

This Programme Memorandum has been prepared in accordance with the Central Bank of Nigeria Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Paper issued on September 11, 2019, as amended or supplemented from time to time and the Commercial Paper Registration and Quotation Rules of FMDQ Exchange in force as at the date hereof. The document is important and should be read carefully. If you are in any doubt about its content or the action to take, kindly consult your stockbroker, accountant, banker, solicitor or any other professional adviser for guidance immediately. This Programme Memorandum has been seen and approved by the members of the Board of Directors of Sterling Bank PLC and they individually and jointly accept full responsibility for the accuracy of all information given.



Sterling Bank PLC

RC 2392

₦100,000,000,000 COMMERCIAL PAPER ISSUANCE PROGRAMME

Sterling Bank PLC (**"Sterling Bank"** or the **"Issuer"** or the **"Bank"**), a public limited liability company incorporated in Nigeria and listed on The Nigerian Stock Exchange, has established this ₦100,000,000,000 Commercial Paper Issuance Programme (the **"CP Programme"**), under which Sterling Bank 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 the Arranger, in separate series or tranches subject to the terms and conditions (**"Terms and Conditions"**) contained in this Programme Memorandum.

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

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

The CP Notes will be issued in dematerialised form, registered and quoted via the FMDQ Securities Exchange Limited (**"FMDQ Exchange"** or the **"Exchange"**) Platform in accordance with the rules, guidelines and such other regulation as prescribed by the Central Bank of Nigeria (**"CBN"**) and FMDQ Exchange from time to time, or any other recognized trading platform as approved by the CBN. Securities will settle via any licensed Depository or Clearing Agent in the country, 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.

Arranger



Stanbic IBTC
Capital

RC:1031358

Issuing, Calculation and Paying Agent



Stanbic IBTC Bank

RC:125097

THIS PROGRAMME MEMORANDUM IS DATED 23 MARCH 2020



Sterling Bank

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DEFINITIONS AND INTERPRETATIONS

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

“Agency Agreement”	The issuing, calculation and paying agency agreement dated on or about 23 March 2020 and entered into between the Issuer and the Issuing, Calculation and Paying Agent
“Agent”	Stanbic IBTC Bank PLC as paying and calculation agent and any successor paying and calculation agent appointed in connection with the Programme
“Applicable Pricing Supplement” or “Pricing Supplement”	The Pricing Supplement applicable to a particular Series or Tranche of Notes issued under the CP Programme
“Arranger”	Stanbic IBTC Capital Limited
“Board” or “Directors”	Board of Directors of Sterling Bank PLC
“Business Day”	Any day, except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria, on which banks are open for business in Nigeria
“Business Hours”	8.00am to 5.00pm on any Business Day
“CAMA”	Companies and Allied Matters Act, Chapter C20, LFN 2004
“CBN”	Central Bank of Nigeria
“CBN Guidelines”	CBN’s Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Paper, issued on 11 th September, 2019, as amended or supplemented from time to time
“CGT”	Capital Gains Tax as provided for under the Capital Gains Tax Act, Cap C1 LFN 2004 (as amended)
“CITA”	Companies Income Tax Act, Cap C21, LFN 2004 (as amended)
“Commercial Paper”, “CP”, “CP Notes” or “Notes”	Unsecured zero-coupon commercial paper notes issued 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 at any time does not exceed ₦ 100,000,000,000 or its equivalent in any other specified currency
“CSD” or “Clearing Agent”	means FMDQ Depository or any clearing system or depository approved by the Issuer or as may otherwise be specified in the Applicable Pricing Supplement
“Day Count Fraction”	The method of calculating the discount as specified in the Applicable Pricing Supplement
“Dealer”	Stanbic IBTC Capital Limited, Constant Capital Markets and Securities Limited,

	SCM Capital Management Limited and any other additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer's right to terminate the appointment of any Dealer
"Dealing Member"	means an FMDQ Exchange-licensed member authorised to make market in securities admitted to trade on the FMDQ Exchange platform
"Default Rate"	The interest rate equivalent to the daily overnight NIBOR plus 5% per annum of issue rate plus 5% per annum (whichever is higher)
"Event of Default"	An event of default by the Issuer as set out in the Terms and Conditions
"Face Value"	The par value of the Notes
"FGN"	Federal Government of Nigeria
"FIRS"	Federal Inland Revenue Service
"FMDQ Securities Exchange Limited" or "FMDQ Exchange"	An securities exchange and self-regulatory organisation licensed by the SEC to provide a platform for, inter alia, the listing, quotation, registration, and trading of securities
"FMDQ Exchange Rules"	The Commercial Paper Registration and Quotation Rules issued by the Exchange in August 2019 and any such amendments that may be issued from time to time
"ICPA Register"	The register of Noteholders, maintained by the Issuing, Calculation and Paying Agent
"Implied Yield"	The yield accruing on the Issue Price of a Note, as specified in the Applicable Pricing Supplement
"ISA"	The Investments and Securities Act No. 29 of 2007, as may be modified or amended from time to time
"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, Calculation and Paying Agent" or "ICPA"	Stanbic IBTC Bank PLC and any successor paying and calculation agent appointed in connection with the Programme
"LFN"	Laws of the Federation of Nigeria
"Maturity Date"	The date as specified in each Applicable Pricing Supplement on which the Principal Amount is due
"Material Adverse Change"	A material adverse effect on the ability of the Issuer to perform and comply with its payment obligations under the CP Programme
"Naira" or "₦" or "NGN"	The Nigerian Naira, the lawful currency of Nigeria
"NIBOR"	Nigerian Inter-Bank Offered Rate
"Nigeria"	The Federal Republic of Nigeria and "Nigerian" shall be construed accordingly
"Noteholder" or "Holder"	The holder of a Note as recorded in the Register kept by the ICPA in accordance with the Terms and Conditions
"NSE Rules"	The Nigerian Stock Exchange rules and regulations

“Outstanding”	In relation to the Notes, all the Notes issued, other than: (i) those Notes which have been redeemed (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 monies have been duly paid in accordance with the provisions of the applicable Deed of Covenant and (iii) those Notes which have become void under the provisions of the applicable Deed of Covenant
“PITA”	Personal Income Tax Act, Chapter P8, LFN 2004 (as amended)
“Principal Amount”	The nominal amount of each Note, as specified in the Applicable Pricing Supplement
“Programme Memorandum”	This information memorandum dated 23 March 2020 which details the aggregate size and broad terms and conditions of the CP Programme
“Redemption Amount”	The amount specified in the Applicable Pricing Supplement as the amount payable in respect of each Note on the Redemption Date
“Redemption Date”	In relation to any Series, the date on which redemption monies are due and payable in respect of the Notes as specified in the Applicable Pricing Supplement
“Relevant Date”	The payment date of any obligation due on the Notes
“Relevant Last Date”	The date stipulated by the Clearing Agent and specified in the Applicable Pricing Supplement, after which transfer of the Notes will not be registered
“SEC”	The Securities and Exchange Commission
“SEC Rules”	The Securities and Exchange Commission Rules and Regulations, 2013 as amended from time to time
“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
“Tranche”	Notes which are identical in all respects
“Validity Period”	The period of 36 months commencing from 23 March 2020 to 22 March 2023, during which the CP Programme is valid
“VAT”	Value Added Tax as provided for in the Value Added Tax Act, Chapter VI, LFN 2004 (as amended).
“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

This Programme Memorandum contains information provided by the Issuer in connection with the CP Programme under which the Issuer may issue and have outstanding at any time Notes up to a maximum aggregate amount of ₦100,000,000,000 or its equivalent in any other specified currency. The Notes shall be issued subject to the Terms and Conditions.

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

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

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

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

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

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

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

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.

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 (and notes thereto) and any audited interim financial statements (and notes thereto) published subsequent to such 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 made available on the website of the Issuer, www.sterling.ng, 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 Arranger at its specified offices as set out in this Programme Memorandum.

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by the remainder of this Programme Memorandum and the Applicable Pricing Supplement:

- 1. ISSUER:** Sterling Bank PLC.
- 2. PROGRAMME DESCRIPTION:** Commercial Paper Issuance Programme.
- 3. SIZE OF PROGRAMME:** ₦100,000,000,000 aggregate principal amount of Notes, or its equivalent in any other specified currency, outstanding at any point in time.
- 4. ARRANGER:** Stanbic IBTC Capital Limited.
- 5. ISSUING, PAYING AND CALCULATION AGENT:** Stanbic IBTC Bank PLC and any successor issuing, paying and calculation agent appointed in connection with the Programme.
- 6. AUDITORS:** Ernst & Young.
- 7. CUSTODIAN:** *[Insert Name of Appointed Custodian]* or any other licensed depository or clearing agent.
- 8. LEGAL COUNSEL:** G. Elias & Co.
- 9. ISSUANCE IN SERIES:** The Notes will be issued in series, 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 and Tranche will be specified in the Applicable Pricing Supplement.
- 10. USE OF PROCEEDS:** The net proceeds from each issue of Notes under the Programme will be used solely to support the Issuer's short-term funding requirements, as part of its asset and liability management strategy for its banking operations or as may otherwise be described in the Applicable Pricing Supplement.
- 11. SOURCE OF REPAYMENT:** The repayment of all obligations under the Programme will be funded from cash flows of the Issuer, unless otherwise specified in the Applicable Pricing Supplement.
- 12. METHOD OF ISSUE:** The Notes may be offered and sold by way of a fixed price offer for subscription or through a book building process and/or any other methods as described in the Applicable Pricing Supplement, within Nigeria or otherwise, in each case as specified in the Applicable Pricing Supplement.
- 13. MATURITY DATE:** 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 in accordance with the CBN Guidelines.
- 14. INTEREST PAYMENTS:** Notes issued will be in the form of zero coupon notes, and will not pay interest prior to final maturity.

- 15. ISSUE PRICE:** The Notes shall be issued at a discount. The effective rate of interest will be calculated on the basis of such Day Count Fraction specified in the Applicable Pricing Supplement.
- 16. ISSUE SIZE:** As specified in the Applicable Pricing Supplement.
- 17. CURRENCY OF ISSUE:** The Notes issued under this programme may be denominated in NGN or in such other currency as may be agreed between the Arranger and the Issuer and specified in the Applicable Pricing Supplement.
- 18. DENOMINATION:** The Notes will be issued in such denominations as may be agreed between the Issuer and the Arranger and as specified in the Applicable Pricing Supplement.
- 19. REDEMPTION:** As stated in the Applicable Pricing Supplement, subject to the CBN Guidelines.
- 20. DEFAULT RATE:** Interest rate equivalent to the daily overnight NIBOR + 5% per annum or issue rate + 5% per annum (whichever is higher).
- 21. RATING:** The Issuer has been assigned a short-term and long-term national rating of "A3" and "BBB" respectively, from Global Credit Rating Company Limited and a short-term and long-term national scale local currency rating of "A2" and "BBB" respectively by DataPro Limited.
- Pursuant to the CBN Guidelines, either the issuer of a CP or the specific issue itself shall be rated by a rating agency registered in Nigeria or any international rating agency acceptable to the CBN.
- 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.
- 22. STATUS OF THE NOTES:** Each Note constitutes a direct, unconditional, unsubordinated and unsecured obligation of the Issuer and the Notes rank *pari passu* among themselves and, save for certain debts preferred by law, *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer outstanding from time to time.
- 23. QUOTATION:** The CP shall be quoted on the FMDQ Securities Exchange Limited Platform or other platform approved by the Issuer or as may be specified in the Applicable Pricing Supplement.
- 24. TAXATION:** Refer to the section of this Programme Memorandum headed "*Tax Considerations*".
- 25. GOVERNING LAW:** The Notes issued under the Programme and all related contractual documentation will be governed by, and construed in accordance with Nigerian law.
- 26. SETTLEMENT PROCEDURES:** Purchases will be settled via direct debit, electronic fund transfers, NIBBS Instant Payment ("NIP"), NIBBS Electronic Funds Transfer ("NEFT") or Real Time Gross Settlement ("RTGS")

USE OF PROCEEDS

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

1. HISTORY AND BUSINESS

Sterling Bank PLC is a public limited liability company duly licenced under the laws of Nigeria to carry on commercial banking business in Nigeria. The Bank, formerly known as NAL Bank PLC, was the pioneer merchant bank in Nigeria, established on 25 November 1960 as a private limited liability company, and converted to a public limited liability company in April 1992 with its shares listed and traded on the NSE. As a part of the 2004 banking sector reforms introduced and driven by the CBN, the Bank merged with four other banks – Indo-Nigeria Merchant Bank, Magnum Trust Bank, NBM Bank and Trust Bank of Africa. NAL Bank PLC as the surviving bank adopted a new name for the enlarged entity, ‘Sterling Bank PLC’. The enlarged bank commenced post-merger business operations on 03 January, 2006.

Following the repeal of the Universal Banking model by the CBN and the introduction of a new licensing regime requiring all banks to divest from their non-core banking subsidiaries or adopt a holding company model, the Bank divested from its non-core businesses.

In 2011, the Bank acquired the defunct Equitorial Trust Bank Limited (“ETB”) to re-position itself to better compete in the market space. The enlarged entity after the integration had an expanded branch network of 186 branches. Following the complete integration of ETB, the Bank launched its retail banking strategy in 2012. In 2013, Sterling Bank obtained a non-interest banking licence and launched its Agent Banking business.

Operations

Sterling Bank has evolved to a full-fledged commercial bank and is one of Nigeria’s leading financial services organisations, with a strong national presence. The Bank is a full service national commercial bank in Nigeria with an asset base of over US\$3.3 billion (₦1.2 trillion) and shareholders’ funds in excess of US\$304 million (₦109.5 billion) as at 30 September, 2019. The Bank’s shares are listed and traded on the floor of The NSE. The Bank is engaged in corporate, commercial, retail banking, trade services, treasury and non-interest banking activities. It also provides wholesale banking services including the granting of loans and advances, letter of credit transactions, equipment leasing, money market operations, electronic banking products and other banking activities.

The Bank currently has approximately 1.6 million active customers through its distribution network of 160 business offices, 884 Automated Teller Machines (ATMs) and over 10,000 Point of Sale (POS) terminals strategically located across Nigeria.

Sterling Bank has a long term national rating of BBB and ^{BBB+} from Global Credit Ratings Co (GCR) and Data Pro Limited respectively. The Bank was awarded the ‘Banker’s Award for Banking in the Community’ by The Financial Times in recognition for our commitment to the Education sector in 2019. The Bank Ranked 3rd best retail banking institution in the 2019 Nigeria Banking Industry Customer Experience Survey by KPMG. The Bank also, was awarded ‘Best in Leadership’, ‘Best Workplace for the Millennial Generation’ and ‘3rd Best place to work in Africa’ at the 6th Edition of Great Place to Work Institute Awards in 2019.

2. SHAREHOLDING STRUCTURE

The following shareholders have shareholdings of 5% and above as at 31 December 2018:

	Number of Shares	%
SilverLake Investments Limited	7,197,604,531	25.00
State Bank of India	2,549,505,026	8.86
Sterling Bank Staff Cooperative Multipurpose Society	1,735,550,547	6.03
Dr. Mike Adenuga	1,620,376,969	5.63
Ess-ay Investments Limited	1,149,566,801	3.99

3. BOARD OF DIRECTORS

Omolara Akanji - Independent Director

Dr. (Mrs.) Akanji is currently a member of the Petroleum Revenue Special Task Force. Her early career started with the CBN in 1978 as an Assistant Economist. She rose through the ranks and retired in December 2007 as Director, Trade and Exchange Department. She also served as a Consultant to the CBN between 2008 and 2011. Dr. (Mrs.) Akanji was appointed an independent director to the board of Sterling Bank Plc in February 2014. She holds a BSc in Agricultural Economics from the University of Ibadan (1973), an MSc in Agricultural Economics from the University of Reading (1976), a Diploma in Statistics from the University of Kent, Mathematical Institute (1986), and a PhD in Finance from the European-American University, Commonwealth of Dominica (2011).

Subbaramaiah Rajapur - Independent Director

Mr. Subbaramaiah Rajapur is at present, the General Manager, Retail & Subsidiaries (R & S) at State Bank of India (SBI). He joined SBI in 1985 as a probationary officer. He rose through the ranks and was elevated to the position of general manager, Retail & Subsidiaries, in May 2018. He holds a Bachelor of Science degree and he is a certified associate of the Indian Institute of Bankers (CAIIB). Rajapur was appointed a non-executive director to the board of Sterling Bank Plc in April 2019 as a replacement for Mr. Sujit Varma

Olaitan Kajero - Non-Executive Director

Mr. Kajero is presently the Managing Director of STB Building Society Limited, a position he has held since 2006. He started his career as Finance and Admin Manager at Communication Associates of Nigeria Limited in 1997. He went on to serve as General Manager and Group Chief Operating Officer in Aircom Nigeria Limited between 2001 and 2006, where he was responsible for General Business Development and managing the day-to-day activities of the Company. He holds a Bachelor of Science degree in chemistry from the University of Lagos (1995) and an MBA in Finance from Olabisi Onabanjo University, Ago Iwoye in Ogun State (2006). He was appointed a Non-Executive Director of Sterling Bank in August 2014.

Tairat Tijani - Non-Executive Director

Mrs. Tijani graduated from Lancaster University with Honours in Accounting, Finance and Economics (1998). She also graduated with a distinction in MBA, International Business from the University of Birmingham (2002). She is a member of the Association of Chartered Certified Accountants (ACCA) and the Institute of Chartered Secretaries and Administrators of Nigeria. Mrs. Tijani has garnered significant experience as an operator in the capital market, participating in several landmark transactions which have contributed immensely towards the development of the Nigerian Capital Market. She was formerly the Head, Capital Markets Division of FBN Capital Limited (a subsidiary of FBN Holdings Plc, formerly First Bank of Nigeria Plc) where she had oversight responsibility for deal origination and transaction execution. She was appointed a Non-Executive Director of Sterling Bank in November 2014.

Folashade Kilaso - Non-Executive Director

Mrs. Kilaso was called to the Nigerian Bar in 1988. She trained with the leading international law firm Clifford Chance in the United Kingdom and is a solicitor of the Supreme Court of England and Wales. She is presently the Principal Partner at Berkeley Legal where she specializes in Banking & Corporate Finance, Capital Markets, Energy, Real Estate, Insurance, Immigration and Risk Management. Prior to setting up Berkeley Legal in 2015, she was Executive Director at Standard Chartered Bank, Nigeria. Mrs. Kilaso had a multifunctional career at Standard Chartered during her 11 years with the Bank. She has served on the Board of the Financial Institutions Training Centre (FITC), and on the committees of various institutions such as the Nigeria Inter Bank Settlement Systems (NIBSS), Chartered Institute of Bankers Nigeria (CIBN) and Central Bank of Nigeria (CBN) – Sub Committee for Women Economic Empowerment. She is currently serving on the board of other companies. She was appointed a Non-Executive Director of Sterling Bank in June 2018.

Mr. Michael Jituboh - Non-Executive Director

Mr. Michael Jituboh holds a Bachelor of Science (B.Sc.) Degree in Applied Mathematics from the Federal City College (now University of Washington DC), USA (1974) and a Master of Arts (MA) Degree in Economic Studies from Stanford University, California, USA (1977). He is an alumnus of the Harvard Business School, Program for Management Development (PMD) Mr. Jituboh worked for 17 years in the African Development Bank in Ivory Coast where he successfully held the positions of Loan Officer, Senior Executive in charge of International Organizations, Special Assistant to the President and Director, International Co-operation Department. He is widely travelled and has extensive experience in Project Lending and Management. He previously served as Non-Executive Director on the boards of the erstwhile Devcom and Equitorial Trust Bank. He was appointed a Non-Executive Director of Sterling Bank in December, 2015.

Mr. Michael Ajukwu – Non-Executive Director

Mr. Michael Ajukwu was appointed an Independent Director on the Board of Sterling Bank Plc in June 2018. He holds a B.Sc. in Finance from the University of Lagos and an MBA in Accounting & Finance from New York University. Mr. Ajukwu is currently a Non-Executive Director on the Boards of Intafact Beverages Ltd (Nigerian subsidiary of South African Breweries), Mobax Nigeria Ltd. (a South African company) and Novotel – a member of ACCOR (a French hotel group). He worked for 21 years in the banking industry retiring in 2002 as an executive board member of United Bank for Africa Plc. He is also an Independent Director on the Board of Tiger Brands SA.

Abubakar Suleiman - Managing Director

Mr. Abubakar Suleiman started his banking career as a Management Associate in MBC International Bank (now part of First Bank of Nigeria Limited) in 1998. In 2000, he moved to Citibank Nigeria where he worked in roles covering asset and liability management and market risk management. Between 2003 and 2011, he served as Treasurer (in Trust Bank of Africa and subsequently Sterling Bank) before being appointed integration Director to deliver the seamless merger with the former Equitorial Trust Bank. Upon successful completion of this assignment, he was appointed Chief Financial Officer of the Bank, responsible for finance and performance management, strategy and communications and human resource management. He was appointed an Executive Director of Sterling Bank in April, 2014. Abubakar has also been instrumental in laying a solid foundation for the Retail and Non-Interest Banking businesses. He holds a BSc in Economics from the University of Abuja (1995) and an MSc in Major Programme Management from Saïd Business School, Oxford University (2013). He is also an alumnus of Arthur Andersen (KPMG Nigeria) and Wharton School, University of Pennsylvania.

Emmanuel Emefienim – Executive Director

Mr. Emmanuel started his banking career in Oceanic Bank Plc as Head, Cash & Teller and then Head, Credit & Marketing from 1992 to 1997. He moved to United Bank for Africa Plc as Manager, Commercial Banking from 1997 to 2000, Savannah Bank Plc from 2000 to 2002, FSB International Bank Plc (now Fidelity Bank Plc) as a Business

Manager in 2002, and subsequently joined ETB in 2006 where he worked for five (5) years and was appointed Zonal Business Director. Following the merger with ETB in 2011, he joined Sterling Bank and was appointed Regional Business Executive, South South 2 Region. He was appointed an Executive Director of Sterling Bank in February, 2018. He has over 20 years of unbroken experience in the Banking Industry and has been awarded 'Best Performing Group Head (Regional Businesses)' at various times for his exceptional performance. He is currently the Regional Corporate Executive & Head, Commercial & Institutional Banking, South South & South East. He holds a Bachelor of Science degree in Microbiology (1989), an MSc in Banking and Finance (1995) and an MBA (1998) from the University of Benin.

Grama Narasimhan - Executive Director

Mr. Grama Narasimhan obtained a Bachelor of Science degree (first class) from Bangalore University, Karnataka, India, in 1982. He started his banking career as an officer with State Bank of India (SBI) in 1989. He has held senior positions in credit/advances, international banking and branch operations. He is a Certified Associate of the prestigious India Institute of Bankers. He is presently serving SBI internationally in Nigeria as an Executive Director of Sterling Bank Plc since January 2015.

Yemi Odubiyi - Executive Director

Mr. Yemi Odubiyi studied at the University of Lagos and holds a first degree in Estate Management (1994) as well as a master's degree in International Law degree from the same institution (1998). He started his banking career in Citi Group's Nigeria unit in 1995 as an Operations and Technology Generalist serving stints across all its operations and technology functions. He left Citi to join the turnaround team of the then Trust Bank of Africa in 2003 as head of operations and technology. Upon the consolidation of Trust Bank into Sterling Bank Plc, Yemi served as pioneer Group Head, Trade Services. In 2008, he was mandated to build the Structured Finance Group and he also assumed oversight for Corporate Strategy serving as Chief Strategy Officer. He served as Chief Operating Officer from March 2012 to January 2015 and was appointed as Executive Director, Operations and Services in February 2015.

Tunde Adeola – Executive Director

Mr. Adeola started his career with Liberty Merchant Bank Limited where he worked from 1990 to 1995, before joining Kakawa Discount House as a pioneer staff from 1995 to 2002. He moved to Trust Bank in 2005 where he held various marketing roles. Following the consolidation exercise and the emergence of Sterling Bank in 2006, he was appointed Head, Telecoms and Corporate Banking Group and was later assigned to head the business of 13 branches in Lagos as the Regional Business Executive of Lagos Island 2. He was appointed Head, Commercial & Institutional Banking, Ikeja & Beyond in March 2015. Mr. Adeola was subsequently appointed an Executive Director on the Board of Sterling Bank Plc in April 2019. He holds a Bachelor of Arts degree in English from Lagos State University (1988) and LL.B. from the University of Lagos (1999). He is an honorary senior member of the Chartered Institute of Bankers of Nigeria (HCIB) and an alumnus of Wharton School, University of Pennsylvania.

Raheem Owodeyi – Executive Director

Mr. Owodeyi started his career as a Resident Internal Auditor at Citibank Nigeria where he worked from 1991 to 1999. While at Citibank, he worked in roles covering Internal Audit, Internal Controls, Business Process Improvement and Cash Management Operations. His experience also includes 6 years of service in Triumph Bank Plc, Nigeria where he worked as Head, Operations & Technology and Head, Compliance & Controls. He moved to BDO Stoy Hayward, LLP, UK as a Senior Internal Auditor where he conducted clients' audits in areas covering Compliance and Corporate Governance, Treasury & Cash Management. In 2008, he joined Access Bank Plc as a Deputy General Manager and Head, Compliance and Internal Controls (Subsidiaries) where he was responsible for implementing the Bank's Compliance & Internal Controls framework across subsidiaries in eight (8) African countries and the UK and three (3) non-banking subsidiaries in Nigeria. Prior to joining Sterling Bank in 2014, he worked at Aso Savings & Loans Plc as the Chief Inspector/Head Internal Audit & Controls. Mr. Owodeyi was appointed an Executive Director on the Board of Sterling Bank Plc in April 2019. He is currently the Chief

Compliance Officer. He graduated with a First Class in Economics from Obafemi Awolowo University (1990). He is a member of the Institute of Internal Auditors (IIA), senior member of the Chartered Institute of Bankers (HCIB), alumnus of the London Business School, Harvard Business School and University of Pennsylvania

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

1. ISSUANCE OF NOTES

The Issuer may from time to time, subject to these Terms and Conditions, issue Notes in one or more Series on a continuous basis under the Programme in an aggregate principal amount not exceeding ₦ 100,000,000,000 (One Hundred Billion Naira).

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 and serially numbered and denominated in a minimum amount of 1,000 if in the Naira or its equivalent in such other currency of Issue as may be specified in the Applicable Pricing Supplement.
- 2.1.2 The Notes issued under this Programme shall be denominated in Nigerian Naira or in such other currency as may be agreed between the Arranger and Issuer and specified in the Applicable Pricing Supplement.
- 2.1.3 The Notes are zero coupon notes and as such will be issued at a discount. The rate of discount will be calculated on the basis of such Day Count Fraction specified in the Applicable Pricing Supplement.
- 2.1.4 Notes will be issued through book-entry deposit by crediting the CSD account of applicants and Registers of Noteholders shall be maintained by the CSD and the Issuing, Calculation and Paying Agent.

2.2 Title

Title to the Notes will pass upon credit to the CSD account of the Noteholder. Transfer of title to Notes shall be effected in accordance with the rules governing transfer of title in securities held by the CSD. The Issuer shall deem and treat the registered Noteholder as reflected in the records of the CSD and the Register as the absolute owner thereof for all purposes, including but not limited to the payment of outstanding obligation in respect of the Notes.

3. STATUS OF THE NOTES

Each Note constitutes a direct, unconditional, unsubordinated and unsecured obligation of the Issuer and the Notes rank *pari passu* among themselves and, save for certain debts preferred by law, *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer outstanding from time to time.

4. REDEMPTION

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

Where the Issuer fails to redeem the Notes when they fall due (and only in this event), interest shall begin to accrue on the Face Value specified in the Applicable Pricing Supplement at the Default Rate from the

date on which the Face Value becomes due and payable until the date on which all amounts due in respect of such Note have been paid.

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 Relevant Day. The registered Noteholders shall be the only persons 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 Noteholders in respect of any amount so paid.

5.1 Method of Payments

- 5.1.1 Payment of the outstanding obligation in respect of the Notes will be made by electronic funds transfer, in the currency of the Notes specified in the Applicable Pricing Supplement.
- 5.1.2 All monies payable in respect of the Notes shall be paid to 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.
- 5.1.3 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 under the Notes.
- 5.1.4 In the case of nominees, the nominee shall be paid as the registered Noteholder, which payee shall in turn transfer such funds to the holders of the beneficial interests and the Issuer's obligation in respect of such payment shall be fully discharged. The Issuer shall not be under an obligation to enquire as to whether such funds are actually transferred to the holders of the beneficial interests and bears no liability with respect to whether or not such amount is transferred by the nominee to the beneficial interest holder(s).
- 5.1.5 Neither the Issuer nor its agents shall be responsible for any loss in transmission of funds paid in respect of each Note. Neither the Issuer nor its agents shall be under an obligation to enquire as to whether such funds are actually transferred to the holders of the beneficial interests.
- 5.1.6 If the Issuer or the Issuing, Calculation and Paying Agent is prevented or restricted directly or indirectly from making any payment by electronic funds transfer (whether by reason of strike, lockout, fire explosion, floods, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, government interference or control or any other cause or contingency beyond the control of the Issuer), the Issuer or the Issuing, Calculation and Paying Agent 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 promptly sent by post to the address of the Noteholder as set forth in the Register.
- 5.1.7 Cheques may be posted by registered mail, provided that neither the Issuer nor the Issuing, Calculation and Paying Agent shall be responsible for any loss in transmission. The relevant postal authority shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in accordance with these Terms and Conditions.

5.2 Payment 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 and the Noteholder shall not be entitled to any further interest or other payment in respect of such delay.

5.3 Closed Periods

No Noteholder may require the transfer of the Notes (i) during the period of five (5) days ending on the due date for redemption in respect of that Note; or (ii) following the issuance of default notice to the Issuer pursuant to Condition 6.2 (*Action upon Event of Default*).

6. EVENTS OF DEFAULT

6.1 Events of Default

An Event of Default in relation to the Notes shall arise if any one or more of the following events shall have occurred and be continuing:

- 6.1.1 subject to conditions 5.1.6 and 5.2 above, if the Issuer fails to make payment by the due date of any amount due on the Notes;
- 6.1.2 other than in relation to condition 6.1.1, if the Issuer fails to perform or observe any of its other obligations under the Notes and such failure has continued for a period of 5 (five) Business Days following the service on the Issuer of a written notice requiring that breach to be remedied;
- 6.1.3 if an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or the Issuer initiates insolvency proceedings or becomes insolvent, or is provisionally or finally sequestered, 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;
- 6.1.4 if the Issuer acts in any way which may have a material adverse effect on the Issuer's business, financial condition or assets, or its ability to perform its obligations under the CP Programme;
- 6.1.5 if an attachment, execution or other legal process is levied, enforced upon, issued or sued against a material or substantial part of any assets of the Issuer and is not discharged or stayed within 60 (sixty) days of service by the relevant officer of the court of such attachment, execution or other legal process;
- 6.1.6 if 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 14 (fourteen) days after the date on which it is issued; and
- 6.1.7 should any, representation, warranty or undertaking made in connection with any documentation supplied by the Issuer be, in the Arranger's reasonable opinion, materially incorrect.

6.2 Action upon Event of Default

Upon the occurrence of an Event of Default and such Event of Default is continuing (after any grace period), any Noteholder may by written notice to the Issuer at its registered office, effective upon the date of receipt thereof by the Issuer, declare the Notes held by that Noteholder to be forthwith due and payable, provided that no such action shall be taken if the Issuer withholds or refuses to make any payment in order to comply with any law or regulation of Nigeria or to comply with any order of a court of competent jurisdiction.

In addition, the Noteholders shall have the right to exercise all other remedies available to them under the laws of Nigeria.

7. REGISTER

- 7.1 The Register shall be maintained by the Clearing Agent and the Issuing, Calculation and Paying Agent. 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 amount of the Notes issued to each Noteholder and the date of issue.
- 7.2 Statements issued by the Clearing Agent and the Issuing, Calculation and Paying Agent as to the aggregate number of Notes standing to the Clearing Agent account of any Noteholder shall be conclusive and binding for all purposes save in the case of manifest error, and such person shall be treated by the Issuer as the legal and beneficial owner of such aggregate number of Notes for all purposes.
- 7.3 The Register shall be open for inspection during the normal business hours of the Issuing, Calculation and Paying Agent to any Noteholder or any person authorised by the Noteholder.
- 7.4 The Clearing Agent and 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.

8. NOTICES

- 8.1 Notices to Noteholders shall be sent by the Issuing, Calculation and Paying Agent by registered mail or delivered by hand to the address appearing in the Register.
- 8.2 Any notice shall be deemed to have been given on the 7th (seventh) day after the day on which it is mailed by pre-paid registered mail and on the day of delivery, if delivered by hand.
- 8.3 Notices to Noteholders shall also be published in a daily newspaper with nationwide circulation in Nigeria, and any such notices shall be deemed to have been given and received on the date of first publication. A notice to be given by any Noteholder to the Issuer shall be in writing and given by lodging (either by hand delivery or posting by registered mail) that notice with the Issuer at its registered office.

9. MODIFICATION

- 9.1 The Arranger 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 mandatory provisions of the law of Nigeria and which is not prejudicial to the interest of the Noteholders.
- 9.2 Save as provided in condition 9.1 above, no amendment of the Terms and Conditions may be effected unless;
- 9.2.1 such amendment is in writing and signed by or on behalf of the Issuer; and
- 9.2.2 such amendment:
- 9.2.2.1 if it affects the rights, under the Terms and Conditions, of all the Noteholders, is approved in writing by or on behalf of Noteholders, holding not less than 75% (seventy-five *per cent*) of the outstanding Principal Amount of all the Notes; or
- 9.2.2.2 if it affects only the rights, under the Terms and Conditions, of a particular group (or groups) of Noteholders, is approved in writing and signed by or on behalf of the Noteholders in that group (or groups) holding not less than 75% (seventy-five *per cent*) of the outstanding Principal Amount of all the Notes held by that group.

- 9.3 Any such modification shall be binding on the affected Noteholders and shall be notified to the Noteholders in accordance with Condition 8 (*Notices*) within 7 (seven) Business Days.

10. MEETING OF NOTEHOLDERS

- 10.1 The Issuer may at any time convene a meeting of all Noteholders upon at least 21 (twenty-one) days prior written notice to such Noteholders. The notice is required to be given in accordance with Condition 8 (*Notices*) and shall also be sent to the Issuing, Calculation and Paying Agent. Such notice shall specify the date, place, agenda and time of the meeting to be held, which place shall be in Nigeria.
- 10.2 A Director or duly appointed representative of the Issuer and Issuing, Calculation and Paying Agent may attend and speak at a meeting of the Noteholders but shall not be entitled to vote, other than as a proxy or representative of a Noteholder.
- 10.3 Noteholders holding not less than 10% (ten *per cent*) of the aggregate amount of the outstanding Notes shall be able to request the Issuer to convene a meeting of Noteholders. Should the Issuer fail to, for no just cause, requisition such a meeting within 10 (ten) days of such a request being received by the Issuer, the Noteholders requesting the meeting may convene such a meeting, notices of which shall be sent to the Issuer at the same time it is dispatched to other Noteholders.
- 10.4 A Noteholder may by an instrument in writing (a “form of proxy”) signed by the holder or, in the case of a corporation executed under its common seal or signed on its behalf 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.
- 10.5 Any Noteholder which is a corporation may by resolution of its directors or other governing body authorise any person to act as its representative (a “representative”) in connection with any meeting or proposed meeting of the Noteholders.
- 10.6 Any proxy or representative appointed shall, so long as the appointment remains in force, be deemed for all purposes in connection with any meeting or proposed 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.
- 10.7 The chairman of the meeting shall be appointed by the Issuer with the concurrence of at least 60% of the Noteholders present at the meeting. The procedures to be followed at the meeting shall be as determined by the chairman subject to the remaining provisions of this condition 10. Should the Noteholders requisition a meeting, and the Issuer fails to call such a meeting within 10 (ten) days of the requisition, 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 proxy.
- 10.8 At any such meeting one or more Noteholders present in person, by representative or by proxy, holding in aggregate not less than one third of the outstanding Principal Amount of Notes shall form a quorum. On a poll, each Noteholder present in person or by proxy at the time of the meeting shall have the number of votes equal to the number of Notes, by denomination held by the Noteholder.
- 10.9 If within 30 (thirty) minutes after the time appointed for any such meeting a quorum is not formed, the meeting shall, if convened upon the requisition of Noteholders, be dissolved. In any other case, it shall be adjourned to such date and time not being less than 3 (three) Business Days nor more than 10 (ten) Business Days thereafter and at the same time and place. At such adjourned meeting one or more Noteholders present or represented by proxy shall form a quorum and shall have power to pass any Extraordinary Resolution or other resolution and to decide upon all matters which could properly have been dealt with at the original meeting had the requisite quorum been present.

11. 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.

12. GOVERNING LAW

The provisions of the Programme Memorandum and the Notes are governed by, and shall be construed in accordance with the laws of the Federal Republic of Nigeria.

13. CHANGE OF ISSUING, CALCULATION AND PAYING AGENT

The Issuer is entitled to vary or terminate the appointment of the Issuing, Calculation and Paying 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.

The Issuing, Calculation and Paying 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.

14. Taxation

The Notes issued under the Programme will be zero-coupon notes and as such, will be offered and sold at a discount of the 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.

Prior to the suspension by the Central Bank of Nigeria in July 2009, of the use of commercial papers and bankers acceptance as off-balance sheet instruments by banks and discount houses, zero-coupon commercial papers were exempt from withholding tax. This position has been maintained with commercial papers now being issued on the basis that a zero-coupon commercial paper is a “discount” instrument. As a “discount” instrument, no “interest” (properly so-called) is paid by the Issuer to the purchaser of the commercial paper.

Accordingly, the discount on the commercial paper is not caught by the provisions of the law requiring payment of withholding tax on interest. However, there is taxable income made by a company or individual when it purchases such commercial paper at a discount (i.e. the difference between the discounted value and the face value of the commercial paper), which income would have been taxable under the Companies Income Tax Act or the Personal Income Tax Act, as the case may be, but for the provisions of the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 and Personal Income Tax (Amendment) Act, 2011. The effect of the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 and the Personal Income Tax (Amendment) Act, 2011 is to exempt otherwise taxable income earned by holders of short-term debt securities issued by corporate bodies from the imposition of companies’ income tax and personal income tax respectively.

Consequently, neither companies’ income tax nor personal income tax is chargeable on the difference between the discounted value and the face value of the commercial papers. The exemption granted under the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 is for a period of 10 years commencing from January 2, 2012, whilst the exemption under the Personal Income Tax (Amendment) Act, 2011 is for an indefinite duration.

Further, the proceeds from the disposal of the Notes are exempt from tax chargeable under the Value Added Tax Act (Cap V1 LFN 2004) (as amended by the Value Added Tax (Amendment) Act No. 12 of 2007) by virtue of the Value Added Tax (Exemption of the Proceeds of the Disposal of Government and Corporate Securities) Order 2011, commencing from January 2, 2012. This exemption is for a period of ten (10) years from the date of the Order.

Also, capital gains tax is not payable on sale of the Notes as gains are not made on the sale of the Notes.

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

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.**

Operational Risk

The Bank defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events such as third party fraud. This definition includes legal risk but excludes strategic and reputational risks. The Bank'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; un-reconciled cash (teller, vault, ATM) shortages written off in the course of the year; losses incurred as a result of damage to the Bank's assets; and losses incurred as a result of system downtime, malfunction or disruption. The Bank recognises the significance of operational risk, which is inherent in all areas of the Bank's business. Any lapse due to operational risks that could result in losses could affect the Issuer's ability to perform its obligations under the Programme.

Credit Risk

Credit risk is the risk that a counterparty will cause a financial loss to the Bank by failing to meet contractual obligations to the Bank when due. It is the most significant risk inherent in the Bank's business. Credit exposures arise principally from lending activities including loans and advances, and investment activities that bring debt securities and other instruments into the Bank's asset portfolio. There is also credit risk in off-balance sheet financial instruments. As at September 2019, the Bank's loan book composition signifies some level of concentration in sectors such as oil and gas, agriculture, real estate and government.

Regulatory and Compliance Risk

The banking industry in which the Bank operates is highly regulated. Banks and Other Financial Institutions Act, 1991, various CBN guidelines (including the CBN Prudential Guidelines issued on July 1, 2010), circulars and directives contain provisions which the Bank is required to adhere to, including the requirement to meet certain capital adequacy and cash reserve requirements, failing which the Bank risks sanction by the CBN. Non-compliance by the Bank with CBN directives may result in the revocation of the Bank's banking licence. Should the Bank lose its banking licence, it would be unable to meet its obligations under the Programme.

Liquidity Risk

The Bank is exposed to two types of liquidity risk:

- Market/trading liquidity risk: inability to conduct a transaction at current market price because of the size of the transaction. This type of liquidity risk arises when certain assets cannot be liquidated at short notice due to market illiquidity; and
- Funding liquidity risk: inability to access sufficient funds to meet payment obligations in a timely manner. The management of liquidity risk arising from funding and trading is very critical to the ongoing viability of the Bank.

Liquidity risk is assessed by comparing the expected outflows with expected inflows, and liquidity risk arises when there is a mismatch between the inflow and outflow, and when there is unexpected delay in repayment of loans (term liquidity risk) or unexpectedly high payment outflow (withdrawal/call risk).

Market Risk

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. The Bank's financial condition and operating results could be affected by market risks that are outside the Bank's control. The Bank undertakes trading and investment activities in fixed income securities such as Notes, treasury bills, interbank

takings and placements, as well as foreign exchange trading, all of which give rise to market risk exposure (i.e. the risk that the fair value or future cash flows of the Bank's trading and investment positions or other financial instruments may fluctuate because of changes in market prices).

Interest Rate Risk

The principal risk to which the Bank's non-trading portfolios are exposed is the risk of loss arising from fluctuations in the future cash flow or fair values of financial instruments because of a change in the market interest rate. Interest rate risk occurs when there is a mismatch between interest rate sensitive assets and liabilities. Interest rates are highly sensitive to many factors beyond the Bank's control, including increased regulation of the financial sector, monetary policies, domestic and international economic and political conditions and other factors. Increases in interest rates may reduce the value of the Bank's financial assets and may also reduce gains or require it to record losses on sales of its loans or securities. In addition, an increase in interest rates may reduce overall demand for new loans and increase the risk of customer default. If interest rates decrease, although this is likely to reduce the Bank's funding costs, it is likely to compress its net interest margins, as well as adversely impact its income from investments in securities and loans with similar maturities, which could have a negative effect on it.

Foreign Exchange Risk

Foreign currency risk is the risk that changes in foreign exchange rates would affect the value of the financial assets and liabilities as well as off-balance sheet items. This also includes positions in local currency that are indexed to foreign exchange rates. Financial instruments that are exposed to this risk include foreign currency denominated loans and advances, foreign currency denominated securities, and future cash flows in foreign currencies arising from foreign exchange transactions. Movement in exchange rates could result in further devaluation of the Naira, which may affect the value of the Bank's foreign currency denominated assets and liabilities and have a negative impact on the Bank's financial condition.

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.

Registration

- i. The under-listed authorized participants shall register with the Clearing Agent, where CP custody and depository services are required.
 - a. Issuing, Placing, Paying & Collecting Agents (“IPCA”) / Issuing & Placing Agents (“IPA”) and Dealing Members shall complete applicable Form. These authorised participants shall be required to submit proof of the appropriate FMDQ membership along with the completed form.
 - b. Investors are required to route their account opening applications and transactions through any of the above-mentioned authorized participants (of their choice), who will officially notify the Clearing Agent to create sub-accounts for these clients and also attach clients’ mandates to this effect.
- ii. The Clearing Agent will assign a participant member code to the authorized participant and also provide the account number (and sub-accounts numbers for clients) after creation as requested by the authorized participant to enable them trade the CPs.
- iii. FMDQ SECURITIES EXCHANGE LIMITED (The Exchange) shall request for the CP to be registered with the Clearing Agent, who in turn shall furnish the exchange and IPCA/IPA with the CP Symbol and ISIN Codes for the registered CP, subject to receipt of CP registration fees from the IPCA/IPA.
- iv. In the case of a Shelf Programme, the Clearing Agent 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

The Notes will be issued in dematerialised form and shall be lodged with the CSD.

- i. IPA provides the schedule of all the subscribers and their expected holdings to CSD for distribution
- ii. CSD shall process submitted instruction and subsequently credit investors accordingly and advise all relevant participants
- iii. For CPs that involve consortium/consortia, IPA/Custodian/Nominee will advise CSD after lodgement to transfer CPs to beneficiaries account at CSD before trading commences

Redemption

- i. Register closes two (2) working days before maturity date (MD - 2).
- ii. At maturity, the IPA shall:
 - a. Provide attestation letter indicating evidence of pay-off to investors
 - b. Provide Exchange Limited acceptance/approval letter for redemption
 - c. buy back the units and advise CSD to cancel the CP(s) on the maturity/ redemption date of the CP

- iii. The IPCA/IPA will submit a letter to the CSD confirming the intention of the issuer to repay the holders of the CP on the maturity date by 12 noon on MD - 2.
- iv. The Clearing Agent shall expunge (knock-off) matured CP(s) on the maturity/redemption date of the CP.
- v. Maturity must be on a Business Day, however if the maturity date of a CP falls on a public holiday, the ensuing working day shall be the maturity date of the

Roll-Over

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

Default

- i. Where the issuer is unable to repay the CP investors and the CP will be in default status, the IPCA/IPA shall notify the Clearing Agent, as well as the investors, latest two (2) working days before the maturity date (MD - 2), latest by 3.00pm.
- ii. The Clearing Agent shall make public the default status to the market latest by MD - 1.
- iii. In case of (i) above, the CP holdings must remain with the Clearing Agent until the IPCA or Collecting and Paying Agent (CPA) pays off the CP holders and notifies the Clearing Agent and the Exchange with evidence.
- iv. Thereafter, the Clearing Agent will notify the public and expunge the CP from its depository accordingly.

Secondary Market Trading (OTC) Guidelines

- i. Standard settlement cycle is T + 2.
- ii. The Exchange shall submit Dealing Members' confirmed CP trade details on trade day in the specified format via the Clearing Agent authorized platform, based on the following settlement timelines:
 - Same Day Settlement - 12.30pm
 - T+1 or T+2 Settlements - 3.00pm
- iii. The Clearing Agent shall deliver securities and send confirmation of transfers via the Clearing Agent authorized platform by 2pm on settlement day to the Exchange and 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 Exchange and the Clearing Agent simultaneously.
- v. Transactions for standard settlement (T + 2) shall stop five (5) working days before maturity date (MD – 5), therefore the last applicable settlement shall be before close of business on MD - 3.

Reporting

- i. The Clearing Agent will effect the transfer of CPs on the settlement date as advised by the Exchange and also keep records for each transaction.
- ii. The Clearing Agent will advise the Exchange of successful and failed transactions on each settlement day for onward communication to Dealing Members.
- iii. Dealing Members can also visit the Clearing Agent website to ascertain their CP balances after each day's trade. This is available to only the institutions that subscribe to the Clearing Agent 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 Clearing Agent and may be transferred only in accordance with rules and operating procedures of the Clearing Agent.

Cash Settlement

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



Sterling Bank PLC RC2392

Issue of [Aggregate Nominal Amount of Series/Tranche] [Title of Notes] Under its ₦100,000,000,000 Commercial Paper Issuance Programme

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum, dated 23 March 2020, prepared by Stanbic IBTC Capital Limited in connection with Sterling Bank's ₦100,000,000,000 Commercial Paper Issuance Programme, as amended and/or supplemented from time to time (the "Programme Memorandum").

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

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

The CP Notes will be issued in dematerialised form, registered and quoted via the FMDQ Securities Exchange Limited ("FMDQ Exchange" or the "Exchange") Platform in accordance with the rules, guidelines and such other regulation as prescribed by the Central Bank of Nigeria ("CBN") and FMDQ from time to time, or any other recognized trading platform as approved by the CBN. Securities will settle via the Clearing Agent, acting as Registrars and Clearing Agent for the Notes.

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.

Arranger



Dealers



Issuing, Calculation and Paying Agent



THIS PRICING SUPPLEMENT IS DATED [•] 2020

PARTIES

- | | |
|--|--|
| 1. ISSUER | Sterling Bank PLC. |
| 2. ARRANGER | Stanbic IBTC Capital Limited. |
| 3. DEALER(s) | Stanbic IBTC Capital Limited, Constant Capital Markets and Securities Limited, SCM Capital Limited |
| 4. ISSUING, PAYING AND CALCULATION AGENT | Stanbic IBTC Bank PLC. |
| 5. AUDITORS | Ernst & Young. |
| 6. LEGAL COUNSEL | G. Elias & Co. |
| 7. CUSTODIAN | [Insert Name of Appointed Custodian] or any other appointed licensed clearing agent. |

PROVISIONS RELATING TO THE NOTES

- | | |
|--|---|
| 8. SERIES NUMBER | []. |
| 9. TRANCHE | []. |
| 10. (a) PROGRAMME SIZE | ₦100,000,000,000. |
| (b) ISSUED AND OUTSTANDING AT THE DATE OF THE PRICING SUPPLEMENT | []. |
| 11. AGGREGATE NOMINAL AMOUNT | []. |
| 12. FACE VALUE | []. |
| 13. DISCOUNTED VALUE | []. |
| 14. NOMINAL AMOUNT PER NOTE | []. |
| 15. ISSUE PRICE | []. |
| 16. TENOR | []. |
| 17. MATURITY DATE | []. |
| 18. FINAL REDEMPTION AMOUNT | []. |
| 19. SPECIFIED DENOMINATION | []. |
| 20. SPECIFIED CURRENCY | []. |
| 21. STATUS OF NOTES | []. |
| 22. FORM OF NOTES | []. |
| 23. LISTING | Notes will be quoted on the FMDQ Securities Exchange Limited platform or any other recognised exchange. |
| 24. TAXATION | Please refer to the "Tax Considerations" section in the Programme Memorandum. |
| 25. METHOD OF OFFER | []. |
| 26. BOOK CLOSED PERIOD | The Register will be closed from [] to [] until the Maturity Date. |

ZERO COUPON NOTES

- | | |
|--|------|
| 27. (a) DISCOUNT RATE ("DR") | []. |
| (b) IMPLIED YIELD | []. |
| (c) ANY OTHER FORMULA OR BASIS FOR DETERMINING AMOUNT(S) PAYABLE | []. |
| 28. DAY COUNT FRACTION | []. |
| 29. BUSINESS DAY CONVENTION | []. |

PROVISIONS REGARDING REDEMPTION

- | | |
|------------------------------|--|
| 30. REDEMPTION/PAYMENT BASIS | [Redemption at par] [other (specify)]. |
|------------------------------|--|

- | | |
|---|------------------------------|
| 31. ISSUER'S EARLY REDEMPTION | [Applicable/Not applicable]. |
| 32. ISSUER'S OPTIONAL REDEMPTION | [Applicable/Not applicable]. |
| 33. OTHER TERMS APPLICABLE ON REDEMPTION | []. |

GENERAL

- | | |
|--|---|
| 34. OFFER OPENS | []. |
| 35. OFFER CLOSES | []. |
| 36. ALLOTMENT DATE | []. |
| 37. NOTIFICATION OF ALLOTMENT | All applicants will be notified through an email and/or by telephone of their allotment by no later than [●]. |
| 38. PAYMENT DATE | []. |
| 39. DETAILS OF BANK ACCOUNT(S) TO WHICH
PAYMENTS ARE TO BE MADE IN RESPECT OF THE
NOTES | []. |
| 40. SETTLEMENT PROCEDURES AND SETTLEMENT
INSTRUCTIONS | []. |
| 41. DELIVERY DATE | []. |

[MATERIAL ADVERSE CHANGE STATEMENT]

[Except as disclosed in this document,] there has been no significant change in the financial position of the Issuer since [insert date of last audited accounts or interim accounts (if later)] and no material adverse change in the financial position or prospects of the Issuer since [insert date of last published annual accounts.]

RESPONSIBILITY

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

Signed at _____ on this _____ day of _____ 20[●]

For and on behalf of
Sterling Bank PLC

Name

Capacity: Director

Who warrants his/her authority hereto

Name

Capacity: Director

Who warrants his/her authority hereto



Ernst & Young
10th Floor
UBA House
57, Marina
P. O. Box 2442, Marina
Lagos.

STERLING BANK PLC
AUDITOR'S OFFICE
2021 MAR -6 P 184

Tel: +234 (01) 631 4500
Fax: +234 (01) 463 0481
Email: Services@ng.ey.com
www.ey.com

Independent Auditors' Report to the Members of Sterling Bank Plc on the Summary Consolidated and Separate Financial Statements

Report on the Summary Consolidated and Separate Financial Statements

Opinion

The summary consolidated and separate financial statements which comprise the summary consolidated and separate statements of financial position as at 31 December 2018 and the summary consolidated and separate statements of profit or loss and other comprehensive income are derived from the consolidated and separate financial statements of Sterling Bank Plc ("the Bank") and its subsidiary (together, "the Group") for the year ended 31 December 2018.

In our opinion, the accompanying summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements in accordance with International Financial Reporting Standards and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004, the Financial Reporting Council of Nigeria Act No. 6, 2011 and Central Bank of Nigeria circulars.

Summary consolidated and separate financial statements

The summary consolidated and separate statements of financial position and summary consolidated and separate statements of profit or loss and other comprehensive income do not contain all the disclosures required by the International Financial Reporting Standards and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004, the Financial Reporting Council of Nigeria Act No. 6, 2011 and Central Bank of Nigeria circulars, applied in the preparation of the audited consolidated and separate financial statements of the Group and the Bank. The summary consolidated and separate financial statements should be read in conjunction with the consolidated and separate financial statements.

The audited consolidated financial statements and our report thereon

We expressed an unqualified opinion on the consolidated and separate financial statements in our report dated 14 March 2019. That report also includes the communication of key audit matters which discussed Expected Credit Loss (ECL) assessment on financial instruments.

Directors' responsibility for the summary consolidated and separate financial statements

The Directors are responsible for the preparation of this summary consolidated and separate financial statements in accordance with the International Financial Reporting Standards and the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004, the Financial Reporting Council of Nigeria Act No. 6, 2011 and Central Bank of Nigeria circulars.

A member firm of Ernst & Young Global Limited.



Independent Auditors' Report to the Members of Sterling Bank Plc on the Summary Consolidated and Separate Financial Statements - continued

Auditors' responsibility for the summary consolidated and separate financial statements

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, we confirm that:

- * We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- * In our opinion, proper books of account have been kept by the Group and the Bank, in so far as it appears from our examination of those books;
- * The Group's and the Bank's consolidated and separate statements of financial position and consolidated and separate statements of profit or loss and other comprehensive income are in agreement with the books of account.

In compliance with the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004 and circulars issued by Central Bank of Nigeria:

- * Insider related credits are disclosed in the consolidated and separate financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.
- * As disclosed in the consolidated and separate financial statements, the Bank contravened certain circulars of the Central Bank of Nigeria.
- * Customer complaints are disclosed in the consolidated and separate financial statements in compliance with the Central Bank of Nigeria circular FPR/DIR/CIR/01/020.

Oluwasayo Elumaro, FCA
FRC/2012/ICAN/00000000139
For: Ernst & Young
Lagos, Nigeria
14 March 2019

The summary financial information set out on pages 35 to 37 of this Programme Memorandum has been extracted from the audited annual financial statements of the Issuer and is available at the specified office(s) of the Issuer. This section should be read and construed in conjunction with the audited financial statements for the years ended 31 December 2018, 31 December 2017 and with any audited annual or interim financial statements published subsequently, for the financial years prior to each issue of Notes under this Programme.

Statement of profit or loss for the year ended 31 December 2018

	2018	2017
	₦' million	₦' million
Interest Income	125,163	110,312
Interest expense	(69,882)	(60,138)
Net Interest Income	55,281	50,174
Fees and commission income	15,211	12,876
Net trading income	8,618	4,675
Other operating income	3,172	5,627
Operating income	82,282	73,352
Credit loss expense	(5,643)	(12,267)
Net operating income after impairment charge	76,439	61,085
Personnel Expenses	(13,194)	(11,545)
Other operating expenses	(16,715)	(15,284)
General and administrative expenses	(24,283)	(16,554)
Other property, plant and equipment costs	(7,028)	(4,602)
Depreciation and amortisation	(5,730)	(4,995)
Total expenses	(66,950)	(52,980)
Profit before income tax	9,489	8,105
Income tax expense	(271)	(85)
Profit after income tax	9,218	8,020
Profit attributable to:		
Equity holders of the parent	9,218	8,020
Profit for the year	9,218	8,020
Earnings per share (basic)	32k	28k

Statement of Financial Position as at 31 December 2018

	31 st Dec 2018 N' million	31 st Dec 2017 N' million
ASSETS		
Cash and balances with Central Bank of Nigeria	117,685	122,630
Due from banks	43,542	51,066
Pledged assets	11,423	145,179
Loans and advances to customers	621,017	598,073
Investments in securities		
Debt instruments as fair values through profit or loss	4,110	6,883
Debt instruments at fair value through other comprehensive income	117,620	
Equity instruments at fair value through other comprehensive income	4,011	4,011
Debt instruments at amortised cost	123,086	123,086
Other assets	34,664	18,728
Property, plant and equipment	16,942	16,451
Intangible assets	1,850	2,114
Deferred tax assets	6,971	6,971
Total Assets	1,102,921	1,072,201
<u>EQUITIES AND LIABILITIES</u>		
Liabilities		
Deposits from Banks		11,048
Deposits from customers	760,608	684,834
Current income tax liabilities	405	232
Other borrowed funds	119,526	212,847
Debt securities issued	86,609	13,068
Other liabilities	37,678	48,234
Provisions	295	295
Total liabilities	1,005,121	970,558
Equity		
Share capital	14,395	14,395
Share premium	42,759	42,759
Retained earnings	(3,307)	6,991
Other components of equity	43,953	37,498
Total Equity	97,800	101,643
Total Equities and Liabilities	1,102,921	1,072,201

Statement of Cash flows for the Year Ended 31 December 2018

	2018 ₦' million	2017 ₦' million
OPERATING ACTIVITIES		
Profit before income tax	9,489	8,105
Adjustments for non cash items:		
Credit loss expense	5,843	12,267
Depreciation and amortisation	5,730	4,995
Fair value changes recognised in profit or loss	-	11,323
Dividend Income	(225)	(163)
Gain on disposal of property and equipment	-	(55)
Gain on disposal of investment securities	-	(1,203)
Property and equipment written off	34	
Write off of intangible assets	-	28
Net foreign exchange gain	(1,724)	(3,466)
	19,102	31,831
Changes in operating assets		
Deposits with the Central Bank of Nigeria	(19,469)	20,498
Pledged assets	17,723	(58,315)
Investment Securities held for trading	2,773	5,230
Loans and advances to customers	(23,100)	(140,863)
Non-current assets held for sale	(5,218)	-
Derivative financial assets		8
Other assets	(10,277)	(2,491)
	(18,467)	(139,136)
Changes in operating liabilities		
Deposits from Banks	(11,048)	(12,721)
Deposits from customers	75,774	100,100
Other Liabilities	(10,556)	6,491
Derivative financial liabilities	-	(8)
Cash generated from operations	35,703	(45,274)
Vat Paid	-	(492)
Income tax paid	-	(710)
Net cash flows from / (used in) operating activities	35,703	(46,476)
INVESTING ACTIVITIES		
Purchase of property and equipment	(5,789)	(6,334)
Purchase of intangible assets	(404)	(691)
Proceeds from the sale of property and equipment	249	133
Proceeds from sale of debt instruments at FVOCI	334,671	54,640
Purchase of debt instruments at FVOCI	(363,551)	(50,712)
Proceeds from sale of equity instrument at FVOCI	-	15
Purchase of debt instruments held at amortised cost	(11,412)	(34,083)
Redemption of debt instruments held at amortised cost	3,032	10,207
Dividend received	225	168
Net cash flows from/ (used in) investing activities	(42,979)	(26,662)
FINANCING ACTIVITIES		
Proceeds from borrowing	28,434	182,361
Proceeds from debts and securities issued	72,295	-
Repayment from debt securities	(4,563)	(2,634)
Repayments of other borrowed funds	(125,211)	(51,964)
Dividends paid	(576)	-
Net cash flows from/ (used in) financing activities	(29,621)	(127,763)
Net increase/(decrease) in cash and cash equivalent	(36,897)	54,626
Effect of exchange rate changes on cash and cash equivalents	4,959	418
Cash and cash equivalent at 1 January	99,712	44,667
Cash and cash equivalents at 31 December	67,774	99,712
Operational cash flow from interest		
Interest received	90,590	99,104
Interest paid	(67,573)	(43,115)

The following information is an extract from the rating report prepared by Global Credit Rating Co.



GLOBAL CREDIT RATING CO.

Local Expertise • Global Presence

Sterling Bank Plc

Nigeria Bank Analysis

July 2019

Rating class	Rating scale	Rating	Rating outlook	Expiry date
Long-term	National	BBB _(NG)	Stable	June 2020
Short-term	National	A3 _(NG)		

Financial data:

(USDm comparative)*

	31/12/17	31/12/18
NGN/USD (avg.)	305.3	305.6
NGN/USD (close)	305.5	306.5
Total assets	3,459.9	3,558.8
Primary capital	332.7	319.1
Secondary capital	42.8	140.2
Net advances	1,957.7	2,026.2
Liquid assets	541.3	1,285.2
Operating income	240.3	269.2
Profit after tax	26.3	30.2

Market cap[#] N67.7bn/USD221.5m

Market share** 2.9%

*Central Bank of Nigeria ("CBN") exchange rates

[#]As at 26 June 2019.

** Based on industry assets as at 31 December 2018.

Rating history:

Initial rating (April 2009)

Long-term: BBB_(NG)

Short-term: A2_(NG)

Rating outlook: Stable

Last rating (June 2018)

Long-term: BBB_(NG)

Short-term: A3_(NG)

Rating outlook: Stable

Related methodologies/research:

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

Sterling rating reports (2009-18)

Glossary of Terms/Ratios, February 2016

GCR contacts:

Primary Analyst

Adeyinka Olowofela

Credit Analyst

yinka@globalratings.net

Committee Chairperson

Dave King

king@globalratings.net

Analysts location: Lagos, Nigeria

Tel: +234 1 904-9462

Website: www.globalratings.com.ng

Summary rating rationale

- Sterling Bank Plc ("Sterling" or "the bank") ranks among the mid-sized commercial banks in Nigeria, in terms of balance sheet size and geographical spread across the country. The bank's market share is estimated at 2.9% by total industry assets at FY18.
- Sterling's shareholders' funds declined 3.8% to N97.8bn at FY18, underpinned by increase in regulatory risk reserves and the impact of IFRS 9 adoption. This notwithstanding, an additional N34.5bn raised in Tier 2 capital during the year accelerated total capital by 22.7% to N140.8bn at FY18 and translated to an increase in risk weighted capital adequacy ratio ("CAR") of 13.4% (FY17: 12.0%) above the regulatory minimum of 10% prescribed for the bank's licence category. To further strengthen capitalisation and enhance operation, the bank intends to issue a new tranche of the existing bond programme in 3Q FY19.
- Sterling's asset quality indicators weakened further in FY18, with the gross non-performing loan ("NPL") ratio ending at 8.7% (FY17: 6.2%), above the peer group average (6.4%) and the stipulated regulatory minimum of 5%. NPLs increased by 44.9% to N55.7bn in FY18, despite write-offs totaling almost N12.9bn during the year and the impact of the full implementation of IFRS 9, which saw some newly classified loans, (mostly in the oil and gas services and real estate sectors). Consequently, the bank's provision coverage declined at FY18, covering the impaired loans by just 35.4% (FY17: 50.7%). NPL ratio remained at similar range (8.9%) at 1Q FY19.
- Pressure on liquidity was evident in FY18, with the bank's statutory liquidity being at the minimum level at some points during the year, although rebounding to a comfortable level at year end. Furthermore, a matching of assets/liabilities maturities at FY18 showed cumulative liquidity gaps across the 'less than 12 months' maturity buckets. The liquidity gap stood at N294.2bn in the 'less than 3 months' maturity bucket and equated to 2.1x capital at FY18.
- Sterling reported a pre-tax profit of N9.5bn in FY18 (FY17: N8.1bn), on the back of a robust revenue growth. Although there was an increase in operating expenses during the year, with a corresponding rise in cost ratio to 81.4%, the bank's key profitability metrics remained strong, with ROaE improving to 9.2% from 8.6% while ROaA remained flat at 0.9%.

Factors that could trigger a rating action may include;

Positive change: Upward movement in the rating(s) or outlook could result from sustained improvement in the bank's profitability, asset quality, capital and liquidity metrics, as well as an enhanced competitive position.

Negative change: A rating downgrade could arise from a weakening in the competitive positioning and sustained pressure on liquidity metrics and asset quality.

23 March, 2020

The Directors
Sterling Bank Plc
Sterling Towers,
20 Marina,
Lagos State
Nigeria

Dear Sirs,

Legal Opinion with respect to the ~~₦~~100,000,000,000
Commercial Paper Issuance Programme by Sterling Bank Plc

1. INTRODUCTION

- 1.1 We have acted as legal counsel in respect of the ~~₦~~100,000,000,000 Commercial Paper Issuance Programme established by Sterling Bank Plc (the “**Issuer**”) (the “**Programme**”).
- 1.2 In this legal opinion (this “**Opinion**”), unless otherwise defined or the context otherwise requires, terms defined in the Programme Memorandum (defined below) shall be applicable, and the following capitalised terms shall have the following meanings:
 - 1.2.1 “**Agent**” means Stanbic IBTC Bank Plc in its capacity as the issuing, calculation and paying agent in connection with the Programme;
 - 1.2.2 “**Applicable Pricing Supplement**” means the pricing supplement applicable to a particular series or tranches issued under the Programme;
 - 1.2.3 “**Arranger**” means Stanbic IBTC Capital Limited in its capacity as arranger in connection with the Programme;
 - 1.2.4 “**Board**” means the board of directors of the Issuer as constituted from time to time;
 - 1.2.5 “**CAC**” means Corporate Affairs Commission;
 - 1.2.6 “**CBN**” means the Central Bank of Nigeria;

- 1.2.7 **“CSD”** means the clearing system or depository appointed by the Issuer as may be specified in the Applicable Pricing Supplement;
- 1.2.8 **“Dealer”** means Stanbic IBTC Capital Limited, SCM Capital Limited and Constant Capital Markets and Securities Limited (each a **“Dealer”** and all the **“Dealers”**) and any other dealer appointed from time to time, for any Series of Notes issued under the Programme or generally in respect of the Programme;
- 1.2.9 **“Dealer and Arranger Agreement”** means an agreement of the same name dated on or about the date of this Opinion and executed by the Issuer and the Dealers in connection with the Programme;
- 1.2.10 **“Deed of Covenant”** means a deed of the same name dated on or about the date of this Opinion and executed by the Issuer as a deed poll in favour of the Noteholders;
- 1.2.11 **“Guidelines”** means the CBN Guidelines on the Issuance and Treatment of Bankers’ Acceptances and Commercial Papers dated September 11, 2019 and the FMDQ Commercial Paper Registration and Quotation Rules dated August 2019;
- 1.2.12 **“Issuing, Calculation and Paying Agency Agreement”** or **“ICPA Agreement”** means the agreement of the same name dated on or about the date hereof executed between the Issuer and the Agent with respect to the issuing and payment of amounts due under the Notes;
- 1.2.13 **“Nigerian Courts”** means the Supreme Court of Nigeria, the Court of Appeal, the Federal High Court, and the various State High Courts;
- 1.2.14 **“Nigerian Law”** includes without limitation any statutes or regulations made or imposed by any Nigerian authority and any treaty or international convention, which the Federal Republic of Nigeria has ratified and incorporated into domestic law;
- 1.2.15 **“Notes”** means the debt instruments issued by the Issuer under the Programme;
- 1.2.16 **“Noteholders”** means the persons who have invested in the Notes;
- 1.2.17 **“Programme Memorandum”** means the memorandum dated on or about the date hereof disclosing details of a programme for the issuance by the Issuer of Notes for tenors not exceeding 270 days;
- 1.2.18 **“SEC”** means the Securities and Exchange Commission; and

1.2.19 “**Transaction Documents**” means the Programme Memorandum, each Applicable Pricing Supplement to be issued under the Programme, the Dealer and Arranger Agreement, the Deed of Covenant and the ICPA Agreement.

2. DOCUMENTS

In our capacity as legal counsel to the Programme, we have reviewed various executed agreements, documents and matters of law as we have deemed necessary, including the following documents:

- 2.1 a copy of the certificate of incorporation of the Issuer;
- 2.2 a copy of the memorandum and articles of association of the Issuer;
- 2.3 the resolution of the Board passed on February 28, 2020 approving the Programme, authorizing the terms of, and the transactions contemplated by the Transaction Documents, resolving that the Issuer executes the Transaction Documents, authorising the directors of the Issuer to execute the Transaction Documents on the Issuer’s behalf and to do all acts and things as may be necessary for or incidental to the attainment of the Programme; and
- 2.4 the Transaction Documents.

3. SCOPE

- 3.1 This Opinion is confined to Nigerian Law as interpreted and applied by Nigerian Courts and we neither express nor imply any opinion on any matter insofar as it may be affected by the law of a country other than Nigerian Law, or as to matters of fact. We express no opinion nor make any comment on the content, adequacy or sufficiency of the commercial terms negotiated by the parties to the Transaction Documents.
- 3.2 Except for the enquiries at the CAC with respect to the Issuer, we have not assisted in the investigation or verification of the facts, or the reasonableness of any assumption or statement of opinion (including, without limitation, as to the solvency of any other person expressed to be a party to the Transaction Documents or any other person), contained in the Transaction Documents or in determining whether any material fact has been omitted therefrom.

4. EXTENT OF REVIEW AND EXAMINATION

- 4.1 For the purpose of providing this Opinion, we have examined only executed copies of the Transaction Documents, but not any document or agreement cross-referenced in any of the Transaction Documents save for such other documents we have considered necessary, for purposes of giving this Opinion.
- 4.2 We have made no searches or enquiries concerning any person (other than the Issuer) or on any corporate records of a person (other than the Issuer’s)

nor have we examined any documents, other than the documents referred to in Clause 2 (*Documents*) of this Opinion.

5. ASSUMPTIONS

The Opinion set out herein is based upon the following assumptions:

5.1 Genuineness and Authenticity

- 5.1.1 the genuineness of all signatures and seals on all and any document reviewed by us;
- 5.1.2 the completeness and conformity to the originals of all Transaction Documents and other documents supplied to us as **certified, electronic, faxed or photocopies**;
- 5.1.3 the genuineness and authenticity of all approval letters, consents and authorizations sighted;
- 5.1.4 the genuineness and authenticity of all documents in the files of the Issuer at the CAC;
- 5.1.5 the accuracy and completeness of all corporate minutes, resolutions, certificates, and records which we have seen;
- 5.1.6 the accuracy of all representations of facts expressed in or implied by the documents we have examined;
- 5.1.7 the documents in the file of the Issuer held at the CAC are the most recent records of the Issuer;
- 5.1.8 the absence of any amendments or variations to the terms of the Transaction Documents and the authenticity of the originals of such Transaction Documents;
- 5.1.9 the terms of the Transaction Documents are or will be observed and performed by the Issuer; and
- 5.1.10 the absence of any other contractual or similar arrangements between any of the parties to the Transaction Documents which modify or supersede any of the terms of the Transaction Documents.

5.2 Completeness

All statements as to matters of fact contained in the Transaction Documents are correct, save to the extent that they relate to matters specifically opined upon herein.

5.3 **Good Faith, etc.**

The lack of bad faith and absence of fraud, coercion, duress, or undue influence on the part of any of the parties to the Transaction Documents, their respective directors, officers, employees, agents and advisers.

5.4 **Restrictions**

There are no agreements, letters or other arrangements having contractual effect which render a party to the Transaction Documents incapable of performing its obligations under such documents and there are no contractual or similar restrictions contained in any agreement or arrangement (other than those in the Transaction Documents) that are binding on any party to such Transaction Document which would affect the conclusions made in this Opinion.

6. **OUR OPINION**

Based on the foregoing assumptions and subject to the qualifications set out below, we opine as follows:

6.1 **Enforceability**

6.1.1 There is no provision in the Issuer's constitutional documents and no Nigerian Law which will be contravened by:

- (i) any provision in any Transaction Document; or
- (ii) the carrying out of any relevant transactions contemplated by the Transaction Documents.

6.1.2 There has been obtained and there is in full force and effect every consent, approval or authorisation by any Nigerian authority which is either necessary or desirable in connection with:

- (i) the execution by the Issuer of any of the Transaction Documents; or
- (ii) the validity or enforceability of any of the Transaction Documents.

6.1.3 All the Transaction Documents are governed by Nigerian Law, are in a proper form to be enforced under Nigerian law and would be recognised by Nigerian law to constitute legal, valid, and binding obligations of the parties thereto and enforceable against the parties thereto in accordance with their terms.

6.1.4 Each Note when issued by the Issuer will constitute legal, valid, and binding obligations of the Issuer enforceable in accordance with its terms.

6.1.5 It is not necessary under the laws of Nigeria (i) in order to enable Noteholders to enforce their respective rights under the Notes, or (ii) by reason only of the holding of the Notes, that any of the Noteholders should be licensed, qualified or entitled to carry on business in Nigeria. Noteholders that are not resident or domiciled in Nigeria will not be deemed to be resident, domiciled or carrying on business in Nigeria by reason only of their holding of the Notes.

6.2 Legal Status of the Issuer

6.2.1 The Issuer is duly incorporated and validly exists under Nigerian Law. To the best of our knowledge as at the date of this Opinion, no steps have been taken to wind up the Issuer, to terminate its existence or to appoint a receiver in respect of it or otherwise to place its business or any of its assets outside the control of its directors.¹

6.2.2 The Issuer is empowered to issue the Notes in compliance with the Guidelines and perform its obligations under the Transaction Documents.

6.2.3 The Issuer holds all licences, approvals, and authorizations from all governmental authorities in Nigeria necessary for the conduct of its business as set out in the Programme Memorandum.

6.3 Authorisation

6.3.1 The Issuer has the full power, authority, and capacity to execute, deliver, perform, and observe the terms and conditions of the Transaction Documents.

6.3.2 All corporate actions that are necessary or advisable to authorise the Issuer to enter into, execute, deliver, perform and observe the terms and conditions of the Transaction Documents have been taken.

6.3.3 The resolution referred to under Clause 2 (*Documents*) is valid under the Issuer's constitutional documents and Nigerian Law. The resolution is sufficient corporate authorisation for the Issuer to execute the Transaction Documents and to carry out all relevant

¹ We say to the best of our knowledge, because winding-up petitions (including other analogous steps) are filed and heard before the courts and there are no systematic records of court filings to allow for such a check. Public notice of such events only occurs when such an order is published in the newspapers or filed at the CAC. However, based on our search carried out on March 4, 2020 at the CAC on the Issuer, no order or resolution for any administration, suspension of payments, receivership, winding-up or similar insolvency proceedings has been registered in relation to the Issuer nor has there been registered any notice of the appointment of an administrator, receiver, liquidator or similar insolvency representative over any part of the assets, business or undertaking of the Issuer, or notice of any application for such an appointment.

transactions; and the resolution need not be filed, recorded, or registered with any authority in Nigeria.

6.4 SEC Matters

It is permissible for the Issuer as a public limited liability company to issue the Notes and invite the investing public to invest in the Notes without requiring registration with the SEC.

6.5 CBN Compliance

6.5.1 The Notes have been issued in compliance with the Guidelines.

6.5.2 The Issuer has been rated as required by and in compliance with the Guidelines.

6.6 Exchange Control Compliance

6.6.1 The issuance of the Notes in Nigerian Naira or in such other currency as may be agreed between the Arranger and the Issuer is permitted by law.

6.6.2 Residents and non-residents of Nigeria may deal in, invest in, acquire, or dispose of the Notes.

6.6.3 An investor in a foreign currency denominated commercial paper may invest, subject to the following documentation requirements:

- (a) tested SWIFT message evidencing the remittance of funds and specifying the purpose of the capital importation (where applicable);
- (b) obtaining an electronic certificate of capital importation;
- (c) board resolution of the Investor authorising the investment (in the case of a company); and
- (d) evidence of incorporation, where applicable.

6.6.4 Non-residents of Nigeria who have brought funds into Nigeria for subscription to the Notes through approved and lawful channels may upon liquidating their investment in the Notes repatriate the proceeds of their investment upon presentation of electronic certificates of capital importation issued in respect of the funds brought into Nigeria.

6.6.5 Nigerian Courts will give judgment in foreign currency.

6.7 Registration

- 6.7.1 Other than the stamping of the Transaction Documents at the Stamp Duties Office of the Federal Inland Revenue Service, it is not necessary or desirable for any further action to be taken in the future (including the making of any registrations or filings) in order to preserve as a matter of law, the interests of the Noteholders.
- 6.7.2 Save for the stamping of the Transaction Documents, no consent, licence, authorization or similar approval or other action by, and no notice to or filing or registration with, any governmental authority or regulatory body is required in Nigeria for the due execution, delivery, and performance by the Issuer of the Transaction Documents.

6.8 Insolvency

- 6.8.1 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.
- 6.8.2 Subject to insolvency laws generally applicable to Nigerian companies, upon the maturity of the Notes, in the event that the Issuer is unable to discharge any of its obligations to the Noteholders, the unsatisfied Noteholders as creditors of the Issuer are entitled to apply for the winding up of the Issuer on the grounds of the Issuer's inability to pay its debts.
- 6.8.3 The Notes are unsecured, and no security interests have been created in favour of the Noteholders by any Transaction Documents.
- 6.8.4 Upon the insolvency of the Issuer, Nigerian Law would treat the Noteholders as unsecured unsubordinated creditors of the Issuer for all purposes.

6.9 Tax Matters

- 6.9.1 The Issuer is not entitled or required to withhold tax on payments to any Noteholder on the zero-coupon Notes. As zero-coupon short-term debt securities, interest is not due to be paid on the Notes by the Issuer. The discount the Noteholders are entitled to by reason of the zero-coupon nature of the Notes do not qualify as interest. Therefore, the Issuer will not be required to withhold tax on the discount enjoyed on the Notes.

- 6.9.3 The Noteholders will not be required to pay income taxes on the discount enjoyed on the Notes.¹
- 6.9.4 Save for the Dealer and Arranger Agreement which will be charged at an *ad valorem* stamp duties rate, the Transaction Documents will be charged with nominal stamp duties at the rate of ~~N~~500 per Transaction Document and ~~N~~50 for every additional copy of each Transaction Document.
- 6.9.5 On buying or selling the Notes, investors will pay no value added tax.²
- 6.9.6 A sale of a Note by a Noteholder will not give rise to a charge to capital gains tax.
- 6.9.7 Value added tax will be payable on the commission payable to the CSD.³
- 6.9.8 The Notes will be issued in dematerialised form and as book entries in the register of the CSD. The Notes may be subject to stamp duty charges.

6.10 ***Pari passu* ranking**

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* with all present and future unsecured and unsubordinated obligations of the Issuer, other than those claims which are preferred by any bankruptcy, insolvency, liquidation, or other similar laws of general application.

6.11 **Choice of Law and Jurisdiction**

The choice of Nigerian law as the governing law of the Transaction Documents is a valid choice of law and a Nigerian court or arbitral tribunal will apply the relevant governing law of a Transaction Document to give effect to the provisions contained therein.

¹Order 1(iv) of the Companies Income Tax (Exemption of Bonds and Short-Term Government Securities) Order, 2011 ("CITA") and Personal Income Tax (Amendment) Act, 2011 (Amendment to the Third Schedule) ("PITA") exempt interest earned by holders of short-term securities issued by corporate bodies from the imposition of companies' income tax and personal income tax respectively. The exemption granted under the CITA is for a period of 10 years commencing from January 2, 2012, whilst the exemption under PITA is for an indefinite duration. Upon the expiration of the CITA order in January 2022, Noteholders may be liable to pay income tax on profits or returns accrued on the Notes as zero-coupon debt securities. Noteholders may also be liable to capital gains tax if the difference between the discount price at issue and redemption value at par is treated as an appreciation in value of the Notes. This is, however, subject to the decision of the tax authority.

² Value Added Tax Act (Modification) Order, 2011. This order commenced on January 2, 2012 and exempts income and proceeds from the disposal of debt securities from value added tax for a period of 10(ten) years from the commencement date. The order expires in 2022. In view of the duration of the Programme, investors will be required to pay value added tax upon the expiration of the order.

³ Note that Value Added Tax is payable at the rate of 7.5%, Section 34, of the Finance Act 2019 which came into force on February 1, 2020.

6.12 Dispute Resolution

The submission to arbitration by the parties under the Dealer and Arranger Agreement and the ICPA Agreement is permitted under the laws of Nigeria and an arbitral award rendered by a recognised arbitral tribunal would be enforced by the courts of Nigeria as a legal, valid, and binding submission to arbitration subject to the provisions of the Arbitration and Conciliation Act, Chapter A18, Laws of the Federation of Nigeria 2004.

6.13 Miscellaneous

6.13.3 The Issuer's assets are not entitled to any immunity from service or process, suit, judgment, execution, or attachment (including pre-judgment attachment) in respect of any obligation under any of the Transaction Documents; and

6.13.4 The Transaction Documents do not contain any provision or provide for any transaction or other action which could have the consequence of making the Noteholders liable in Nigeria in respect of any debt, liability, or obligation of the Issuer or in respect of any non-compliance by the Issuer with any Nigerian Law.

7. QUALIFICATIONS

This Opinion is subject to the following qualifications:

- 7.1 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;
- 7.2 a judgment given in any foreign currency may be satisfied by the payment of the Naira equivalent thereof at the time of payment;
- 7.3 the assessment of stamp duties on documents by the Stamp Duties Office is erratic and largely untested in Nigerian Courts;
- 7.4 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;
- 7.5 no attachment or execution can be levied against the assets of a Nigerian bank after the commencement of its winding-up;
- 7.6 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

- 7.7 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.

8. **BENEFIT OF OPINION**

This Opinion is prepared exclusively for the purpose of the Notes issuance and for the benefit of the Issuer, its advisers on the Programme, and persons seeking to invest in the Notes. Other than for the Notes issuance and for the benefit of the persons to whom it is meant, it is not to be used by any other person or for other purposes or quoted or referred to in any public document or filed with anyone without our express consent. We do not undertake to update this Opinion and this Opinion is not to be distributed, in whole or in part, to any person other than as agreed between the Issuer and us and then only for purposes directly relating to the Programme; provided however that this Opinion may be disclosed without our consent to:

- (a) any person to whom disclosure is required to be made by applicable law or court order or arbitral award or pursuant to the rules or regulations of any supervisory or regulatory body, or the rules of any applicable stock exchange or any rating agency; or
- (b) to the officers, employees, auditors, regulators, and professional advisers of the Issuer on a strict need-to-know basis and only in relation to the Programme.

Where this Opinion is sought to be disclosed in connection with any potential or actual judicial proceedings, prior written notice of its intended disclosure must be given to us.

Yours faithfully,



For G. Elias & Co.

Authorisation

This CP Programme and Notes issued hereunder were approved by the resolution of the board of directors of the Bank dated February 28, 2020 respectively.

Auditors

Ernst & Young acted as auditors of the annual financial statements of the Issuer for the financial year ended 2018 and was responsible for the audit, and issued unqualified report.

Commercial Paper Outstanding

The Issuer has no commercial paper outstanding as at the date of this Programme Memorandum. Within the financial year ending 2018, the Issuer does not anticipate the amount of CPs to be issued to exceed the Programme Size.

Going Concern

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

Litigation

The total amount claimed in the cases instituted against the Bank comes to ₦32,939,770,344 (Thirty Two Billion, Nine Hundred and Thirty Nine Million, Seven Hundred and Seventy-Four Thousand, Three Hundred and Forty-Four Naira).

In the opinion of the Legal Counsel therefore, the total contingent liability of the Bank as it relates to all the Twelve (12) suits within the materiality threshold is the aggregate sum of ₦32,939,770,344 (Thirty Two Billion, Nine Hundred and Thirty Nine Million, Seven Hundred and Seventy Thousand, Three Hundred and Forty-Four Naira).

In the professional judgment of the Legal Counsel to the Programme, much less than ₦100,000,000 (One Hundred Million Naira only) of these claims can possibly be substantiated. The rest of the claims are exaggerated and not likely to succeed.

In any case, the Legal Counsel to the Programme is of the professional view that the Issuer's liability in the event of an unfavourable resolution of the disputes against the Issuer would have no material adverse effect on the Programme and moreso as the Bank's liability in the disputes will not occur at the same time to give rise to an immediate financial burden capable of having a material adverse effect on the Bank's ability to perform its obligations under the Transaction.

Material Contracts

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

- i. An Issuing, Calculation and Paying Agency Agreement dated 23 March 2020 and executed by the Issuer and Stanbic IBTC Bank PLC;
- ii. A Deed of Covenant dated 23 March 2020 executed by the Issuer as a deed poll in favour of the Noteholders; and
- iii. A Dealer and Arranger Agreement dated 23 March 2020 executed by the Arranger, the Dealers and the Issuer.

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.

ISSUER

Sterling Bank PLC

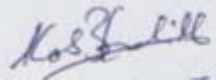
Sterling Towers
20 Marina
Lagos Island, Lagos
Nigeria


ABUBAKAR SULEIMAN

ARRANGER

Stanbic IBTC Capital Limited

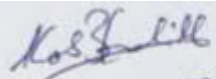
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KOBBE BENTEL-ENCHELL

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