



NOVA MERCHANT BANK LIMITED

(RC 1413910)

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

₦50,000,000,000

COMMERCIAL PAPER ISSUANCE PROGRAMME

Nova Merchant Bank Limited ("Nova MBL", the "Issuer" or the "Company"), a private limited liability company incorporated in Nigeria, has established this ₦50,000,000,000 Commercial Paper Issuance Programme (the "CP Programme"), under which Nova MBL may from time to time issue Commercial Paper notes ("CP Notes" or "Notes"), denominated in Nigerian Naira or in such other currency as may be agreed between the Issuer and each relevant Dealer and or the Arrangers (as defined in the section entitled, "Summary of the Programme", in separate series or tranches subject to the terms and conditions ("Terms and Conditions") contained in this Programme Memorandum.

Each Series or Tranche (as defined under the Terms and Conditions) will be issued in such amounts, and will have such discounts, period of maturity and other terms and conditions as set out in the Pricing Supplement applicable to such series or tranche (the "Applicable Pricing Supplement"). The maximum aggregate nominal amount of all CP Notes from time to time outstanding under the CP Programme shall not exceed ~~₦~~₦50,000,000,000 over a three-year period that this Programme Memorandum, including any amendments thereto, shall remain valid.

This Programme Memorandum is to be read and construed in conjunction with any supplement hereto and all documents which are incorporated herein by reference and, in relation to any Series or Tranche (as defined herein), together with the Applicable Pricing Supplement. This Programme Memorandum shall be read and construed on the basis that such documents are incorporated and form part of this Programme Memorandum.

The CP Notes will be issued in dematerialised form, registered, quoted and traded via the FMDQ Securities Exchange Limited ("FMDQ Exchange" or the "Exchange") Platform in accordance with the Rules, Guidelines and such other regulation with respect to the issuance, registration and quotation of Commercial Paper as may be prescribed by the Central Bank of Nigeria ("CBN") and FMDQ Exchange from time to time, or any other recognized trading platform as approved by the CBN. The securities will settle via any central securities depository registered or recognised by the Securities and Exchange Commission, acting as Registrars and Clearing Agent for the Notes.

This Programme Memorandum and the Applicable Pricing Supplement shall be the sole concern of the Issuer and the party to whom this Programme Memorandum and the Applicable Pricing Supplement is delivered (the "Recipient") and shall not be capable of distribution and should not be distributed by the Recipient to any other parties nor shall any offer made on behalf of the Issuer to the Recipient be capable of renunciation and assignment by the Recipient in favour of any other party. In the event of any occurrence of a significant factor, material mistake or inaccuracy relating to the information included in this Programme Memorandum, the Issuer will prepare a supplement to this Programme Memorandum or publish a new Programme Memorandum for use in connection with any subsequent issue of CP Notes.

LEAD ARRANGERS AND DEALERS

UNITED CAPITAL PLC

RC 444999

NOVA MERCHANT BANK LIMITED

RC 1413910

CO-ARRANGERS/DEALERS

FSDH CAPITAL LIMITED

RC 276208

EAC ADVISORY LIMITED

RC 1498096

RENAISSANCE SECURITIES (NIGERIA) LIMITED

RC 685973

ISSUING, CALCULATION AND PAYING AGENT

NOVA MERCHANT BANK LIMITED

RC 1413910

THIS PROGRAMME MEMORANDUM IS DATED 02 February, 2022

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GLOSSARY OF DEFINED TERMS

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

Terms/Abbreviations	Description
“Agency Agreement”	The issuing collecting, placing and paying agency agreement dated 4 th February 2022 or about the date of the Programme Memorandum executed by the Issuer and the Issuing, Calculation and Paying Agents
“Arranger(s)”	Nova Merchant Bank Limited, United Capital Plc, EAC Advisory Limited, FSDH Merchant Bank, Renaissance Securities (Nigeria) Limited, and any other party appointed
“Board” or “Directors”	Board of Directors of Nova Merchant Bank Limited
“Business Day”	Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria on which banks are open for business in Nigeria
“CBN”	Central Bank of Nigeria
“CBN Guidelines”	CBN’s Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers, issued on 11 September 2019 and the CBN Circular of 12 July 2016 on Mandatory Registration and Quotation of Commercial Papers, as amended or supplemented from time to time
“CSD”	Central Securities Depository registered or recognised by the Securities and Exchange Commission and approved by the Issuer or as may be specified in the Applicable Pricing Supplement
“CSCS” or the “Clearing System”	Central Securities Clearing Systems PLC
“CSD Rules”	The rules and operating procedures for the time being of the CSD
“CGT”	Capital Gains Tax as provided for under the Capital Gains Tax Act Cap C1, LFN 2004
“CITA”	Companies Income Tax Act Cap C21, LFN 2004 (as amended by the Companies Income Tax Act No 11 of 2007)
“Commercial Paper”, “CP”, “CP Notes” or “Notes”	Unsecured Commercial Paper Notes to be issued by the Issuer under the CP Programme in form of short-term zero-coupon notes under the CP Programme
“Conditions” or “Terms and Conditions”	Terms and conditions, in accordance with which the Notes will be issued, set out in the section of this Programme Memorandum headed “Terms and Conditions of the Notes”
“CP Programme” or “Programme”	The CP Programme described in this Programme Memorandum pursuant to which the Issuer may issue several separate Series or Tranches of Notes from time to time with varying maturities and discount rates provided, however, that the aggregate Face Value of Notes in issue does not exceed ₦50,000,000,000
“Day Count Fraction”	The method of calculating the discount in respect of a Note as specified in the Applicable Pricing Supplement
“Dealer”	Nova Merchant Bank Limited, United Capital Plc, FSDH Capital Limited, EAC Advisory Limited, Renaissance Securities (Nigeria) Limited, and any other additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or an ongoing basis, subject to the Issuer’s right to terminate the appointment of any Dealer

"Eligible Investor"	means an investor that is not a QII as defined by the FMDQ Exchange Rules, and who has executed a declaration attesting to its eligibility in the manner prescribed in the FMDQ Exchange Rules.
"Event of Default"	Means an event of default by the Issuer as set out in Condition 7.1 of the "Terms and Conditions"
"Face Value"	The par value of the Notes
"FGN"	Federal Government of Nigeria
"FIRS"	Federal Inland Revenue Service
"FMDQ Exchange Rules"	The FMDQ Exchange Commercial Paper Registration and Quotation Rules issued in April 2021 (as may be amended, from time to time) and such other regulations with respect to the registration and quotation of commercial papers as may be prescribed by FMDQ Exchange from time to time
"FMDQ" or "FMDQ Securities Exchange"	Means a securities exchange and self-regulatory organization licensed by the SEC, Nigeria to provide a platform for, inter alia, the listing, quotation, registration and trading of securities
"FMDQD"	FMDQ Depository Limited
"Force Majeure"	Means any event or circumstance (or combination of events or circumstances) that is beyond the control of the Issuer which materially and adversely affects its ability to perform its obligations as stated in the Conditions, which could not have been reasonably foreseen, including without limitation, nationwide strikes, national emergency, riot, war, embargo, legislation, acts of God, acts of terrorism, and industrial unrest
"Nova MBL", "Issuer", or the "Company"	Nova Merchant Bank Limited
"Government"	Any federal, state or local government of the Federal Republic of Nigeria
"Holder" or "Noteholder"	The holder of a Note as recorded in the Register kept by the CSD in accordance with the Terms and Conditions
"Implied Yield"	The yield accruing on the Issue Price of a Note, as specified in the Applicable Pricing Supplement
"Issue Date"	The date upon which the relevant Series/Tranche of the Notes is issued as specified in the Applicable Pricing Supplement
"Issue Price"	The price at which the relevant Series/Tranche of the Notes is issued, as specified in the Applicable Pricing Supplement
Issuing and Paying Agent or "IPA"	Nova Merchant Bank Limited, EAC Advisory Limited, United Capital Plc, FSDH Capital Limited, Renaissance Securities (Nigeria) Limited, sponsoring the registration and quotation of CP Programmes and Issues on the Exchange, and the placement of CPs with investors at the primary issuance.
"Issuing, Collecting, Placing and Paying Agent"	Nova Merchant Bank Limited or any successor issuing, calculation and paying agent in respect of the Notes, appointed by the Issuer
"Lead Arrangers"	United Capital and Nova Merchant Bank Limited
"LFN"	Laws of the Federation of Nigeria
"Maturity Date"	The date as specified in each Applicable Pricing Supplement on which the Principal Amount is due
"Material Adverse Change"	Means a material adverse effect on the ability of the Issuer to perform and comply with its payment obligations under the CP Programme
"Naira", "NGN" or "₦"	The Nigerian Naira
"NIBOR"	the Nigerian Inter-Bank Offered Rate

“Noteholders”	Mean the several persons for the time being, whose names are shown in the records of the CSCS and/or entered in the Register of Noteholders as holders of the Notes and shall include the legal and personal representatives or successors of the Noteholders and those entered as joint Noteholders
“Notes”	The commercial paper issued by the Issuer from time to time pursuant to the Programme Memorandum and any Applicable Pricing Supplement as promissory notes and held in a dematerialised form by the Noteholders through the CSCS
“Outstanding”	means, in relation to the Notes, all the Notes issued, other than: <ul style="list-style-type: none"> (i) those Notes which have been redeemed pursuant to these Conditions (ii) those Notes in respect of which the date (including, where applicable, any deferred date) for its redemption in accordance with the relevant conditions has occurred and the redemption moneys have been duly paid in accordance with the provisions of this Deed and (iii) those Notes which have become void under the provisions of this Deed
“PITA”	Personal Income Tax Act Cap P8, LFN 2004 (as amended by the Personal Income Tax (Amendment) Act No 20 of 2011, the Finance Act 2019, 2020 and 2021)
“Pricing Supplement” or “Applicable Pricing Supplement”	The document(s) to be issued pursuant to the Programme Memorandum, which shall provide the final terms and conditions of a specific issue of a Series or Tranche of the Notes under the Programme.
“Principal Amount”	The nominal amount of each Note, as specified in the Applicable Pricing Supplement
“Programme”	The ₦50,000,000,000 (Fifty Billion Naira) commercial paper issuance programme established by the Issuer which allows for the multiple issuances of Notes from time to time
“Programme Memorandum”	This information memorandum dated 4 th February 2022 which sets out the aggregate size and broad terms and conditions of the CP Programme
“Qualified Institutional Investor” or “QII”	include banks, fund managers, pension fund administrators, insurance companies, investment/unit trusts, multilateral and bilateral institutions, registered private equity funds, registered hedge funds, market makers, staff schemes, trustees/custodians, stockbroking firms and any other category of investors as may be determined by the Securities and Exchange Commission from time to time.
“Redemption Amount”	The amount specified in the Applicable Pricing Supplement as the amount payable in respect of each Note on the Redemption Date
“Redemption Date”	Means in relation to any Tranche, the date on which redemption monies are due and payable in respect of the Notes as specified in these Conditions and the Applicable Pricing Supplement
“Register”	A register or such registers as shall be maintained by the Registrar in which are recorded details of Note holders
“Registrar”	The ICPA or such other registrar as may be appointed by the Issuer in respect of the Notes issued under the Programme
“Relevant Currency”	The currency in which payments in respect of the Notes of the relevant Tranche or Series are to be made as indicated in the Applicable Pricing Supplement
“Relevant Date”	The payment date of any obligation due on the Notes
“Relevant Last Date”	The date stipulated by CSCS and specified in the Applicable Pricing Supplement, after which transfer of the Notes will not be registered
“SEC”	The Securities and Exchange Commission
“Series”	A Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects except for their

	respective Issue Dates, and/or Issue Prices
“Special Resolution”	A resolution passed by at least three-fourths (3/4) majority of the total number of Noteholders at any point in time
“Specified Office”	The office of the Issuing Calculation and Paying Agent as specified under the Agency Agreement and shall include such other office or offices as may be specified from time to time thereunder
“The NXG”	Nigerian Exchange Group
“Tranche”	Notes which are identical in all respects
“VAT”	Value Added Tax as provided for in the Value Added Tax Act, CAP VI, LFN 2004 (as amended by the Value Added Tax Act No 12 of 2007)
“WHT”	Withholding Tax as provided for in section 78(2) of CITA and section 70 of PITA
“Zero Coupon Note”	A Note which will be offered and sold at a discount to its Face Value and which will not bear interest, other than in the case of late payment

IMPORTANT NOTICES

This Programme Memorandum contains information provided by the Issuer in connection with the CP Programme under which the Issuer may issue and have outstanding at any time Notes up to a maximum aggregate amount of ₦50,000,000,000. The Notes shall be issued subject to the Terms and Conditions contained in this Programme Memorandum.

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

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

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

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

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

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

Specifically, FMDQ Securities Exchange takes no responsibility for the contents of this Programme Memorandum, nor any other information supplied in connection with this CP Programme, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Programme Memorandum.

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

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

INCORPORATION OF DOCUMENTS BY REFERENCE

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

1. Each Applicable Pricing Supplement relating to any Series or Tranche of Notes issued under the Programme; and
2. The audited annual financial statements of the Issuer for the financial years prior to each issue of Notes under this Programme.

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

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

SUMMARY OF THE PROGRAMME

This summary information should be read in conjunction with the full text of this Programme Memorandum, from where it is derived. The information below is a brief summary of the key features and summarized terms and conditions of the proposed CP Programme:

TERMS	DESCRIPTION
Issuer:	Nova Merchant Bank Limited
Lead Arrangers/Dealers:	United Capital Plc and Nova Merchant Bank Limited.
Co-Arrangers/Dealers	Nova Merchant Bank Limited, United Capital Plc, FSDH Capital Limited, EAC Advisory Limited, Renaissance Securities (Nigeria) Limited, and any other additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or an ongoing basis, subject to the Issuer's right to terminate the appointment of any Dealer
Issuing, Calculation and Paying Agent:	Nova Merchant Bank
Auditors:	PricewaterhouseCoopers
Registrars/Custodian:	Central Securities Clearing System plc
Solicitors:	Sefton Fross
Programme:	The commercial paper issuance programme established by the Issuer which allows for the multiple issuance of Notes from time to time under a standardized documentation framework
Programme Size:	₦ 50,000,000,000 (Fifty Billion Naira)
Issuance in Series:	The Notes will be issued in Series or Tranches, and each Series may comprise one or more Tranches issued on different dates. The Notes in each Series, each a Tranche, will have the same maturity date and identical terms (except that the Issue Dates and Issue Price may be different). Details applicable to each Series or Tranche will be specified in the Applicable Pricing Supplement
Issue Price:	The price at which the relevant Series/Tranche of the Notes is issued, as specified in the Applicable Pricing Supplement
Issue Size:	As specified in the Applicable Pricing Supplement
Use of Proceeds:	Unless otherwise stated in the applicable Pricing Supplement, the net proceeds from each issue of the CPs will be utilised to support Nova MBL's short term financing requirements
Interest Payments:	Notes shall be issued at a discount and in the form of zero-coupon notes. Thus, the Notes will not bear interest, other than in the case of late payment
Source of Repayment:	The repayment of all obligations under the Programme will be funded from the cash flow of Nova MBL
Default Rate:	Interest rate equivalent to the daily overnight NIBOR + 5% per annum or issue rate + 5% per annum (whichever is higher)
Currency of Issue:	Nigerian Naira
Redemption:	As stated in the Applicable Pricing Supplement, subject to the CBN Guidelines
Issuer Rating:	The Issuer has been assigned a 'BBB' rating from Global Credit Rating (GCR) Limited. {A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency}

Tenor:	As specified in the Applicable Pricing Supplement, subject to a minimum tenor of 15 days and a maximum of 270 days, including roll-over from the date of issue. The maturity date of all outstanding CPs shall fall within the validity period of the Issuer/CP Programme rating filed with the Exchange at the commencement of the registration of the CP Programme
Status of Notes:	Each Note constitutes a senior unsecured obligation of the Issuer and save for certain debts mandatorily preferred by law, the Notes rank pari passu among themselves, and save for certain debts mandatorily preferred by law, with other present and future senior unsecured obligations of the Issuer outstanding from time to time
Quotation:	The Issuer may elect at its discretion to have any Series or Tranche of Notes quoted on the FMDQ Exchange Platform or any other recognized trading platform. All secondary market trading of the Notes shall be done in accordance with the rules in relation to the quotation of any Series or Tranche of Notes quoted on the relevant trading platform
Taxation:	The Notes issued under the Programme will be zero-coupon notes and as such, will be offered and sold at a discount to Face Value. The Notes will thus not bear interest, and the Issuer will not be required to withhold or deduct tax from payments in respect of the Notes to the Note holders. However, the discount on the Notes may be taxed in accordance with applicable Nigerian tax laws.
Governing Law:	The Notes issued under the Programme and all related contractual documentation will be governed by, and construed in accordance with Nigerian law
Settlement Procedures:	Purchases will be settled via direct debit, electronic funds transfers, NIBBS Instant Payment (NIP), NIBBS Electronic Funds Transfer ("NEFT") or Real Time Gross Settlement ("RTGS")

NOVA MERCHANT BANK LIMITED

OVERVIEW

Nova Merchant Bank Limited ("Nova MBL" or the "Bank") is a licensed merchant bank in Nigeria incorporated on 17 May 2017 and commenced operations on 01 February 2018 with a focus on Investment and Wholesale banking. It is privately owned by Nigerian and foreign institutional investors who have distinguished themselves in areas such as financial services and the real sector over several decades.

The bank is staffed with a team of talented professionals to drive the next wave of banking revolution in financial services. The goal is to re-establish merchant banking as a key economic driver by providing long-term funds and advisory services. Nova MBL's customers are at the heart of everything the Bank does, and its insight-data driven approach offers new perspectives to enable them win in the marketplace. The Bank is focused on building a legacy for future generations whilst continuously creating sustainable value for its stakeholders.

Nova MBL had total assets of NGN182.3billion, and profit before tax (PBT) of NGN3.5 billion in 2020 with a 120% CAGR in profit after tax (PAT).

PREMISES

Nova MBL performs its business activities from its main office at 23, Kofo Abayomi Street, Victoria Island, Lagos. (Telephone number: +234-1-4637900, email address: info@novambl.com and website address: www.novambl.com)

BUSINESSES

Nova MBL's key business activities as detailed below cuts across Wholesale Banking, Investment Banking, Advisory Services, Asset Management, Wealth Management and Securities and Trading

Wholesale Banking

The Wholesale Banking business segment caters to Nova Merchant Bank's relationship with other commercial, merchant, mortgage banks and other financial institutions. This segment is backed by the banking pedigree and credentials of Nova MBL's world class team with experience garnered from working in some of the world's largest financial institutions. The segment offers a broad spectrum of services including:

- **Financing:** The Bank offers financing solutions to facilitate the smooth operation and growth of its clients' business covering corporate lending, project finance, asset finance, working capital finance, supply chain finance amongst others. The Bank also assists other in determining the best financing options suited for each corporate institution.
- **Trade Services:** The Bank offers an innovative and efficient trade servicing network and structuring advise to facilities trading activities of corporate clients whether they are sourcing for inputs into their supply chain or exporting products to their international partners/customers.
- **Foreign Exchange Services:** The Bank offers a wide range of innovative foreign exchange products and services which assist clients better manage their foreign exchange risk exposure and limit the impact on its operations.
- **Cash management:** This segment is instrumental in providing efficient and efficient solutions for clients to manage liquidity and provide sufficient time for client to focus on driving business growth.

Investment Banking

Nova Merchant Bank's services offering for investment banking provides a full bouquet of bespoke financial

services in capital raising (debt and equity), balance sheet restructuring, mergers and acquisitions (M&A), leveraged buy-outs (LBO), management buy-outs (MBO), agricultural finance and structured finance amongst others to a diversified clientele.

Advisory Services

Nova Merchant Bank understands the complex and volatile nature of financial markets and aspires to provide its clients with trusted advice to enable them to successfully navigate these challenges. The Bank offers services covering divestments, capital restructuring, takeovers, hedge product advisory in addition to financial, valuation & credit advisory services which will enable its clients thrive in the turbulent storms of modern business.

Asset Management

Nova Merchant Bank provides investment products covering Mutual Funds, Structured Products, Portfolio Administration Services and Trustee Services which provide clients with unrivalled investment performance across a wide range of asset classes through superior market insight, technical expertise and strong execution capabilities.

Wealth Management

Nova Merchant Bank's wealth management offerings are tailored to the investment goals and risk appetite of our clients. We will work with you to build and manage your portfolio to facilitate the achievement of your investment goals and aspirations.

Securities and Trading

The Securities and Trading arm is regulated by the Securities and Exchange Commission and registered by Nigerian Stock Exchange to offer brokerage services, provide trading securities, registrar liaison and financial instrument placement services.

VISION AND STRATEGY

Nova's vision is driven by its aspiration to transform the African financial services landscape with fresh thinking and innovative solutions. The Bank believes in Africa's promise and possesses a deep conviction that this will only be achieved with an appropriate blend of international best practices and deep knowledge of the peculiarities of the African operating environment. "To be Africa's preferred financial solutions provider" is the culmination of the Bank's belief as the Bank pride itself in its ability to work with its customers to co-create products and offer tailored solutions modelled on their needs

Nova MBL's mission is to create superior value in the markets it serves. The Bank is an impact-driven organisation committed to delivering tangible results to all stakeholders. Nova MBL is guided in the execution of its mission by its overarching philosophy of "New Thinking. New Opportunities". Fresh perspectives, insights and its collaborative approach enables the Bank's customers to identify and capitalise on new opportunities in order to win in the marketplace

Towards achieving this vision, over the next coming years, the bank has set strategic priorities that would be the driving force behind the Bank's strategy.

- **Growing our wholesale banking business by winning new clients**
- **Increasing market share of existing clients**
- **Focus on our ecosystem strategy to trap key suppliers and distributors of our customers**
- **Deploy innovative and bespoke solutions to our customers**
- **Increasing our industry market share of our treasury operations**
- **Increase the volume of our trade transactions**

With these goals as the driving force behind the Bank's activities, the Board of Directors and Management team of the Bank are convinced the Bank can achieve these goals and effectively create value for all the Bank's stakeholders.

PROFILES OF THE BOARD OF DIRECTORS AND MANAGEMENT TEAM

The Bank's strategic direction is determined by a Board of Nine (9) directors who are highly experienced professionals, with Phillips Oduoza as the Chairman of the Board .

- **Mr. Phillips Oduoza – Chairman**

Phillips Oduoza with about 30 years banking experience in major financial institutions, is the founder and Chairman of the Board of Nova Merchant Bank Limited. Mr. Oduoza is an internationally recognized and accomplished banker with diverse knowledge and experience in commercial and corporate banking.

Prior to promoting Nova, he retired as the global CEO of UBA Group where he firmly established the bank as a leading African Financial Institution with global brand recognition. Mr. Oduoza was part of a small team that pioneered and established Diamond Bank Plc as one of the most successful and innovative banks in the early 90's. He supervised/led many breakthrough financial products and initiatives of Diamond Bank. As a result, he rose rapidly to the position of Executive Director in 1999. Phillips Oduoza started his banking career in 1989 with Citibank as one of the first set of Executive Trainees where he was trained in every aspect of banking after a brief stint with International Merchant Bank (IMB).

Mr. Oduoza has thorough knowledge of the Nigerian (indeed African/global) banking environment and what it takes to pioneer and run a very successful/sustainable financial institution. He has initiated and led many key successful financial transactions in infrastructure, agriculture, manufacturing, telecommunication, energy, technology projects, financial advisory, oil & gas, corporate finance, capital market activities and debt restructuring in Nigeria and across Africa. He has been involved in some of the key banking industry transformational initiatives, having led the Bankers Committee sub-committee on Payment Systems and Infrastructure that drove the BVN implementation and Electronic Payment System of Nigeria (Card, ATM, POS, Online transfers, etc).

Phillips Oduoza has served on the board of some key names such as Diamond Bank Plc, Interswitch Plc, Valuecard Plc (Unified Payment Services Plc) where he served as chairman, Nigeria Interbank Settlement System (NIBSS), Nigeria Payment System, Nigeria Economic Summit Group (NESG), Financial Markets and Dealers Quotations (FMDQ), UBA Capital, UBA Plc. He currently serves on the boards of Veritas University Abuja, Lagos State Security Trust Fund, Development Bank of Nigeria amongst others.

Mr. Oduoza is a Fellow of the Chartered Institute of Bankers (FCIB). He has a BSc. Hons with First Class in Civil Engineering, an MBA (Finance), and is an alumnus (AMP) of Harvard Business School. He has been honoured with numerous awards of achievement both locally and internationally such as Africa CEO of the year New York (2013 and 2014). He meets and interacts with numerous people and business leaders in the corporate sector, diplomatic corps, entrepreneurship, and professional services sectors, amongst many other sectors.

- **Mr. Nath Ude - Managing Director**

Nath Ude is the Chief Executive Officer/Managing Director of Nova Merchant Bank Limited. Mr. Ude is a seasoned Banker whose experience cuts across three continents in world class financial institutions. He has held several senior banking positions internationally and in Nigeria including Executive Director First City Monument Bank (FCMB) and recently Executive Director Union Bank from where he joined Nova. He started his banking career over 28 years ago with Citibank.

Mr. Ude was a Non-Executive Director of NIBSS and is a Fellow of the Chartered Institute of Bankers of Nigeria (CIBN). He is widely regarded as a reliable and trusted motivator, a mentor with highly effective and result-oriented leadership, analytical mindset in addition to being business focused. His expertise lies in the development and management of complex processes and services, as well as in designing system and structural efficiencies that

drive higher productivity, better customer and employee satisfaction and maximum stakeholder value. Mr. Ude has a BSc in Finance, Masters in Business Administration, numerous professional qualifications and attended various leadership programs at globally renowned institutions.

- **Mrs. Funke Okoya– Executive Director, Investment Banking & Subsidiaries**

Funke Okoya is the Executive Director-Investment Banking & Subsidiaries of Nova Merchant Bank where she is responsible for Investment Banking and the Bank's subsidiaries including Asset Management and Securities. She was previously the Head, Corporate Bank Group where she was responsible for originating and managing the Bank's relationships with Corporate and Institutional clients. She has over 20 years' experience covering Corporate and Investment Banking, Commercial Banking, Credit and Risk Management, Operations, Customer Services, Technology, Project Management, Strategy and Communications.

Prior to joining the Bank, she was the Director, Client Origination and Coverage of Emerging Africa Capital Group and served as the Group Head Corporate Banking at Coronation Merchant Bank. She was a Regional Bank Head, Commercial Banking Group at Access Bank Plc and a pioneer business manager of two branches at the United Bank for Africa Plc. She started her career in Risk Management and Commercial Banking Group at Ecobank Nigeria Plc.

Funke Okoya is a Business Administration graduate of the University of Lagos and holds an MBA from the Business School Netherlands. She is an alumna of INSEAD Business School where she attended its Advanced Corporate Finance Programme. She is a certified Fellow and council member of the Association of Investment Advisers and Portfolio Managers.

- **Mr. Emmanuel Onokpasa– Executive Director, Wholesale Banking & Treasury**

Emmanuel Onokpasa is the Executive Director, Wholesale Bank and Treasury of Nova Merchant Bank Limited with oversight over Corporate Banking, Commercial Banking including Energy, Power, Telecoms, Products/Channels, Digital Banking, Treasury, Correspondent Banking and Financial Institutions.

He is a seasoned financial services practitioner with about three decades of experience spanning operating multi-currency balance sheets, foreign exchange risk hedges and trading, fixed income securities, structured trade and finance, debt raising, international trade, wholesale banking, business strategy, operations, auditing, and consulting.

Mr. Onokpasa has served as Group Treasurer and Head of Global Financial Institutions & Structured Finance in leading banks including United Bank for Africa and Diamond Bank. He is reputed for his astute professionalism, strong leadership, execution and innovation.

He holds a Bachelor's degree in Accounting from the University of Benin. He is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA), Member of the Chartered Institute for Securities and Investment UK (MCSI), Fellow of the Institute of Credit Administration, Member of the Chartered Institute of Taxation of Nigeria, and Honorary Senior Member of the Chartered Institute of Bankers (HCIB). He is also an alumna of the Harvard Business School, the Lagos Business School and Member, Institute of Directors UK (MIoD).

- **Mr. Shams Butt – Non-Executive Director**

Shams Butt is a highly accomplished banker with over 25 years' experience working in senior positions at some of the largest financial institutions in the world and serves as a Non-Executive Director at Nova Merchant Bank Limited.

Mr. Butt's banking experience covers a wide range of areas including Investment Banking, Risk Management, Compliance, Treasury, Ratings Advisory and Private Banking. He has a strong track record and deep expertise in executing projects in emerging markets and was a Managing Director at Citigroup in London where he served

as the Head Sub Saharan Coverage for Citi's Investment Bank in addition to being the Head of Europe Middle East & Africa (EMEA) at the Citi Financial Strategy Group. He has also had stints working at Citibank's offices in Tokyo, Bahrain and Pakistan.

In addition, Mr. Butt was a Director at Deutsche Bank in New York where he served as the Head Risk and Compliance at Deutsche Bank Advisors LLC.

A British citizen and based in Dubai, Mr. Butt is currently an Advisor at African Industries (a global name in steel, manufacturing, aluminum products and building materials across three continents) where he manages the group's investment activities, oversees real estate development projects and is responsible for all M&A, execution of transactions and joint ventures.

Mr. Butt has a Master of Business Administration (MBA) and Bachelor of Business Administration both from George Washington University, Washington DC.

- **Chief Malachy Nwaiwu - Independent Non-Executive Director**

Chief Malachy Nwaiwu recently retired in the Executive Cadre of the Central Bank of Nigeria (CBN) where he worked for 35 years and is an Independent Non-Executive Director of Nova Merchant Bank Limited.

During his time at the CBN, he pioneered many initiatives and worked in a wide range of areas covering currency & branch operations, development finance, human resources, and information technology. He was a member and the Secretary of the Committee that handled the design, printing and launching of the N1000 banknote denomination for the Bank. Chief Nwaiwu served on several committees in CBN that developed various initiatives in the transformation of the bank and was in charge of Service Delivery Improvement Initiatives for the branches of the bank prior to retirement.

Chief Nwaiwu possesses a Master of Business Administration (Management and Finance) from the University of Lagos, a B.Sc. Agricultural Economics from the University of Ibadan, and a Bachelor of Laws from the University of Abuja. He is a member of the Nigerian Institute of Management and the Association of Management and Administration (AMA) USA. He is currently an Attorney in the Law firm of Chukwuma-Machukwu Ume SAN (Firm of Lawyers & Arbitrators)

- **Mrs. Funmi Oyetunji- Independent Non-Executive Director**

Funmi Oyetunji is an accomplished professional with about 40 years corporate experience gathered across several roles of diverse disciplines and industries. She grew through the ranks, having held Senior roles in a leading audit and accounting firm in Nigeria in the 80s before going to work in consulting at KPMG's London Office for 5 years where she acquired experience in business advisory and banking supervision as a Manager. On her return to Nigeria, she had a 10-year stint in banking in Nigeria culminating in her role as the Treasurer of First Bank Nigeria Limited, where she was responsible for several pioneering feats in the bank's Treasury and International Banking Operations.

Mrs. Oyetunji has, since 2002, diverted her time to entrepreneurship in the real estate development and investment space, growing Abitos Financial Services Ltd, a family investment company, from ground to a multi-million-dollar company. She serves on a number of Corporate boards in which she chairs technical board committees. She has served on the Boards of Ecobank Nigeria Ltd (Chairman, Risk Committee), American Tower Corporation, Nigeria (Chairman, Audit Committee) and Prestige Insurance Plc. (Chairman of Audit Committee). She founded the LASAL foundation that promotes social mobility through issuance of scholarships to indigent students in leading Nigerian Universities. She has taught business leadership, finance and accounting at the Lagos Business School and authored a book; A Conscious Life Navigating critical aspects of life successfully.

- **Ms. Gbemisola Laditan - Independent Non-Executive Director**

Gbemisola Laditan is a prize-winning chartered accountant with over thirty years' experience in banking, financial control, consultancy, management accounting, taxation, operations, corporate finance, private equity, SME

capacity building, marketing, credit and auditing.

Ms. Laditan served as the Managing Director Flux Logistix Limited and has been on the Board of various organizations in various capacities such as ;Executive Director Superflux International Limited, Director at VDT communication, Director Bitflux Communications Limited, Director Courier Plus Services Limited. She worked in United Bank for Africa PLC for 14 years where she rose through the ranks and occupied positions such as; Head Subsidiaries Coordination, Head Portfolio Management, Acting Managing Director UBA private Equity Ltd, Head Investments, Tax and Insurance Management.

She has a Master's in Business Administration (MBA) from the Obafemi Awolowo University.

- **Mr. Chinedu Uzoho - Non-Executive Director**

Chinedu Uzoho is a highly experienced senior banking and finance executive, licensed and chartered stockbroker/ an authorized dealer the Nigerian Exchange Group and a certified facilitator of the 7 habits of highly effective people program.

Over the years, he has acquired varied and deep experience and training at senior levels in the major areas of banking and finance including treasury marketing, operations, mortgages and the capital markets, with strong performance track records during which period he successfully initiated and concluded several large ticket transactions and processes. These culminated to his position as general manager in diamond bank in 2000 and MD, Diamond Mortgages Limited in 2006.

He has been an active player in the Nigerian Capital Market and currently sits on the Board of Tomil Trust Ltd and Vista Ventures Bureau de Change amongst other business interests.

- **Mr. Nnadozie Ohaji – Company Secretary**

Nnadozie Ohaji is the Company Secretary/ General Counsel of Nova Merchant Bank Limited. He oversees the Company Secretariat, Legal, and Credit Administration/Credit Monitoring/Remedial Management of the Bank. He has over 15 years of experience in Legal, Secretarial, Drafting, Regulatory compliance and Corporate Governance. Nnadozie holds a Bachelor of Laws (LL.B) from the Imo State University, Owerri a B.L from the Nigerian Law School Lagos and a Master of Laws (LL.M) from the University of Lagos Akoka .

Prior to joining Nova Merchant Bank Limited, Nnadozie worked with AB Microfinance Bank Limited in which he headed the Company Secretariat, legal and compliance functions. In this role, he led the Bank to 100% implementation of the CBN Code of Corporate Governance for Microfinance Banks 2018, within 6 months of its release, beating the regulatory timelines

Nnadozie is a Member of the Nigerian Bar Association and the Chartered Institute of Bankers of Nigeria

EMPLOYEES

As at Q4 2021, the Bank employed an average of 85 persons. The Bank continually engages in the development of its human capital as part of the Bank's strategy to develop a new generation of top managers.

CORPORATE GOVERNANCE IN NOVA MERCHANT BANK LIMITED

Nova Merchant Bank Limited holds good corporate governance as one of its core values and confirms its commitment to the implementation of effective governance principles in its business operations. The Directors endorse the principles of best practice corporate governance as stated in the “Code of Corporate Governance for Banks in Nigeria Post Consolidation” issued by the Central Bank of Nigeria (CBN) and the Securities and Exchange Commission’s (SEC) “Code of Corporate Governance”.

The Board of Directors of Nova MBL has the overall responsibility for ensuring that the highest standards of corporate governance are maintained and adhered by the Bank. In order to promote effective governance of Nova MBL, the following structures have been put in place for the execution of Nova MBL’s corporate governance

strategy:

- Board of Directors
- Board of Committees
- Executive Management Committees.

The Board comprises of a Non-Executive Chairman, five (5) Non-Executive Directors and three (3) Executive Directors, all of whom bring a wide range of skills and experience to the Board. The Board of Directors carries out its responsibilities through its standing committees. These are the Board Credit and Risk Committee, Board Audit Committee, the Board Finance and General-Purpose Committee, and the Board Nomination and Governance Committee. Through the workings of these Committees, the Board sets broad policy guidelines and ensures the proper management and direction of the Bank. In addition to the Board Committees, there are other Management Committees which ensure effective and good corporate governance at the managerial level.

THE BOARD

The Board presently consists of 9 members, 3 of whom, inclusive of the MD/CEO are Executive Directors and 6 Non-Executive Directors. All the Directors have the requisite integrity, skills, and experience to bring to bear on Board deliberations and discussions.

The roles of the Chairman and Chief Executive Officer are separated and clearly defined. The Chairman is primarily responsible for the working of the Board whilst the Chief Executive officer is responsible for the day to day running of the business and implementation of Board Strategy and policies. The Chief Executive Officer is assisted in managing the business of the Bank on a day-to-day basis by the Executive Management Committee, which he chairs, and which comprises of all Executive Directors. The Board's primary responsibility is to increase Shareholder's wealth. The Board is accountable to Shareholders and is responsible for the management of the Bank's relationships with its various stakeholders. The Executive Management is accountable to the Board for the development and implementation of strategy and policies. The Board regularly reviews the Bank's performance, matters of strategic concern and any other matters it regards as material. The Boards meets quarterly, and additional meetings are convened as the need arises. The Board is responsible for the Bank's structure, area of operation, financial reporting, and ensuring there is an effective system of internal control and risk management. The Board has the authority to delegate matters to Directors, Board Committees, and the Executive Management Committee.

All directors are aware that they may take independent professional advise at the expense of the Bank, in the furtherance of their duties. They all have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that all governance matters are dealt with in accordance with policy and also assists with professional development as required.

Accountability and Audit

The Directors of the board make themselves accountable to the shareholders through regular publication of the Bank's financial performance and Annual reports. The Board has ensured that the Bank's reporting procedure is conveyed on the most recent infrastructure to ensure accuracy. The Bank has consistently improved its internal control system to ensure effective management of risks. The Directors review the effectiveness of the system of internal control through regular reports and reviews at Board and Risk Management and Audit Committee meetings.

Control Environment

The Board has continued to place emphasis on risk management as an essential tool for achieving the Bank's objective. To this end, it has ensured that the Bank has in place robust risk management policies and mechanisms to ensure identification of risk and effective control. The Board approves the annual budget for the Bank and ensures that a robust budgetary process is operated with adequate authorisation levels put in place to regulate

capital expenditure.

Shareholders Rights

The Board of Nova MBL has always placed considerable importance on effective communication with its Shareholders. It ensures that the rights of Shareholders are always protected. Notices of meeting and all other statutory notices and information are communicated to the Shareholders. Shareholders are encouraged to communicate their opinions and recommendations whenever they see the need to do so, to the Company Secretary.

BOARD COMMITTEES

The Board of Nova MBL has the following committees, namely the Board Audit Committee, the Board Finance and General-Purpose Committee, the Board Nominations and Governance Committee, and the Board Credit and Risk Committee.

Board Audit Committee

The Audit Committee is set up to further strengthen Internal controls in the Bank. It assists the Board of directors in fulfilling its audit responsibilities by ensuring that effective systems of financial and internal controls are in place within the Bank.

Members of the Board Audit Committee is as follows;

Funmi Oyetunji – Chairperson

Malachy Nwaiwu

Gbemisola Laditan

Chinedu Uzoho

Board Credit and Risk Committee

The Board Credit and Risk Committee was set up to assist the Board in the discharge of its responsibility to exercise due care, diligence, and skill to oversee, direct and review the management of the credit portfolio of the Bank. Its terms of reference include determining and setting the parameters for credit risk, asset concentration and reviewing compliance within such limits, determining and setting the lending limits, reviewing and approving the Bank's credit strategy and the credit risk tolerance. The Committee reviews the loan portfolio of the Bank and is responsible for the approval of all credit facilities in the Bank.

Members of the Board Credit and Risk Committee is as follows;

Shams Butt – Chairman

Malachy Nwaiwu

Funmi Oyetunji

Board Nominations and Governance Committee

The Board Nominations and Governance Committee is responsible for assisting the Board with all matters of Governance and appointments in the Bank, review, consideration and determination of appropriate remuneration payable to the Bank's Executive Directors.

Membership of the Nominations and Governance Committee is as follows;

Chinedu Uzoho – Chairman

Shams Butt;

Gbemisola Laditan

Board Finance and General-Purpose Committee

The purpose of the Board Finance and General-Purpose committee is to amongst other things, discharge the Board's responsibilities with regards to strategic direction and budgeting and to provide oversight on financial matters and the performance of the Bank.

Membership of the Board Finance and General- Purpose Committee is as follows;

Malachy Nwaiwu - Chairman

Chinedu Uzoho

Gbemisola Laditan

EXECUTIVE MANAGEMENT COMMITTEE

These are Committees comprising of Senior Management of the Bank. The Committees are risk- driven as they are basically set up to identify, analyse, synthesize, and make recommendations on risks arising from day-to-day activities of the Bank. They also ensure that risk limits as contained in the Board and regulatory policies are always complied with. They provide inputs for the respective Board Committees and ensure that recommendations of the Board Committees are effectively and efficiently implemented. They meet as frequently as risk issues occur to immediately take actions and decisions within the confines of their powers. Some of these Executive Management Committees include the Bank's Assets and Liabilities Committee (ALCO), the Management Credit Committee (MCC), the IT Steering Committee (ITSC), the Enterprise Risk Management Committee (ERMC) and the Executive Committee (EXCO).

USE OF PROCEEDS

Unless otherwise stated in the applicable Pricing Supplement, the net proceeds from each issue of Notes under the Programme will be used solely to support the Issuer's short term funding requirements.

The applicable Pricing Supplement for each Series under the Programme will specify details of the use of proceeds of the particular Series.

TERMS AND CONDITIONS OF THE NOTES

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

1. ISSUANCE OF NOTES

The Issuer may from time to time, subject to these Terms and Conditions, issue Notes in Series on a continuous basis under the Programme in an aggregate principal amount not exceeding ₦50,000,000,000 (fifty billion Naira). Any Series of Notes issued under the Programme shall be constituted by, be subject to, and benefit from, the Deed of Covenant.

2. FORM, DENOMINATION AND TITLE

2.1 Form and Denomination

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

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

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

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

2.2 Title

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

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

2.2.3 The Issuer, the Collecting and Paying Agent and the Dealers may deem and treat the person indicated in the records of the CSD and the ICPA as the legal and beneficial owner thereof for all purposes, including but not limited to the payment of outstanding obligations in respect of the Notes and no liability shall attach to any person for such a determination

3. STATUS OF THE NOTES

Each Note constitutes a senior, unsecured and unsubordinated obligation of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes save for such exceptions as may be provided by applicable legislation shall at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer present and future.

4. REDEMPTION

The Notes are only redeemable at maturity and will be redeemed at the Face Value specified in the Applicable Pricing Supplement.

5. PAYMENTS

The face value of the Notes will be paid to the Noteholders shown on the Register at the close of business on the Maturity Date. The registered Noteholder shall be the only person entitled to receive payments in respect of the Notes and the Issuer will be discharged by payment to, or to the order of, the registered Noteholder in respect of each amount so paid.

5.1 Method of Payments

- 5.1.1 Only Noteholders named in the Register as at the close of business on the date specified in the applicable Pricing Supplement after which transfer of the Notes will not be registered, shall be entitled to payment of amounts due and payable in respect of the Notes.
- 5.1.2 Payment of outstanding obligations in respect of the Notes will be made by electronic fund transfer.
- 5.1.3 All monies payable in respect of the Notes shall be paid to or to the order of the Noteholders by the Issuing, Calculation and Paying Agent. Noteholders shall not be required to present and/or surrender any documents of title to the Issuing, Calculation and Paying Agent.
- 5.1.4 In the case of joint Noteholders, payment by electronic transfers will be made to the account of the Noteholder first named in the Register. Payment by electronic transfer to the Noteholder first named in the Register shall discharge the Issuer of its relevant payment obligations to joint noteholders under the Notes.
- 5.1.5 In the case of nominees, the nominee shall be paid as the registered Noteholder, which payee shall in turn be responsible for transferring such funds to the holders of the beneficial interests.
- 5.1.6 Neither the Issuer nor its agents shall be responsible for any loss in transmission of funds paid in respect of each Note.
- 5.1.7 If the Issuer is prevented or restricted directly or indirectly from making any payment by electronic funds transfer (whether by reason of strike, lockout, fire explosion, flood, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, government interference or control or any other cause or contingency beyond the control of the Issuer), the Issuer shall make such payment by cheque (or by such number of cheques as may be required in accordance with applicable banking law and practice). Such payments by cheque shall be sent through a reputable and registered courier operator to the address of the Noteholder as set forth in the Register.
- 5.1.8 Cheques may be posted by registered mail, provided that neither the Issuer nor the Agent shall be responsible for any loss in transmission and the postal authority shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this

Condition.

5.2 Payment Day

Payment shall be made on a Business Day. If the due date for payment of any amount in respect of the Notes is not a Business Day, then the Noteholder thereof shall not be entitled to payment of the amount due until the next Business Day. The Noteholder shall not be entitled to any further interest or other payment in respect of such delay. Provided that where the next Business Day falls in a different calendar month, that payment shall be made on the immediately preceding Business Day.

6. TAXATION

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

7. EVENT OF DEFAULT

7.1 Event of Default

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

- 7.1.1 in respect of any Tranche or Series, the Issuer fails to notify the FMDQ Exchange (through the ICPA) that the Notes have been liquidated and funds have been transferred to all Noteholders by 4:00pm on the Redemption Date save for where such failure is as a result of an administrative or technical error and payment is made within two (2) Business Days of the Redemption Date; or
- 7.1.2 the Issuer fails to perform or observe any of its other obligations under the Notes and such failure has continued for a period of 7 days following the service on the Issuer of a written notice requiring that breach to be remedied;
- 7.1.3 any, representation, warranty or undertaking made in connection with any documentation supplied by the Issuer in connection with the Programme be in the reasonable opinion of the Arrangers materially incorrect or materially misleading;
- 7.1.4 the Issuer initiates bankruptcy or insolvency proceedings or becomes insolvent, or is provisionally or finally sequestrated, or is provisionally or finally wound up, or is unable to pay its debts as they become due, or is placed under provisional or final judicial management, or enters into a scheme of arrangement or compromise with its creditors in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Noteholders;
- 7.1.5 an order be made, or the members of the Issuer pass a resolution for the winding up of the Issuer or the Issuer ceases, or through an official action of its Board threatens to cease, to carry on all or a substantial part of its business or operations;

- 7.1.6 any event occurs that may have a material adverse effect on the Issuer's business, financial condition or assets, or its ability to perform its obligations under the Issue
- 7.1.7 an attachment, execution or other legal process is levied, enforced upon, issued on or against a material or substantial part of any assets of the Issuer and is not discharged or stayed within 90 days of service by the relevant officer of the court of such attachment, execution or other legal process; or
- 7.1.8 a writ of execution is issued by any competent court attaching any material or substantial part of assets belonging to the Issuer and such remains unsatisfied for more than 10 Business Days after the date on which it is issued.

7.2 Action upon Event of Default

- 7.2.1 Upon the occurrence of an Event of Default which is continuing, any Noteholder may by written notice to the Issuer at its specified office(s), effective upon the date of receipt thereof by the Issuer, declare the Notes held by that Noteholder to be forthwith due and payable, provided that (other than in the event of non-payment) no such action shall be taken if the Issuer withholds or refuses to make any payment in order to comply with any law or regulation of Nigeria or to comply with any order of a court of competent jurisdiction.
- 7.2.2 In case of a default, the ICPA must notify the CSD at least two (2) days before the Maturity Date to make public the default status of the CP to the market, no later than 3:00pm.
- 7.2.3 Upon the occurrence of an Event of Default, the Issuer shall pay Noteholders interest at the Default Rate until the debt obligations to the Noteholders have been settled in full.
- 7.2.4 In addition, the Noteholders shall have the right to exercise all other remedies available to them under the laws of Nigeria.

8. REGISTER

- 8.1 The Register shall be maintained by the ICPA. The Register shall reflect the number of Notes issued and shall contain the name, address, and bank account details of the registered Noteholders. The Register shall set out the aggregate Principal Amount of the Notes issued to such Noteholder and the date of issue.
- 8.2 Statements issued by the CSD as to the aggregate number of Notes standing to the CSD account of any person shall be conclusive and binding for all purposes save in the case of manifest error and such person shall be treated by the Issuer and the Agent as the legal and beneficial owner of such aggregate number of Notes for all purposes.
- 8.3 The Register shall be open for inspection during the normal business hours of the ICPA to any Noteholder or any person authorised in writing by the Noteholder.

- 8.4 The Issuing, Calculation and Paying Agent shall alter the Register in respect of any change of name, address or bank account number of any of the registered Noteholders of which it is notified in accordance with these Terms and Conditions.

9. NOTICES

9.1 Notices to the Noteholders

- 9.1.1 All notices to the Noteholders will be valid if mailed by pre-paid registered mail to them at their respective addresses of record in the relevant register of Notes of a Series maintained by the Registrar. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the requirements, rules and regulations of the CBN, the FMDQ Exchange, the CSD or such other regulatory authority as may be applicable to the Notes.
- 9.1.2 Any notice shall be deemed to have been given on the second day after being so mailed, the date of delivery or on the date of first publication in national newspapers, or if published more than once or on different dates, on the date of the first publication.

9.2 Notices from the Noteholders

- 9.2.1 Notices to be given by any Noteholder to the Issuer shall be in writing and given by lodging the same with the Issuing, Calculation and Paying Agent at its registered office.
- 9.2.2 Any change of name or address on the part of a Noteholder shall forthwith be notified to any of the Agents who shall inform the CSD to effect the change in the Register.

10. TRANSFER OF NOTES

- 10.1 Transfer of the Notes shall be by way of a book entry in CSD Accounts held by the transferor and transferee in the CSD in accordance with the procedures of the CSD and or such alternative clearing system approved by the Issuer and the Arranger, and registration of the name of the transferee in the Register in respect of the Notes then held by him. The transferor shall be deemed to be the holder of the Notes until the transferee's name is entered in the Register in respect thereof.
- 10.2 The Notes shall be transferred on the FMDQ Exchange in accordance with the rules and regulations of the Exchange.
- 10.3 Any person becoming entitled to the Notes in consequence of the death, bankruptcy, winding-up or dissolution of the holder thereof may, upon producing such evidence that he has or is entitled to the capacity in respect of which he proposes to act under this Condition or of his title as the CSD shall require, be regarded as the holder of such Notes, or subject to the preceding Conditions as to transfer may transfer the same. The Issuer shall be at liberty to retain any amount payable upon any Notes which any person is entitled to transfer under the preceding Condition until such person shall be registered or duly transfer the same as aforesaid.
11. No Noteholder may require the transfer of a Note to be registered after the Relevant Last Date.

12. MODIFICATION

- 12.1 The Arrangers and the Issuer may agree, without the consent of the Noteholders, to any modification of the Terms and Conditions which is of a

formal, minor or technical nature or is made to correct a manifest error or to comply with the mandatory provisions of any law in Nigeria and which is not prejudicial to the interest of the Noteholders.

12.2 Save as provided in condition 12.1 above, no amendment of the Terms and Conditions may be effected unless:

- (a) such amendment is in writing and signed by or on behalf of the Issuer; and
- (b) such amendment:
 - (i) if it affects the rights, under the Terms and Conditions, of all the Noteholders, is signed by or on behalf of Noteholders, holding not less than 75% of the outstanding Principal Amount of all the Notes; or
 - (ii) if it affects only the rights, under the Terms and Conditions, of a particular group (or groups) of Noteholders, is signed by or on behalf of the Noteholders in that group (or groups) holding not less than 75% of the outstanding Principal Amount of all the Notes held by that group.

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

13. MEETING OF NOTEHOLDERS

13.1 The Issuer may at any time convene a meeting of all Noteholders upon at least twenty-one (21) days prior written notice to such Noteholders. The notice is required to be given in terms of Condition 8. Such Notice shall specify the agenda, special resolution, date, place and time of the meeting to be held, which place shall be in Nigeria.

13.2 Any director and/or duly appointed representative of the Issuer may attend and speak at a meeting of the Noteholders but shall not be entitled to vote, other than as a Noteholder or as a proxy or representative of a Noteholder.

13.3 Noteholders holding not less than 50% in Principal Amount of the outstanding Notes shall be able to request the Issuer to convene a meeting of Noteholders. Should the Issuer fail to convene such a meeting within 10 days of such a request being received by the Issuer, the Noteholders requesting the meeting may convene such a meeting.

13.4 A Noteholder may by an instrument in writing (a "**Form of Proxy**") signed by the holder or, in the case of a corporation executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, appoint any person (a "**Proxy**") to act on his or its behalf in connection with any meeting or proposed meeting of the Noteholders.

13.5 Any Noteholder, which is a corporation, may by resolution of its directors or other governing body authorise any person to act as its representative (a "**Representative**") in connection with any meeting or proposed meeting of the Noteholders.

13.6 Any Proxy or Representative appointed shall, so long as the appointment remains in force, be deemed for all purposes in connection with any meeting or proposed meeting of the Noteholder specified in the appointment, to be the holder of the Notes to which the appointment relates and the holder of the Notes shall be deemed for such purposes not to be the holder.

13.7 The chairman of the meeting shall be appointed by the Issuer. The procedures to be followed at the meeting shall be as determined by the chairman subject to the remaining provisions of this Condition 10.3. Should the Noteholders request a meeting, and the Issuer fails to convene such a meeting within 10 days of such request, then the chairman of the meeting held at the instance of the Noteholders, shall be selected by a majority of Noteholders present in person or by Proxy.

13.8 At any meeting of Noteholders, two or more Noteholders present in person, by representative or by proxy, holding in aggregate not less than one third of the Principal

Amount of outstanding Notes shall form a quorum. On a poll, each Noteholder present in person or by proxy at the time of the meeting shall have the number of votes equal to the number of Notes, by denomination held by the Noteholder.

13.9 If within 30 minutes after the time appointed for any such meeting a quorum is not formed, the meeting shall, if convened upon the requisition of Noteholders, be dissolved. In any other case, the meeting shall be adjourned to such date and time not being less than 14 days nor more than 21 days thereafter and at the same time and place. At such adjourned meeting, 2 or more Noteholders present or represented by Proxy shall form a quorum and shall have the power to pass any Special Resolution and to decide upon all matters which could properly have been dealt with at the original meeting had the requisite quorum been present.

13.10 A resolution in writing duly signed by seventy-five percent (75%) of the Noteholders holding in aggregate not less than seventy-five percent (75%) of the Principal Amount of outstanding Notes, shall be as effective for all purposes as a resolution duly passed at a meeting of the Noteholders, provided that the resolution was sent to all the Noteholders entitled to receive notice of a meeting of Noteholders. Such resolution may be contained in one document or in several documents of identical form duly signed by or on behalf of all the Noteholders

14. CHANGE OF DEALER

14.1 The Issuer is entitled to vary or terminate the appointment of the Agent and /or appoint additional or other agents and/or approve any change in the specified office through which any agent acts, provided that there will at all times during the subsistence of the Programme, be an agent with specified offices.

14.2 The Agent acts solely as agent of the Issuer and does not assume any obligation towards or any relationship of agency or trust for or with any Noteholder.

15. TAXATION

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

16. FURTHER ISSUES

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

17. GOVERNING LAW

These Terms and Conditions and the provisions of this Programme Memorandum and the Notes are governed by, and shall be construed in accordance with, the laws of Nigeria.

TAX CONSIDERATIONS

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

The foregoing summary does not purport to be comprehensive and does not constitute advice on tax to any actual or prospective purchaser of Notes issued under the Programme. In particular, it does not constitute a representation by the Issuer or its advisers on the tax consequences attaching to a subscription or purchase of Notes issued under the Programme. Tax considerations that may be relevant to a decision to acquire, hold or dispose of Notes issued under the Programme and the tax consequences applicable to each actual or prospective purchaser of the Notes may vary. Any actual or prospective purchaser of the Notes 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 Notes, bearing in mind his/her peculiarities. Neither the Issuer nor its advisers shall be liable to any subscriber or purchaser of the Notes in any manner for placing reliance upon the contents of this section.

RISK FACTORS

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

RISK FACTORS RELATING TO NIGERIA

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.

Sectarian conflicts in the Middle Belt and Northern Nigeria 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 regions' security challenges.

In addition, recent developments in the political movement agitating for an independent Biafra Republic may potentially have a material adverse effect on public safety and productivity if not managed appropriately.

Emerging Markets Risk

Emerging markets such as Nigeria are subject to greater risk than more developed markets and financial turmoil in any emerging market could cause the price of securities to decrease. Generally, investments in emerging markets are only suitable for sophisticated investors who better understand the instruments and fully appreciate the significance of the risks involved in and are familiar with investing in emerging markets.

Investors should also note that emerging markets, such as Nigeria, are subject to rapid change and that the information set forth in this Shelf Prospectus may become outdated relatively quickly.

Economic Risk

The Nigerian economy is largely dependent on crude oil production and has been severely affected by the fall in global crude oil prices over the last few years. However, the recent global increase in crude oil prices, may lead to some foreign exchange reserve gains for the Country in the short term.

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. This has hindered the ability of such companies to service their loan facilities, thereby impacting the profitability of some banks and increasing their impairments.

Instability in key areas across the globe can adversely affect the movement of trade and foreign exchange in Nigeria. Investors are also advised to pay attention to key indicators in the global economy that may have an impact on investments in Nigeria.

RISK FACTORS RELATING TO THE ISSUER

The following is a description of the risk factors that are material in respect of the financial situation of the Issuer. The risks described below are not the only risks that affect the Issuer. Additional risks and uncertainties not currently known to the Issuer or that the Issuer considers immaterial may also materially and adversely affect the Issuer. Any of the following risks could result in a material adverse effect on the Issuer's financial condition, results of operations and ability to service debt including the CP notes.

The sequence in which they are listed is not an indication of their likelihood of occurrence or the extent of their commercial consequences. The following statements are complete but not exhaustive, thus prospective investors must consider all the information provided in this Programme Memorandum.

Regulatory Risks

The banking industry in which the Issuer operates is highly regulated. The BOFIA, various CBN guidelines (including the CBN Prudential Guidelines), circulars and directives contain provisions, which the Issuer is required to adhere to including the requirement to meet certain capital adequacy and cash reserve requirements, failing which the Issuer risks incurring regulatory sanctions by the CBN or any other regulators. In particular, non-compliance by the Issuer with CBN directives may result in the revocation of the Issuer's banking license or the imposition of penalties on the Issuer amongst other sanctions. Should the Issuer lose its banking license, it would be unable to meet its obligations with respect to the CP notes.

Operational Risks

This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Issuer's operational processes capture the following major types of losses: fraud (internal and external); fines, penalties or expenses incurred as a result of settlement delays and regulatory infractions; losses arising from litigation processes including out of court settlements; losses incurred as a result of damage to the Issuer's assets; and losses incurred as a result of system downtime, malfunction or disruption. The Issuer recognizes the significance of operational risk, which is inherent in all areas of the Issuer's business. Any lapse due to operational risk that results in severe losses could affect the Issuer's ability to meet its debt obligations.

Credit Risks

The Nigerian banking industry is subject to the credit risk that Nigerian borrowers may not make timely payment of principal and interest on loans, if at all, and that upon such failure to pay, Nigerian banks may not be able to enforce any security interest or guarantee that they may hold. There is also credit risk in off-balance sheet financial instruments.

Higher credit risk has a material adverse effect on the quality of loan portfolios and exposes Nigerian banks to high risks and potential losses. Such losses, if material, could have a material adverse effect on the Issuer's financial condition, liquidity and results of operations.

Liquidity Risks

Liquidity risk arises when there is a mismatch between the inflows and outflows of the Issuer. This may be due to the inability of the Issuer to liquidate certain assets at short notice due to market illiquidity and inability to access sufficient funds to meet payment obligations in a timely manner. The management of liquidity risk is very critical to the ongoing viability of the Issuer.

Foreign Exchange Risks

Foreign Exchange risk is the risk that changes in foreign exchange rates and controls would affect the value of the financial assets and liabilities as well as off-balance sheet items of the Issuer.

The Issuer takes on foreign exchange risks through its activities in both the trading and banking books. It is therefore exposed to the risk of loss on both its trading and banking book positions in the event of adverse movements in currency prices.

Market and Interest Rate Risks

The Issuer undertakes trading and investment activities in fixed income securities such as bonds, treasury bills, interbank takings and placements as well as foreign exchange trading, all of which give rise to market risk

exposure. Market risk is the risk arising from adverse changes in underlying market factors such as interest rates, foreign exchange rates, equity prices, commodity prices and other relevant factors such as market volatility. As such, there is no assurance that the Issuer would be able to protect itself from the adverse effects of market risk exposure.

SETTLEMENT, CLEARING AND TRANSFER OF NOTES

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

Authorised Participants

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

For purposes of Notes issued under this Programme, the Authorised Participant is Nova Merchant Bank Limited and any Dealer.

Registration

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

Custody and Dematerialisation

- i. An Authorised Participant with physical CP notes may decide to dematerialise CP(s) with the CSD by completing the relevant form.
- ii. All holders of CP notes shall route the notes through the Authorised Participant who will then submit on the CSD authorised platform in dematerialized form.
- iii. Authorised Participants may also decide to keep the CPs in physical form with the CSD (subject to service agreement with CSD), acting as the Custodian for the issue.
- iv. Authorised Participants can also lodge the CP(s) electronically by using the CSD e-lodgement format.
- v. The Authorised Participants (or Arranger) will advise the CSD, after dematerialisation or e-lodgement to transfer CPs to Noteholders' (or their custodians') accounts at the CSD before trading commences.
- vi. Cut-off time for e-lodgement of CPs is 10.00 a.m. on the day before the value date, and the CSD shall process the same within 24 hours of receipt.

Redemption

- i. No transactions or trades may be effected for any CPs two (2) Business days prior to its maturity date as the register closes two (2) Business Days before the Maturity Date.

- ii. The ICPA will submit a letter to the CSD confirming the intention of the Issuer to repay the Noteholders on the Maturity Date by 12.00 noon on the date which is two (2) Business Days before the Maturity Date.
- iii. The CSD shall expunge (knock-off) matured CPs on the Maturity Date or Redemption Date of the CP.
- iv. The Maturity Date shall be on a Business Day, however if the Maturity Date falls on a public holiday, payment will be made on the following Business Day.

Roll-Over

- i. Every roll-over of a CP shall be treated or classified as a fresh/separate CP.
- ii. Upon granting approval for rollover, FMDQ Exchange shall request for the rollover CP to be registered with the CSD, who in turn shall furnish FMDQ Exchange and the Authorised Participants with the new CP Symbol and ISIN Codes, subject to receipt of CP rollover fees from the Authorised Participants.
- iii. The CSD shall expunge the existing CP Symbol and ISIN Codes from the system and replace with the new codes.

Default

- i. In case of a default, the ICPA must notify the CSD latest two (2) days before the maturity date to make public the default status of the CP to the market, no later than 3.00pm. In this event, the CP holdings must remain with the CSD until the ICPA pays off the Note holders and notifies the CSD with the evidence.
- ii. The ICPA shall notify FMDQ Exchange in writing that the CP has been liquidated and that funds have been transferred to all CP holders by 4:00pm on the Maturity Date, failing which the Issuer shall be deemed to be in default
- i. In case of (ii) above, the CP holdings must remain with the CSD until the Collecting and Paying Agent pays off the Noteholders and notifies the CSD and the FMDQ Exchange with evidence.
- ii. Thereafter, the CSD will notify the public and expunge the CP from the CSD depository accordingly.

Secondary Market Trading (OTC) Guidelines

- i. Standard settlement cycle is T+2.
- ii. FMDQ Exchange shall submit the confirmed CP trade details on trade day in the specified format via the CSD authorised platform, based on the following settlement timelines:
 - Same Day Settlement: 12.30 p.m.
 - T+1 or T+2 Settlements: 3.00 p.m.
- iii. The CSD shall deliver securities and send confirmation of transfers via the CSD authorised platform by 2.00 p.m. on the settlement date to FMDQ Exchange and the Nigeria Inter-Bank Settlement System ("NIBSS") simultaneously. Authorised Participants shall state the particular account number where the CP(s) will be settled.
- iv. NIBSS shall transfer settlement amounts to respective accounts and send confirmation to the FMDQ Exchange and CSD simultaneously.
- v. Transactions for standard settlement (T+2) shall stop five (5) Business Days before the Maturity Date. Therefore, the last applicable settlement shall be before close of business on the date which is three (3) Business Days before the Maturity Date.

Reporting

- i. The CSD shall effect the transfer of CPs on the settlement date as advised by Authorised Participants or the FMDQ Exchange and keep records of consideration for each transaction.
- ii. The CSD will advise Authorised Participants or the FMDQ Exchange for onward communication to the Authorised Participant, as applicable, of successful and failed transactions on each settlement day.
- iv. Authorised Participants can visit the CSD website to ascertain its CP balances after each day's trade. This is available only to the institutions that subscribe to the CSD online service.

Transfer of Notes

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

Cash Settlement

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



NOVA MERCHANT BANK LIMITED

(RC 1413910)

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

ISSUE OF UP TO ₦[•] COMMERCIAL PAPER NOTES UNDER ITS ₦50,000,000,000 COMMERCIAL PAPER ISSUANCE PROGRAMME

This Pricing Supplement must be read in conjunction with the Programme Memorandum, dated February 2, 2022, prepared by Nova Merchant Bank Limited, on behalf of Nova Merchant Bank Limited in connection with its ₦50,000,000,000 Commercial Paper Issuance Programme, as amended and/or supplemented from time to time (the "Programme Memorandum").

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

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

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

The document is not required to be registered with The Nigerian Exchange Group ("NGX") or the Securities and Exchange Commission ("SEC"). This document is important and should be read carefully. If any recipient is in any doubt about its contents or the actions to be taken, such recipient should consult his/her banker, stockbroker, accountant, solicitor or any other professional adviser for guidance immediately.

LEAD ARRANGERS AND DEALERS

UNITED CAPITAL PLC

RC 444999

NOVA MERCHANT BANK LIMITED

RC 1413910

CO-ARRANGERS/DEALERS

FSDH CAPITAL LIMITED

RC 276208

EAC ADVISORY LIMITED

RC 1498096

RENAISSANCE SECURITIES (NIGERIA) LIMITED

RC 685973

ISSUING, CALCULATION AND PAYING AGENT

NOVA MERCHANT BANK LIMITED

RC 1413910

THIS PROGRAMME MEMORANDUM IS DATED 02 February, 2022

Issuer	Nova Merchant Bank Limited
Lead Arranger/Dealers	United Capital Plc and Nova Merchant Bank Limited
Co- Arrangers/Dealers	FSDH Capital Limited, EAC Advisory Limited, Renaissance Securities (Nigeria) Limited
Issuing, Calculation and Paying Agent	Nova Merchant Bank Limited (Acting through its Treasury Unit)
Auditors	PricewaterhouseCoopers
Solicitors	Sefton Fross
Custodian	Central Securities Clearing Systems plc
Series Number	[●]

Programme Size ₦50,000,000,000

Aggregate Nominal Amount ₦ [●]

a. Series [●]

b. Tranche [●]

Face Value ₦ [●]

Discounted Value [●]

Nominal Amount Per Note [●]

Issue Price [●]

Tenor [●]

Maturity Date [●]

Final Redemption Amount [●]

Minimum Subscription ₦5,000,000 and multiples of ₦1,000 thereafter

Specified Currency Nigerian Naira (₦)

Status Of Notes Each Note constitutes a senior unsecured obligation of the Issuer and save for certain debts mandatorily preferred by law, the Notes rank pari passu among themselves, and save for certain debts mandatorily preferred by law, with other present and future senior unsecured obligations of the Issuer outstanding from time to time

Form Of Notes Uncertificated

Quotation	Notes may be quoted on the FMDQ Securities platform or any other recognized Exchange
Taxation	Please refer to the 'Tax Considerations' section in the Programme Memorandum
Method of Offer	Fixed Price Offer
Book Closed Period	The Register will be closed from [●] to [●] until the Maturity Date
Implied Yield	[●]%
Discount Rate	[●]%
Any Other Formula or basis For Determining Amount(S) Payable	[●]
Day Count Fraction	Actual/Actual (actual number of days in a month and actual number of days in a year)
Business Day Convention	Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria on which banks are open for business in Nigeria
Redemption/Payment Basis	Redemption at par
Issuer's Early Redemption	Not Applicable
Issuer's Optional Redemption	Not Applicable
Other Terms Applicable On Redemption	[●]
Offer Opens	[●]
Offer Closes	[●]
Issue Date	[●]
Allotment Date	[●]
Notification Of Allotment	All applicants will be notified through an email and/or telephone of their allotment by no later than [●]
Payment Date	[●],

**Details Of Bank Account(s)
To Which Payments Are To
Be Made In Respect Of The
Notes**

Bank: Nova Merchant Bank Limited

Account Name: [●]

**Account
Number:** [●]

Sort Code: [●]

**Settlement
Procedures and
Settlement
Instructions**

Purchases will be settled via direct debit, electronic funds transfer(NIBBS, NEFT, RTGS, etc.)

Issuer Rating

‘BBB’ by Global Credit Rating (GCR) agency.
Bbb by Augusto & Co.

Delivery Date

[●]



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

To the members of Nova Merchant Bank Limited

Report on the summary consolidated and separate financial statements

Opinion

The summary consolidated and separate financial statements (the "summary financial statements"), which comprise the summary consolidated and separate statements of financial position as at 31 December 2020, 31 December 2019, and 31 December 2018 and the summary consolidated and separate statements of comprehensive income for the years then ended are derived from the audited consolidated and separate financial statements (the "audited financial statements") of Nova Merchant Bank Limited ("the Bank") and its subsidiary companies (together the "Group") for the years ended 31 December 2020, 31 December 2019, and 31 December 2018 respectively.

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

Summary financial statements

The summary financial statements do not contain all the disclosures required by the International Financial Reporting Standards, the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, the Banks and Other Financial Institution Act and other relevant Central Bank of Nigeria circulars applied in the preparation of the audited financial statements of the Group and Bank. Therefore, reading the summary financial statements and the auditor's report thereon, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our reports dated 15 April 2021, 24 February 2020, and 21 February 2019 respectively. The audit reports issued on 15 April 2021, 24 February 2020, and 21 February 2019 also include the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the related periods.

Directors' responsibility for the summary financial statements

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

Auditor's responsibility

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

A handwritten signature in black ink that reads 'Patrick Obianwa'.

For: PricewaterhouseCoopers (Chartered Accountants)
Lagos, Nigeria
Engagement Partner: Patrick Obianwa
FRC/2013/ICAN/ 0000000880



PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria

NOVA MERCHANT BANK LIMITED
**SUMMARY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS
ENDED 31st DECEMBER**

<i>In thousands of Naira</i>	Group December 2020	Group December 2019	Bank December 2020	Bank December 2019	Bank December 2018
Interest income calculated using effective interest rate	9,644,250	4,536,246	9,603,920	4,529,392	1,876,519
Interest income on financial assets at FVTPL	1,761	-	1,761	-	
Interest expense	(7,177,219)	(2,329,665)	(7,181,076)	(2,343,268)	(373,347)
Net interest income	2,468,792	2,206,581	2,424,605	2,186,124	1,503,172
Impairment charge for credit losses	(72,696)	(78,766)	(72,696)	(78,766)	(1,148)
Net fee and commission income	336,597	309,611	320,272	267,072	29,068
Net gains on financial instruments at fair value through profit or loss	3,013,645	765,117	2,959,026	765,117	545,475
Net foreign exchange gain	369,614	246,116	369,614	246,116	302,419
Other income	181,968	11,281	5,862	11,281	1,987
Operating expenses	(2,778,250)	(1,948,063)	(2,581,382)	(1,880,059)	(1,420,382)
Profit before tax	3,519,670	1,511,876	3,425,301	1,516,886	960,591
Income tax	(34,424)	133,831	(34,424)	133,831	190,394
Profit for the year	3,485,246	1,645,707	3,390,877	1,650,717	1,150,985
<i>Items that may be subsequently reclassified to the income statement:</i>					
Net changes in fair value of financial assets FVOCI	(185,345)	297,664	(185,345)	297,664	(50,131)
Other comprehensive (loss)/income, net of related tax effects:	(185,345)	297,664	(185,345)	297,664	(50,131)
Total comprehensive income for the year	3,299,901	1,943,371	3,205,532	1,948,381	1,100,853
Profit for the year attributable to:					
Owners of Parent	3,483,554	1,645,708	3,390,877	1,650,717	
Non-controlling interest	1,692	-	-	-	
Profit for the period	3,485,246	1,645,708	3,390,877	1,650,717	
Total comprehensive income attributable to:					
Owners of Parent	3,298,209	1,943,371	3,205,532	1,948,381	
Non-controlling interest	1,692	-	-	-	
Total comprehensive income for the year	3,299,901	1,943,371	3,205,532	1,948,381	

NOVA MERCHANT BANK LIMITED

SUMMARY STATEMENTS OF FINANCIAL POSITION AS AT 31st DECEMBER

<i>In thousands of Naira</i>	Group December 2020	Group December 2019	Bank December 2020	Bank December 2019	Bank December 2018
Assets					
Balances with banks	46,983,617	4,861,089	46,822,920	4,861,089	1,195,794
Loans to banks and other financial institutions	4,978	7,035,462	-	7,035,462	3,883,788
Loans and advances to customers	49,971,622	29,285,504	49,971,622	29,285,504	2,427,818
Investment securities	53,430,722	13,550,734	52,822,843	13,549,172	13,050,778
Investment in subsidiaries	-	-	415,000	150,000	-
Derivative financial assets	3,700,410	1,460,523	3,700,410	1,460,523	20,753
Pledged assets	22,071,575	2,497,380	22,071,575	2,497,380	1,192,312
Property and equipment	932,615	1,093,921	931,272	1,092,576	1,213,250
Right-of-use asset	264,940	280,871	264,940	280,871	-
Intangible assets	701,100	805,795	672,375	777,071	727,568
Other assets	3,825,592	2,491,126	4,143,416	2,372,154	979,583
Deferred tax assets	445,006	443,497	443,498	443,497	294,497
Total assets	182,332,177	63,805,902	182,259,871	63,805,299	24,986,139
Liabilities					
Deposits	89,627,443	40,512,882	89,611,830	40,512,940	6,494,473
Due to Banks	21,713,953	-	21,713,953	-	
Derivative financial liabilities	3,680,548	1,446,597	3,680,548	1,446,598	87,319
Lease liabilities	96,184	82,825	96,184	82,825	-
Current tax liabilities	35,356	15,264	34,670	15,264	9,606
Other liabilities	34,064,139	2,193,532	34,023,634	2,187,861	783,310
Debt securities issued	10,259,852	-	10,333,708	-	
Total liabilities	159,477,475	44,251,100	159,494,527	44,245,488	7,374,708
Equity					
Share capital	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000
Statutory reserve	2,010,946	993,683	2,010,946	993,683	498,468
Retained earnings	3,494,145	1,807,169	3,404,787	1,812,178	1,115,666
Fair value reserve	62,188	247,533	62,188	247,533	(50,131)
Regulatory risk reserve	1,287,423	506,417	1,287,423	506,417	47,428
Total equity attributable to owners of the Parent	22,816,550	19,554,802	22,765,344	19,559,811	
Non-controlling interest	38,152	-	-	-	
Total Equity	22,854,702	19,554,802	22,765,344	19,559,811	17,611,431
Total liabilities and equity	182,332,177	63,805,902	182,259,871	63,805,299	24,986,139

NOVA MERCHANT BANK LIMITED SUMMARY FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31st DECEMBER

<i>In thousands of Naira</i>	Group December 2020	Group December 2019	Bank December 2020	Bank December 2019	Bank December 2018
Cash flows from operating activities					
Profit before income tax	3,519,670	1,511,876	3,425,301	1,516,886	960,591
<i>Adjustments for non-cash items:</i>					
Depreciation charge on property and equipment	278,365	258,065	277,788	257,794	136,979
Depreciation charge on right of use asset	15,930	15,843	15,930	15,843	-
Amortisation of intangible assets	156,604	20,884	156,604	20,884	8,314
Gain on disposal of Property plant and equipment	21,938	(68)	21,938	(68)	-
Interest income	(9,681,300)	(4,536,246)	(9,605,681)	(4,529,392)	(1,876,519)
Interest expense	7,181,076	2,329,665	7,181,076	2,343,268	373,347
Impairment charge on loans and advances	67,345	30,050	67,345	30,050	980
Impairment charge on contingent assets	5,351	-	5,351	-	
Net gains on financial instruments	(2,959,027)		(2,959,027)	-	
Exchange gain	(369,614)		(369,614)	-	
Impairment charge on loans to banks	-	78	-	78	2
	(1,763,662)	(369,852)	(1,782,991)	(344,658)	(396,306)
Changes in working capital					
Mandatory reserve deposits with the Central Bank of Nigeria	(33,883,827)	(1,286,185)	(33,883,827)	(1,286,185)	-
Loans and advances to customers	(20,733,353)	(26,887,737)	(20,733,353)	(26,887,737)	(2,405,635)
Financial instruments - FVTPL	3,288,632	3,105,497	3,675,968	3,105,497	
Other assets	(1,731,750)	(1,736,874)	(1,771,261)	(1,617,902)	16,577,755
Due to banks	21,008,784	-	21,008,784	-	
Due to customers	48,014,793	33,533,440	48,014,867	33,533,499	6,480,177
Other liabilities	32,018,864	1,421,669	31,830,423	1,415,999	712,911
Cash from operations	47,982,145	8,149,810	48,141,601	8,263,170	21,431,773
Interest received	6,796,732	4,536,246	6,728,701	4,529,392	1,876,519
Interest paid	(4,850,264)	(1,844,696)	(4,850,264)	(1,858,299)	(359,051)
Income tax paid	(15,018)	(9,511)	(15,018)	(9,511)	(4,161)
Net cash from operating activities	49,913,594	10,831,848	50,005,021	10,924,751	22,945,080

Cash flows from investing activities					
Pledged assets	(19,574,196)	(1,305,067)	(19,574,197)	(1,305,067)	(1,192,312)
Investment securities - FVOCI	(36,653,087)	(3,388,280)	(36,955,409)	(3,386,719)	(13,100,909)
Investment in subsidiary	-	-	(265,000)	(150,000)	-
Purchase of property, plant and equipment	(201,911)	(155,962)	(201,333)	(154,346)	(1,036,545)
Proceeds from sale of property and equipment	62,913	17,293	62,913	17,293	-
Purchase of intangible assets	(51,910)	(99,110)	(51,910)	(70,385)	(732,817)
Net cash used in investing activities	(56,418,191)	(4,931,127)	(56,984,934)	(5,049,223)	(16,062,583)
Cash flows from financing activities					
Debt securities issued	9,735,447	-	9,805,447	-	-
Additional Capital from Parent	(265,000)	-	-	-	(1,406,614)
Net cash generated from/(used in) financing activities	9,470,447	-	9,805,447	-	(1,406,614)
Increase in cash and cash equivalents	1,202,189	5,530,869	1,042,543	5,530,869	5,079,580
Cash and cash equivalents at beginning of year	10,610,445	5,079,576	10,610,445	5,079,576	-
Cash and cash equivalents at end of year	11,812,635	10,610,445	11,652,989	10,610,445	5,079,580
Cash and cash equivalents comprise:					
Balances with banks (see note 16)	9,696,368	3,574,983	9,650,141	3,574,983	1,195,794
Placement with banks (see note 16)	2,116,267	7,035,462	2,002,848	7,035,462	3,883,786
	11,812,635	10,610,445	11,652,989	10,610,445	5,079,580

Nova Merchant Bank Limited

Rating Assigned:
Bbb

A financial institution with satisfactory financial condition and adequate capacity to meet its obligations as and when they fall due.

Outlook: Stable
Issue Date: 10 June 2021
Expiry Date: 30 June 2022
Previous Rating: Bbb

Industry: Merchant Banking

Analysts:
Chiamaka Ozoefor
 chiamaka.ozoefor@agusto.com

Ayokunle Olubunmi, CFA
 ayokunle.olubunmi@agusto.com

Agusto & Co. Limited
 UBA House (5th Floor)
 57, Marina
 Lagos
 Nigeria

www.agusto.com

RATING RATIONALE

Agusto & Co. hereby affirms the "Bbb" rating of Nova Merchant Bank Limited (Nova MBL or "the Bank"). Nova MBL's rating is upheld by its good capitalisation, good asset quality and good profitability. The rating is however constrained by the obligor and sectorial concentration in the loan book, a concentrated deposit base which is tilted largely to more expensive funding sources (typical of merchant banks in Nigeria), slow economic recovery from the pandemic and changing regulations in the Nigerian banking industry.

Nova Merchant Bank Limited is a growing merchant bank with gross loans increasing year-on-year by 71% to ₦50 billion as at 31 December 2020, despite the negative effects of the COVID-19 pandemic on the banking industry. However, concentration in the loan book persists with two sectors accounting for 52.1% of gross loans as at the FYE 2020. As at the same date, the top five obligors represented 71% (FYE 2019: 72%) of gross loans. Although none of these exposures breached the regulatory threshold of 50% of shareholder's funds, the Bank remains vulnerable to an adverse performance by any of these key obligors. As at 31 December 2020, all of Nova MBL's loans were classified as stage 1 credits. However, ex-staff loans amounting to ₦46.3 million and representing a minute 0.1% of gross loans were classified as non-performing, based on prudential guidelines. While we consider the Bank's asset quality to be good, the lingering pandemic and the fragile state of the Nigerian macroeconomic environment brings to fore the need for proactive loan monitoring.

As at 31 December 2020, Nova MBL's shareholders' fund stood at ₦33.1 billion, significantly higher than the regulatory minimum of ₦15 billion for merchant banks operating in Nigeria. As at the same date, the Bank's adjusted capital, computed in line with Basel III precepts, funded 39.5% of its risk weighted assets, above the 10% minimum threshold set by the Central Bank of Nigeria. We consider Nova MBL's capitalisation to be good.

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20B Kingsley Emu Street,
Lekki Scheme 1, Lagos, Nigeria.
Tel: +234 (0) 1 2770762-3, +234 (0) 1 2770769
E-mail: info@seftonfross.com
Website: www.seftonfross.com

4 February 2022

The Managing Director
Nova Merchant Bank Limited
23 Kofo Abayomi Street,
Victoria Island,
Lagos

Attention: Teslim Ogundiran

Dear Sir,

LEGAL OPINION IN RESPECT OF THE ₦50,000,000,000 COMMERCIAL PAPER ISSUANCE PROGRAMME BY NOVA MERCHANT BANK LIMITED

1. Background

- 1.1 We have acted as Transaction Counsel to Nova Merchant Bank Limited (“**Issuer**”) in connection with the establishment of a ₦50,000,000,000 Commercial Paper Issuance Programme (the “**Programme**”) by the Issuer, under which the Issuer may from time to time, issue Commercial Paper Notes (**Notes**) denominated in Nigerian Naira in separate series or tranches subject to the terms and conditions (**Terms and Conditions**) contained in the Programme Memorandum (defined below) and applicable Pricing Supplement contained in the Programme Memorandum.
- 1.2 The Notes issued will be constituted by, subject to, and have the benefit of, a Deed of Covenant dated on or about the date of this Opinion (“**Opinion**”) (**Deed of Covenant**) and executed by the Issuer as a deed poll in favour of the Noteholders.

2. Definitions

- 2.1 The definitions in this paragraph apply in this opinion.

CAC: the Corporate Affairs Commission.

CAMA: the Companies and Allied Matters Act, 2020.

CBN: the Central Bank of Nigeria.

CBN Guidelines:

- i. the CBN Guidelines on the Issuance and Treatment of Bankers’ Acceptances and Commercial Papers dated 11 September 2019; and



- ii. the Letter from the CBN to all Deposit Money Banks and Discount Houses dated 12th July 2016 with respect to the Mandatory Registration and Listing of Commercial Paper.

Dealers and Arrangers: Nova Merchant Bank Limited, United Capital Plc, FSDH Capital Ltd and EAC Advisory Ltd.

FMDQ Exchange Rules: the FMDQ Commercial Paper Registration and Quotation Rules issued in April 2021 (as may be amended, from time to time) and such other regulations with respect to the registration and quotation of commercial papers as may be prescribed by FMDQ from time to time.

Issuing and Paying Agency Agreement: the Issuing and Paying Agency Agreement dated on or about the date of this deed between the Issuer, Stanbic IBTC Capital Limited, Union Capital Markets Limited, and United Capital Plc relating to the Programme and any further agreement amending, replacing, modifying or restating it.

Programme Memorandum: N50,000,000,000 Commercial Paper Issuance Programme memorandum dated on or about the date of this Opinion including the Terms and Conditions relating to each Series of Notes issued under the Programme.

Tax Exemptions: exemptions from Capital Gains Tax, Companies Income Tax and Value Added Tax respectively which may be granted approved and gazetted from time to time; Personal Income Tax under the Personal Income Tax (Amendment) Act 2011 (which is valid in perpetuity); any other tax exemption that may become available from time to time.

Transaction Documents: means the Programme Memorandum, each Applicable Pricing Supplement, the Deed of Covenant, the Deed of Undertaking and the Issuing and Paying Agency Agreement.

- 2.2 The headings in this opinion do not affect its interpretation.
- 2.3 Terms defined or given a particular construction in the Programme Memorandum, or any Applicable Pricing Supplement (as applicable) have the same meaning in this opinion unless a contrary indication appears.
- 2.4 References to paragraphs and schedules are to paragraphs of, and schedules to, this opinion.

3. Documents examined and enquiries made

- 3.1 For the purpose of issuing this opinion, we have only examined the documents listed below:
- (a) a copy of the Memorandum and Articles of Association of the Issuer as of **16 May 2017**;
 - (b) a copy of the certificate of incorporation of the Issuer dated **17 May 2017**;

- (c) a copy of the status report of the Issuer received from the CAC and dated **19 January 2022**;
- (d) the executed Issuing and Paying Agency Agreement dated 4th February 2022;
- (e) the executed Deed of Undertaking dated 3 February 2022 by which the Issuer undertakes to perform the function of an issuing, calculation and paying agent in respect of the Transaction;
- (f) the Programme Memorandum dated 4th February 2022;
- (g) the Pricing Supplement;
- (h) the executed Deed of Covenant dated 4th February 2022;
- (i) a copy of the resolution of the shareholders of the Issuer dated 22 November 2019 approving the establishment of the Programme;
- (j) a copy of the resolution of the Board of Directors of the Issuer dated 26 January 2022 approving the establishment of the Programme; and
- (k) a copy of the License to Carry on Merchant Banking Business Licence No MBB/000009 dated 13 December 2017.

4. Assumptions

4.1 The opinions in paragraph 5 have been given on the basis of the following assumptions:

- (a) All signatures and seals on all documents are genuine. All original documents are complete, authentic and up-to-date. All copy documents are complete and conform to the originals.
- (b) The Transaction Documents were duly executed by two directors or a director and secretary of the Issuer in accordance with CAMA and/or the articles of association of the Issuer.
- (c) Each party to the Transaction Documents (other than the Issuer) has the capacity, power and authority:
 - (i) to execute and deliver the Transaction Documents to which it is a party; and
 - (ii) to exercise its rights and perform its obligations under the Transaction Documents to which it is a party.
- (d) Each party to the Transaction Documents (other than the Issuer) has duly authorised, executed and delivered the Transaction Documents to which it is a party in accordance with all applicable laws.
- (e) The Transaction Documents constitute legal, valid and binding obligations of each of the parties enforceable under Nigerian law (other than the Issuer) and, if the laws or regulations of any other jurisdiction may be relevant to (i) the

obligations or rights of any of the parties in any of the Transaction Documents or (ii) any of the transactions contemplated by any Transaction Document, such laws do not prohibit, and are not inconsistent with, the entry into and performance of any such obligations, rights or transactions.

- (f) All consents, licences, approvals, notices, filing, publications and registrations which are necessary under any applicable laws (other than, in the case of the Issuer, the laws of Nigeria) in order to permit the execution, delivery or performance of the Transaction Documents or to perfect, protect or preserve any of the interests created by the Transaction Documents, have been made or obtained or will be made and obtained within the period permitted by such laws or regulations.
- (g) The resolutions of the board of directors of the Issuer referred to in paragraph 3.1(i) were duly passed by the board of directors of the Issuer. The resolutions are correct and have not been amended or rescinded and are in full force and effect.

5. The Opinions

Based on the assumptions above and subject to the qualifications below and to any matter not disclosed to us, we are of the opinion that:

- 5.1 **Status:** the Issuer is a limited liability company, duly incorporated in and validly existing under the laws of the Federal Republic of Nigeria.
- 5.2 **Corporate capacity:** The Issuer has the corporate capacity:
 - (a) to enter into the Transaction Documents to which it is a party; and
 - (b) to perform its obligations under the Transaction Documents to which it is a party.
- 5.3 **Authorisation:** The Issuer has taken all necessary corporate actions to authorise:
 - (a) the entering into and delivery of the Transaction Documents to which it is a party;
 - (b) the issuance of the Notes in accordance with the Issuer's constitutional documents and Nigerian law; and
 - (c) the performance of its obligations under the Transaction Documents to which it is a party.
- 5.4 **Due execution:** The Issuer has duly executed and delivered the Transaction Documents to which it is a party.
- 5.5 **Legal validity:**
 - (a) The obligations of the Issuer under the Transaction Documents to which it is a party constitute its legal, valid, binding and enforceable obligations.

- (b) The Notes, when issued, would constitute valid, legal, binding and enforceable obligations of the Issuer;
 - (c) The issuance of the Notes in dematerialised form is valid and legal under Nigerian law;
 - (d) The holders of the Notes shall be entitled, severally to enforce the Deed of Covenant against the issuer.
- 5.6 No consents:** Save for stamping of the Transaction Documents, no consent, licence, approval or authorisation of any governmental, judicial or public body or other authority is required in Nigeria by law to enable the Issuer lawfully to enter into or perform its obligations under any of the Transaction Documents.
- 5.7 No registrations or filings:** Other than stamping of the Transaction Documents at the Stamp Duties Office of the Federal Inland Revenue Services, no registration or filing is necessary to preserve as a matter of law, the interests of the Noteholders.
- 5.8 Immunity:** the Issuer is not entitled to claim in relation to itself or any of its assets, any form of immunity on the grounds of sovereignty, diplomacy or otherwise from any legal action or proceeding or from execution of a judgment against it instituted or initiated before a competent jurisdiction or any arbitral panel.
- 5.9 Compliance with the CBN Guidelines and FMDQ Exchange Rules:**
- (a) The Notes have been issued in compliance with the CBN Guidelines and the FMDQ Exchange Rules.
 - (b) The issuer has been rated as required by and in compliance with the CBN Guidelines.
- 5.10 Stamp duties:**
- (a) The Stamp Duties Act require any instrument executed in Nigeria, or relating wheresoever executed, to any property situated or any matter or thing done or to be done in the Federal Republic of Nigeria to be stamped and the appropriate stamp duty paid in respect of the said instruments are not admissible in evidence (except in criminal proceedings) in the courts of Nigeria.
 - (b) Stamp duty is payable in Nigeria either at a flat rate or an *ad valorem* rate. Save for the Issuing and Paying Agency Agreement which will be charged at an *ad valorem* stamp duties rate, the Transaction Documents will be charged with stamp duty at the nominal rate of N500.00 (Five Hundred Naira) per Transaction Document and fifty (50) Naira for each counterpart.
 - (c) Each of the Transaction Documents is required to be stamped within a period of thirty (30) days after their execution (being documents executed in Nigeria).
 - (d) Other than stamp duties payable as described above, no other stamp duty is payable, and no filing or registration is required in connection with the execution,

delivery, issue, performance and enforcement of the Transaction Documents and the Notes.

5.11 Deductions:

Subject to the applicable Tax Exemptions:

- (a) the Issuer is required to make withholdings or deduction from any payment due to the Noteholders on the Notes, being discounted instruments.
- (b) The Noteholders will be required to pay income taxes on the discount enjoyed on the Notes.
- (c) A sale of a Note by a Noteholder will give rise to a charge to capital gains tax.

5.12 Insolvency: Subject to insolvency laws generally applicable to Nigerian companies, in insolvency proceedings involving the Issuer, the obligations of the Issuer under the Transaction Documents will remain valid, binding and enforceable.

5.13 No Security Interests: The Notes are unsecured, and no security interests have been created in favour of the Noteholders by any Transaction Documents.

5.14 Pari Passu: the obligations of the Issuer under the Transaction Documents to which it is a party, and the Notes (when issued) will rank at least pari passu as to priority of payment with the claims of all other unsecured and unsubordinated creditors of the Issuer except for those claims which are mandatorily preferred solely by any bankruptcy, insolvency or liquidation or other similar laws of general application.

5.15 Governing law: The choice of Nigerian law to govern the Transaction Documents will be recognised and upheld as a valid choice of law in the Nigerian courts or arbitral tribunal.

5.16 Submission to Arbitration: The submission in the Transaction Documents to arbitration by the parties is permitted under Nigerian law and an arbitral award rendered by a recognized arbitral tribunal would be enforced by the Nigerian courts a legal, valid and binding submission to arbitration subject to the provisions of the Arbitration and Conciliation Act, Cap A18, LFN 2004.

6. Qualifications

The opinion in paragraph 5 are subject to the following qualifications:

- 6.1 Our opinion that an obligation or document is enforceable means that the obligation or document is of a type and form which Nigerian Courts generally will enforce. It does not mean that the obligation or document can necessarily be enforced in all circumstances and with regards to a final judgment or award, certain defences to its application or grounds for setting it aside may be accepted or applied, in spite of an agreement to the contrary;
- 6.2 The assessment of stamp duties on documents by the Stamp Duties Office is erratic and largely untested in Nigerian Courts;

- 6.3 Upon the presentation of a winding-up petition against a Nigerian company, proceedings commenced against it to enforce a liability may be stayed or restrained by a Nigerian Court;
- 6.4 No attachment or execution can be levied against the assets of a Nigerian bank after the commencement of its winding-up;
- 6.5 The enforcement of the rights of the parties under the Transaction Documents may with the passage of time become statute-barred under the limitation laws of the Federal Republic of Nigeria; and
- 6.6 The power of Nigerian Courts to order specific performance of an obligation or to order any other equitable remedy is discretionary and, accordingly, a Nigerian Court might make an award of damages where specific performance of an obligation, or any other equitable remedy was sought.
- 6.7 This opinion is subject to all insolvency, bankruptcy, liquidation, receivership, moratorium, reorganisation or similar laws affecting the rights of creditors (including secured creditors) generally.

7. Scope of opinion

- 7.1 This opinion relates only to Nigerian law as applied by the Nigerian courts at the date of this opinion. By giving this opinion, we do not assume any obligation to notify you of future changes in law which may affect the opinions expressed in this opinion, or otherwise to update this opinion in any respect.
- 7.2 We express no opinion in this opinion on the laws of any other jurisdiction.
- 7.3 We express no opinion on matters of fact.
- 7.4 We have not been responsible for investigating or verifying the accuracy of the facts, or the reasonableness of any statement of opinion or intention, contained in or relevant to any document referred to in this opinion, or that no material facts have been omitted therefrom.
- 7.5 We express no opinion as to any liability to tax that may arise or be suffered as a result of or in connection with the Transaction Documents.
- 7.6 This opinion and any non-contractual obligations arising out of it are governed by and shall be construed in accordance with Nigerian law as at the date of this opinion.

8. Who may rely on the opinion

- 8.1 This opinion is issued at the request of the Issuer for the purpose of the Programme and any Note issuances thereunder. The opinion may be relied upon solely for your benefit and solely for the purpose of the Transaction Documents and may be relied upon only by the addressee of this opinion. It may not be disclosed to or relied on by any other person, or used for any other purpose, without our prior written consent.

7

20B Kingsley Emu Street, Lekki Scheme 1, Lagos, Nigeria.

Tel: +234 (0) 1 2770762-3, +234 (0) 1 2770769

E-mail: info@seftonfross.com

Website: www.seftonfross.com

8.2 This opinion may be disclosed where required by law or judicial process; or on a non-reliance basis to your professional advisers.

Yours faithfully,

Sefton Fross

.....
SEFTON FROSS



SEFTON FROSS

GENERAL INFORMATION

Authorisation

This CP Programme and Notes issued hereunder were approved by the resolution of the Board of Directors of Nova Merchant Bank dated 26 January 2022.

Auditors

PricewaterhouseCoopers acted as auditors of the annual financial statements of the Issuer for the financial years ended December 31, 2018, December 31, 2019, and December 31, 2020 and was responsible for the audit, and issued unqualified reports.

Commercial Paper Outstanding

The Issuer has no commercial paper outstanding as at the date of this Programme Memorandum. Within the financial year ending 31 December 2021

Going Concern

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

Litigation

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

Material Contracts

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

- i. the Deed of Covenant dated 4 February 2022 executed by the Issuer as a deed poll in favour of the Note holders;
- ii. the Issuing, Calculation and Paying Agent Agreement dated 4 February 2022 executed by the Arrangers and the Issuer; and
- iii. the Deed of Undertaking dated 4 February 2022 executed by the Issuer and the Issuing, Calculation and Paying Agent.

Other material contracts in respect of any issuance of Notes under the Programme will be disclosed in the Applicable Pricing Supplement issued in respect of that Series or Tranche.

Ultimate Borrower


The Issuer is the borrower in respect of the Notes.

PARTIES TO THE TRANSACTION

ISSUER

Nova Merchant Bank Limited

23, Kofo Abayomi Street,
Victoria Island,
Lagos


Emmanuel Onokpasa

ARRANGERS

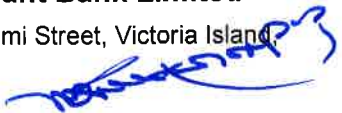
United Capital Plc

Afriland Towers, 3rd and 4th Floors, 97/105 Broad
Street, Lagos Island, Lagos


Peter Ashade

Nova Merchant Bank Limited

23, Kofo Abayomi Street, Victoria Island,
Lagos


Emmanuel Onokpasa

FSDH Capital Limited


1/5, Odunlami Street, Lagos Island, Lagos, Nigeria

Tolu Osinibi



EAC Advisory Limited

13 Maitama Sule Street, Raymond Njoku, Ikoyi


Toyin F. Sanni

Renaissance Securities (Nigeria) Limited

6th Floor, Level 11, East Tower, 17A Ozumba Mbadiwe Ave, Victoria Island, Lagos


Samuel Sule

AUDITORS

PricewaterhouseCoopers

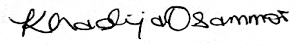
Landmark Towers
5b, Water Corporation Road,
Victoria Island, Lagos, Nigeria


Patrick Obianwa

SOLICITORS

Sefton Fross

20b Kingsley Emu Street,
Lekki Phase 1,
Lagos


Khadija Osammor

ISSUING, CALCULATING AND PAYING AGENT

Nova Merchant Bank Limited

23, Kofo Abayomi,
Victoria Island,
Lagos


Emmanuel Onokpasa