,887	696,216
Net Loans & Advances	1,063,589	822,773	715,881	633,035	649,797
Total Assets	2,493,198	2,058,393	1,668,506	1,431,298	1,186,525

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 standards established by ***DataPro***. This Company, in our opinion, has a very strong ability to meet its ongoing obligation.

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 Group's Audited and Management Accounts.

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

Overall, the following were observed:

Strengths:

- Diversified Revenue Base
- Experienced Management
- Strong Operating Subsidiaries

Weaknesses:

- Concentration Risk
- Declining Capital Adequacy Ratio

14.HISTORICAL FINANCIAL INFORMATION

REPORTING ACCOUNTANTS' REPORT ON FCMB GROUP PLC

The following is a copy of the report of the Reporting Accountant on the Company's historic five year audited financial statements ended 31 December 2021:

EY
Building a better working world

Ernst & Young
10th Floor, UBA House
57, Marina
Lagos, Nigeria

Tel: +234 (01) 844 996 2/3
Fax: +234 (01) 463 0481
ey.com

The Directors
FCMB Group Plc
Primrose Tower
44, Marina Plaza
Lagos

and

The Directors
Chapel Hill Advisory Partners Limited
45, Saka Tinubu Street
Victoria Island
Lagos

and

The Directors
FMCB Capital Markets
First City Plaza
44 Marina
Lagos

Dear Sirs,

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying audited consolidated financial statements of FCMB Group Plc (the "Company") and its subsidiaries (collectively, the "group") that comprise the consolidated statements of financial position as at 31 December 2017, 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the five year then ended, 31 December 2017, 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021 and a summary of significant accounting policies and other explanatory information. KPMG Nigeria Professional services were the auditors of the group and company for the periods ended 31 December 2017 – 31 December 2019 and Deloitte & Touche audited the group and company consolidated financial statements for the periods ended 31 December 2020 – 31 December 2021. Unmodified audit reports were issued on the periods.

Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Reporting Accountant's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the consolidated financial position of FCMB Group Plc as at 31 December 2017, 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021 and of its financial performance and consolidated cash flows for the years then ended, in accordance with the International Financial Reporting Standards.

Abiodun Akinnusi

Abiodun Akinnusi
FRC/2021/004/00000023386
For: Ernst & Young
Lagos, Nigeria
1 August 2022

FINANCIAL SUMMARY- CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FCMB GROUP PLC
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of Naira		31 DEC 21	31 DEC 20	31 DEC 19	31 DEC 18	31 DEC 17
Gross earnings	**Note**	**212,012,446**	**199,439,132**	**181,249,930**	**177,248,909**	**169,881,972**
Interest and discount income	5	162,041,604	151,023,356	137,447,224	131,662,948	132,357,044
Interest expense	6	(71,127,766)	(60,265,792)	(61,470,839)	(59,089,590)	(61,831,909)
Net interest income		**90,913,838**	**90,757,564**	**75,976,385**	**72,573,358**	**70,525,135**
Fee and commission income	8a	35,593,197	30,162,966	29,722,680	27,986,346	21,629,896
Fee and commission expense	8b	(6,840,210)	(10,607,812)	(9,000,588)	(6,379,466)	(5,407,537)
Net fee and commission income		**28,752,987**	**19,555,154**	**20,722,092**	**21,606,880**	**16,222,359**
Net trading income	9	9,367,136	7,117,674	6,904,490	6,193,705	2,398,916
Net income/(loss) from financial instruments mandatorily measured at fair value through profit or loss	10	-	12,529	1,952,495	(345,819)	111,891
Other revenue	11(a)	3,407,873	10,540,906	4,075,888	9,871,768	9,183,388
		12,775,009	**17,671,109**	**12,932,873**	**15,719,654**	**11,694,195**
Other income	11(b)	1,602,636	581,701	1,147,153	1,879,961	4,200,837
Impairment losses on financial instruments	7	(15,238,207)	(22,307,656)	(13,747,603)	(14,113,282)	(22,667,506)
Personnel expenses	12	(31,262,749)	(29,518,775)	(29,603,426)	(25,927,891)	(23,432,304)
Depreciation and amortisation expenses	13	(8,027,692)	(7,574,170)	(6,712,909)	(5,537,314)	(5,259,712)
General and administrative expenses	14	(35,657,327)	(30,475,422)	(31,892,574)	(29,730,408)	(26,071,421)
Other operating expenses	15	(21,237,214)	(16,777,789)	(8,691,594)	(18,028,661)	(13,976,040)
Results from operating activities		**22,621,281**	**21,911,716**	**20,130,397**	**18,442,297**	**11,235,543**
Share of post tax result of associate	27	95,378	-	-	-	226,849
Profit before minimum tax and income tax		**22,716,659**	**21,911,716**	**20,130,397**	**18,442,297**	**11,462,392**
Dividend tax	17	-	-	-	(107,102)	-
Minimum tax	17	(465,254)	(433,746)	(1,040,558)	(952,422)	(996,366)
Income tax expense	17	(1,334,680)	(1,867,516)	(1,752,565)	(2,411,245)	(1,055,822)
Profit for the year		**20,916,725**	**19,610,454**	**17,337,274**	**14,971,528**	**9,410,204**
Other comprehensive income						
Items that will not be reclassified to profit or loss:						
Unquoted equity investments at fair value through other comprehensive income:						
- Net change in fair value	21(i)	4,350,231	716,855	5,047,594	2,465,800	-
- Foreign currency translation differences	21(i)	1,399,951	1,399,951	-	-	-
Quoted equity at fair value through other comprehensive income:						
- Net change in fair value	21(i)	-	40,740	(309,752)	(432,576)	49,258
		5,750,182	**2,157,546**	**4,737,842**	**2,033,224**	**49,258**
Items that may be subsequently reclassified to profit or loss:						
Debt investments at fair value through other comprehensive income:						
- Net change in fair value	21(i)	(8,020,492)	6,316,232	(2,222,227)	(625,500)	1,206,272
- Net remeasurement of loss allowance	21(c)	(130,583)	(137,340)	(20,505)	(9,747)	-
- Losses arising from derecognition of financial assets		-	-	-	(659,184)	-
		(8,151,075)	**6,178,892**	**(2,242,732)**	**(1,294,431)**	**1,206,272**
Foreign currency translation differences for foreign operations		1,151,885	1,556,542	246,453	1,148,941	1,056,631
		(6,999,190)	**7,735,434**	**(1,996,279)**	**(145,490)**	**2,262,903**
Other comprehensive (loss)/income for the year, net of tax		(1,249,008)	9,892,980	2,741,563	1,887,734	2,312,161
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**19,667,717**	**29,503,434**	**20,078,837**	**16,859,262**	**11,722,365**
Profit attributable to:						
Equity holders of the Company		20,708,579	19,419,663	17,259,992	14,885,691	9,401,286
Non-controlling interests		208,146	190,791	77,282	85,837	8,918
		20,916,725	**19,610,454**	**17,337,274**	**14,971,528**	**9,410,204**
Total comprehensive income attributable to:						
Equity holders of the Company		19,454,417	29,312,643	20,000,017	16,775,554	11,712,702
Non-controlling interests		213,300	190,791	78,820	83,708	9,663
		19,667,717	**29,503,434**	**20,078,837**	**16,859,262**	**11,722,365**
Basic and diluted earnings per share (Naira)	16	1.05	0.98	0.87	0.75	0.48

FINANCIAL SUMMARY- CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FCMB GROUP PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of Naira	**Note**	**31 DEC 21**	**31 DEC 20**	**31 DEC 19**	**31 DEC 18**	**31 DEC 17**
ASSETS						
Cash and cash equivalents	18	362,700,083	221,078,644	223,545,838	185,147,549	103,888,007
Non-pledged trading assets	19(a)	41,538,274	9,301,789	51,087,200	47,469,113	23,936,031
Derivative assets held for risk management	20(a)	-	1,884,398	11,666,095	10,538	345,784
Investment securities	21	372,548,333	406,665,569	239,935,756	235,921,932	153,428,659
Assets pledged as collateral	22	115,456,683	189,216,506	118,653,230	87,409,893	61,330,157
Loans and advances to customers	23	1,063,589,192	822,772,612	715,880,600	633,034,962	649,796,726
Other assets	24	127,410,850	25,258,856	31,554,348	35,259,574	27,604,320
Restricted reserve deposits	25	329,739,147	311,746,155	208,916,226	146,497,087	109,638,559
Investment in associates	27	6,810,651	-	-	-	-
Property & equipment and right of use asset	28	47,084,551	46,202,464	43,697,159	37,281,754	33,402,173
Deferred tax assets	30	9,163,896	7,944,839	7,944,838	7,944,838	8,233,563
Intangible assets	29	17,155,970	16,321,660	15,624,505	15,320,782	14,920,960
Total assets		2,493,197,630	2,058,393,492	1,668,505,795	1,431,298,022	1,186,524,939
LIABILITIES						
Trading liabilities	19(b)	5,174,902	8,361,951	37,082,002	32,474,632	21,616,660
Derivative liabilities held for risk management	20(b)	-	1,871,869	7,563,600	10,538	345,784
Deposits from banks	31	160,746,916	119,365,158	90,060,925	39,140,044	6,355,389
Deposits from customers	32	1,554,413,623	1,257,130,907	943,085,581	821,747,423	689,860,640
Retirement benefit obligations	33	14,855	325,557	132,542	80,207	70,364
Current income tax liabilities	17(iv)	5,449,065	4,502,688	4,743,683	5,038,371	3,860,163
Other liabilities	34	199,465,224	111,457,615	103,105,601	116,216,647	66,281,783
On-lending facilities	36	157,873,774	60,366,840	70,912,203	57,889,225	42,534,316
Debt securities issued	37	78,493,492	101,531,205	71,864,898	54,651,172	54,691,520
Borrowings	38	80,704,066	159,718,037	133,344,085	108,731,522	109,434,970
Deferred tax liabilities	30	308,729	316,090	345,852	307,703	106,821
Provision	35	6,747,270	6,325,375	5,598,177	11,583,432	3,904,717
Total liabilities		2,249,391,916	1,831,273,292	1,467,839,148	1,247,870,916	999,063,127
EQUITY						
Share capital	39(b)	9,901,355	9,901,355	9,901,355	9,901,355	9,901,355
Share premium	40	115,392,414	115,392,414	115,392,414	115,392,414	115,392,414
Retained earnings	40	62,872,102	47,482,438	34,187,857	28,962,144	28,761,145
Other reserves	40	55,058,784	53,964,438	40,952,603	28,950,679	33,044,691
Total Equity attributable to owners of the Company		243,224,655	226,740,645	200,434,229	183,206,592	187,099,605
Non-controlling Interests		581,059	379,555	232,418	220,514	362,206
		243,805,714	227,120,200	200,666,647	183,427,106	187,461,811
Total liabilities and equity		2,493,197,630	2,058,393,492	1,668,505,795	1,431,298,022	1,186,524,939

FINANCIAL SUMMARY- CONSOLIDATED STATEMENT OF CASHFLOWS

FCMB GROUP PLC
CONSOLIDATED STATEMENT OF CASHFLOWS

In thousands of Naira		31 DEC 21	31 DEC 20	31 DEC 19	31 DEC 18	31 DEC 17
Cash flows from operating activities	**Note**					
Profit for the year		20,916,725	19,610,454	17,337,274	14,971,528	9,410,204
Adjustments for:						
Net impairment loss on financial assets	7	15,238,207	22,307,656	13,747,603	14,113,282	22,667,506
Fair value gain on financial assets held for trading	43(i)	(3,490,652)	-	(1,556,516)	(1,125,296)	(50,317)
Net gain from other financial instruments at fair value through profit or loss	10	-	(12,529)	(1,952,495)	345,819	(111,891)
Amortisation of intangibles	13	1,564,874	1,779,564	1,423,702	1,246,371	1,133,244
Depreciation of property and equipment	13	6,462,818	5,794,606	5,289,207	4,290,943	4,126,468
Gain on disposal of property and equipment	11(b)	(514,557)	993,603	(115,214)	(63,456)	(1,040,777)
Gain on disposal of investment securities	11(b)	-	-	(1,323)	(1,313,358)	(19,357)
Modification loss on restructured facilities	11(a)(iv)	3,560,472	-	-	-	-
Unrealised foreign exchange gains	11(a)(iii)	(6,138,177)	(10,011,442)	(3,549,033)	(9,334,192)	(8,722,791)
Share of profit of associates	27(a)	(95,378)	-	-	-	(226,849)
Loss on previously held equity interest in associate company	11(a)	-	-	-	-	106,569
Other operating expenses - provisions for litigation	15(a)	864,413	719,413	(6,457,163)	5,720,327	2,782,729
Other accounts written off	15(a)	243,987	81,793	160,620	128,095	94,948
Net interest income	43(x)	(90,913,838)	(90,757,564)	(75,976,385)	(72,573,358)	(70,525,135)
Dividend income	11(a)	(830,168)	(529,464)	(526,855)	(537,576)	(567,166)
Tax expense	17	1,799,934	2,301,262	2,793,123	3,470,769	2,052,188
		(51,331,340)	**(47,722,648)**	**(49,383,455)**	**(40,660,102)**	**(38,890,427)**
Changes in operating assets and liabilities						
Net increase in restricted reserve deposits	43(xi)	(17,992,992)	(102,829,929)	(62,419,139)	(36,858,528)	29,822,355
Net decrease in derivative assets held for risk management	43(xii)	1,884,398	9,781,697	(11,655,557)	335,246	-
Net decrease / (increase) in trading assets	43(xiii)	(32,236,485)	41,785,411	(4,122,018)	(24,170,040)	(14,674,659)
Net decrease in loans and advances to customers	43(xiv)	(244,207,621)	(117,019,187)	(69,502,048)	3,883,781	13,685,485
Net decrease in other assets	43(xvi)	(96,508,658)	11,306,813	8,435,990	9,825,703	5,524,076
Net (increase) / decrease in trading liabilities	43(xvii)	(3,187,049)	(28,720,051)	4,605,392	10,857,972	15,360,727
Net decrease in deposits from banks	43(xviii)	41,381,758	29,304,233	50,920,881	32,784,655	(18,442,907)
Net decrease in deposits from customers	43(xix)	297,282,716	314,045,326	121,338,158	131,886,783	32,250,833
Net decrease in on-lending facilities	43(xx)	97,506,934	(10,676,570)	12,615,000	11,214,450	(1,407,618)
Net increase in assets pledged as collateral	43(xv)	65,478,165	(64,521,724)	(35,671,304)	(26,679,736)	(2,454,576)
Net decrease in derivative liabilities held for risk management	43(xxi)	(1,871,869)	(5,704,260)	5,600,567	(335,246)	(770,201)
Net increase in provision	43(viii)	1,765,876	727,198	609,974	9,143,690	2,879,461
Net decrease / (increase) in other liabilities	43(vii)	94,187,510	11,061,438	(19,011,362)	48,857,836	(8,014,690)
		152,151,343	**40,817,747**	**(47,638,921)**	**130,086,464**	**14,867,859**
Interest received	43(ii)	162,471,283	156,594,700	133,288,707	137,984,787	147,430,320
Interest paid	43(iii)	(73,812,274)	(58,275,168)	(63,347,880)	(59,211,577)	(63,000,614)
Dividends received	43(xxiii)	830,168	529,464	526,855	537,576	567,166
VAT paid	43(iv)	(1,260,353)	(571,272)	(1,053,949)	(1,460,608)	(916,195)
Income taxes paid	17(iv)	(1,847,156)	(2,419,807)	(2,434,334)	(1,395,826)	(410,944)
Net cash generated from operating activities		**238,533,011**	**136,675,664**	**19,340,478**	**206,540,816**	**98,537,592**
Cash flows from investing activities						
Investment in associates	43(xxiv)	(6,715,273)	-	-	-	-
Purchase of property and equipment	28	(7,155,464)	(9,595,808)	(7,579,660)	(8,721,178)	(6,663,504)
Purchase of intangible assets	29(a)	(1,268,836)	(1,492,340)	(1,496,803)	(648,377)	(329,067)
Purchase of intangible assets work-in-progress	29(a)	(1,126,533)	(864,342)	(375,587)	(1,089,091)	(1,091,969)
Proceeds from sale of property and equipment	43(viii)	198,799	328,737	333,695	709,492	2,374,084
Acquisition of investment securities	43(v)	(63,443,691)	(245,209,578)	(83,975,620)	(180,376,995)	(122,338,995)
Proceeds from sale and redemption of investment securities	43(v)	77,066,880	75,144,659	72,855,133	49,515,208	59,101,963
Net cash used in investing activities		**(2,444,118)**	**(181,688,672)**	**(20,238,842)**	**(140,610,941)**	**(68,947,488)**
Cash flows from financing activities						
Dividend paid		(2,984,807)	(2,772,380)	(2,772,380)	(1,980,270)	(1,980,271)
Proceeds from long term borrowings	38(c)	51,297,052	101,945,339	142,036,065	40,939,856	1,152,176
Repayment of long term borrowings	38(c)	(142,634,377)	(99,012,958)	(129,381,414)	(58,135,758)	(43,184,244)
Proceeds from debt securities issued	43(xxi)	848,220	79,313,842	17,013,255	-	-
Repayment of debt securities issued	43(xxi)	(26,000,000)	(51,210,896)	-	-	-
Lease payment		(456,701)	(466,491)	(315,933)	-	-
Net cash (used in)/generated from financing activities		**(119,930,613)**	**27,796,456**	**26,579,593**	**(19,176,172)**	**(44,012,339)**
Net increase / (decrease) in cash and cash equivalents		**116,158,279**	**(17,216,552)**	**25,681,229**	**46,753,703**	**(14,422,235)**
Cash and cash equivalents at start of year	42	221,114,594	223,578,336	185,165,525	103,888,007	108,104,632
Increase in cash and cash equivalents		116,158,279	(17,216,552)	25,681,229	46,753,703	(14,422,235)
Effect of exchange rate movement on cash and cash equivalents held	43(vi)	25,456,952	14,752,810	12,731,582	34,523,816	10,205,610
Cash and cash equivalents at end of year	42	**362,729,825**	**221,114,594**	**223,578,336**	**185,165,526**	**103,888,007**

15. COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

COMMITMENT TO CORPORATE GOVERNANCE

FCMB Group Plc remains committed to institutionalising corporate governance principles as part of the Group's corporate structure. The Group continues to ensure adherence to the implementation of corporate governance rules of the CBN, NGX, SEC and FRCN.

The Board continues to operate in line with its responsibilities as contained in Regulatory Codes of Corporate Governance, the Group's Articles of Association and the Companies and Allied Matters Act. Its oversight of the operations and activities of the Group are carried out transparently, without undue influence.

Essentially, fair value corporate governance depends on the quality and integrity of directors. Consequently, the Group has undertaken to create the institutional framework conducive to defending the integrity of its directors and is convinced that on account of this, the Board of FCMB Group Plc is functioning in a highly effective manner. It is intended that the Group continue to challenge itself to improve the standard in areas improvement has been identified.

Board Composition and Independence

The Board is composed of ten (10) Directors: seven Non-Executive Directors and three Executive Directors, in line with international best practice which requires the number of Non-Executive Directors to be more than the Executive Directors.

The appointment of Board members is in line with the SEC's Corporate Governance Guidelines for Public Companies and the Nigerian Code of Corporate Governance, CBN Code of Corporate Governance, and the Company's selection criteria for Directors.

The Group's Board, led by the Chairman, is composed of individuals with enviable records of achievement in their respective fields and who bring on board high levels of competencies and experience. The Board meets regularly to set broad policies for the Group's business and operations and ensures that an objective and professional relationship is maintained with the Group's internal and external auditors to promote transparency in financial and non-financial reporting. Directors' emoluments, as well as their shareholding information, are disclosed in the Company's Annual Report and Accounts.

The Directors are guided by the Code of Conduct of the CBN for Directors and the Securities and Exchange Commission Corporate Governance Guidelines for Public Companies in Nigeria as well as the Nigerian Code of Corporate Governance 2018 issued by the FRCN.

Guiding Principles of FCMB Group Plc's Code of Corporate Governance

The Guiding Principles of FCMB Group's Code of Corporate Governance remain as follows:

- All power belongs to the shareholders.
- Delegation of authority by the owners to the Board and subsequently to Board Committees and executives are clearly defined and agreed.
- Institutionalised individual accountability and responsibility through empowerment and relevant authority.
- Clear terms of reference and accountability for committees at the Board and executive levels.
- Effective communication and information sharing outside of meetings.
- Actions are taken on a fully informed basis, in good faith with due diligence and care and in the best interest of the Group and its shareholders.
- Enhancing compliance with applicable laws and regulations and the interest of the stakeholders. Where there is any conflict between the rules of FCMB Group Plc, the local laws and legislation supersede.
- Conformity with overall FCMB Group Plc strategy and direction.
- Transparency and full disclosure of accurate, adequate and timely information regarding the personal interest of directors in any area of potential conflict regarding the Group's business.

Role of the Board

- Investment and capital management, investor relations, Group financial and statutory reporting, articulation and approval of Group policies, setting overall Group strategic direction, monitoring and coordinating Group performance, succession planning for key positions on the Boards of the Group and operating companies.
- Reviewing alignment of goals, major plans of action, annual budgets and business plans with overall strategy; setting performance objectives; monitoring implementation and corporate performance and overseeing major capital expenditure in line with approved budget.
- Ensuring the integrity of the Group's accounting and financial reporting systems (including the independent audit) and that appropriate systems are in place for monitoring risk, financial control and compliance with the law.
- Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
- Interfacing with the management of the Group to ensure harmony in implementing Group strategy.
- Performing all statutory roles as required by law.
- Through the establishment of Board Committees, making recommendations and taking decisions on behalf of the Board on issues of expenditure that may arise outside the normal meeting schedule of the Board.
- Ratifying duly approved recommendations and decisions of the Board Committees.

Compliance Reporting

Insider credit applications are presented to the Board Credit Committee and related party transactions are disclosed in the Annual Reports and to the CBN. The Group has established effective whistle-blowing procedures and the implementation of the Corporate Governance Code is monitored and reported.

Communication with Shareholders

FCMB Group Plc maintains regular contact with its shareholders through its Investor Relations team and through meetings with, inter alia, the Group Managing Director, Chief Financial Officer and various members of the divisional management of the Group's operating companies. The presentations from these investor events are also available on FCMB's investor relations website.

Board Committees

In addition to the Statutory Audit Committee, the Board approved the constitution of two (2) other committees, each of which has a charter that guides the discharges of its duties. These committees include:

1. **Board Risk, Audit and Finance Committee (BRAF):** Its functions include overseeing internal control, internal audit and financial reporting; providing oversight for strategy articulation and strategic planning, reviewing the Group's strategy and financial objectives, as well as monitoring the implementation of those strategies and objectives and reviewing and approving proposals for the allocation of capital and other resources within the Group. The Committee is chaired by Mrs Olapeju Sofowora. .
2. **Board Governance and Remuneration Committee (BGRC):** Its functions include nominating new Directors to the Board, recommending the remuneration policy for the Group, overseeing Board performance and evaluation within the Group and succession planning for key positions on the Boards of the Group and subsidiaries. . The Committee is chaired by Professor Oluwatoyin Ashiru. .

Composition of the Board Committees

S/N	Board Member	BRAF	BGRC
1.	Mr. Oladipupo Jadesimi		
2.	Mr. Ladi Balogun		
3.	Mr. Olufemi Badeji		
4.	Mr. Adegbolahan Joshua		
5.	Dr. (Engineer) Gregory Ero		
6.	Professor Oluwatoyin Ashiru		
7.	Alhaji Mustapha Damcida		
8.	Mrs. Olapeju Sofowora		
9.	Mrs. 'Tokuboh Ishmael		
10.	Ms. Muibat Ijaiya		

Board committee Member
Board committee Chairman

Statutory Audit Committee

S/N	Committee Member	Position
1.	Evangelist Akinola Soares	Chairman/ Shareholders' representative
2.	Alhaji S.B Daranijo	Shareholders' representative
3.	Mr. Hakeem Batula	Shareholders' representative
4.	Mrs. Olapeju Eniola Sofowora	Non-Executive Director
5.	Professor Oluwatoyin Ashiru	Non-Executive Director

16. MATERIAL ADVERSE CHANGE STATEMENT

FCMB

FCMB GROUP PLC
RC No: 1079631

August 1, 2022

The Managing Director
Chapel Hill Denham Advisory Limited
10, Bankole Oki Street
Ikoyi
Lagos

The Managing Director
FCMB Capital Markets Limited
First City Plaza
44, Marina
Lagos

Dear Sirs,

MATERIAL ADVERSE CHANGE STATEMENT FOR FCMB GROUP PLC: ₦300 BILLION DEBT ISSUANCE PROGRAMME AND SERIES 1 ISSUANCE OF UP TO ₦30 BILLION

Except as disclosed in the Shelf Prospectus as read with this Pricing Supplement, the Board confirms that there has been no material adverse change in the financial position or prospects of FCMB Group Plc ("the Issuer") since the end of the 12-month period ended December 31, 2021.

SIGNED for and on behalf of FCMB Group Plc

Ladi Balogun
Group Chief Executive Officer

Olufunmilayo Adedibu
Company Secretary

PRINCE ABDUL-MUJIB ADETOKUNBO MUMUNI
Legal Practitioner & Notary Public
28, Joseph Str, Lagos Island
01-08-2022

First City Plaza, 44 Marina, Lagos, Nigeria. Tel: +234 (0) 1 279 3030, +234 (0) 1 279 3033
www.fcmbgroup.com | fcmbgroupplc@fcmb.com
... Mr Gbolahan Joshua (Chief Operating Officer), Mr Femi Badeji (Executive Director), ... Mrs. Olapeju Sofowora (Non-Executive Director), ...

17.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 Bonds. The risks in the following section are provided as general information only. Before making any investment decision, prospective investors should carefully read this Shelf Prospectus in its entirety, including the risk factors set out below. Investors should also seek professional advice before making investment decisions in respect of the Bonds.

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

An investment in the Bonds involves certain risks, most of which may or may not occur and neither the Issuer nor any of the Issuing Houses is in a position to express a view on the likelihood of any such contingency occurring. Prospective investors should also read the detailed information set out elsewhere in this Shelf Prospectus and any Applicable Pricing Supplement and reach their own views prior to making any investment decision.

1. Risk Factors relating to Nigeria

Economic Risk

The Group's operations are predominantly conducted in Nigeria, where most of its customers also reside. Accordingly, the Group's business, the result of operations, and/or financial condition, and the ability to recover on its loans and other assets, depend significantly on the economic and political conditions prevailing in Nigeria.

This is the risk that changes in macroeconomic variables such as GDP, exchange rate, interest rates, oil prices, inflation, and monetary and fiscal policies will adversely affect the Bonds.

The Nigerian economy is largely dependent on crude oil production, which has, in the past, been affected by incessant security crisis and political disturbances in the Niger Delta region. Up until recently, activities in this region have been volatile affecting the entire spectrum of the oil and gas industry.

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

The measures adopted by the Federal Government and other countries to contain the spread of the COVID-19 outbreak could pose significant risks to the economy as weak demand continues to affect crude oil prices and trade remains affected. Also, given that receipts from the sale of oil form a major source of foreign exchange or the Federal Government, changes in oil production or global oil prices may cause a substantial drop in foreign currency reserves and the strength of the currency which could have significant effects on production and inflation.

However, with the complete re-opening of economies around the world, oil demand globally has increased and as a result, oil prices continue to rise. In addition, the present administration remains committed to economic reforms aimed at diversifying the economy and increasing macroeconomic stability.

Political risk

These are risks related to political instability, security, religious differences and ethnicity in Nigeria. Over the past five years, there has been an increase in the number and frequency of attacks and cases of kidnapping across various parts of Nigeria.

With the upcoming February 2023 election, uncertainty about the political environment might have an impact on appetite for Nigerian investments and will further increase uncertainty, particularly if the election will produce a new political administration, which might effect new policies and governance.

In recent times, Nigeria has witnessed considerable unrest, terrorism and political and religious conflicts. Divisions based on geography can be magnified by religious differences, particularly between the north, which has a predominantly Muslim population, and the south, which has a predominantly Christian population. These regional affiliations have in the past contributed to, and may continue to contribute to, political and religious tension, which can also lead to social unrest.

Sectarian conflicts in the Middle Belt and Northern Nigeria also continue to pose a threat to Nigeria's political stability. The intermittent crisis and insurgence of Boko Haram have been identified as major contributors to the region's security challenges, especially in the North-Eastern Part of Nigeria. The Federal Government is working to curtail the operations of these insurgent groups but this is a risk that remains. In recent times also, the country has witnessed political demonstrations and tensions including calls for restructuring; increasing rifts between the executive and legislative arms of government; protests around protecting the principles of the rule of law, and constitutionalism, amongst others.

Until the Fedeal Government is able to address the root of the problems that contribute to this (such as poverty, low level of education, religious intolerance, weak enforcement of law and order and insecurity), insurgent groups are expected to continue to operate, especially in the north-eastern part of Nigeria.

2. Risk Factors relating to the Issuer

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting due obligations associated with financial liabilities that are settled by delivering cash or any other financial asset.In the event that the Issuer is unable to generate sufficient sufficient cash flows from its investment activities, the Issuer might be confronted with liquidity challenges.

Market Risk

This is the risk of losses in on- or off-balance sheet positions that arise from movement in market prices. Changes in equity prices, interest rates, credit spreads, foreign-exchange rates, commodity prices, and other financial assets will impact the Group. The Group also faces this risk from the perspective of its subsidiaries, whereby a downturn in the capital markets or other such unfavourable market developments may affect the profitability of the brokerage and investment banking businesses. Although the Group has implemented risk management methods to address these risks, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Group's financial performance.

Regulatory and Compliance Risk

The Group's subsidiaries are subject to the regulatory purview of regulators such as the CBN, FRCN, PenCom and the SEC, whose sanctions could have a Material Adverse Effect on the Group's businesses, results of operations, financial condition and or prospects.

The Group and the Bank are subject to the risk of being sanctioned by the CBN for non-compliance with applicable regulations. The Group is subject to many regulations which are not clearly defined and may inadvertently contravene an extant provision. Non-compliance with CBN directives may result in the revocation of the Group and Bank's operating license. Should the Group lose its operating license, it would be unable to meet its obligations under the Programme. Similarly, any failure by the Group to monitor, report and act on suspected financial crime and money laundering activities could expose the Group to losses, penalties or reputation damage.

Interest rate risk

Investment in Fixed Rate Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. In addition, a holder of securities with a fixed interest rate that will be periodically reset during the term of the relevant securities, such as reset bonds, is also exposed to the risk of fluctuating interest rate levels and uncertain interest income.

The Group and its subsidiaries are exposed to interest rate risk through the interest-bearing assets and liabilities in its trading and banking books. Fluctuations in interest rates could adversely affect the Group's operations and financial condition in a number of different ways. An increase in interest rates generally may decrease the value of the Group's fixed rate loans and raise the Group's funding costs. Such an increase could also generally decrease the value of fixed rate debt securities in the Group's investment portfolio (primarily comprised of Government Bonds). In addition, an increase in interest rates may reduce overall demand for new loans and increase the risk of customer default, while general volatility in interest rates may result in a gap between the Group's interest rate sensitive assets and liabilities, particularly given the Group's reliance on short-term liabilities to fund longer-term assets. Interest rates are sensitive to many factors beyond the Group's control, including the policies of central banks, such as the CBN, domestic and international economic conditions and political factors. There can be no assurance that the Group will be able to protect itself from the adverse effects of future interest rate fluctuations. Any fluctuations in market interest rates, and the Group's inability to monitor such fluctuations so as to respond in a timely and cost-effective manner, could lead to a reduction in net interest income and adversely affect the Group's financial condition and results of operations.

The Group's operations remain subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. These risks impact both the earnings and the economic value of the Group which, if material, could have a Material Adverse Effect on the Group's financial condition, liquidity, results of operations and/or prospects.

Foreign Exchange Risk

This is the risk of losing earnings and capital that arise from the change in the price of one currency against another. The Group's banking subsidiary undertakes transactions denominated in foreign currencies. Unfavourable movement in exchange rates may affect the Group's, particularly the Bank, foreign currency transactions, the value of the Bank's foreign currency-denominated assets and liabilities and consequently have a negative impact on the Bank and ultimately the Group's financial condition.

Operational Risk

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

3. Risk Factors relating to Bonds

Credit Rating Risk

The Bonds will be assigned a rating by at least one SEC-registered rating agency and any independent rating agency that may also decide to rate the Bonds. The ratings may not reflect the potential impact of all risks related to liquidity, market, operations, foreign exchange discussed above, and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agencies at any time.

Secondary Market Trading

A key risk to the Bonds is the lack of an active trading market for corporate bonds. If the Bonds are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon the market for similar securities, general economic conditions and the financial condition and prospect of the Group. Although applications will be made for Bonds issued under the Programme to be admitted and traded on the FMDQ and/or the NGX, there is no assurance as to the development or liquidity of any trading market for any particular issue of the Bonds.

Other unanticipated or unidentified risks

The Group has devoted resources to developing its risk management policies and procedures, particularly in connection with credit, market, liquidity, interest rate and operational risks, and the Group expects to continue to do so in the future in accordance with its Enterprise Risk Management Framework. Nonetheless, the Group's risk management techniques and internal control policies and procedures may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated.

In addition, the Group is vulnerable to various kinds of other risks which range from, but are not limited to, money transfers fraud, electronic fraud, identity theft, internet and telephone fraud. As the risks posed by these factors constantly change, so do the approach and techniques used in managing such risk, which include constant monitoring and risk assessment.

Conventional risk management framework focuses on credit management, operational risk management and market risk in the past. However, emerging trends in fraud indicate that failures in the management of information assets and exposures in this area give rise to more emphasis being placed on information security risk management. Other risk management methods depend upon evaluation of information regarding the markets which the Group operates in, its clients or other matters that are publicly available or otherwise accessible by the Group. This information may not be accurate, complete, up-to-date or properly evaluated in all instances. The magnitude of the potential impact of the foregoing risks may be compounded as the Group grows its business in the future. Any failure in the Group's risk management may have a Material Adverse Effect on its business, results of operations and/or financial condition.

4. Risk Factors relating to the Structure of Additional Tier 1 Bonds

Where the Bonds issued under this Programme are AT1 Bonds, the following risks will require consideration in addition to the risks applicable to conventional Bonds:

Claims of Bondholders under AT1 Bonds will be unsecured and deeply subordinated

AT1 Bonds will constitute unsecured and subordinated obligations of the Group. On any distribution of the assets of the Group on its dissolution, winding-up or liquidation, and for so long as such Subordination Event subsists, the Group's obligations under AT1 Bonds will rank subordinate in right of payment to the payment of all Senior Obligations and no amount will be paid under AT1 Bonds until all such Senior Obligations have been paid in full. Unless the Group has assets remaining after making all such payments, no payments will be made on AT1 Bonds. Consequently, although the AT1 Bonds may pay a higher rate of interest than comparable Bonds which are not subordinated, there is a real risk that an investor in the AT1 Bonds will lose all or some of its investment on the occurrence of a Subordination Event.

Interest may be cancelled and the principal may be Written-off at the discretion of the Relevant Regulator by the amount determined by the Relevant Regulator upon the occurrence of a Non-Viability Event

AT1 Bonds are being issued with the intention and purpose of being eligible as Additional Tier 1 capital and Tier 1 capital of an Issuer. Such eligibility depends upon some conditions being satisfied, and which, in particular, require the AT1 Bonds and the proceeds of their issue to be available to absorb any losses of an Issuer and/or the Regulatory Group.
Upon the occurrence of a Non-Viability Event which triggers the giving of a Non-Viability Event Notice, AT1 Bondholders may, at the discretion and with the prior approval of the Relevant Regulator, lose some or all of their investment in the AT1 Bonds since the Bonds may be Written-off. Such a Write-off, at the discretion of the Relevant Regulator, may be pari passu with any other Parity Loss Absorbing Instruments and will reduce the outstanding aggregate Principal Amount of the Bonds by the relevant write-off amount.

Accordingly, upon the occurrence of a Non-Viability Event (as determined by the Relevant Regulator):

(i) the Group shall cancel any interest in respect of the AT1 Bonds accrued and unpaid to (but excluding) the Write-off Date together with any interest or equivalent payments that may be similarly cancelled in respect of any other securities or instruments of the Issuer (the terms of which provide for such cancellation);

(ii) the Relevant Regulator shall reduce the outstanding aggregate Principal Amount of the AT1 Bonds by the relevant Write-off Amount;

(iii) the Bondholders will no longer have any rights against the Group concerning the repayment of such AT1 Bond or the payment of interest or any other amount on or in respect of such AT1 Bond, which liabilities of the Group shall be irrevocably and automatically released. Further to a cancellation or Write-off, AT1 Bondholders will no longer have any rights against the Group with respect to any amounts cancelled or Written-off and the Group shall not be obliged to pay compensation in any form to Bondholders in respect of such amounts. Furthermore, any such cancellation or Write-off will not constitute an event of default or any other breach of the Group's obligations under the AT1 Bonds.

For these purposes, any determination of a Write-off Amount shall take into account the absorption of the relevant loss(es) by all junior obligations to the maximum extent possible or otherwise allowed by law.

Notwithstanding the above, should the Relevant Regulator determine that the AT1 Bonds are to be Written-off before the absorption of the relevant loss(es) by shareholders of the Group, there can be no assurance that such loss absorption will take place or that it will be taken into account by the Relevant Regulator in the determination of the Write-off Amount.

Once an AT1 Bond has been Written-off, the Written-off Amount of such Bond will not be restored in any circumstances (including where the Non-Viability Event ceases to continue), no further interest will accrue or be payable on the Written-off Amount of such Bond at any time thereafter and the Bondholders shall have no further claim against the Issuer in respect of any Written-off Amount of the Bonds. If the AT1 Bonds are Written-off in full, the Bondholders will have no further claim against the Group in respect of any such Bonds. Consequently, there is a real risk that investors in the Bond will lose all or some of their investment upon the occurrence of a Non-Viability Event. Therefore, Bondholders should note that the risk of a Write-off is an appreciable risk that is not limited to the liquidation or bankruptcy of the Issuer. Any Write-off of the AT1 Bonds could therefore materially adversely affect the rights of Bondholders, the price of the Bonds issued and/or the amounts payable in respect of the Bonds.

The characteristics of the Bonds being treated as Additional Tier 1 Capital of the Issuer mean that the Issuer can decide to cancel interest payments due on the Bonds in its sole and absolute discretion and, in certain circumstances, be required to cancel interest payments under the Bonds. The AT1 Bonds are not cumulative instruments and any cancelled interest will not accrue

The Bonds accrue interest but the Group may elect, in its sole and absolute discretion, to cancel any payment of interest which is otherwise scheduled to be paid on an Interest Payment Date in whole or in part at any time and for any reason. Payments of interest in respect of the Bonds shall be made only out of Distributable Items of the Group and shall be made only if the solvency condition has been met and if the maximum dividend pay-out ratio allows for such payments of interest.

The Group is entitled to cancel payments of interest in its sole discretion and it is permitted to do so even if it could make such payments without exceeding the limits described above. Notwithstanding the above, payments of interest on the AT1 Bonds may be cancelled even if other regulatory capital instruments remain outstanding and holders of those instruments continue to receive interest payments.

AT1 Bonds may trade, and/or the prices for the Bonds may include accrued interest (which will also be quoted as payable without withholding). If this occurs, purchasers of the Bonds in the secondary market will pay a price that includes such accrued interest upon purchase of the Bonds. However, if a payment of interest is cancelled or deemed cancelled (in each case, in whole or in part) as described herein and thus is not due and payable, purchasers of such Bonds will not be entitled to that interest payment (or if the Group elects to make a payment of a portion, but not all, of such interest payment, the portion of such interest payment not paid) on the relevant Interest Payment Date.

There can, therefore, be no assurances that a Bondholder will receive payments of interest in respect of AT1 Bonds.. If the Group does not make an interest payment on the relevant Interest Payment Date (or if the Group elects to make a payment of a portion, but not all, of such interest payment), such non-payment shall evidence the Group's exercise of its discretion to cancel such interest payment (or the portion of such interest payment not paid), and accordingly such interest payment (or the portion thereof not paid) shall not be due and payable.

Unpaid interest is not cumulative or payable at any time thereafter and, accordingly, if any payment of interest (or part thereof) is not made in respect of AT1 Bonds as a result of any election or requirement of the Group to cancel such payment of interest (including as a result of any Nigerian tax required to be withheld) then the right of the Bondholders to receive the relevant interest payment (or part thereof) will be extinguished and the Group will have no obligation to pay such interest (or part thereof) or to pay any interest thereon, whether or not interest on the Bonds is paid in respect of any future Interest Period.

Following any cancellation of interest as described above, the right of Bondholders to receive accrued interest in respect of any such Interest Period will terminate and the Issuer will have no further obligation to pay such interest or to pay interest thereon, whether or not payments of interest in respect of subsequent Interest Periods are made, and such unpaid interest will not be deemed to have "accrued" or been earned for any purpose. Any such decision to cancel a payment will not give rise to any right or claim with respect to such amounts, since the Conditions of the AT1 Bonds permit the Group to make such a determination in its sole and absolute discretion.

No such election to cancel the payment of any interest (or part thereof) or non-payment of any interest (or part thereof) will constitute an event of default or the occurrence of any event related to the bankruptcy or insolvency of the Group or entitle Bondholders to take any action to cause the Group to be declared bankrupt or insolvent or for the dissolution, winding-up or liquidation of the Group or in any way limit or restrict the Group from making any payment of interest or equivalent payment or other distribution in connection with any Junior Obligation or Parity Obligation other than payments to shareholders of the Group.

Any actual or anticipated cancellation of interest on the Bonds or any failure on part, including any indication that the Group may be required to cancel interest payments on the Bonds, will likely have an adverse effect on the market price of the Bonds. In addition, as a result of the interest cancellation provisions of the Bonds, the market price of the Bonds may be more volatile than the market prices of other securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Group's financial condition.

A Non-Viability Event involves a subjective determination outside the Issuer's control and circumstances surrounding a potential Non-Viability Event will have an adverse effect on the market price of AT1 Bonds

The occurrence of a Non-Viability Event is inherently unpredictable and depends on the subjective determination by the Relevant Regulator that (i) a Write-off of the AT1 Bonds is necessary to avoid the Group becoming non-viable; or (ii) a public sector capital injection, or equivalent support, is necessary to avoid the Group becoming non-viable.

Upon the occurrence of a Non-Viability Event (as determined by the Relevant Regulator), the Bonds, will be Written-off which will reduce the outstanding aggregate Principal Amount of the Bonds by the relevant Write-off Amount. However, there is no current statutory framework in Nigeria setting out the specific factors which the Relevant Regulator would take into consideration when deciding whether a Non-Viability Event has occurred.

Accordingly, the decision as to whether a Non-Viability Event has occurred and the subsequent Write-off of all or part of the then outstanding Principal Amount of the Bonds, is a subjective determination by the Relevant Regulator and such determination will be beyond the control of the Group. As a result, even in circumstances where the market expects the Relevant Regulator not to approve a Non-Viability Event, the Relevant Regulator may choose to take that action. Due to the inherent uncertainty regarding the determination of whether a Non-Viability Event may occur, it will be difficult to predict when, if at all, the Bonds will be Written-off.

As a consequence of the above, trading behaviour in respect of the Bonds is not necessarily expected to follow trading behaviour associated with other types of convertible or exchangeable securities. Any indication, whether real or perceived, that the Group is trending towards a Non-Viability Event can be expected to have an adverse effect on the market price of the Bonds, whether or not such Non-Viability Event actually occurs.

Decisions that the Group takes could result in an increased risk of a Non-Viability Event or the cancellation of interest payments

In making strategic decisions, including in respect of capital management, the Group is required to have regard to the interests of all relevant stakeholders as a whole and not to prioritise the particular interests of any group of stakeholders (such as Bondholders or other capital providers). If the Group was to make strategic decisions that affect the business and operations of the Group, including if such decisions result in a deterioration in the Group's capital position, an increased risk of the occurrence of a Non-Viability Event or interest payments under AT1 Bonds being cancelled may occur, which could result in Bondholders losing all or a part of their investment in the Bonds.

Upon the occurrence of a Non-Viability Event, the AT1 Bonds may be Written-off even if other regulatory capital instruments of the Group are not Written-off

The terms and conditions of other regulatory capital instruments to be issued after the date hereof by the Group may vary and accordingly such instruments may not be Written-off at the same time, or to the same extent, as the Bonds, or at all. Alternatively, such other regulatory capital instruments may provide that they shall convert into equity or be entitled to a write up or other compensation in the event of a potential recovery of the Group or any other member of the Regulatory Group or a subsequent change in the financial condition thereof. Upon the occurrence of a Non-Viability Event, to the extent the prior (or pro rata) Write-off or conversion of any other regulatory capital instruments issued by the Group is not applicable under their respective terms, or if applicable, does not occur for any reason, this shall not in any way affect the Write-off of the Bonds and such other regulatory capital instruments shall not be considered for the purposes of determining the Written-off Amount of the Bonds.

Should pro rata loss absorption not take place or be so taken into account by the Relevant Regulator, Bondholders only have limited recourse described in the section entitled "–Investors will have limited remedies under AT1 Bonds" below, including instituting proceedings against the Group to enforce the above provisions of AT1 Bonds.

As certain provisions of the Conditions are subject to the laws of Nigeria and their interpretation by the Relevant Regulator, the potential implementation of many aspects of statutory resolution, bail-in and/or loss absorption measures and/ or Basel III in Nigeria may have a material effect on the terms of AT1 Bonds

The rights and remedies of AT1 Bondholders may be affected by changes in Nigerian law after the date of this Prospectus or the entry into force, implementation or official interpretation of the CBN Basel III Circular by the Relevant Regulator, especially as it relates to the terms of AT1 Bonds and the nature of the proposed loss absorption requirements under Basel III. However, if any such requirements are implemented retrospectively in Nigeria so as to apply to AT1 Bonds, then either (a) such AT1 Bonds may become subject to loss absorption on a statutory basis at the point of the Group's non-viability, which could result in AT1 Bondholders losing some or all of their investment or (b) the Group's ability to include such Bonds in its capital calculations may be prohibited or limited.

Any such changes could give rise to the occurrence of a Non-Viability Event in circumstances where such Non-Viability Event may not otherwise have occurred.

Such changes could also result in the Group having the option to redeem the AT1 Bonds, as referred to in "—AT1 Bonds are subject to optional redemption by the Group in certain circumstances", *"—The Group will have the right to redeem the Bonds upon the occurrence of a Capital Disqualification Event" and "—The Group will have the right to redeem the Bonds upon the occurrence of certain changes requiring it to pay increased additional taxes with respect to interest or other payments on the Bonds", or substitute the Bonds or vary their terms, as referred to in "—Upon the occurrence of a Capital Disqualification Event or a Tax Event the Bank may substitute the Bonds or vary the terms of the Bonds without the consent of AT1 Bondholders and such substitution or variation may materially adversely affect the rights of Bondholders"* in circumstances which otherwise it might not have such rights.

Such changes, or any uncertainty relating to future implementation or interpretation, may also have a material impact on the market price of the Bonds and/or the ability to accurately value the Bonds.

There is no scheduled redemption or maturity of AT1 Bonds

AT1 Bonds are undated securities without any fixed redemption or maturity date. The Group is under no obligation to redeem the Bonds at any time and the Bondholders have no right to call for their redemption. Any optional redemption, substitution, variation or purchase of the Bonds by the Group is subject to the prior approval of the Relevant Regulator. AT1 Bondholders may therefore be required to bear the risks of an investment in the Bonds for an indefinite period of time. The only circumstances in which Bondholders may claim payment in respect of the Bonds is in the winding-up, dissolution or liquidation of the Group.

AT1 Bonds are subject to optional redemption by the Issuer Under certain circumstances

The AT1 Bonds may be redeemed at the option of the Group in whole, but not in part, only

(iv) on any Issuer call date or

(v) upon the occurrence of a Tax Event or a Capital Disqualification Event, in each case only with the prior approval of the Relevant Regulator if required under applicable law at the time of such early redemption.

The competent authority (the Relevant Regulator in case of the Group) may require certain conditions to be met before it gives its approval to a redemption or repurchase ofAT1 Bonds. The Relevant Regulator may also set out additional conditions to be met for redemption of the Bonds earlier than five years after the Issue Date.

These optional redemption rights are likely to limit the market price at which AT1 Bonds trade. During any period when the Group may elect to redeem the Bonds, or there is the perception that the Group is able to redeem the Bonds, the market price of the Bonds generally will not exceed the price at which they can be redeemed. This also may be true prior to any redemption event, in anticipation of such an event occurring.

The Group may be expected to be more likely to redeem AT1 Bonds when its cost of borrowing is lower than the interest rate on the Bonds. Depending on prevailing market conditions on any redemption of the relevant Bonds upon the occurrence of a Tax Event or a Capital Disqualification Event and subsequent redemption of such Bonds, an investor may similarly not be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the AT1 Bonds.

The Group will have the right to redeem the Bonds upon the occurrence of a Capital Disqualification Event and implementation of Basel III in Nigeria could trigger a Capital Disqualification Event

The Group will have the right to redeem the outstanding Principal Amount of the Bonds and accrued and unpaid (to the extent such interest has not been cancelled) interest upon the occurrence of a Capital Disqualification Event.

The implementation of the CBN Basel III Circular in Nigeria is not excluded from the definition of a Capital Disqualification Event. This means that any change or amendment in applicable law, which may occur from November 2021, may present an option for the Issuer of an AT1 Bond to exercise a Capital Disqualification Event call option if such implementation or entry into force of the CBN Basel III Circular results in the Bonds not being eligible in whole or in part for inclusion as Additional Tier 1 capital or Tier 1 capital of the Issuer on a solo basis and/or the Regulatory Group on a consolidated basis. This may result in the AT1 Bonds being redeemed earlier than envisaged by the Bondholders.

In the event of redemption of the Bonds upon the occurrence of a Capital Disqualification Event, the investors in the Bonds might not be able to reinvest the amounts received at a rate that will provide the same rate of return as their investment in the Bonds.

This optional redemption feature is also likely to limit the market value of the Bonds during any period in which the Group may elect or is perceived to be able to elect to redeem them, as the market value during this period generally will not rise substantially above the price at which they can be redeemed. This may similarly be true prior to any such period.

There can be no assurance that AT1 Bondholders will be able to reinvest the amount received upon any such redemption and at a rate that will provide the same rate of return as their investment in the Bonds.

The Group will have the right to redeem the Bonds upon the occurrence of certain changes requiring it to pay increased withholding taxes with respect to interest or other payments on the AT1 Bonds

Interest payments on the Bonds derived from Nigeria and accruing to Nigerian Holders would ordinarily be subject to withholding tax in Nigeria at the applicable rate of 10%. However, if the foreign company or person to whom the interest accrues is resident in a country with which Nigeria has a double taxation treaty (which has been domesticated by an Act of the Nigerian National Assembly) and the Issuer would be required to withhold tax on such payments and remit the same to the Nigerian Federal Inland Revenue Service.

The Group will have the right to redeem all, but not some only, of AT1 Bonds, subject to having obtained the prior approval of the Relevant Regulator above , at any time at their then outstanding Principal Amount together with interest accrued to (but excluding) the date of redemption if, as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after the issue date of the AT1 Bonds, on the next Interest Payment Date, the Group would be required to-

(i) pay additional amounts

(ii) make any withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of the Relevant Jurisdiction, where such requirement cannot be avoided by the Group taking reasonable measures available to it. Upon notice of such a redemption being given, investors in AT1 Bonds might not be able to reinvest the amounts received at a rate that will provide an equivalent rate of return as their investment in the Bonds.

This redemption feature is also likely to limit the market value of the Bonds at any time when the Bond has the right to redeem them or is perceived to have such right as provided above, as the market price at such time will generally not rise substantially above the price at which they can be redeemed. This may similarly be true in any prior period when any relevant change in law or regulation is yet to become effective.

There can be no assurance that AT1 Bondholders will be able to reinvest the amount received upon any such redemption and at a rate that will provide the same rate of return as their investment in the Bonds.

Upon the occurrence of a Capital Disqualification Event or a Tax Event the Group may substitute the AT1 Bonds or vary the terms of the Bonds without the consent of AT1 Bondholders and such substitution or variation may materially adversely affect the rights of Bondholders

Upon the occurrence of a Capital Disqualification Event or a Tax Event, the Issuer may, instead of redeeming the Bonds, without the consent of Bondholders at any time, but subject to compliance with the Capital Regulations and the approval of the Relevant Regulator, substitute them for, or vary their terms provided that they become or, as appropriate, remain Qualifying Additional Tier 1 Securities. Any such substitution or variation, as the case may be, may materially adversely affect the market price of the Bonds.

While Qualifying Additional Tier 1 Securities must otherwise contain terms that are not materially less favourable to AT1 Bondholders (considered as a class) than the original terms of the Bonds, there can be no assurance that the terms of Qualifying Additional Tier 1 Securities will be viewed by the market as equally favourable to AT1 Bondholders, or that such AT1 Bonds will trade at prices that are equal to the prices at which the Bonds would have traded on the basis of their original terms.

Furthermore, the tax and stamp duty consequences of holding particular securities following a substitution or variation may adversely impact some types of investors.

There can be no assurance that, due to the particular circumstances of each AT1 Bondholder, any Qualifying Additional Tier 1 Securities will be as favourable to each AT1 Bondholder in all respects or that, if it were entitled to do so, a particular AT1 Bondholder would make the same determination as the Group as to whether the terms of the relevant Qualifying Additional Tier 1 Securities are not materially less favourable to AT1 Bondholders (considered as a class) than the terms of the Bonds. The Group bears no responsibility towards the AT1 Bondholders for any adverse effects of such substitution or variation (including, without limitation, with respect to any adverse tax consequences suffered by any Bondholder).

The Issuer's ability to make payments in respect of AT1 Bonds is dependent on the satisfaction of the Solvency Condition

The terms of the AT1 Bonds usually provide that no payment of principal, interest or any other amount in respect of the Bonds shall become due and payable unless, and to the extent that, the Issuer is able to make such payment and still be solvent immediately thereafter (except in the winding-up or liquidation of the Issuer) (the “Solvency Condition”). For these purposes, the Issuer shall be considered to be solvent if (i) it is able to pay its debts to Senior Creditors as they fall due and (ii) its Assets exceed its Liabilities to Senior Creditors.

If and to the extent that the Issuer is unable to make a scheduled interest payment and remain solvent immediately thereafter, such interest payment shall not become due and will be cancelled.

As a result of capital and/or liquidity requirements, the Group may not be able to manage its capital and liquidity effectively, which may adversely affect its business performance.

The Group’s capital requirements are calculated by reference to a number of factors, any one or a combination of which may not be easily observable or capable of calculation. Moreover, the interaction of restrictions on distributions (including interest payments on the AT1 Bonds) with, and impact of, the capital requirements and buffers and leverage framework applicable to the Group, as well as the current implementation of Basel III in Nigeria, remain uncertain in many respects. The implementation of the Basel III guidelines could result in more capital being required to be held by financial institutions, such as the Issuer, in order to prevent the maximum allowable dividend restrictions from applying. As a result, the Group may need to reduce discretionary payments, including by cancelling interest payments (in whole or in part) in respect of the AT1 Bonds, which may affect the value of Bondholders’ investment in the AT1 Bonds.

Upon implementation of Basel III in Nigeria, AT1 Bondholders will bear the risk of movements in the Common Equity Tier 1 (“CET1”) Ratio of the Group and the Regulatory Group and the availability of Distributable Items or application of any Maximum Pay-Out Ratio (as defined in the CBN Basel III Circular) that could give rise to any cancellation of interest payments.

With the implementation of the CBN Basel III Guidelines, the market price of the Bonds is expected to be affected by movements in the CET1 Ratio of the Group and the Regulatory Group, and the availability of Distributable Items and application of the Maximum Dividend Pay-Out Ratio including, in particular, if at any time there is a significant deterioration in any such CET1 Ratio, the availability of sufficient Distributable Items for the making of any interest payments together with any other payments to be made from Distributable Items or the application of a Maximum Dividend Pay-Out Ratio. Any indication that the CET1 Ratio of the Group or the Regulatory Group is trending adversely or the Group is trending towards the cancellation of interest payments in respect of the Bonds may have an adverse effect on the market price of the Bonds. The level of the various ratios and the Distributable Items, as well as the relevant criteria applicable to the Group and/or the Regulatory Group for the purposes of any Maximum Dividend Pay-Out Ratio may also significantly affect the market price of the Bonds.

Interest payments on AT1 Bonds shall not be made, in whole or in part, to the extent maximum allowable dividend restrictions based on the Maximum Dividend Pay-Out Ratio apply.

The restrictions on distributions under the Guidelines referred to in the CBN Basel III Circular are calculated by taking into consideration the Group's (i) level of CET1 capital (taking into account capital conservation buffer ("CCB1"), countercyclical capital buffer "CCB2"), Higher Loss Absorbency "HLA") and any potential Pillar 2 requirements), (ii) the NPL ratio; (iii) the leverage ratio; and (iv) the CRR at the point in time and determining the applicable Maximum Dividend Pay-Out Ratio. Such calculation will result in a "maximum dividend pay-out ratio" in each relevant period (a "Maximum Dividend Pay-out Ratio"). The Group may be required to reduce discretionary payments depending upon the computation of its Maximum Distributable Profit, which is based on, amongst other factors, the Maximum Dividend Pay-Out Ratio. Interest payments on the Bonds are included within such discretionary payments that are affected by these factors.

The calculation of the Maximum Dividend Payout Ratio is a complex calculation, which is subject to requirements applicable at the relevant time, and any shortfalls in CET1 (taking into account CCB1, CCB2, HLA and any potential Pillar 2 requirements); NPL ratio; CRR and the leverage ratio will affect this calculation. The Maximum Dividend Pay-Out Ratio allows for the computation of the Maximum Distributable Profit by multiplying the Maximum Dividend Pay-Out Ratio with the Adjusted Profit. Such Adjusted Profit takes into account the current year profit on an after tax basis and reduces statutory reserves adjustments and regulatory risk reserve adjustments from such current year profit to get the resulting Adjusted Profit. The Maximum Distributable Profit becomes adversely impacted by movements in such Adjusted Profit. Further, from time to time, as the Relevant Regulator has the authority to impose additional capital adequacy ratio requirements on a bank-by-bank basis, by taking into account their internal systems, their assets and financial structure or otherwise as a result of the Internal Capital Adequacy Assessment Process ("ICAAP") process, the applicable capital adequacy ratios applicable for the purposes of calculation of the Maximum Dividend Payout Ratio are subject to change.

Therefore, if maximum allowable dividend restrictions apply, no payment of interest may be made in respect of the Bonds if and to the extent that such payment (i) would cause the Maximum Dividend Payout Ratio (if any) then applicable to the AT1 Bond and/or the Regulatory Group to be exceeded provided that a partial payment of interest may be made to the extent that such partial payment does not cause the relevant Maximum Dividend Payout Ratio to be exceeded; or (ii) would cause a breach of any regulatory restriction or prohibition on payments on Additional Tier 1 Instruments pursuant to Capital Regulations.

Changes to such capital and leverage frameworks, once implemented, may increase the Group's capital requirements and may increase the risk that the Group will be subject to restrictions on distributions (resulting in the Group being required to cancel (in whole or in part) interest payments in respect of AT1 Bonds. For example, the CBN via its Guidelines on Leverage Ratio 2021 requires entities that have been classified as International-Authorization by the CBN to maintain a minimum leverage ratio buffer of 4 per cent. at all times and this should be in the form of Tier 1 capital. The CBN is also at liberty to impose bonus payments constraints on Banks with International Authorization which do not meet the leverage ratio buffer requirement.

The Group's capital and leverage requirements are, by their nature, calculated by reference to a number of factors any one of which or combination of which may not be easily observable or capable of calculation by investors. Investors may not be able to predict accurately the proximity of the risk of discretionary payments on AT1 Bonds being prohibited from time to time as a result of the operation of the Maximum Dividend Payout Ratio as applicable, restrictions and other regulatory constraints.

The Group or the Regulatory Group may be subject to additional capital requirements in the future. Such additional requirements may restrict the Group from making interest payments on AT1 Bonds in certain circumstances

With respect to a holding company group, its minimum capital adequacy ratio shall not be less than the capital ratio requirement of any banking subsidiary within the group. The Group by virtue of its banking subsidiary which is classified as Bank with National Authorization is required to hold a minimum amount of regulatory capital of fifteen per cent. (15%) of risk weighted assets (the so-called "own funds" requirements). The Capital Regulations also provide for various capital buffer requirements (together with the own funds requirement). The Group is currently subject to both buffer requirements and additional capital requirements, as set out in the CBN guidelines on Regulatory Requirements published in September 2021. . Upon the implementation of the Basel III guidelines, further capital requirements may be imposed by the Relevant Regulator to cover those risk elements not fully covered by the buffer requirements. These additional capital requirements may be subject to change at any time and, accordingly, more onerous capital requirements may be imposed on the Group including a potential Pillar 2 requirement at the discretion of the Relevant Regulator.

The buffer requirements and the capital requirements affect the level at which the automatic restrictions on distributions linked to the maximum allowable dividend based on the Maximum Dividend Pay-Out Ratio come into effect and will, in certain cases, restrict the Group from making some payments in certain circumstances, which may include payments of interest on AT1 Bonds and result in the cancellation of such payments.

There can be no assurance, however, that the leverage ratio, or any of the own funds requirements, additional own funds requirements or buffer capital requirements applicable to the Group and/or the Regulatory Group will not be amended in the future to include new and more onerous capital requirements after AT1 Bonds are issued.

There are no limitations on the Group's incurrence of additional debt or creation of secured debt

An AT1 Bond Issuer is not prohibited from issuing, guaranteeing or otherwise incurring further indebtedness ranking pari passu with, or senior to, its existing obligations and any future obligations or from creating any secured indebtedness without also securing its obligations under AT1 Bonds. The issue or guaranteeing of any such further securities or incurrence of further indebtedness may reduce the amount recoverable by AT1 Bondholders in the case of a voluntary or involuntary liquidation or bankruptcy of an Issuer and may limit its ability to meet its obligations under the applicable AT1 Bonds.

Holders of AT1 Bonds only have a limited ability to cash in their investment in the Bonds

An Issuer has the option to redeem AT1 Bonds upon obtaining the approval of the Relevant Regulator. There can be no assurance that AT1 Bondholders will be able to reinvest the amount received upon any such redemption and at a rate that will provide the same rate of return as their investment in the AT1 Bonds.

Therefore, AT1 Bondholders have no ability to cash in their investment, except:

I. if the Group exercises its right to redeem or purchase the Bonds; or

II. by selling their AT1 Bonds, provided a secondary market exists at the relevant time for the AT1 Bonds.

Investors will have limited remedies under AT1 Bonds

A holder of an AT1 Bond will only be able to accelerate payment of the Principal Amount of that Bond, together with interest accrued and unpaid to the date of repayment, on the occurrence of a Subordination Event or otherwise on the winding-up, dissolution or liquidation of an Issuerand then claim or prove in the winding-up, dissolution or liquidation. AT1 Bondholders may institute proceedings against the Group to enforce any obligation, condition, undertaking or provision binding on an Issuer under AT1 Bonds (other than, without prejudice to the provisions above, any obligation for the payment of any principal or interest in respect of the AT1 Bonds) but will not have any other right of acceleration under the AT1 Bonds, whether in respect of any default in payment or otherwise, and the only remedy of an AT1 Bondholder on any default in a payment on the Bonds will be to institute proceedings for the Bond's winding-up, dissolution or liquidation and to prove in the winding-up, dissolution or liquidation.

No other remedy will be available to AT1 Bondholders against an Issuer Group, whether for the recovery of amounts owing in respect of the Bonds or in respect of any breach by an Issuer of any of its obligations, covenants or undertakings under the AT1 Bonds, and AT1 Bondholders will not be able to take any further or other action to enforce, claim or prove for any payment by such Issuer in respect of the AT1 Bonds.

In addition,, all payment obligations of, and payments made by, an Issuerunder and in respect of AT1 Bonds must be determined and made without reference to any right of set-off or counterclaim of any holder of the AT1 Bonds, whether arising before or in respect of any Subordination Event. By virtue of the subordination of AT1 Bonds, following a Subordination Event and for so long as that Subordination Event subsists and prior to all payment obligations in respect of Senior Obligations having been satisfied, no holder of AT1 Bonds shall exercise any right of set-off or counterclaim in respect of any amount owed to such holder an Issuer in respect of AT1 Bonds and any such rights shall be deemed to be waived.

No right of set-off or counterclaim

As a general principle of Nigerian law, in respect of AT1 Bonds, no AT1 Bondholder who in the event of the liquidation or bankruptcy of an Issuer, is indebted to such Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Bonds (including any damages awarded for breach of any obligations under the Conditions, if any are payable) held by such AT1 Bondholder.

Interest rate reset risk

Where an interest rate reset is required for AT1 Bonds not redeemed at their call dates, there can be no assurance that AT1 Bondholders will receive a higher interest rate at the reset date. The benchmark rate upon which the reset is calculated may have dropped as a result of market conditions at the reset date.

Differences between AT1Bonds and Bank deposits

An investment in AT1 Bonds may give rise to higher yields than a bank deposit. However, an investment in AT1 Bonds carries risks which are very different from the risks associated with a bank deposit, with the higher yield of AT1 Bonds generally attributable to the greater risks associated with investment in AT1 Bonds.

AT1 Bonds are expected to be less liquid than bank deposits. Bank deposits are generally repayable on demand, or with notice from the depositors, whereas holders of AT1 Bonds have no ability to require early repayment of their investment and there are no events of default in respect of the AT1 Bonds. Furthermore, although AT1 Bonds are transferable, the Bonds may have no established trading market when issued, and one may never develop.

Change of law

The Conditions are based on Nigerian law in effect as at the date of issue of AT1 Bonds. No assurance can be given as to the impact of any possible judicial decision or change to Nigerian law or administrative practice, as the case may be, after the date of issue of AT1 Bonds.

AT1 Bonds may not be a suitable investment for all investors

Each potential investor in the AT1 Bonds must determine the suitability of such investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the AT1 Bonds, the merits and risks of investing in the AT1 Bonds and the information contained in this prospectus and the applicable Pricing Supplement, including but not limited to, instruments that are issued in nascent regulatory framework and landscape and where regulations may be changed at short notice, delayed or revised in a manner which could impact the market price of such instruments;

(b) understand thoroughly the terms of the AT1 Bonds, such as the provisions governing a Write-off or cancellation of interest, understand under what circumstances a Non-Viability Event will or may be deemed to occur, and be familiar with the behaviour of any relevant financial markets and their potential impact on the likelihood of a Non-Viability Event, a Capital Disqualification Event or a Tax Event occurring;

(c) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the AT1 Bonds and the impact the AT1 Bonds will have on its overall investment portfolio;

(d) be able to evaluate (either alone or with the help of a Financial Adviser) possible scenarios for economic, interest rate and other factors that may affect its investment, Write-off of the AT1 Bonds and its ability to bear the applicable risks.

A potential investor should not invest in the AT1 Bonds unless it has the expertise (either alone or with its financial and other Professional Advisers) to evaluate how the AT1 Bonds will perform under changing conditions, the effects on the value of the AT1 Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

18.EXTRACTS FROM THE PROGRAMME TRUST DEED

2. APPOINTMENT OF THE JOINT TRUSTEES

2.1 The Issuer hereby appoints the Trustees to act on behalf of the Bondholders, to hold the benefit of the covenants, rights and other obligations of the Issuer herein contained for the benefit of the Bondholders and itself in accordance with the terms of this Deed.

2.2 The Trustees hereby agrees to act as trustees for the benefit of the Bondholders on the terms and conditions contained in this Trust Deed.

3. DECLARATION OF TRUST

3.1 The Joint Trustees

The Trustees hereby declares themselves as trustees for the Bondholders with effect from the date of this Deed to hold the benefit of the covenants., rights and other obligations the Issuer herein contained for the benefit of the Bondholders and themselves according to their respective interests, subject to the terms of this Deed.

3.2 Duration of Trust

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

(i.) discharge of all the obligations of the Issuer under the Programme as evidenced by the receipt by the Trustees of an unconditional confirmation in writing from the Registrar that the Bondholders have been paid all outstanding obligations; or

(ii.) unconditional release of the Issuer from all its obligations under this Deed.

4. THE TRUST DEED BINDING ON ALL PARTIES

The provisions of this Deed shall be binding on the Issuer, the Joint Trustees, the Bondholders, the Issuer and all persons claiming through them respectively as if such Persons are Parties to this Deed.

5. THE BONDS

5.1 The Issuer may issue and offer Bonds in one or more Series having an aggregate nominal amount, from time to time, up to and not exceeding the Programme Limit in accordance with the terms of this Deed and the relevant Pricing Supplement and Series Trust Deed. Any Bonds issued hereunder shall be constituted by this Deed without further formality.

5.2 The Bonds shall be issued by way of public offering, private placement, rights offering, book building process or such other methods or combination of methods, as the Board may deem fit or determine as set out more particularly in the relevant Pricing Supplement and Series Trust Deed.

5.3 Any Series, as and when issued, shall constitute a single class and shall be direct and unconditional obligations of the Issuer as provided in the relevant Series Trust Deed and the ranking shall be as specified in the relevant Series Trust Deed and/or Pricing Supplement.

5.4 The Bonds constitute an irrevocable obligation of the Issuer to the Bondholders in the aggregate nominal amount and Coupon (where applicable).

5.5 Each issue of Bonds shall form a separate Series. The provisions of this Deed shall apply *mutatis mutandis*, separately and independently to the Bonds of each Series. Each Series shall be constituted by a separate trust created by a Series Trust Deed under which the Joint Trustees shall hold the benefit of the covenant in Clause 7.2 (Covenant to Repay and to Pay Coupon on the Bonds) in this Trust Deed in trust for the Bondholders of the particular Series. The provisions contained in any Series Trust Deed apply only in relation to the Series to which it relates.

5.6 The name of each Series will commence with the word "Series" and will be followed by a number in consecutive order of issuance of the Series (for example the first Series will be known as the "Series I Bonds").

5.7 Each Series may be issued in tranches on he same or different issue dates. The specific term of each Tranche will be set out in the relevant Series Trust Deed.

5.8 If there is any conflict between the provisions of a Series Trust Deed relating to a Series and the provisions of this Trust Deed, the provisions of the Series Trust Deed shall prevail over the provisions of this Trust Deed in respect of the relevant Series.

5.9 Subject to the approval of the Exchange , the Bonds shall be listed on the Exchange and/or admitted to listing, trading, and/or quotation by any other listing authority, securities exchange and/or quotation system as may be specified in the relevant Pricing Supplement.

5.10 The Bonds of a Series may be non-convertible Bonds, senior or subordinated and/secured or unsecured Bonds, fixed rate Bonds, floating rate Bonds, reverse floating Bonds, Zero-Coupon Bonds, perpetual Bonds or any other type of Bonds as may be determined by the Board and any combinations thereof may be issued, all of which shall be issued in denominations specified in the Series Trust Deed relating to the relevant Series.

5.11 The tenor of the Bonds for each Series shall be specified in the Series Trust Deed.

5.12 Other than as provided in this Deed, there are no restrictions on the transferability of the Bond.

5.13 The Bonds shall qualify as securities in which the trustees may invest under the Trustee Investment Act. In addition, the Bonds are securities in which pension fund administrator may invest under the Pension Reform Act 2014 and the Regulations on Investment of Pension Fund Assets issued by the National Pension Commission.

5.14 **The Bonds Certificate**

5.14.1 The Bonds shall be delivered in dematerialised (uncertificated) form and held in electronic book-entry form with the Clearing System Account of the Bondholder.

5.14.2 A Bondholder may however elect to receive a Certificate, which the Issuer shall issue in the form or substantially in the form as the certificate set out in the First Schedule hereto. The Certificate(s) shall have endorsed thereon the Conditions (in the form or substantially in the form referred to in the Second Schedule).

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

5.14.4 The owners shown in the records of Clearing System (or his/her legal representatives) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of this Deed and any relevant Series Trust Deed.

5.14.5 Notwithstanding section 5.12.1 above, a bondholder may elect to receive a certificate covering the aggregate Principal Amount of his beneficial interest in the Bonds PROVIDED THAT joint bondholders shall be entitled to only one (1) certificate in respect of the Bonds jointly held by them which Certificate shall be delivered to that one of the joint bondholders whose name appears first in the Register and the delivery of a certificate to one of such persons shall be deemed to be sufficient delivery to all.

5.14.6 Certificates, when issued, shall be issued under the seal of the Issuer and affixed with the signature of a Director and the company secretary of the Issuer or any other person duly authorised to sign on behalf of the Issuer.

5.15 **Conditions of the Bond**

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

5.16 **Joint Bondholders**

Every Bondholder shall be entitled free of charge to one (1) certificate in respect of the Bonds held by him except that Joint Bondholders shall be entitled to only one (1) certificate in respect of the Bonds jointly held by them which certificate shall be delivered to that one of the joint Bondholders whose name stands first in the Register and the delivery of a certificate to one of such persons shall be deemed to be sufficient delivery to all.

5.17 **Ranking of Bonds**

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

6. PURPOSE

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

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

7. COVENANTS OF THE ISSUER

7.1 **Covenant of Compliance**

7.1.1 The Issuer hereby covenants with the Joint Trustees that it shall comply with, perform, and observe all the provisions of this Deed, which are binding on it. The Conditions shall be binding on the Issuer, Joint Trustees, Bondholders and any Person claiming through them.

7.1.2 The Joint Trustees shall be entitled to enforce the obligations of the Issuer under the Bonds as if the same were set out and contained in the Trust Deed, which shall be read and construed as one document with the Bonds.

7.1.3 The Joint Trustees shall hold the benefit of this covenant upon trust for themselves and the Bondholders according to their respective interests.

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

7.2.1 The maximum size of the Bonds under the Programme shall be the Programme Limit and the aggregate Principal Amount of the Bonds of each Series is limited to the amount specified in the relevant Series Trust Deed(s) and/or Pricing Supplement in respect of such Series.

7.2.2 The Issuer hereby acknowledges that, to the extent that any such Bonds are constituted under the relevant Series Trust Deed and are issued, it will be indebted to the Bondholders in an aggregate Principal Amount specified in the Series Trust Deed(s) in respect of such Series and covenants with, and undertakes to the Joint Trustees, that the Bonds, to the extent constituted and issued, shall be redeemed together with any outstanding Coupon and other moneys on the Redemption Date (or earlier on an amortised basis) provided for in the relevant Series Trust Deed or such earlier date as the same or any part thereof may become due, repayable or callable thereunder. As and when the Bond or any part thereof ought to be redeemed, repaid or called in accordance with the provisions of the relevant Series Trust Deed, the Issuer shall pay or procure to be paid to or to the order of the Joint Trustees in immediately available funds the full Principal Amount of the Bond or as the case may be such part of the Bond as ought to be redeemed on that date together with such premiums (if any) thereon as may be payable, and shall in the meantime and until such date (both before and after any judgment or other order of a court of competent jurisdiction) pay or procure to be paid unconditionally to or to the order of the Joint Trustees as aforesaid, Coupon on the Principal Amount of the Bonds.

7.2.3 In any case where payment is not made to the Joint Trustees on or before the due date or improperly withheld or refused by the Issuer, the Coupon shall continue to accrue on the Principal Amount Outstanding of the Bonds so withheld or refused (both before and after any judgment or order of a court of competent jurisdiction) at the Coupon Rate up to and including the date on which the Trustees determine to be the date on and after which payment is made to the Bondholders.

7.2.4 Every payment of principal and or Coupon on the Bonds shall be made free of all costs, commissions, charges, fees, or other payments or deductions, other than any tax on income which the Issuer may by any Applicable Laws be required to deduct.

7.3 **Authorisations**

The Issuer shall obtain, make and keep in full force and effect all authorisations that may be required for the validity and enforceability of the Issue Documents against the Issuer.

7.4 **Compliance with Laws, Deed, etc.**

7.4.1 The Issuer shall comply in all respects with all Applicable Laws, permits, and licences to which it may be subject and which in each case are material to its business and its obligations under the Issue Documents for as long as any Bonds are outstanding under the Programme, and shall obtain and maintain such permits and licences.

7.5 **Financial Statements and Covenants**

7.5.1 The Issuer shall furnish the Joint Trustees with a copy of the financial statement on its quarterly performance within ten (10) Business Days of sending the financial statement to the Commission and the relevant Exchange.

7.5.2 The Issuer shall furnish the Joint Trustees with 5 (five) copies of its audited financial statements, including its balance sheet as at the close of each fiscal year and its profit and loss account and statement of sources and application of funds for that fiscal year, prepared in accordance with IFRS and is concurred to by the Auditors as fairly representing the financial condition of the Issuer as at the close of each fiscal year, at the same time as such statements are being sent to its ordinary shareholders.

7.6 **Pari passu ranking**

Except as specified in the relevant Series Trust Deed(s) and/or Pricing Supplement in respect of such Series, the Issuer shall procure that its payment obligations under the Bonds will rank in respect of principal and any Coupon thereon, at all times, at least equally with all other unsecured obligations of the Issuer, present and future but in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

7.7 **Mergers and other arrangements**

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

(i) the Issuer shall be the continuing person, or the successor person (as a result of such amalgamation, de-merger, merger, consolidation or corporate reconstruction), shall be a company incorporated and validly existing under the laws of Nigeria, and shall assume all of the obligations of the Issuer under the Trust Deed by way of a supplemental trust deed to this Deed in form and substance satisfactory to the Joint Trustees;

(ii) immediately before and after giving effect to such amalgamation, de-merger, merger, consolidation or corporate reconstruction, no Potential Event of Default or Event of Default shall have occurred and be continuing; and

(iii) the Issuer or such successor person, as the case may be, shall have delivered to the Joint Trustees (a) an opinion of independent legal adviser(s) of recognised standing, stating that the amalgamation, de-merger, merger, consolidation or corporate reconstruction complies with the provisions of subparagraph (i) above and (b) a certificate signed by 2 (two) of its Directors stating the amalgamation, de-merger, merger, consolidation or corporate reconstruction complies with the provisions of subparagraphs (i) and (ii) above.

7.8 **Share Capital and other matters**

The Issuer shall not change or amend its constitutional documents being the Memorandum and Articles of Association in a manner that would adversely affect its ability or obligation to pay principal and/or Coupon on

Bonds issued under this Deed or the Programme and/or any moneys payable under this Deed unless the consent of the Joint Trustees is first obtained, which consent should not be unreasonably withheld and such amendment is required by Applicable Law.

7.9 **Auditors**

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

7.10 **Taxation**

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

7.10.1 such payment is being contested in good faith; and
7.10.2 such payment can be lawfully withheld.

7.11 **Statutory Payments**

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

7.12 **Legal Status**

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

7.13 **Information - Miscellaneous**

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

(a) be complete and correct in all material respects; and
(b) not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading in light of the circumstances under which such statements were or are made.

7.14 **Proper Books of Account**

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

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

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

7.16 **Restricted Payments**

The Issuer shall not, without the written consent of the Joint Trustees, declare or pay any dividend in cash or otherwise or make a distribution (whether by way of redemption, acquisition or otherwise) in respect of class of its share capital or any Junior Obligations

if

A. there is a continuing Event of Default as at proposed date for a Restricted Payment;

B. in any financial year, any Coupon or Principal payment due under the Bonds have not been paid on their respective due dates; and

C. such Restricted Payment (save in relation to the paragraph B above) when aggregated with all other Restricted Payments previously made in respect of the relevant financial year of the Issuer exceed 50 per cent of the Group's consolidated profit after tax for such financial year, determined by reference to the Group's audited consolidated IFRS financial statements for such financial year.

7.17 **Additional Covenants**

The Issuer further covenants to the Joint Trustees that it shall:

7.17.1 use its best endeavours to maintain the quotation or listing on the Exchange of those of the Bonds which are quoted or listed or, if it is unable to do so having used such endeavours, use its best endeavours to obtain and maintain a quotation or listing of such Bonds on such other stock exchange or exchanges or securities market or markets as the Issuer may decide and also upon obtaining a quotation or listing of such Bonds issued by it on such other stock exchange or exchanges or securities market or markets enter into a deed supplemental to this Trust Deed or the relevant Series Trust Deed to effect such consequential amendments as the Joint Trustees may require or as shall be requisite to comply with the requirements of any such stock exchange or securities market. Provided that the Issuer shall not delist the Bonds from any securities exchange without the prior approval of the Majority Bondholders (such consent shall not be unreasonably withheld or delayed);

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

on written request, issue to the Joint Trustees in each year in which any part of the Principal Amount and any Coupon accrued thereon remains outstanding a certificate stating that to the best of its knowledge, the Issuer is not aware of any facts or unforeseen circumstances in its ordinary course of business that will affect its ability to meet its payments obligations as and when due.

8. PRINCIPAL AND COUPON

8.1 **Principal Amount**

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

8.2 **Coupon Rate**

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

8.3 **Coupon Payment Date**

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

9. CREATION OF ADDITIONAL SERIES

9.1. Subject to Clause 5.1, the Issuer shall be at liberty from time to time (but subject always to the provisions of this Deed), without the consent of the Bondholders, to create and issue additional Series pursuant to the Programme either (i) ranking *pari passu* in all respects with outstanding Series, or (ii) upon such terms as to ranking, interest, conversion, call rights, redemption and otherwise as the Issuer may at the time of issue thereof determine. For the avoidance of doubt, any further issuance of Bonds may have terms and conditions the same as the Bonds of any Series (or the same in all respects save for the amount and date of the first payment of Coupon thereon, issue price, issue dates and aggregate Principal Amount) so that the same shall be cons*olidated a*nd form a single series with the outstanding Bonds of a particular Series.

9.2. Any Series created pursuant to the provisions of Sub clause 9.1 shall be constituted by a trust deed supplemental to this Trust Deed ("**Series Trust Deed**"). In any such case the Issuer, may make such consequential modifications to this Trust Deed as the Joint Trustees shall require in order to give effect to such issue of a Series.

9.3. The provisions of this Trust Deed except as otherwise varied in the relevant Series Trust Deed shall be incorporated by reference in the Series Trust Deed relating to any Series created pursuant to this Trust Deed.

10. REPRESENTATIONS AND WARRANTIES OF THE PARTIES

10.1 **Representations and warranties of the Issuer**

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

10.1.1 it is a public limited liability company duly incorporated under Nigerian law and has full power and authority, and has obtained all governmental licences, authorisations, consents and approvals, to enter into, execute, deliver and perform its obligations under the Issue Documents;

10.1.2 its execution and delivery of the Issue Documents and its performance thereunder:

10.1.2.1 have been duly authorised by all necessary corporate action (including any necessary shareholder or similar action);

10.1.2.2 will not contravene any Applicable Law;

10.1.2.3 will not contravene or constitute a default under any contractual obligation, judgment, injunction, order or decree binding upon it or its assets; and

10.1.2.4 will not contravene other agreements and any of the provisions of the Issuer's constitutive documents;

10.1.3 each of the documents required to be executed and delivered in connection with the issue of the Bonds have been or will be duly executed and delivered by it and (with respect to any Bond, upon its authentication and delivery by the Joint Trustees) constitutes its legal, valid and binding obligation, enforceable against it (subject to corporate insolvency and similar exceptions) in accordance with its terms;

10.1.4 it is in material compliance with all Applicable Laws in relation to its obligations under the Programme;

10.1.5 it has obtained and, to the extent that it has not obtained, will obtain the required registration necessary with the issuance of the Bonds;

10.1.6 neither the Issuer nor any of its assets has any right of immunity on the ground of sovereignty or otherwise, from the jurisdiction, attachment (before or after judgment) or execution in respect of any action or proceeding relating in any way to the Issue Documents that may be brought in the courts of the Federal Republic of Nigeria or any relevant jurisdiction and where any such right is conveyed while the Bonds are outstanding, the Issuer hereby waives such right;

10.1.7 the obligations of the Issuer under the Issue Documents are direct, general and unconditional obligations of the Issuer ;

10.1.8 that it is not unable nor has it admitted to an inability to pay its debts as they fall due and has not suspended making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commenced negotiations with one or more of its creditors with a view to rescheduling any of its Financial Indebtedness;

10.1.9 no Moratorium has been declared in respect of any of its current Financial Indebtedness; and

10.1.10 the value of its assets is not less than its actual liabilities: and

10.1.11 Save as may be otherwise disclosed in the applicable Pricing Supplement, no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if determined, might reasonably be expected to have a Material Adverse Effect (to the best of its knowledge and belief) has been started or threatened against it or its Subsidiary.

10.2 **Representations and warranties of the Joint Trustees**

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

10.2.1 it is a company within the meaning of the CAMA;

10.2.2 it is duly registered and authorised by the Commission to act as a trustee in connection with capital market transactions;

10.2.3 it has full power and authority to enter into this Deed and to exercise its rights and perform its obligations hereunder and has obtained all authorisations and consents necessary for it to enter, exercise rights and perform obligations under this Deed and such authorisations and consent are in full force and effect;

10.2.4 it has the resources, capacity and expertise to act on behalf of the Bondholders;

10.2.5 the obligations expressed to be assumed by it under this Deed are legal and valid obligations binding on it in accordance with their terms and it shall comply with the provisions of the ISA, SEC Rules and this Deed in the performance of their obligations;

10.2.6 it shall provide any information that the Commission or the Issuer may require in connection with their obligation to act on behalf of the Bondholders;

10.2.7 it shall not allow any conflicts to occur between its obligations in connection with and under the Programme and its commercial interests;

10.2.8 it shall not delegate its duties, except as permitted by this Deed; and

10.2.9 it shall comply with its obligations under this Deed.

11. ENFORCEMENT

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

12. ACCELERATION OF THE BONDS

12.1 The Issuer shall promptly give notice to the Joint Trustees of each Potential Event of Default and of any other event that has or might have a Material Adverse Effect on its ability to perform its obligations under this Deed.

12.2 Upon the occurrence of an Event of Default, the Joint Trustees at its discretion may, or shall (if requested to do so in writing by the Majority Bondholders, or are directed to do so by an Extraordinary Resolution of the Bondholders, and each case is indemnified to its satisfaction), give notice in writing to the Issuer, (a **"Bond Acceleration Notice"**) declaring the Bond to be immediately due and payable. When a Bond Acceleration Notice is given, all Bonds will become immediately due and payable in accordance with the terms of the relevant Series Trust Deed at their Principal Amount Outstanding together with accrued but unpaid Coupon without further action or formality.

13. PROCEEDINGS TO ENFORCE REPAYMENT

At any time after the Bonds shall have become immediately repayable pursuant to a Bond Acceleration Notice, the Joint Trustees may at their discretion and upon the request in writing of the Majority Bondholders or upon being so directed by an Extraordinary Resolution and without further notice institute such proceedings as they may think fit to enforce repayment of the Bonds of such Series or Tranche, the premium (if any) and all unpaid interest (if any) which has accrued on such sums.

14. TRUST OF RECEIPTS

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

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

14.1.2 Secondly, payment of any sum due or owing upon the Bonds (other than principal sum) *pari passu* and without preference or priority (unless as otherwise provided in the relevant Trust Deed); and

14.1.3 Thirdly, payment of the principal sum owing upon the Bonds *pari passu* and without preference or priority (unless as otherwise provided in the relevant Trust Deed).

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

14.2 The Issuer shall pay to the Joint Trustees, attorney, agent or other person appointed by the Joint Trustees pursuant to this Deed as and when due every sum of money which shall from time to time be payable to any such person under any provisions of this Deed together with any interest for late payment which has been agreed with the Issuer. Provided that the Joint Trustees shall not thereby be discharged of responsibility or Liability for all such acts.

15. METHOD OF PAYMENT OF PRINCIPAL MONEY, COUPON AND PREMIUM

15.1 Payment of principal, Coupon and premium (if any) for the time being owing or due on all or any part of the Bond will be credited to the bank account nominated for this purpose by the Bondholder (or in the case of joint registered Bondholders, by the joint Bondholders) or may be made by a cheque/warrant drawn on a bank duly licensed by the Central Bank of Nigeria and sent by post to**:**

15.1.1 the relevant Bondholder at his registered address; or

15.1.2 in the case of joint registered Bondholders, the joint Bondholder whose name stands first in the Register; or

15.1.3 such person or persons or to such address as the relevant Bondholder or all the joint registered Bondholder may in writing direct.

15.1.4 Every such cheque sent through the post will be sent at the risk of the relevant Bondholder or joint registered Bondholders and payment of any such cheque or warrant by the banker upon whom it is drawn shall be a satisfaction of the principal, interest and premium (if any) represented by such cheque.

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

16. APPLICATION OF ENFORCEMENT PROCEEDS

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

17. JOINT TRUSTEES TO ACT ON INSTRUCTIONS OF BONDHOLDERS

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

17.1 they shall have been so directed by an Extraordinary Resolution of the Bondholders; or

17.2 they shall have been requested to do so in writing by the Majority Bondholders; and

17.3 in either case, the Joint Trustees (and every attorney, delegate, manager, agent or other person appointed by the Joint Trustees hereunder) shall be entitled to be indemnified by the Bondholders and or secured to its satisfaction in respect of all liabilities, proceedings, claims, demands, costs, charges and expenses to which it may thereby become liable or which may be incurred by it (or any of the aforementioned parties so appointed by the Trustees) in connection therewith, provided that the Joint Trustees shall not be held liable for the consequence of taking any such action.

18. ONLY THE JOINT TRUSTEES TO ENFORCE

None of the Bondholders shall have any independent power to enforce any right or to exercise any rights, discretions or powers or to grant any consents or releases under or pursuant to any of the Issue Documents. Any power or right of the Bondholders under the Trust Deed shall be exercised only by the Joint Trustees or any delegate appointed by the Joint Trustees in accordance with the terms of the Trust Deed.

19. POWERS, DUTIES, RELIEFS AND INDEMNITIES OF THE TRUSTEE

19.1 The Joint Trustees shall enjoy all powers, reliefs and indemnities granted to the Joint Trustees pursuant to all applicable laws for the time being in force.

19.2 The Joint Trustees shall have the power to do any act in accordance with this Deed, the relevant Series Trust Deed, the ISA, SEC Rules and any Applicable Law which shall be on behalf of and for the benefit of the Bondholders.

19.3 The Joint Trustees shall have the following duties and responsibilities:

19.3.1 To act in accordance with the provisions of this Deed, the relevant Series Trust Deed, the ISA , SEC Rules, the Trustee Investments Act, and any Applicable Law and safeguard the rights of the Bondholders for the Issuer's obligations under the Programme;

19.3.2 to summon, as and when necessary, meetings of all Bondholders of a Series or tranche whereat a statement of affairs on the management of any funds on behalf of the Bondholders shall be presented and/or any other necessary business and or matter shall be presented and determined. A meeting shall be convened by the giving of at least 14 (fourteen) clear days' written notice to all Bondholders (specifying the agenda at the meeting). The procedure of and regulations for such a meeting of the Bondholders shall be in accordance with the Third Schedule to this Deed; and

19.3.3 not to enter into contracts or other arrangements that would amount to a conflict of interest in the performance of its respective obligations under this Deed, or any other customary obligations of a trustee.

19.4 The Joint Trustees acting through their specified offices shall make payments of Coupon and principal in respect of the Bonds in accordance with the Conditions and this Trust Deed and for so long as the Bonds are evidenced by records confirmed by the Registrar.

19.5 The Joint Trustees shall not make any payment of Coupon or principal in respect of any Series of the Bonds in an amount, which is greater than the amount of Coupon or principal payable in accordance with the

Conditions in respect of such Series of Bonds and determined or calculated by the Joint Trustees.

19.6 Prior to an Event of Default and after the curing or waiving of all Events of Default which may have occurred, the Joint Trustees shall not be liable except for the performance of such duties as specifically set down in this Deed.

19.7 The Joint Trustees shall make available for inspection by Bondholders at its specified office copies of this Deed and the latest consolidated audited accounts of the Issuer.

19.8 The Joint Trustees shall have no liability for any act or omission to act hereunder, or under any other instrument or document executed pursuant hereto except for the Joint Trustees' negligence, willful default and misconduct.

19.9 The duties and obligations of the Joint Trustees shall be determined solely by the express provisions hereof, and no implied powers, duties or obligations of the Joint Trustees, save as mandated by the ISA or any other Applicable Law, shall be construed into this Deed.

19.10 Upon the occurrence of an Event of Default which is continuing, the Joint Trustees shall, subject to the provisions of this Deed, exercise such rights and utilise such powers vested in them under this Deed, and the ISA, and shall use the required degree of care and skill in the exercise of their duties.

The Joint Trustees shall not be required to expend or risk their own funds in the performance of their duties

19.11 Notwithstanding any other provisions hereof, the Joint Trustees shall have no liability for (a) an error of judgment made in good faith by an officer or employee of the Joint Trustees, unless it shall be proved that the Joint Trustees were negligent in ascertaining the pertinent facts or (b) action taken or omitted to be taken by it in good faith in accordance with the lawful direction of the Majority Bondholders.

19.12 It is hereby expressly agreed and declared as follows:

19.12.1 the Joint Trustees, acting reasonably and in good faith, may in relation to this Deed act on the opinion or advice of, or any information from any solicitor, valuer, surveyor, broker, auctioneer, accountant, or other expert, whether obtained by the Issuer or by the Joint Trustees or otherwise, and shall not be responsible for any loss occasioned by so acting provided that it has used its best efforts to ensure that such persons are competent; and any such advice, opinion or information may be obtained or sent by letter, facsimile or, electronic mail, and the Joint Trustees shall not be liable for acting on any advice, opinion or information purporting to be so conveyed even though the same shall contain some error or shall not be authentic; Provided that the Issuer shall bear the fees and reasonable costs and expenses incurred by the Joint Trustees in the appointment of any solicitor, valuer, surveyor, broker, auctioneer, accountant or any other agent, expert or professional in respect of the trust and agreed in advance in writing by the Issuer. The Issuer hereby agrees to pay to the Joint Trustees such fees and expenses within 14 (fourteen) days on a full indemnity basis together with any VAT or similar tax payable in respect thereof in connection with the engagement of any such agent, expert or professional upon receipt of the Trustees' written request;

19.12.2 the Joint Trustees shall not be bound to give notice to any person or persons of the execution of this Deed or of any acts or deeds made or done by virtue of this Deed or to see to the registration of this Deed in any registry or to any other formalities (except to the due execution by it of this Deed) in connection herewith;

19.12.3 save as herein otherwise provided, the Joint Trustees shall not be bound to take any steps to ascertain whether any event has happened upon the occurrence of which the Bond may be declared immediately repayable;

19.12.4 save as herein otherwise expressly provided, the Joint Trustees shall, as regards all trusts, powers, authorities and discretions hereby vested in them, have absolute and uncontrolled discretion as to the exercise thereof, and in the absence of fraud, negligence, or misconduct, shall not be responsible for any loss, costs, damages, expenses or inconvenience that may result from the exercise or non-exercise thereof, and in particular, the Joint Trustees shall not be bound to act at the request or discretion of the Bondholders under any provision of this Deed unless the Joint Trustees shall first be indemnified to its satisfaction by the Bondholders against all costs, charges, expenses and liability which may be incurred in complying with such request or discretion;

19.12.5 the Joint Trustees shall not be responsible for the monies subscribed by applicants for the Bonds or be bound to see to the application thereof;

19.12.6 the Joint Trustees shall be at liberty to accept:

19.12.6.1 a certificate signed by any two (2) Directors as to any fact or matter on which the Joint Trustees may need or wish to be satisfied as sufficient evidence of such fact or matter including the certification that any properties or assets in the opinion of such people have a particular value or produce a particular income or are suitable for the Issuer's purposes as sufficient evidence that they have that value or produce a particular income or are so suitable; and

19.13.6.2 the Joint Trustees shall not be bound in such case to call for further evidence or be responsible for any loss that may be occasioned by its failing to do so or by its acting on any such certificate;

19.12.7 the Joint Trustees shall not be responsible for having acted upon any resolution purporting to have been passed at any meeting of the Bondholders in respect whereof minutes have been made and signed, even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution with the effect that the resolution was not valid or binding upon the Bondholders except where the Joint Trustees had knowledge of such defect prior to taking such action;

19.12.8 the Joint Trustees shall not be bound to declare any Series of the Bonds immediately repayable or to take any steps to enforce payment thereof or any of the provisions of this Deed unless and until in any of such cases the Joint Trustees are required to do so in writing by Majority Bondholders or by an Extraordinary Resolution passed at a duly convened meeting of the Bondholders; provided that the Joint Trustees shall in any case inform the Bondholders of the happening of any Event of Default that comes to their knowledge;

19.12.9 without prejudice to the right of indemnity by law conferred by law on trustees, the Joint Trustees and every attorney, manager, agent or other person appointed by it hereunder shall be entitled to be indemnified by the Issuer in respect of all liabilities and expenses incurred by the Joint Trustees or them in the execution or purported execution of the powers and trusts hereof or of any powers, authorities or discretions vested in it or them pursuant to this Deed; provided that the Joint Trustees, the attorney, agent or manager or other person appointed by the Joint Trustees have not acted negligently or in default of their powers, duties and obligations;

19.12.10 without prejudice to the jurisdiction of any competent court, the Joint Trustees shall have full power to determine all questions and doubts arising in relation to any of the provisions hereof, and every such determination *bona fide* made shall be binding on the Issuer and Bondholders (whether or not the same shall relate in whole or in part to acts or proceedings of the Trustees hereunder);

19.12.11 The Joint Trustees shall not be liable for any act pursuant to or under this Deed, save only for any breach of trust committed by them, provided that nothing contained in this clause shall exempt the Joint Trustees from or indemnify them against any Liability for breach of trust where the Joint Trustees fail to show the degree of care and diligence required of them, having regard to the provisions hereof conferring on them any powers, authorities or discretions.

19.13 The Joint Trustees shall comply with their fiduciary duties owed to the Bondholders under this Deed and Applicable Laws, including:

19.13.1 to manage the trust property in a prudent manner;

19.13.2 to act for the benefit of the Bondholders in the management of the trust property and not to let their duties and that owed to the Bondholders conflict;

19.13.3 to ensure that the property is vested according to the terms of the trust herein established;

19.13.4 to act honestly, prudently and in good faith in the performance of their duties and to exercise all due care, skill, diligence and vigilance in carrying out its functions and duties as trustee and in safeguarding the rights and interests of the Bondholders;

19.13.5 to clearly identify the property which are held on trust for the Bondholders;

19.13.6 not to delegate their duties, except as permitted by this Deed;

19.13.7 not to charge, pledge or deal with the trust assets except as authorized by the relevant Series Trust Deed, ISA, SEC Rules and the Applicable Laws;

19.13.8 not to comingle their funds with those of the trust;

19.13.9 to segregate their assets from the trust property and any other trust administered by the Trustee; and

19.13.10 to act impartially and solely in the best interest of all Bondholders.

19.13.11 PROVIDED that nothing contained in this Clause 19 shall exempt the Trustees from or indemnify them against any liability for negligence or breach of trust where the Trustees fails to show the degree of care and diligence required of them having regard to the provisions hereof conferring on them powers, authorities or discretions.

19.14 Power to Delegate or Appoint Agents

19.14.1 The Joint Trustees may in the conduct of the trust business, instead of acting personally, employ and pay an agent (whether a solicitor or other professional person), to transact or conduct or concur in doing all acts required to be done by the Joint Trustees, including the receipt and payment of money, in connection with the trusts hereof. PROVIDED however that where the Joint Trustees delegate all their powers to act on its behalf to an agent, the Joint Trustees shall not do so before notifying the Commission and the Issuer of such an intended delegation.

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

19.15 Dealings with the Issuer and its Securities

19.15.1 Subject to the provisions of the ISA, and Sections 212 and 213 of CAMA, anybody corporate which is for the time being a trustee hereof shall be at liberty in the ordinary course of its business, and every director, other officer or servant of any such body corporate shall be at liberty, to enter into contracts with or hold any office of profit under the Issuer or any Affiliate of the Issuer and to hold, purchase, sell, underwrite or otherwise deal with any of the Bonds or any other securities and other obligations of the Issuer or of any such Affiliate and to act as trustee of any other securities or obligations of the Issuer or of any such Affiliate without being accountable for any receipt, profits, interest charges, commissions, fees or other remuneration arising therefrom.

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

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

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

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

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

19.16 Authorisation of the Joint Trustees

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

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

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

19.17 Joint Trustee's Authority to Execute Documents

19.17.1 Each of the Bondholders hereby authorises the Joint Trustees to enter into and execute any further documents as may be approved by the Bondholders in writing for entry into by the Joint Trustees.

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

20. COVENANT OF COMPLIANCE

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

21. JOINT TRUSTEES' LIABILITY

Each Trustee shall be personally liable for its action under this Deed. Nothing in this Deed shall, in any case in which the Trustee has failed to show the degree of care and diligence required of it as Trustee having regard to the provisions of this Deed conferring on it any trusts, powers, authorities or discretions, exempt the Trustee from or indemnify them against any liability for negligence, willful default, breach of duty or breach of trust in relation to its duties under this Trust Deed.

22. RELIANCE ON CERTIFICATES

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

23. NO CROSS DEFAULTS

There shall be no rights of cross default with respect to the Bonds. A default with respect to a Series shall not cause an Event of Default with respect to any other Series of Bonds unless such event or condition on its own also constitutes an Event of Default with respect to such other Series of Bonds.

24. APPOINTMENT OF REGISTRAR

24.1. The Registrar shall be appointed by the Issuer but shall be responsible to the joint Trustees. The Registrar shall perform the following duties:

24.1.1. maintain at its specified office a Register which shall show all relevant details in respect of the Bonds as identified in the Conditions;

24.1.2. register all transfers of Bonds;

24.1.3. receive any document in relation to or affecting the title to any of the Bonds including all forms of transfer, probates, letters of administration and powers of attorney;

24.1.4. make payment of both Principal Amount and Coupon to the Bondholders at the times and in the amounts such payments are due; and

24.1.5. maintain proper records of the details of all documents received by it.

25. THE BOND REGISTER

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

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

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

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

26. PURCHASE OF BOND BY THE ISSUER

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

27. APPOINTMENT AND REMUNERATION OF TRUSTEE(S)

27.1. Subject to the notification and approval of the Commission, the power to appoint a new trustee hereof (up to a maximum of 2 (two) trustees acting jointly) shall for so long as any of the Bond is outstanding, be vested in the Issuer but no person shall be appointed who shall not previously have been approved by an Extraordinary Resolution of the Bondholders for the time being which Bondholders shall in addition have power at any time by an Extraordinary Resolution to remove from office any trustee appointed pursuant to this Deed. Provided that the Bondholders can only move to remove such an appointed trustee when the trustee is in breach of its representations and warranties in Clause 10.2 of this deed, as well as in the case of negligence, wilful default, breach of duty or breach of trust in relation to its duties as provided in Clause 20 of this Trust Deed and where the removal of the trustee would result in there being no trustee for the Bonds, such removal shall not be effective until the Issuer has appointed a new trustee (and such appointment has been approved by an Extraordinary Resolution of the Bondholders). Such successor trustee(s) shall be a reputable, duly registered and experienced trustee, has accepted such appointment, and shall have delivered to the Issuer the duly executed Accession Instrument in or substantially in the form in the Fourth Schedule to this Deed.

27.2. Without prejudice to Clause 27.1 above, the Issuer may without the consent of the Bondholders of an existing Series or Tranche of Bonds, appoint one or more additional trustee to act for any new Tranche or new Series as may be issued from time to time under the Programme provided that such Tranche is not included in an existing Series and such trustee shall only act in respect to the particular Tranche or Series for which it was appointed.

27.3. The Issuer shall during the continuance of this trust and until the trusts hereof shall be finally wound up and whether or not the trusts of this Deed be in the course of administration by or under the direction of any court, pay to the Joint Trustees the Trustee's fees and any other agreed fees in accordance with this Deed or any other agreed terms between the Issuer and the Joint Trustees, subject to such review as the Parties may agree in writing from time to time.

27.4. The Issuer shall pay the Joint Trustees the sign-on/participation fee and the annual fees in the amount and manner agreed to by the Parties in the Trustee(s) engagement letter.

27.5. The Issuer shall in addition pay to the Joint Trustees an amount equal to the amount of any Value Added Tax, or any similar tax chargeable in respect of its remuneration under this Deed.

27.6. The Joint Trustees may retain and pay to themselves out of any monies held by them upon the trusts of this Deed, all sums owing to it in respect of agreed remuneration costs, charges, expenses or interest or by virtue of any indemnity from the Issuer to which it is entitled hereunder or by law and all such sums as aforesaid shall rank in priority to the claims of the Bondholders. The Joint Trustees shall not incur cumulative expenses in excess of five hundred thousand Naira (₦500,000.00) in a semi-annual period without the prior written approval of the Issuer. Provided that the prior approval of the Issuer shall not be required in relation to expenses which are incurred in connection with Events of Default or Potential Events of Default.

27.7. The Issuer shall also pay all reasonable costs, charges and expenses incurred by the Joint Trustees in the exercise of the powers, authorities and discretions vested in it under this Deed.

27.8. All amounts payable under this Clause shall be payable by the Issuer within 30 (thirty) days from the date of the written demand by the Joint Trustees.

28. REMOVAL AND RETIREMENT/RESIGNATION OF THE TRUSTEE(S)

A Trustee hereof may retire/resign at any time without being responsible for any costs occasioned by such retirement/resignation, provided that:

i. it shall have given 3 (three) months' notice in writing to the Issuer, the Commission, and the Bondholders; and

ii. no such retirement shall take effect (where the retirement/resignation of such Trustee would result in there being no trustee for the Bonds) until the Issuer has appointed a new trustee (and such appointment has been approved by an Extraordinary Resolution of the Bondholders).

In addition, where any Series Trust Deed so provides, the Trustee may be removed by the Issuer subject to receipt of a prior written consent of the SEC but only for the reasons stated in the Series Trust Deed so long as: (a) no Event of Default shall have occurred and be continuing and (b) the removal of the Trustee shall not have any adverse effect upon the rights and interests of the Bondholders.

Where a Trustee gives notice of its resignation as Trustee pursuant to Clause 27.1 hereof or in the event that the Trustee is dissolved or otherwise becomes incapable to act as Trustee or is removed as Trustee pursuant to Clause 27.2 hereof, the Issuer shall immediately appoint a successor trustee, upon obtaining an Extraordinary Resolution of the Bondholders and approval of the Commission. In such event, the successor Trustee shall cause notice of its appointment to be issued to the Bondholders of all Bonds then outstanding. If the Trustee resigns, the resigning Trustee shall bear the costs of giving such notice. If the Trustee is removed, is dissolved, or otherwise becomes incapable of acting as Trustee, the Issuer shall bear the costs of giving such notice.

Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor trustee(s) shall be a reputable, duly registered and experienced Trustee, duly registered with the Commission to provide corporate trust services.

Every successor Trustee shall on the date of its appointment execute a Accession Instrument in or substantially in the form in the Fourth Schedule to this Deed.

Every successor Trustee shall execute, acknowledge and deliver to its predecessor and also to the Issuer an instrument in writing, accepting such appointment hereunder, execute the Accession Instrument pursuant to clause 27.5 above and in the manner specified in Fourth Schedule to this Deed and thereupon such successor Trustee, without further action, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, and such predecessor shall execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of such predecessor. The predecessor Trustee shall execute any and all documents necessary or appropriate to convey all interest it may have to the successor Trustee. The predecessor Trustee promptly shall deliver all records relating to the trust and copies thereof and communicate all material information it may have obtained concerning the trust to the successor Trustee and shall duly provide the successor Trustee with a full and updated statement of affairs and accounts of the trust in respect of each Series of Bonds.

Each of the parties to this Deed, other than the acceding party, agrees to the accession of the acceding party on the terms set out in this Deed and agrees that this Trust Deed shall hereafter be read and construed as if the acceding party has been named therein as Trustees.

29. INDEMNITY RELATING TO APPLICATIONS TO THE COURT

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

30. POWER TO RECOUP MONEY OWED TO THE JOINT TRUSTEES

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

30.1 all liabilities, costs, charges and expenses incurred by them in relation to this Deed or to the preparation and execution or purported execution of this Deed,

30.2 the carrying out of the trusts of this Deed,

30.3 the exercise of any trusts powers or discretion vested in them pursuant to this Deed, and

30.4 all actions, proceedings costs, claims and demands in respect of any matter or thing done or omitted in anywise relating to this Deed;

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

31. MODIFICATION OF TERMS OF THE DEED

31.1 Subject to the approval of the Commission, in addition and without prejudice to the powers of the Bondholders exercisable by Extraordinary Resolution, the Joint Trustees may at any time without the sanction of an Extraordinary Resolution concur with the Issuer in making any modification to this Deed as may be agreed between the Issuer and the Trustee where the Joint Trustees are of the opinion that such modification will not be materially prejudicial to the interests of the Bondholders or that the modification is intended to correct a manifest error or omission or that in its opinion, the modification is of a formal, minor or technical nature or in compliance with the provision(s) of an Applicable Law. Any such modification shall be binding on the Bondholders and any such modification shall be notified by the Join Trustees to the Bondholders as soon as practicable.

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

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

32. WAIVER OF DEFENCES

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

32.2 Notwithstanding clause 31.1 above, the obligations of the Issuer under this Trust Deed shall not be affected by any act, omission, matter or thing which, but for this provision, might operate to release or otherwise exonerate the Issuer from its obligations under this Trust Deed in whole or in part, including, whether or not known to the Issuer or the Joint Trustees:

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

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

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

33. INCORPORATION OF SCHEDULES

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

34. NOTICE OF BREACH TO THE COMMISSION

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

35. COMPLIANCE WITH THE ISA

35.1 The Joint Trustees in exercise of the powers and discretions vested in them pursuant to this Deed shall comply with the provisions of the ISA, SEC Rules and Trustee Investments Act.

35.2 The provisions of this Trust Deed shall be subject to the relevant provisions of the ISA, SEC Rules, Trustee Investments Act and other Applicable Laws

36. CONFIDENTIALITY

36.1 The Joint Trustees hereby agree that during the course of their engagement under this Deed, they are likely to obtain knowledge of confidential information with regard to the affairs of the Issuer and the Subsidiaries, details of which are not in the public domain ("Confidential Information"), and accordingly the Joint Trustees hereby undertake and covenant with the Issuer that they shall:

36.1.1 not at any time, use any Confidential Information except for the purpose of performing their duties under this Deed;

36.1.2 not at any time during the subsistence of, or after the termination of this Deed (save as required by law or judicial order), disclose or divulge any Confidential Information to any person other than to officials of the Issuer who are authorized to have access to such Confidential Information;

36.1.3 promptly notify and indemnify the Issuer if they become aware of any breach of Confidential Information by them;

36.1.4 use their best endeavours to prevent the publication or disclosure of any Confidential Information by any person under their control;

36.1.5 upon receipt of a written request from the Issuer, return to the Issuer, all Confidential Information provided.

36.2 The restrictions set out in Clause 35.1 above shall cease to apply to information or knowledge which comes into the public domain otherwise than by reason of the default of the Joint Trustees.

36.3 The restrictions set out in this Clause 35 shall continue to apply notwithstanding the termination of this Deed, save for Clause 35.1.3 which shall only apply for a period of 4 (four) Years after the termination of this Deed.

37. NOTICES

37.1 All notices required to be given in connection with this Deed shall be in writing, either delivered by hand, pre-paid post or courier or by dispatching the same by electronic mail transmission or other means of communication in permanent written form, and due service shall be deemed to have been made at the time of actual receipt, save that in the case of any electronic mail transmission sent after 4.30 pm, it shall be deemed to have been served at 9.00 am on the next Business Day. All notices shall be effective when received at the addresses specified for the service by the relevant party or as amended from the time to time in writing as set out below.

For the Issuer:

FCMB Group Plc
5th Floor, 44 Marina Plaza
Lagos, Nigeria
Attention: Deji Fayose
Telephone: 0808 274 7336
Email: deji.fayose@fcmb.com

For the Trustees:

ARM Trustees Limited

Attention: Michael Abiodun Thomas
Telephone: +2348035732578
Email: Michael.abiodun-thomas@arm.com.ng

FCMB Trustees Limited:

Attention: 07034118990; 08025727104
Telephone: Samuel Adesanmi; Oluwabunmi Noren
Email: Samuel.adesanmi@fcmb.com; Oluwabunmi.noren@fcmb.com

or to such other address as shall have been notified (in accordance with this Clause) to the other parties hereto and any notice or demand sent by post as aforesaid shall be deemed to have been given, made or served seven days after dispatch.

37.2 In the case of joint registered Bondholders a notice given to the holder whose name stands first in the Register in respect of such Bond shall be sufficient notice to all the joint holders of such Bond.

38. MISCELLANEOUS

38.1 No failure or delay by the joint Trustees in exercising any right or remedy shall operate as a waiver thereof nor shall any single or any partial exercise or waiver of any right or remedy preclude it from further exercise or the exercise of any other right or remedy.

38.2 Each of the provisions of this Deed is severable and distinct from the others and if at any time one or more of such provisions is or becomes invalid, illegal or enforceable, the validity legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

38.3 No amalgamation, reconstruction or other change in the status of the Issuer shall be interpreted to avoid the obligations herein imposed on the Issuer and in the event (if any) of any change in status of the Issuer as aforesaid, the successor or successors-in-title of the Issuer shall be held and deemed responsible for the due performance of the obligations herein intended by this Trust Deed.

39. FORCE MAJEURE

Neither the Issuer nor the Joint Trustees herein shall be liable to the other for failure or delay in the performance of a required obligation under this Trust Deed if such failure or delay is caused by an event termed as "Force Majeure" PROVIDED THAT such party gives prompt written notice of such condition, the steps being taken or proposed to be taken in relation to such event, and resumes its performance as soon as reasonably possible after the cessation of such condition and such condition does not continue for a period exceeding 30 (thirty) days PROVIDED ALSO THAT the other party is reasonably satisfied that such condition impedes the relevant party's ability to discharge its obligations under the Trust Deed.

40. GOVERNING LAW AND JURISDICTION.

This Trust Deed shall be governed by, and construed in accordance with Nigerian law. Subject to Clause 41 below, the Courts of the Federal Republic of Nigeria shall have jurisdiction to determine any dispute arising out of or in connection with this Trust Deed and to grant any interim reliefs or order that may be required pending the determination of any dispute.

41. DISPUTE RESOLUTION

41.1 This Trust Deed and the accompanying schedules shall be governed by and construed in accordance with the laws of Nigeria.

41.2 Where any dispute arises from and or concerning this Trust Deed, the Parties shall meet as soon as possible to attempt to negotiate an amicable settlement of such dispute. Such negotiations will be conducted in good faith and if a resolution is not reached within 7 (seven) Business Days after the commencement of such dispute, the dispute shall be referred to arbitration.

41.3 The Party or Parties shall serve on the other or others a demand for arbitration. Within 14 (fourteen) Business Days of such demand being served, the Parties shall constitute the arbitral tribunal which shall consist of three (3) arbitrators, one appointed by the Joint Trustees (provided that where the Joint Trustees are unable to agree on the appointment of the arbitrator, the arbitrator shall be appointed by the President of the Nigerian Branch of the Chartered Institute of Arbitrators (UK)), a second appointed by the Issuer and the two (2) arbitrators thus appointed shall within 14 (fourteen) Business Days appoint a third arbitrator. In the event that the arbitrators do not agree on the appointment of such arbitrator, or if either party fails to appoint the arbitrator to be appointed by it, such an arbitrator shall be appointed by the President of the Nigerian Branch of the Chartered Institute of Arbitrators (UK), in accordance with the rules of Arbitration and Conciliation Act, Cap A18 LFN 2004, on the application of either Party (notice of the intention to apply having been given in writing by the applicant Party to the other Party or Parties) and, when appointed the 3rd arbitrator shall convene meetings of arbitration panel act as chairman thereof and decide the difference or dispute should the arbitrators fail to reach a unanimous decision.

41.4 Where an arbitrator refuses or neglects to act, or is incapable of acting or dies, a new arbitrator shall be appointed in his place and the above provisions of appointing arbitrators shall, mutatis mutandis, govern the appointment of any such arbitrator or arbitrators.

41.5 The arbitration rules and procedures and award shall be binding on the parties to the dispute. The award shall be delivered within 2 (two) months after the appointment of the 3rd (third) arbitrator or within such extended period as may be agreed upon by the Parties to the dispute. The cost of the arbitration shall be borne by the Party against whom the award is made. The award shall include consequential, indirect or punitive damages.

41.6 The venue of the arbitration shall be Lagos, Nigeria, or otherwise as agreed by the Parties. The arbitration shall be in English Language.

41.7 The provisions of this Clause shall survive the termination from whatever cause arising out of any or all the terms of this agreement.

41.8 In the event that the arbitrators are unable to settle the dispute, the matter shall be referred to the Commission for resolution.

42. ASSIGNMENTS AND TRANSFERS

42.1 **Transfers by the Joint Trustees**

The Joint Trustees may assign or transfer any of their rights, interests or obligations under or in respect of this Deed to any successor as Trustees, subject to the provisions of this Deed, provided that they notifies the Issuer and the Commission of such transfer.

42.2 **Transfers by the Issuer**

The Issuer may not assign or transfer any of its rights, interests or obligations under or in respect of this Deed to any person, without duly notifying, and obtaining the approval of the Commission and without the express written consent of the Joint Trustees.

43. SEVERABILITY

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

44. ENTIRE AGREEMENT

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

45. COUNTERPARTS

This Deed may be executed simultaneously in any number of counterparts, each of which shall be deemed to be an original, but all of which taken together, shall constitute one and the same instrument.

19.STATUTORY AND GENERAL INFORMATION

SHAREHOLDING STRUCTURE

As at December 31, 2021, authorized share capital of FCMB Group Plc is ₦15,000,000,000, divided into 30,000,000,000 Ordinary Shares of ₦0.50 each. The issued and paid up share capital stands at ₦9,901,355,390.50, divided into 19,802,710,781 Ordinary Shares of ₦0.50 each .

The following shareholders held more that 5% of the issued share capital of the company as at December 31, 2021:

Shareholders	Holdings	% Holdings
Stanbic Nominees Nigeria Limited – Custody	2,105,575,053	10.63
Capital IRG Trustees Limited	1,845,919,854	9.32
Primrose Investments Limited	1,013,649,521	5.12

The table below sets out a summary of the capital structure of the Company as at December 31, 2021

Description	12 months	12 months	12 months
₦' Thousand	Ended 31 Dec 2021	Ended 31 Dec 2020	Ended 31 Dec 2019
Cash and Cash Equivalent	621,755	818,741	19,482
Short-Term Debt	-	-	-
Long -Term Debt	-	-	-
Total Shareholders' Equity	134,342,829	132,227,355	131,939,461

SHARE CAPITAL HISTORY

FCMB Group Plc was incorporated in Nigeria as a financial holding company on November 20, 2012, under CAMA, in response to the Central Bank of Nigeria's (CBN) Regulation on the Scope of Banking Activities and Ancillary Matters (Regulation 3). This regulation requires banks to divest their non-bank subsidiaries, or retain the permissible non-bank subsidiaries under a group structure approved by the CBN. FCMB Bank PLC's response to the regulation was a group restructuring plan that was approved by the CBN in December 2011 as the 'Compliance Plan' and subsequently by shareholders at a meeting in December 2012. The CBN granted a Financial Holding Company Licence to FCMB Group Plc in May 2013.

FCMB Group Plc was incorporated with an authorised share capital of ₦15,000,000,000, divided into 30,000,000,000 Ordinary Shares of ₦0.50 each. The issued and paid capital at incorporation was ₦9,901,355,390.50, divided into 19,802,710,781 Ordinary Shares of ₦0.50 each.

The current issued share capital of the Company is ₦9,901,355,390.50 divided into 19,802,710,781 Ordinary Shares of ₦0.50 each. There has been no changes in the Ordinary Share Capital of the company since incorporation as shown below:

Year	Authorized Share Capital (₦)		Par Value of each share	Number of shares	Issued and Fully Paid Up (₦)		Consideration/Method of Issue
	Increase	Cumulative			Increase	Cumulative	
2013	-	30,000,000,000	₦0.50	19,802,710,781	-	19,802,710,781	Migration from FCMB Bank Plc
2021	-	30,000,000,000	₦0.50	19,802,710,781	-	19,802,710,781	No Change

DIRECTORS' BENEFICIAL INTERESTS

The interests of the Directors in the issued share capital of the Group as recorded in the Register of Directors' Interests or as notified by them for the purpose of section 275(1) of CAMA as at December 31, 2021, are as follows:

Board of Directors	Direct	Indirect
Mr. Oladipupo Jadesimi	190,463,000	-
Mr. Ladi Balogun	202,166,756	-
Mr. Adegbolahan Joshua	-	-
Mr. Olufemi Badeji	3,000,000	-
Alhaji Mustapha Damcida	-	-
Dr. (Engr) Gregory Ero	-	-
Professor Oluwatoyin Ashiru	2,055,187	-
Mrs. Olapeju Sofowora	262,500	-
Mrs. 'Tokunboh Ishmael	-	-
Ms. Muibat Ijaiya	8,000	-

SUBSIDIARIES

As at the date of this Prospectus, FCMB Group Plc had the following investments in subsidiaries:

SUBSIDIARIES	% SHAREHOLDING
First City Monument Bank Limited	100
Credit Direct Limited	100
FCMB Capital Markets Limited	100
CSL Stockbrokers Limited	100
FCMB Pensions Limited	92.8
FCMB Trustees Limited	100
FCMB Microfinance Bank Limited	100
FCMB (UK) Limited (Subsidiary of First City Monument Bank Limited)	100
CSL Capital (UK) Limited (Subsidiary of CSL Stockbrokers Limited)	75
FCMB Asset Management Limited (Subsidiary of CSL Stockbrokers Limited)	100

INDEBTEDNESS

As at the date of this Pricing Supplement, FCMB Group, through its banking subsidiary (First City Monument Bank Limited), has indebtedness totaling ₦317,071,332,000 (Three Hundred and Seventeen Billion, Seventy-One Million, Three Hundred and Thirty-Two Thousand Naira).

CLAIMS AND LITIGATION

The following is an extract from the Solicitors Report on Claims and Litigation prepared by Olaniwun Ajayi LP.

i. There are no on-going, threatened or pending arbitration, litigation, administrative or regulatory proceedings, investigations or hearings or any other governmental action against the Issuer; and

ii. There are no outstanding settlements, arbitral awards, judgments, rulings, injunctions, or other decrees or orders made in favour of or against the Issuer

EXTRACTS FROM THE MEMORANDUM AND ARTICLES OF ASSOCIATION

Below are relevant extracts from the Issuer's Memorandum and Articles of Association

Memorandum:

3. The objects for which the company is established are:

a) To carry on business as a financial holding company

b) To invest in and hold controlling shares in as well as manage equity investment in the following companies: FCMB Plc, FCMB (UK) Limited, Credit Direct Limited, FCMB Capital Market Limited, First City Asset Management Limited and CSL Limited; as well as any other company that may be subscribed to registered by the company in accordance with any statues, rule and regulations to which the company may be subject from time to time.

Articles of Association:

1. Borrowing Powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as a security for any debt, liability or obligation of the company or of any third party

DECLARATION

Except as otherwise disclosed herein:

- No share of the Group is under option or agreed conditionally or unconditionally to be put under option;
- No commissions, discounts, brokerages or other special terms have been granted to any person in connection with the issue or sale of any share of the Group;
- Save as disclosed herein, the Directors of FCMB Group have not been informed of any shareholding representing 5% or more of the issued share capital of the Group;
- There are no founders, management or deferred shares or any options outstanding;
- There are no material service agreements between FCMB Group, any of its Directors and employees other than in the ordinary course of business;
- There are no long-term service agreements between the Group and any of its Directors and employees;
- No Director or key management personnel has been involved in any of the following (in or outside Nigeria):
  - A petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he/she was a partner or any company of which he/she was a director or key personnel;
  - A conviction in a criminal proceeding or is named subject of pending criminal proceedings relating to fraud or dishonesty; and
  - The subject of any order, judgement or ruling of any court of competent jurisdiction or regulatory body relating to fraud or dishonesty, restraining he/she from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

COSTS AND EXPENSES

The costs and expenses of undertaking this Debt Issuance Programme including fees payable to the SEC, the NGX, FMDQ and Professional Parties, filing fees, stamp duties, legal fees, other expenses, brokerage commission and the costs of printing and advertising the Offer are as set out in each applicable Pricing Supplement

MATERIAL CONTRACTS

The following agreement(s) have been entered into by the parties and are considered material to the Programme:

- Programme Trust Deed dated February 16, 2023 executed between FCMB Group Plc and FCMB Trustees Limited and ARM Trustees Limited, acting as Trustee in respect of the Debt Issuance Programme; and
- Vending Agreement dated February 16, 2023 executed between FCMB Group Plc, Chapel Hill Denham Advisory Limited and FCMB Capital Markets Limited, acting as Issuing Houses in respect of the Debt Issuance Programme.

AUTHORIZATION OF THE PROGRAMME

By a resolution of the Board dated April 22, 2022 approving the issuance of up to ₦30,000,000,000 Additional Tier 1 Bonds, the issuance of the Series 1 Bonds was approved. The extract of the resolution of the Board is as follows:

a. That the Board be and is hereby authorised to establish a Debt Issuance Programme for additional capital of up to ₦300,000,000,000.00 (Three Hundred Billion Naira) or its equivalent in foreign currency and the issuance of loans, notes, bonds, and/or other debt securities (convertible or non-convertible), including, but not limited to, any such instruments with capital qualifying features, whether by way of public offering, private placement, rights offering, book building process or other methods or combination of methods, in such tranches, series or proportions, at such coupons or interest rates within such maturity periods, and on such other terms and conditions including the provision of security for repayment, as the Board may deem fit or determine ("Programme"), subject to obtaining the approvals of all relevant regulatory authorities

b. That the Board be and is hereby authorised to raise Additional Tier-1 capital of up to ₦30,000,000,000.00 (Thirty Billion Naira Only) under the Programme upon such terms and conditions as may be determined by the Board ("Series 1 Issuance"), subject to the procurement of all relevant regulatory approvals)

c. That subject to the approval of relevant regulatory authorities, the Board be and is hereby authorised to absorb excess monies arising from the Series 1 Issuance in the event of an over subscription; up to the maximum limit prescribed under applicable regulations

d. That the Group be and is hereby authorised to invest the proceeds of the issuances under the Programme in its existing subsidiaries and/or other permissible investments as the Board may deem fit, and/or to make the said proceeds available to First City Monument Bank Limited via such arrangements and pursuant to such transaction structure as the Board may deem fit, on such terms and conditions as the Board may agree; subject to obtaining the approvals of all relevant regulatory authorities

e. That the Group be and is hereby authorised to make the proceeds under the Series 1 Issuance available to the Bank via a note issuance or such other arrangement as specified under the terms and conditions of the Series 1 Issuance

f. That any two Directors or a Director and the Company Secretary be and are hereby authorised to enter into and/or sign/execute all agreements and any other documents to be issued by the Board of FCMB Group, as may be required for giving effect to the above resolutions

g. That the Board and Company Secretary be and are hereby authorised to perform all such lawful acts as are necessary to give effect to the above listed resolutions, including without limitation, filing of any documents with the Corporate Affairs Commission, the Securities and Exchange Commission, the Nigerian Exchange Limited and/or with any other government agency, in connection with the Programme and Series 1 Issuance.

CONSENTS

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

Directors of the Issuer	Mr. Ladi Jadesimi
	Mr. Ladi Balogun
	Mr. Femi Badeji
	Mr. Adegbolahan Joshua
	Alhaji Mustapha Damcida
	Professor Oluwatoyin Ashiru
	Dr. (Engineer) Gregory Omosigho Ero
	Mrs. Olapeju Sofowora
	Mrs. Tokunboh Ishmael
	Ms. Muibat I. Ijaiya
Company Secretary	Mrs. Olufunmilayo Adedibu
Lead Issuing House	Chapel Hill Denham Advisory Limited
Joint Issuing Houses	FCMB Capital Markets Limited
Trustees	ARM Trustees Limited and FCMB Trustees Limited
Solicitors to the Issue	Olaniwun Ajayi LP
Solicitors to the Issuer	Banwo & Ighodalo
Reporting Accountants	Ernst and Young Professional Services
Stockbrokers	CSL Securites Limited; Chapel Hill Denham Securities Limited
Auditors	Deloitte and Touche, Nigeria
Registrar	Meristem Registrars & Probate Services Limited
Receiving Bank	FSDH Merchant Bank Limited

RELATIONSHIP BETWEEN THE GROUP AND ITS ADVISERS

As at the date of this Prospectus and in compliance with SEC Rule 288 (9) as amended, we hereby state that there is no shareholding relationship between FCMB Group Plc and Chapel Hill Denham Advisory Limited. However, the Group Chief Executive Officer of the Issuer is related to the CEO of Chapel Hill Denham Advisory Limited- the Lead Issuing House.

There is a shareholding relationship between FCMB Group Plc, FCMB Capital Markets Limited and FCMB Trustees Limited. FCMB Capital Market Limited and FCMB Trustees Limited are subsidiaries of FCMB Group Plc.

Other than as disclosed in the Shelf Prospectus, there is no other relationship between FCMB Group Plc, its respective Directors, major shareholders and principal officers and Parties to the Issue, except in the ordinary course of business.

MERGER OR OTHER TRANSACTIONS

FCMB Group through FCMB Pensions Limited acquired 96.3% of AIICO Pensions Managers Limited in 2021. Subsequently merging the two entities into one surviving entity – FCMB Pensions Limited. The acquisition was a private sale with a purchase price of ₦10.37 per share.

RELATED PARTIES TRANSACTIONS

No related party transactions recorded in the Audited financial statements.

DOCUMENTS AVAILABLE FOR INSPECTION

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

(a) Certificate of Incorporation of the Group duly certified by the CAC;
(b) The Memorandum and Articles of Association of the Group duly certified by the CAC;
(c) The Board Resolution of the Issuer dated April 22, 2022 authorizing the establishment of the Debt Issuance Programme;
(d) CAC Certified Status Report reflecting: a.) the Issuer's Share Capital, b.) the Issuer's Directors;
(e) The Audited Financial Statements of the Group for each of the five years ended December 31, 2021, 2020, 2019, 2018 and 2017;
(f) The Management Accounts up to June 30, 2022;
(g) The Reporting Accountants Report on Audited Accounts of the Group for five years ended December 31, 2021, 2020, 2019, 2018 and 2017;
(h) The Material Contracts referred to on page 112;
(i) The written consents of the parties referred to on page 113 of this Shelf Prospectus ;
(j) SEC Approval letter confirming the registration of the Shelf Prospectus;
(k) The schedule of claims and litigations involving the issuer and the opinion of the Solicitors to the Issue prepared in connection therewith;
(l) Deed of Covenant dated on or about the date of this Shelf Prospectus ; and
(m) The Programme Trust Deed dated on or about the date of this Shelf Prospectus
(n) The Note Issuance Agreement