

THIS DOCUMENT IS IMPORTANT AND YOU ARE ADVISED TO READ AND UNDERSTAND ITS CONTENTS. 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. FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY THE PROSPECTIVE INVESTORS, SEE "RISK FACTORS" ON PAGE 51

INVESTORS ARE ADVISED TO NOTE THAT LIABILITY FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS SHELF PROSPECTUS IS PROVIDED IN SECTIONS 85 AND 86 OF THE INVESTMENTS AND SECURITIES ACT NO. 29 2007

INVESTMENT IN THE BONDS IS STRICTLY FOR QUALIFIED INSTITUTIONAL INVESTORS AND HIGH NETWORTH INDIVIDUALS AS DEFINED UNDER RULE 321 OF THE RULES AND REGULATIONS OF THE SECURITIES & EXCHANGE COMMISSION 2013.

Sterling Investment Management SPV Plc

RC 1293417

₦65,000,000,000

DEBT ISSUANCE PROGRAMME

(ESTABLISHED PURSUANT TO THE RESOLUTION OF SHAREHOLDERS OF STERLING INVESTMENT MANAGEMENT SPV PLC DATED 19 October, 2015)

Under the Debt Issuance Programme described in this Shelf Prospectus (the "Programme"), Sterling Investment Management SPV PLC (the "Issuer"), subject to compliance with all relevant laws and regulations, may from time to time issue Bonds or any other type of debt securities, in separate series, in amounts, at prices, and on terms to be set out in any accompanying Pricing Supplement.

The maximum aggregate nominal amount of all Bonds or any other type of securities issued from time to time and outstanding under this Programme shall not exceed ₦65,000,000,000 over the three years that this Shelf Prospectus, including any amendments thereto, remains valid. This Shelf Prospectus 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 of the Programme, together with the applicable Pricing Supplement.

The registration of this Shelf Prospectus and any Pricing Supplement thereafter does not in any way whatsoever suggest that the Securities & Exchange Commission (the "Commission") endorses or recommends the securities to be issued under this Programme or assumes responsibility for the correctness of any statement made or opinion or report expressed therein. No Bonds will be allotted or issued on the basis of this Shelf Prospectus, read together with a Pricing Supplement later than three years after the date of the issue of this Shelf Prospectus.

This Shelf Prospectus has been issued in compliance with the Rules and Regulations of the Commission and contains particulars in compliance with the requirements of the Commission for the purpose of giving information with regards to the Programme.

This Shelf Prospectus and the securities which it offers have been cleared and registered with the Securities & Exchange Commission. It is a civil wrong and a criminal offence under the Investments and Securities Act No. 29 2007 (the "Act") to issue a Prospectus which contains false or misleading information. Clearance and registration of this Shelf Prospectus and the securities, which it offers, do not relieve the parties from any liability arising under the Act for false and misleading statements contained herein or for any omission of a material fact.

A decision to invest in the Bonds or any other type of debt securities offered by the Issuer should be based on consideration by the investor of the Shelf Prospectus, the applicable Pricing Supplement and any document incorporated by reference as a whole. An investment in certain Bonds may entail a risk of loss of all or a portion of the principal amount of the Bonds, which may be directly caused by fluctuation of interest rates, devaluation of the currency of issue; value of Bonds at a securities market, or other indices or by a change in the condition of the business or assets of the party issuing the Bonds or other parties.

The Directors of the Issuer accept responsibility for the information contained in this document. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

LEAD ISSUING HOUSE

**CONSTANT
CAPITAL**

RC: 647561



VETIVA

CAPITAL MANAGEMENT LIMITED
RC: 485600

JOINT ISSUING HOUSES



SCM CAPITAL

RC: 499243



Stanbic IBTC
Capital

RC: 1031358

This Shelf Prospectus is dated 03 August 2016

This Shelf Prospectus is valid for 3 years from the date of issue

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KEY TERMS AND ABBREVIATIONS

Abbreviation	Name/Explanation
"Allotment Date"	The date on which the Bonds are allotted to the Allottees by the Issuer and Issuing Houses/Bookrunners
"AMCON"	Asset Management Corporation of Nigeria
"ATM"	Automated Teller Machine
"BCC"	Board Credit Committee
"Board" or "Directors"	Board of Directors of the Company
"Bonds"	The registered bonds or any other type of debt securities issued by the Issuer from time to time under the Programme with aggregate value not exceeding ₦65,000,000,000
"Bondholder"	Any registered owner or beneficial owner of Bonds
"Business Day"	Any day (other than a Saturday, Sunday or public holiday declared by the Federal Government of Nigeria) on which commercial banks are open for general business in Nigeria
"BVN"	Bank Verification Number
"CAMA"	Companies and Allied Matters Act, Cap C20, LFN 2004
"CBN"	Central Bank of Nigeria
"CIT"	Companies Income Tax
"CITA"	Companies Income Tax Act, Cap C21, LFN, 2004 (As amended by Act No. 11 of 2007)
"Conditions" or "Terms and Conditions"	Terms and conditions in accordance with which the Bonds will be issued, set out in the section of this Shelf Prospectus headed "Terms and Conditions of the Bonds" and in the Programme Trust Deed
"Constant Capital"	Constant Capital Markets and Securities Limited
"Convertible Bonds"	Bonds which its holder can convert into a specified number of ordinary shares of the Issuer, upon the occurrence of any or some of a predetermined set of events
"Coupon"	The interest rate payable to Bondholders as specified in the applicable Pricing Supplement
"Coupon Commencement Date"	The first date from which interest on a Series of the Bonds will accrue, as specified in the applicable Pricing Supplement
"Coupon Determination Date"	The date falling no later than two Business Days prior to the Coupon Payment Date on which the Trustees determine the interest rate applicable on a Bond (other than a Fixed Rate Bond) for the Coupon Period
"Coupon Payment Date"	The date on which the Coupon is to be paid to Bondholders as specified in the applicable Pricing Supplement
"Coupon Period"	The period from (and including) a Coupon Payment Date (or the Coupon Commencement Date) to (but excluding) the next Coupon Payment Date
"CRR"	Cash Reserve Requirement
"CSCS"	Central Securities Clearing System PLC
"Daily Official List"	The daily official list of the NSE which provides information on a daily basis on transactions that take place on the floor of The Exchange
"Debt Issuance Programme" or the "Programme"	The Debt Issuance Programme described in this Shelf Prospectus pursuant to which Sterling Investment Management SPV PLC may issue Debt Securities from time to time, the aggregate value of which may not exceed ₦65,000,000,000 (Sixty Five Billion Naira only)
"Debt Securities"	Any securities, which include registered bonds, promissory notes, certificates, debentures and other securities authorized to be issued by Sterling Investment Management SPV PLC under the Programme
"Debt Service Reserve Fund"	The Debt Service Reserve Fund established by the Issuer under the control of the Trustees for the purpose of accumulating monies to pay Coupon on any Coupon Payment Date and repay the Principal Amount on the Maturity Date.
"Directors Certificate"	Means a certificate delivered to the Trustees by the Issuer and executed by two Directors of the Issuer
"DMB"	Deposit Money Banks
"EIU"	The Economist Intelligence Unit
"EPS"	Earnings per Share
"Face Value"	The nominal value of the Bond
"FDI"	Foreign Direct Investments
"Federal Government" or "FGN"	Federal Government of Nigeria
"FIRS"	Federal Inland Revenue Service
"Fixed Rate Bonds"	Bonds in respect of which interest is to be calculated and paid on a fixed rate basis
"Fixed Rate"	The rate of interest payable in respect of Fixed Rate Bonds
"Floating Rate"	The rate of interest payable in respect of Floating Rate Bonds

KEY TERMS AND ABBREVIATIONS

“Floating Rate Bonds”	Bonds in respect of which interest is to be calculated and paid on a floating rate basis
“FMDQ”	FMDQ OTC PLC
“GCR”	Global Credit Ratings Co.
“GDP”	Gross Domestic Product
“IASB”	International Accounting Standards Board
“IFRS”	International Financial Reporting Standards
“Index Linked Coupon Bond”	A Bond on which the payments of interest will be calculated by reference to an index and/or formula or to changes in the prices of securities or commodities or to such other factors as may be prescribed in the applicable Pricing Supplement
“ISA”	Investments and Securities Act No 29, 2007
“Issue Date”	The date upon which the relevant Series of the Bonds is issued, as specified in the applicable Pricing Supplement
“Issue Price”	The price at which the Bonds are issued as specified in the applicable Pricing Supplement
“Issuer”, the “Company” or “Sterling Investment”	Sterling Investment Management SPV PLC
“Issuing Houses/ Bookrunners”	Constant Capital Markets and Securities Limited, Vetiva Capital Management Limited, Stanbic IBTC Capital Limited, SCM Capital Limited and/or any other Issuing House/Bookrunner appointed, by the Issuer, from time to time either in relation to the Programme or for a specific Series of Bonds issued under the Programme
“Lead Issuing House/ Lead Bookrunner”	The Issuing House appointed as lead advisor for any issuance of Bonds under the Programme and as specified in the applicable Pricing Supplement
“LFN”	Laws of the Federation of Nigeria
“Listing Rules”	The Listing Rules of the Exchange/FMDQ or other exchange selected for listing a specific issue of debt securities
“Maturity Date”	The date as specified in each applicable Pricing Supplement on which the applicable Principal Amount is due
“Master Notes Subscription Agreement”	The Agreement dated on or about the 3rd day of August, 2016, between Sterling Bank PLC, FBN Trustees Limited, Vetiva Trustees Limited, Stanbic IBTC Trustees Limited and STL Trustees Limited and Sterling Investment Management SPV PLC under which Sterling Bank PLC issues Notes to Sterling Investment Management SPV PLC
“MPC”	Monetary Policy Committee
“MPR”	Monetary Policy Rate
“MYTO”	Multi Year Tariff Order
“Naira” or “₦” or “NGN”	The Nigerian Naira, the lawful currency of Nigeria
“NAV”	Net Asset Value
“NDIC”	Nigeria Deposit Insurance Corporation
“NBS”	National Bureau of Statistics
“Nigeria”	The Federal Republic of Nigeria, and the term “Nigerian” shall be construed accordingly
“NIPP”	National Integrated Power Project
“Non-Convertible Bonds”	Bonds which cannot be converted into ordinary shares of the Issuer at any point during their tenor
“Notes”	The registered debt securities issued by Sterling Bank PLC to Sterling Investment Management SPV PLC under this Programme with aggregate value of such debt securities not exceeding ₦65,000,000,000
“NSE” or the “Exchange”	The Nigerian Stock Exchange
“Pension Act”	Pension Reform Act No. 4, 2014
“PFA”	Pension Fund Administrator and its plural form shall be construed accordingly
“PIT”	Personal Income Tax
“Pricing Supplement”, “Supplementary Shelf Prospectus” or “SSP”	The document(s) to be issued pursuant to the Shelf Prospectus which shall provide final terms and conditions of a specific issue of Debt Securities under the Programme
“Principal Amount”	The nominal amount of each Bond, as specified in the applicable Pricing Supplement
“Professional Parties”	Professional advisers engaged by the Issuer to advise on the establishment of the Debt Issuance Programme and the issuance of Bonds thereunder
“Rate of Interest”	The applicable rate of interest on any Bond (other than a Fixed Rate Bond) to be determined on a Coupon Determination Date for each Interest Period by the Trustee
“Record Date”	The date on which the list of Bondholders eligible to receive Coupon payment is determined by Register
“Redemption Amount”	The aggregate Principal Amount outstanding in respect of a Series of Bonds on the Maturity Date as specified in the applicable Pricing Supplement

KEY TERMS AND ABBREVIATIONS

“Register”	The record kept at the specified office of the Registrar into which shall be entered the names and addresses of each Bondholder and the particulars, transfers and redemption of the Bonds held by each Bondholder
“Registrar”	Pace Registrars Limited (formerly Sterling Registrars Limited) or any other capital market operator appointed by the Issuer and authorized by the SEC to maintain the Register of Bondholders
“Related Parties”	Any body corporate, which is the Issuer’s subsidiary or holding company or a subsidiary of the Issuer’s holding company
“Reverse Floating Bonds”	Bonds in respect of which interest is calculated to have an inverse relationship to the referenced benchmark rate
“SEC” or “the Commission”	The Nigerian Securities & Exchange Commission
“SEC Rules” or “Rules and Regulations of the SEC”	The rules and regulations of the SEC made pursuant to the provisions of the ISA (as amended from time to time)
“Senior Bonds”	Unsubordinated Bonds of a Series or Tranche, the terms of issue of which provide that such Bonds are senior, having higher priority compared to subordinated debt in the event of liquidation, and rank <i>pari passu</i> with other senior indebtedness of the Issuer and include such additional features as may be specified in the applicable Pricing Supplement
“Series”	A Tranche of Bonds together with any further Tranche or Tranches of Bonds which are: <ul style="list-style-type: none"> i. expressed to be consolidated and form a single series and ii. are identical in all respects (including as to listing) except for their respective Issue Dates, Coupon Commencement Dates and/or Issue Prices
“Series Trust Deed”	Means a deed supplementing or modifying the provisions of the Programme Trust Deed entered into by the Issuer and the Trustee(s) with regard to a specific Series and empowering the Trustee(s) to hold, administer and manage the applicable assets
“Shelf Prospectus”	This document issued in accordance with the Rules and Regulations of the SEC, which details the aggregate size and broad terms and conditions of the Programme
“Stanbic IBTC”	Stanbic IBTC Capital Limited
“SCM Capital”	SCM Capital Limited
“Sterling Bank”, “Sponsor” or the “Bank”	Sterling Bank PLC
“Subordinated Bonds”	Bonds of a Series or Tranche, the terms of issue of which provide that such Bonds are subordinated so as to rank <i>pari passu</i> with the other subordinated indebtedness of the Issuer and behind the senior indebtedness of the Issuer, and include such additional features as may be specified in the applicable Pricing Supplement
“Tranche”	Bonds which are identical in all respects
“Transaction Documents”	The Shelf Prospectus, Pricing Supplement, the Trust Deeds and all related documents
“Trust Deeds”	The Programme Trust Deed and all Series Trust Deeds between Sterling Investment Management SPV PLC, Sterling Bank and the Trustee(s) issued under the Programme, as may be amended, supplemented or restated from time to time
“Trustees”	FBN Trustees Limited, Vetiva Trustee Limited, Stanbic IBTC Trustees Limited and STL Trustees Limited or any other Trustee appointed by the Issuer
“Trustee Act”	Trustee Investments Act Cap T22, LFN 2004
“USD” or “US\$”	United States Dollars, the lawful currency of the United States of America
“Validity period”	A period not exceeding three (3) years after the date of the issue of this Shelf Prospectus
“VAT”	Value Added Tax
“Vetiva”	Vetiva Capital Management Limited
“WHT”	Withholding Tax as provided for in section 78(2) of CITA
“Zero Coupon Bonds”	A non-interest bearing Bond which may be issued at a discount to its face value

Sterling Investment Management SPV Plc

DECLARATION BY THE ISSUER

We hereby affirm that this Shelf Prospectus and any Pricing Supplement thereto have been prepared by the Issuing Houses, on behalf of Sterling Investment Management SPV PLC (the "Issuer") with a view to providing a description of the relevant aspects of the Issuer's business in connection with the Programme and the investment in the securities to be issued thereunder.

On behalf of the Issuer, we hereby make the following declarations:

- (i) We confirm that we have taken all reasonable care to ensure that the information contained in this Shelf Prospectus and any Pricing Supplement, is to the best of our knowledge and belief, in accordance with the material facts and contains no omission likely to affect the accuracy of the information contained therein;
- (ii) We confirm that there has been no significant change in the financial condition or material adverse change in the prospects of the issuer since the date of the Shelf Prospectus; and
- (iii) We confirm that the issuer has not during the twelve (12) calendar months immediately preceding the date of the application to the Securities & Exchange Commission for the registration of this Shelf Prospectus, breached any terms and conditions in respect of borrowed monies which has resulted in the occurrence of an immediate recall of such borrowed monies.

Yours faithfully,

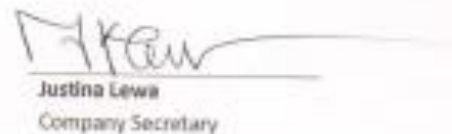
For: Sterling Investment Management SPV PLC



Yemi Adeola
Director



Abubakar Suleiman
Director



Justina Lewa
Company Secretary

Directors
Yemi Adeola
Abubakar Suleiman

Company Secretary
Justina Lewa

Sterling Investment Management SPV Plc (RC 1259417)
Sterling Towers 10 Marina
Lagos, Nigeria

1. Presentation of Information

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

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

A wide variety of other information concerning the Sponsor, including financial information, are available on the Sponsor's website www.sterlingbankng.com and authorized publications.

2. Financial Information

The Sponsor maintains its books of accounts and prepares its statutory financial statements in Naira in accordance with IFRS as promulgated by the IASB.

Unless otherwise indicated, the financial information regarding the Sponsor indicated in this Shelf Prospectus has been derived from the Reporting Accountants' Report on the Sponsor's audited financial statements for the five years ended December 31, 2015. The Sponsor's financial statements for the years ended 31 December 2011, 2012, 2013, 2014 and 2015 have been prepared in accordance with IFRS as issued by the IASB and are presented in Naira.

3. Rounding

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

4. Forward Looking Statements

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

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

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

- Overall political, economic and business conditions in Nigeria;
- Economic and political conditions in international markets, including governmental changes;
- Changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations;
- Changes in government regulations, especially those pertaining to the Sponsor's industry;
- Competitive factors in the industries in which the Sponsor and its customers operate;
- The demand for the Sponsor's products and services;

- Interest rate fluctuations and other capital market conditions;
- Possible hostilities and disruptions in the Northern region of Nigeria;
- Exchange rate fluctuations; and
- The timing, impact and other uncertainties of future actions.

The sections of this Shelf Prospectus titled “Risk Factors”, “Description of Sterling Bank PLC” and “Statutory and General Information” contain more detailed discussions of the factors that could affect the Sponsor’s future performance and the industry in which it operates. In light of these risks, uncertainties and assumptions, the forward looking events described in this Shelf Prospectus may not occur.

The Issuer or Sponsor, or persons acting on their behalf, does not undertake any obligation to update or revise any forward looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward looking statements attributable to the Issuer or Sponsor or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Shelf Prospectus.

5. Third Party Information

The Issuer and the Sponsor obtained certain statistical and market information that is presented in this Shelf Prospectus in respect of the Nigerian banking sector, the Nigerian economy and the Nigerian political landscape in general from third party sources as identified where it appears herein. The Issuer and Sponsor have accurately reproduced such information and, so far as they are aware and are able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

There is not necessarily any uniformity of views among such sources as to such information provided. The Issuer and Sponsor have not independently verified the information included. Some of the information in this Shelf Prospectus has been derived substantially from publicly available information, such as annual reports, official data published by the Nigerian government or regional agencies or other third party sources as indicated in the text. The Issuer and Sponsor have accurately reproduced such information and, as far as they are aware and are able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading. The Issuer and Sponsor have relied on the accuracy of this information without independent verification.

Nevertheless, prospective investors are advised to consider these data with caution. Market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. Neither the Issuer, the Sponsor, nor the Issuing Houses have independently verified the figures, market data or other information on which third parties have based their studies.

Certain statistical information reported herein have been reproduced from official publications of, and information supplied by, a number of government agencies and ministries, and other governmental and intergovernmental organisations, including:

- the Central Bank of Nigeria;
- the International Monetary Fund;
- the Debt Management Office; and
- the National Bureau of Statistics.

DOCUMENTS TO BE INCORPORATED BY REFERENCE

The following documents which have previously been published, and have been filed with the Commission, shall be incorporated in, and form part of, this Shelf Prospectus:

- i. Audited financial statements of Sterling Bank PLC for the year ended 31 December 2011;
- ii. Audited financial statements of Sterling Bank PLC for the year ended 31 December 2012;
- iii. Audited financial statements of Sterling Bank PLC for the year ended 31 December 2013;
- iv. Audited financial statements of Sterling Bank PLC for the year ended 31 December 2014; and
- v. Audited financial statements of Sterling Bank PLC for the year ended 31 December 2015.

This Shelf Prospectus should be read and construed in conjunction with these audited annual financial statements (and notes thereto) and any audited interim financial statements published subsequent to such annual financial statements of the Sponsor for the five financial years prior to each issue of Bonds under the Programme, which shall be deemed to be incorporated in, and to form part of, this Shelf Prospectus and which shall be deemed to modify and supersede the contents of this Shelf Prospectus as appropriate.

The Issuer's information given in this Shelf Prospectus and the terms and conditions of additional Bonds to be issued under the Programme may be updated in a Pricing Supplement pursuant to the Rules and Regulations of the SEC.

The Issuer will provide at no cost to each prospective investor upon request, a copy of any of the documents deemed to be incorporated herein by reference, unless such documents have been modified or superseded. Requests for such documents shall be directed to the Issuer at its registered office as set out in this Shelf Prospectus or the Issuing Houses/Book Runners at the addresses stated below:

Constant Capital Markets and Securities Limited 25D Cooper Road Ikoyi, Lagos Tel: +234-01-342 2737	Vetiva Capital Management Limited Plot 266b Kofo Abayomi Street Victoria Island, Lagos Tel: +234-01-2700657-8
Stanbic IBTC Capital Limited I.B.T.C Place Walter Carrington Crescent Victoria Island, Lagos Tel: +234 1 422 8855	SCM Capital Limited 19th Floor, Nigerian Stock Exchange Building 2-4 Customs Street Marina, Lagos Tel: +234 1 280 2226

Following the publication of this Shelf Prospectus, a Pricing Supplement shall be prepared by the Issuer for the approval of the SEC in accordance with Rule 279(3) 6(b) of the SEC Rules, in relation to any Series of Bonds.

Statements contained in any such Pricing Supplement shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Shelf Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Shelf Prospectus.

In the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Shelf Prospectus which is capable of affecting the assessment of the Bonds, the Issuer will prepare a Supplementary Shelf Prospectus or Pricing Supplement or publish a new Shelf Prospectus for use in connection with any subsequent issue of Bonds.

THE PROGRAMME

This Shelf Prospectus and the documents specified herein, have been delivered to the SEC for clearance and registration. The registration of this Shelf Prospectus and any Pricing Supplement shall not be taken to indicate that the SEC endorses or recommends the Bonds to be issued under the Programme or assumes responsibility for the correctness of any statements made or opinions or reports expressed herein.

This Shelf Prospectus is issued pursuant to the Rules and Regulations of the SEC and contains particulars in compliance with the requirements of the SEC for the purpose of giving information to the public with regards to the ~~₦~~65,000,000,000 Debt Issuance Programme established by the Issuer. The specific terms of each Series of the Bonds in respect of which this Shelf Prospectus is being delivered will be set forth in the applicable Pricing Supplement and shall include the specific designation, aggregate principal amount, the currency or currency unit for which the Bonds may be purchased, maturity, interest provisions, authorised denominations, Issue Price, any terms of redemption and any other specific terms. If a specific issue under the Programme requires a listing, an application will be made to the Listing Committee of the Governing Council of the NSE or the Bond Listings and Quotations committee of FMDQ or any other applicable trading platform approved by the Issuer and Sponsor for the admission of such Bonds to their respective Daily Official List.

The Directors of the Issuer and the Sponsor collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no facts, the omission of which would make any statement herein misleading or untrue.



On behalf of

Sterling Investment Management SPV Plc
RC 1293417

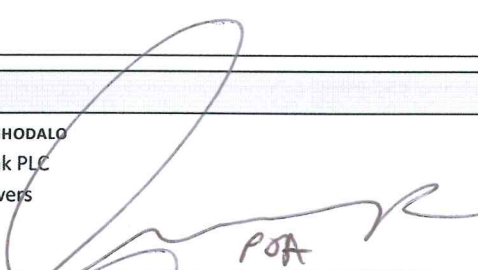
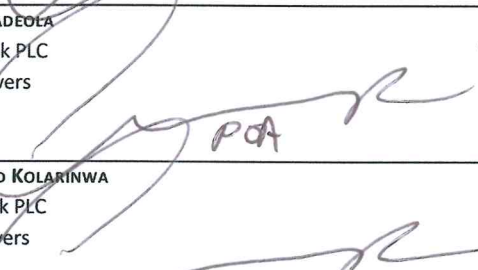
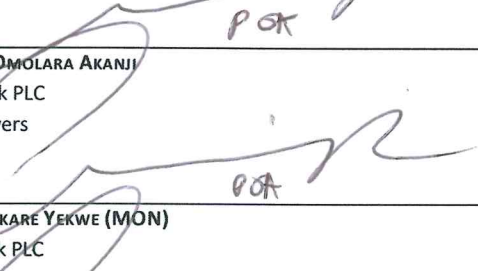
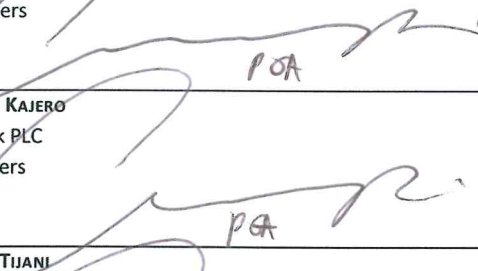
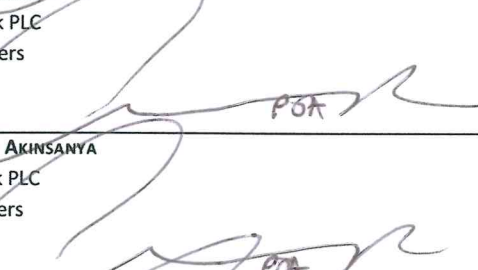
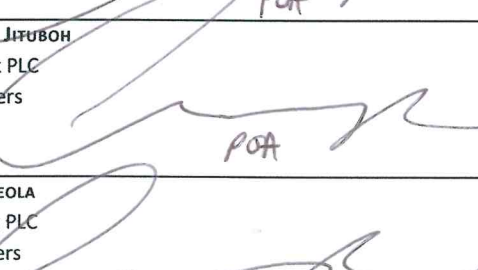
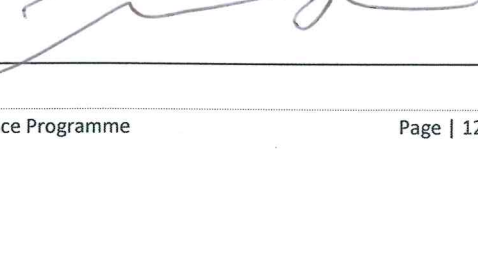

is authorised to issue this Shelf Prospectus in respect of
The ~~₦~~65,000,000,000 Debt Issuance Programme

This Shelf Prospectus contains:

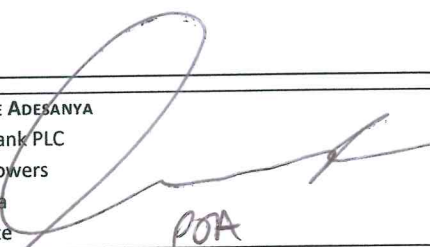


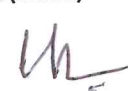
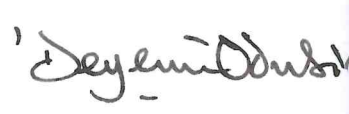

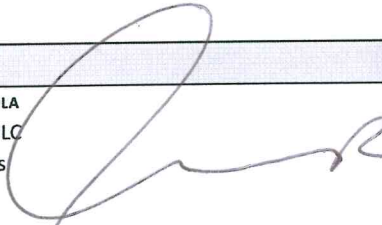


1. On page 6, the declaration to the effect that the Sponsor and/or any of its subsidiaries have not breached any terms and conditions in respect of borrowed monies which resulted in the occurrence of an event of default and an immediate recall of such borrowed monies during the twelve (12) calendar months immediately preceding the date of filing an application with the SEC for the registration of this Shelf Prospectus;
2. On pages 70 to 105, the Reporting Accountants' Report prepared by BBC Professionals on the Sponsor's audited financial statements for the years ended 31 December, 2011 – 31 December, 2015;
3. On page 110, an extract of the Rating Report on the Sponsor by GCR for incorporation in this Shelf Prospectus; and
4. On page 112, the legal opinion issued by the Solicitors to the Issue, G. Elias & Co on the effect of claims and litigations against the Sponsor on the Programme.

This Shelf Prospectus is valid until 03 August, 2019. No Bonds shall be issued on the basis of this Shelf Prospectus read together with the applicable Pricing Supplement later than three years after the Issue Date indicated on the cover of this Shelf Prospectus. This Shelf Prospectus can be obtained at the office of the Issuer and the Issuing Houses and is also available on the Sponsor's website: www.sterlingbankng.com throughout its validity period.

PARTIES TO THE PROGRAMME

DIRECTORS AND COMPANY SECRETARY OF THE SPONSOR	
CHAIRMAN	<p>MR. ASUE IGHODALO Sterling Bank PLC Sterling Towers 20, Marina Lagos State</p>  <p>POA</p>
DIRECTOR	<p>MR. YINKA ADEOLA Sterling Bank PLC Sterling Towers 20, Marina Lagos State</p>  <p>POA</p>
DIRECTOR	<p>MR. RASHEED KOLARINWA Sterling Bank PLC Sterling Towers 20, Marina Lagos State</p>  <p>POA</p>
DIRECTOR	<p>DR. (MRS.) OMOLARA AKANJI Sterling Bank PLC Sterling Towers 20, Marina Lagos State</p>  <p>POA</p>
DIRECTOR	<p>MS. TAMARAKARE YEKWE (MON) Sterling Bank PLC Sterling Towers 20, Marina Lagos State</p>  <p>POA</p>
DIRECTOR	<p>MR. OLAITAN KAJERO Sterling Bank PLC Sterling Towers 20, Marina Lagos State</p>  <p>POA</p>
DIRECTOR	<p>MRS. TAIRAT TJANI Sterling Bank PLC Sterling Towers 20, Marina Lagos State</p>  <p>POA</p>
DIRECTOR	<p>MRS. EGBICHI AKINSANYA Sterling Bank PLC Sterling Towers 20, Marina Lagos State</p>  <p>POA</p>
DIRECTOR	<p>MR. MICHAEL JIUBOH Sterling Bank PLC Sterling Towers 20, Marina Lagos State</p> <p>POA</p>
MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER	<p>MR. YEMI ADEOLA Sterling Bank PLC Sterling Towers 20, Marina Lagos State</p> <p>POA</p>

PARTIES TO THE PROGRAMME

EXECUTIVE DIRECTOR	<p>MR. LANRE ADESANYA Sterling Bank PLC Sterling Towers 20, Marina Lagos State</p> 
EXECUTIVE DIRECTOR	<p>MR. KAYODE LAWAL Sterling Bank PLC Sterling Towers 20, Marina Lagos State</p> 
EXECUTIVE DIRECTOR	<p>MR. ABUBAKAR SULEIMAN Sterling Bank PLC Sterling Towers 20, Marina Lagos State</p> 
EXECUTIVE DIRECTOR	<p>MR. GRAMA NARASIMHAN (Indian) Sterling Bank PLC Sterling Towers 20, Marina Lagos State</p> 
EXECUTIVE DIRECTOR	<p>MR. YEMI ODUBIYI Sterling Bank PLC Sterling Towers 20, Marina Lagos State</p> 
COMPANY SECRETARY	<p>MS. JUSTINA LEWA Sterling Bank PLC Sterling Towers 20, Marina Lagos State</p> 
DIRECTORS AND COMPANY SECRETARY OF THE ISSUER	
DIRECTOR	<p>MR. YEMI ADEOLA Sterling Bank PLC Sterling Towers 20, Marina Lagos State</p> 
DIRECTOR	<p>MR. ABUBAKAR SULEIMAN Sterling Bank PLC Sterling Towers 20, Marina Lagos State</p> 
COMPANY SECRETARY	<p>MS. JUSTINA LEWA Sterling Bank PLC Sterling Towers 20, Marina Lagos State</p> 

PARTIES TO THE PROGRAMME

PROFESSIONAL PARTIES TO THE PROGRAMME	
LEAD ISSUING HOUSE	<p>CONSTANT CAPITAL MARKETS AND SECURITIES LIMITED 25D Cooper Road Ikoyi Lagos State</p> <p><i>OMONIKI OMOJOLA</i> <i>OSI</i></p>
JOINT ISSUING HOUSES	<p>VETIVA CAPITAL MANAGEMENT LIMITED Plot 266B, Kofo Abayomi Street Victoria Island Lagos State</p> <p><i>@AAA</i> <i>Abadebo Adenrele</i></p> <p>Stanbic IBTC Capital Limited I.B.T.C. Place, Walter Carrington Crescent Victoria Island Lagos State</p> <p><i>Kobby Bentoi-Enchill</i></p> <p>SCM Capital Limited 19th Floor, Nigerian Stock Exchange Building 2-4 Customs Street Marina Lagos State</p> <p><i>Olumide Oluwole</i> <i>Oluwole A.A.</i></p>
STOCKBROKERS	<p>ASSOCIATED ASSET MANAGERS LIMITED 10th Floor, Sterling Towers 20 Marina Lagos State</p> <p><i>Johnson Adenrele</i> <i>Adenrele</i></p>
JOINT TRUSTEES	<p>FBN TRUSTEES LIMITED 16 – 18, Keffi Street Off Awolowo Road S/W Ikoyi Lagos State</p> <p><i>Tomu Adetunji BO</i> <i>Heenan ubm</i></p> <p>VETIVA TRUSTEES LIMITED Plot 266B, Kofo Abayomi Street Victoria Island Lagos State</p> <p>STANBIC IBTC TRUSTEES LIMITED The Wealth House Plot 1678, Olakunle Bakare Close Off Sanusi Fafunwa Street Victoria Island, Lagos State</p> <p><i>Ese NKadi</i> <i>Adenrele</i></p> <p>STL TRUSTEES LIMITED 3rd Floor, Skye Bank Building 30 Marina Lagos State</p> <p><i>Funmi Ekundayo</i> <i>Ekundayo</i></p>
SOLICITOR TO THE PROGRAMME	<p>G. ELIAS & Co. (Solicitors and Advocates) 6, Broad Street Lagos State</p> <p><i>Richard Adenrele</i> <i>Adenrele</i></p>
SOLICITOR TO THE TRUSTEES	<p>BANWO & IGHODALO 98, Awolowo Road South-West Ikoyi Lagos State</p> <p><i>Kejinde Ghahwa</i></p>
REPORTING ACCOUNTANTS	<p>BBC PROFESSIONALS 24, Ilupeju By-Pass Ilupeju Lagos State</p> <p><i>Olaniyi Agbete</i></p>
RATING AGENCY	<p>GLOBAL CREDIT RATINGS Co. 17th Floor, New Africa House 31, Marina Lagos State</p> <p><i>Julius Adenrele</i> <i>Adenrele</i></p>
SPONSOR'S AUDITORS	<p>ERNST & YOUNG 10th Floor, UBA House 57, Marina Lagos State</p> <p><i>DATA BABA</i> <i>Baba</i></p>

PARTIES TO THE PROGRAMME

<p>ISSUER'S AUDITORS</p>	<p>BDO PROFESSIONAL SERVICES ADOL House, 15 CIPM Avenue Central Business District, Alausa, Ikeja Lagos State</p> <p><i>O.A. AKIBAYO</i></p>
<p>REGISTRAR</p>	<p>PACE REGISTRARS LIMITED 8th Floor, Knight Frank Building 24, Campbell Street Lagos State</p> <p><i>Tolunke Adeniji</i></p>
<p>RECEIVING BANK</p>	<p>STANBIC IBTC BANK PLC I.B.T.C. Place Walter Carrington Crescent Victoria Island Lagos State</p> <p><i>Adyemote Adigunso</i> <i>ASCC</i></p>

The information contained in this section is a summary of certain aspects of the Programme and the principal features of the Bonds. This summary does not contain all of the information that you should consider before investing in the Bonds nor does it purport to be a complete or professional review of the investment situation regarding the possible acquisition of the Bonds, which you may currently be considering. Therefore, it should be read in conjunction with, and is qualified in its entirety by, reference to the detailed information presented in the remainder of this Shelf Prospectus and to the detailed provisions of the Transaction Documents and the applicable Pricing Supplement. Investors should read the entire Shelf Prospectus carefully, especially the risks involved in investing in the Bonds which are discussed under “Risk Factors”.

DESCRIPTION OF TRANSACTION STRUCTURE

The Issuer is a special purpose vehicle, set up specifically to finance the Sponsor’s funding requirements, by issuing bonds to qualified institutional investors and high networth individuals, in order to provide funding to the Sponsor. Accordingly, net proceeds of the Bonds will be used to finance the purchase by the Issuer of (i) promissory notes and any other debt securities issued by the Sponsor as may be agreed from time to time and (ii) where applicable, FGN Securities to be held by the Trustees on behalf of the Bondholders.

UTILISATION OF THE ISSUE PROCEEDS

Pursuant to the Master Notes Subscription Agreement, entered into between the Sponsor, the Issuer and the Trustees, the Issuer shall utilize the proceeds of the Bonds to purchase Notes from the Sponsor. The Issuer shall also purchase, where applicable, FGN securities (to be held by Trustees on behalf of Bondholders).

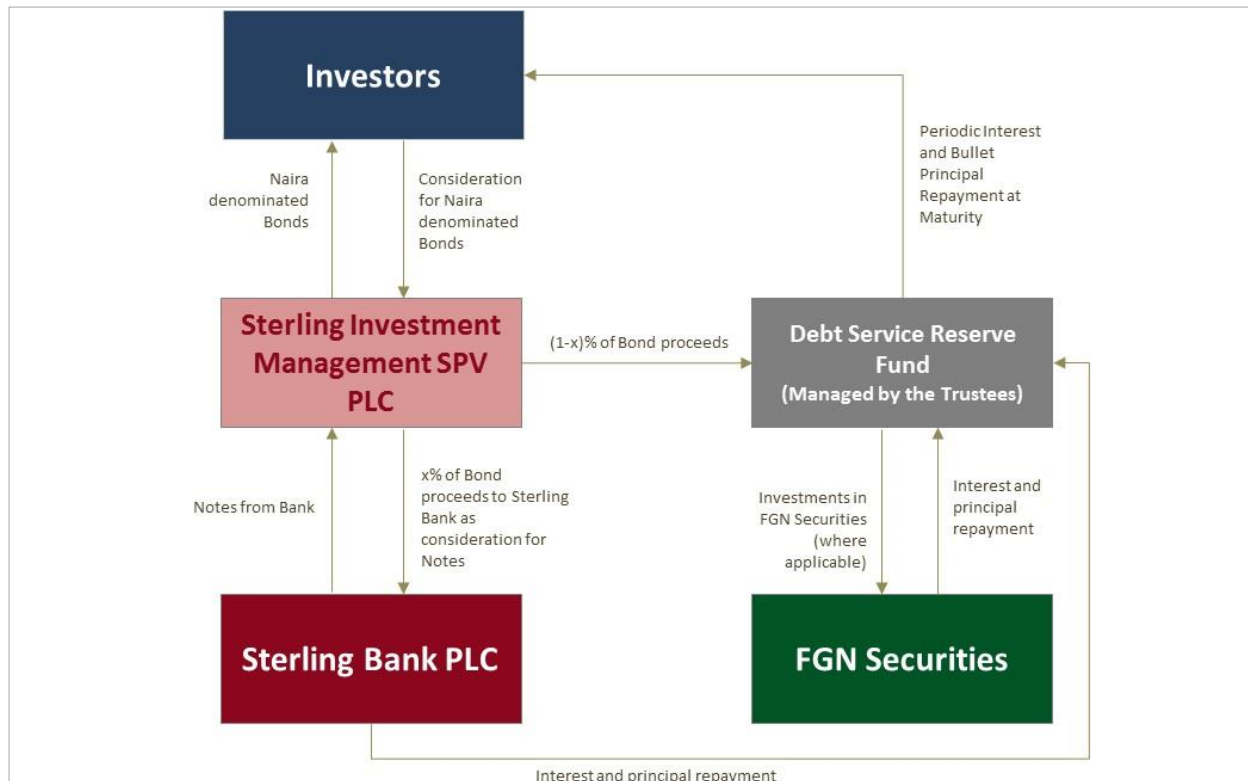
SERVICING OF THE BONDS

The Coupon and the principal payable on the Bonds to the Bondholders will be serviced in accordance with the repayment schedule as contained in the applicable Pricing Supplement from: (i) the payments received by the Issuer from its investments in the Notes of the Sponsor in accordance with the terms of the Master Notes Subscription Agreement; and (ii) where applicable, repayments received in respect of the amounts invested in FGN Securities.

DEED OF COVENANT

The Bonds are backed by a Deed of Covenant entered into by the Sponsor in favour of the Issuer and the Trustees on behalf of the Bondholders supporting the due discharge of all the obligations of the Issuer under the Programme.

ILLUSTRATION OF THE PROGRAMME



SUMMARY OF THE PROGRAMME

The following information should be read in conjunction with the full text of this Shelf Prospectus. The information provided below is a brief summary of the key features of the proposed Bonds to be issued under the Programme and a description of the Issuer. Prospective investors in the Bonds should see “Risk Factors” on page 51 that should be considered in connection with an investment in the Bonds. This summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Shelf Prospectus as a whole, the Supplementary Shelf Prospectus and/or the Pricing Supplement and other documents, if any, incorporated by reference in this Shelf Prospectus.

Terms	Definitions
Issuer	Sterling Investment Management SPV PLC
Sponsor	Sterling Bank PLC
Programme Description	<p>A Debt Issuance Programme which covers Convertible and Non-convertible Bonds, Senior or Subordinated and/or Unsecured Bonds, Fixed Rate Bonds, Floating Rate Bonds, Reverse Floating Bonds, Zero Coupon Bonds and any combinations thereof, with a minimum tenor of 1 year, all of which shall be denominated in Naira or in such other currency as may be agreed between the Issuer, Sponsor and Issuing Houses as specified in the applicable Pricing Supplement.</p> <p>No Bonds shall be offered on the basis of this Shelf Prospectus or a Pricing Supplement or Final Terms or Terms of Issue after the expiration of the three (3) year validity period of the Shelf Prospectus.</p> <p>The Bonds shall be constituted by the Programme Trust Deed and the relevant Series Trust Deed. The provisions of the Programme Trust Deed shall apply separately and independently to the Bonds, provided that any terms and conditions relevant to any Series, if any, under the Programme shall be governed by the relevant Series Trust Deed(s).</p>
Programme Size	₦65,000,000,000.00 (Sixty Five Billion Naira only)
Lead Issuing House/ Bookrunner	Constant Capital Markets and Securities Limited
Joint Issuing Houses/ Bookrunners	Vetiva Capital Management Limited, Stanbic IBTC Capital Limited and SCM Capital Limited, and/or any other Issuing House/Bookrunner appointed, by the Issuer, from time to time either in relation to the Programme or for a specific Series of Bonds issued under the Programme.
Joint Trustees	FBN Trustees Limited, Vetiva Trustees Limited, Stanbic IBTC Trustees Limited and STL Trustees Limited or any other Trustee appointed by the Issuer.
Use of Proceeds	<p>Proceeds from all issuances under the Programme will be used to purchase:</p> <p>(i) promissory notes and any other debt security(ies) issued by the Sponsor as may be agreed from time to time; and</p> <p>(ii) where applicable, FGN securities to be held by the Trustees on behalf of the Bondholders. (except as otherwise stated in the relevant Pricing Supplement and/or Series Trust Deed).</p>
Maturity Date	As specified in the applicable Pricing Supplement.
Payment Date	As specified in the applicable Pricing Supplement.
Method of Issue	The Bonds under the Programme may be issued and sold by way of a public offer, private placement, via book build process, or any other methods permitted by the SEC as specified in each applicable Pricing Supplement.
Issuance in Series	The Bonds will be issued in Series and each Series may comprise one or more Tranches issued on different dates. The Bonds in each Series will have the same maturity date and identical terms (except that the Issue Date, Issue Price, Coupon Commencement Dates and related matters may be different). Details applicable to each Series will be specified in the applicable Pricing Supplement.
Issue Price	The Bonds may be issued at their Principal Amount or at a premium or discount to their Principal Amount, as specified in the applicable Pricing Supplement.
Interest Rates	Bonds may be interest bearing or non-interest bearing. Interest (if applicable) may be fixed or floating rate as indicated in the applicable Pricing Supplement.
Currency	The Bonds shall be denominated in Nigerian Naira or any other currency as may be agreed between the Issuer, Sponsor and the Issuing House(s) and specified in the applicable Pricing Supplement, subject to compliance with all applicable legal and regulatory requirements.
Fixed Rate Bonds	Fixed Rate Bonds will bear interest which will be payable in arrears on each Coupon Payment Date as may be specified in the applicable Pricing Supplement.
Floating Rate Bonds	Floating Rate Bonds will bear interest at a rate on such basis as may be agreed between the Issuer, Sponsor and Issuing House(s) as is specified in the applicable Pricing Supplement, and will be calculated on such basis as may be specified in the applicable Pricing Supplement.
Index-Linked Bonds	The Issuer may offer Bonds which provide for payments of principal or premium or interest which are linked to a currency, securities exchange or commodities exchange index or other index as stated in the applicable Pricing Supplement. Specific provisions regarding the manner in which such payments are to be calculated and made will be set forth in the applicable Pricing Supplement.

SUMMARY OF THE PROGRAMME

Zero Coupon Bonds	Zero Coupon Bonds may be issued at a discount to par and will not bear interest.		
Other Bonds	Terms applicable to high interest bonds, low interest bonds, step-up bonds, step-down bonds, dual currency bonds, and any other type of Bonds which the Issuer, Sponsor and the Issuing House(s) may agree to issue under the Programme, subject to compliance with all relevant laws, regulations and directives, as set out in the applicable Pricing Supplement.		
Denominations	The Bonds will be issued in such denominations as specified in the applicable Pricing Supplement.		
Event of Default	The events of default under this Programme are as specified in the Programme Trust Deed and relevant Series Trust Deed(s).		
Form of Bonds	The Bonds shall be issued in registered form and shall be transferable. The issue and ownership of the Bonds will be effected and evidenced by the particulars of the Bonds being entered in the Register by the Registrar and the Bonds being electronically registered in the CSCS account of the Bondholders.		
Tenor	The Bonds may be issued with maturities as agreed between the Issuer, the Sponsor and the Issuing House(s) and indicated in the applicable Pricing Supplement, subject to such minimum or maximum maturities as may be allowed or required from time to time by the CBN (or equivalent body) or any laws or regulations applicable to the Issuer and/or Sponsor.		
Other Terms and Conditions	Terms applicable to each Series as specified in the applicable Pricing Supplement other than those specifically contemplated under this Shelf Prospectus which the Issuer and the Issuing House(s) may agree to issue under the Programme subject to compliance with all relevant applicable laws and regulations.		
Interest and Principal Payment	The Issuer will pay interest and principal on each Series to applicable Bondholders of record on the dates stated in the applicable Pricing Supplement.		
Principal Redemption	Each Series will be redeemed on the date(s) specified in the applicable Pricing Supplement.		
Early Redemption	Early redemption will be permitted only to the extent specified in the applicable Pricing Supplement and then only subject to any applicable legal or regulatory limitations.		
Redemption Amounts	The applicable Pricing Supplement will specify the Redemption Amount or, if applicable the basis for calculating the Redemption Amounts payable.		
Taxation	The Bonds issued under the Programme are tax exempt in line with the tax exemptions contained in the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order 2011, the VAT (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011 and the PIT (Amendment) Act 2011. The CIT and VAT exemptions orders became effective on January 2, 2012 and are valid for a period of ten (10) years, while the exemption under the PIT (Amendment) Act 2011 is for an indefinite duration. Please refer to the section on Tax Considerations on page 32 for a detailed description of the tax considerations.		
Sponsor's Rating	Rating Agency	Year	Credit Rating (Long Term)
	GCR	2016	BBB
	Moody's Investors Service	2016	B2
	DataPro Limited	2015	BBB+
Bond Ratings	Rating for each Series under the Programme will be stated in the applicable Pricing Supplement.		
Ranking	The Bonds may be Senior Bonds or Subordinated Bonds as indicated in the applicable Pricing Supplement.		
Listing	Each Series of the Bonds may be listed on The NSE or FMDQ or any other applicable trading platform approved by the Issuer and Sponsor, and/or admitted to listing, trading and quoted by a listing authority and a stock exchange as specified in the applicable Pricing Supplement. Unlisted Bonds may also be issued under the Programme.		
Transaction Documents	The Shelf Prospectus, Pricing Supplement, the Trust Deeds and all related documents		
Pricing Supplement	The final terms of each Series will be set forth in a Pricing Supplement/Supplementary Shelf Prospectus.		
Governing Law	The Bonds and the Transaction Documents will be governed by the laws of the Federal Republic of Nigeria.		

The following is the text of the terms and conditions of the Bonds which subject to amendment and as completed, modified, supplemented, varied or replaced, in whole or in part, by the final terms which are attached to the applicable Series Trust Deed, and Supplementary Shelf Prospectus/Pricing Supplement (the "Final Terms") and save for the italicised text will be endorsed on the Certificates issued in respect of the Bonds.

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

THE BONDS

The Bonds are constituted by a trust deed (the "Programme Trust Deed") dated 03 August, 2016 between Sterling Investment Management SPV PLC (the "Issuer"), Sterling Bank PLC (the "Sponsor"), FBN Trustees Limited (the "1st Trustee"), STL Trustees Limited (the "2nd Trustee"), Stanbic IBTC Trustees Limited (the "3rd Trustee") and Vetiva Trustees Limited (the "4th Trustee"). (The 1st Trustee, 2nd Trustee, 3rd Trustee and the 4th Trustee are collectively referred to as the Trustees which expression shall include all persons for the time being appointed as trustee or trustees under the Programme Trust Deed).

Any Tranche or Series of Bonds which is to be created and issued pursuant to the Programme Trust Deed shall be constituted by, be subject to and have the benefit of a Series Trust Deed (the "Series Trust Deed") between the Issuer, the Sponsor and the Trustees. The Issuer shall execute and deliver such Series Trust Deed to the Trustees containing such provisions (whether or not corresponding to any of the provisions contained in the Programme Trust Deed) as the Trustees may require. Each Series Trust Deed shall set out the form of the Tranche of Bonds to be so constituted thereby and shall be accompanied by legal opinions (in form and substance satisfactory to the Trustees) or supporting authorisations/approvals as may be required by the Trustees.

The Bondholders are entitled to the benefit of and are bound by, and are deemed to have notice of, all the provisions of the Programme Trust Deed and the relevant Series Trust Deed applicable to them. The Programme Trust Deed and any Series Trust Deed are hereinafter collectively referred to as the Trust Deed.

These terms and conditions include summaries of, and are subject to the detailed provisions of the Programme Trust Deed and the Series Trust Deed. Except otherwise stated, words and expressions defined in the Programme Trust Deed shall bear the same meanings when used herein.

1. CURRENCY, FORM, TITLE AND DENOMINATION

a. Issue and Currency

The Bonds may be issued by the Issuer in Series or Tranches pursuant to the Programme Trust Deed. A Tranche of Bonds may, together with a further Tranche or Tranches, form a Series of Bonds issued, provided that the aggregate nominal amount of all Bonds Outstanding under the Programme at any one point in time does not exceed the Programme Limit. The Supplementary Shelf Prospectus/Pricing Supplement for each Tranche of Bonds is (to the extent relevant) incorporated herein for the purposes of those Bonds and supplements these General Conditions.

The Supplementary Shelf Prospectus/Pricing Supplement may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these General Conditions, replace or modify these General Conditions for the purposes of those Bonds.

The Bonds shall be in registered form or as may be specified in the applicable Final Terms, in a Specified Currency and in Specified Denomination(s).

b. Form and Title

A Tranche of Bonds may be issued in certificated form whereupon a Certificate will be issued to Bondholders in respect of their registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the Register of Holders ("Register") of Bonds of the applicable Series which the Issuer will procure to be kept by the Registrar. The Bonds may also be issued in uncertificated (dematerialised or book entry) form, which shall be registered with a separate securities identification code with the CSCS.

Title to the Bonds passes only by registration in the Register. The Bondholder of any Series will (except as otherwise required by law) be treated as its legal and beneficial owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the Bondholder.

A Tranche of Bonds may be listed on the NSE or on such other or further financial exchange(s) as may be determined by the Issuer, subject to any applicable laws. Unlisted Bonds may also be issued under the Programme. The Supplementary Shelf Prospectus/Pricing Supplement will specify whether or not a Series or Tranche of Bonds will be listed, on which financial exchange(s) they are to be listed (if applicable) and, if such Series or Tranche of Bonds is to be listed on the NSE, the relevant platform or sub-market of the NSE such Tranche of Bonds is to be listed.

c. Denomination

The aggregate nominal amount, Specified Currency and Specified Denomination of a Series or Tranche of Bonds will be specified in the Supplementary Shelf Prospectus/Pricing Supplement.

d. Closed Periods

No Bondholder may require the transfer of the Bonds (i) during the period of fifteen (15) days ending on the due date for redemption of, or payment of any Coupon or Instalment Amount in respect of that Bond; (ii) after any Bonds has been called for redemption by the Issuer or a Bondholder pursuant to Condition 4 (Redemption, Purchase and Options) or (iii) following the issuance of default notice to the Issuer by the Trustees pursuant to Condition 9 (Events of Default).

2. STATUS**a. Status of the Bonds**

Unless otherwise specified in the Supplementary Shelf Prospectus/Pricing Supplement, the Bonds shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds in respect of principal and any Coupon thereon shall, save for such obligations as may be preferred by applicable legislation relating to creditor's rights, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

3. COVENANTS

For as long as any of the Bonds remains Outstanding (as defined in the Programme Trust Deed), the Issuer shall/undertakes to comply with the following covenants:

a. Negative Pledge

The Issuer shall not create any mortgage, charge, pledge, lien or any Encumbrance upon the whole or any part of its present or future undertaking, business, assets or revenues to secure any indebtedness for listed bonds or other listed securities, unless the Issuer's obligations under the Bonds are secured equally and rateably therewith or have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustees in their absolute discretion shall deem not to be materially less beneficial to the Bondholders.

b. Indebtedness

Save as provided in the Programme Trust Deed, the Issuer, without the prior written consent of the Trustees (such consent not to be unreasonably withheld), shall not incur any other indebtedness, other than the issue of bonds for the sole purpose of purchasing debt securities issued by, or the making of any loan to, the Sponsor and or investing in the Permitted Investments.

c. Cessation of Business and ownership of subsidiaries

Save as provided in the Programme Trust Deed, the Issuer, without the prior written consent of the Trustees (such consent not to be unreasonably withheld), shall not

1. engage in any other business other than acquiring and holding the Sterling Bank Notes and the Permitted Investments and any security in respect thereof, or purchasing debt securities issued by, or any future loans to the Sponsor or any other issue of notes as aforesaid and performing any act incidental to or necessary in connection with the foregoing; or
2. have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property (including office premises or like facilities).

d. Restricted Payments

Save as provided in the Programme Trust Deed, the Issuer, without the prior written consent of the Trustees (such consent not to be unreasonably withheld), shall not declare or pay any dividend in cash or otherwise or make a distribution (whether by way of redemption, acquisition or otherwise) in respect of its share capital.

e. No Issuance of shares

Save as provided in the Programme Trust Deed, the Issuer, without the prior written consent of the Trustees (such consent not to be unreasonably withheld), shall not issue any shares, give any guarantee or assume any other liability, or, subject to Nigerian law, petition for winding-up.

f. No Consolidation or Merger

Save as provided in the Programme Trust Deed, the Issuer, without the prior written consent of the Trustees (such consent not to be unreasonably withheld), shall not consolidate with or merge into any other Person (or enter into any transaction whose effect would be similar to that of a merger) or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its property and assets to any Person by one or more transactions or series of transactions (whether related or not).

g. Trustees Not Obligated to Monitor Compliance

The Issuer shall furnish the Trustees annually, with a certificate on which the Trustees may rely to confirm the Issuer's compliance with the Conditions (including Conditions 3(c), 3(d) and 3(f)). Notwithstanding this, the Trustees are not obliged to monitor compliance by the Issuer with the Conditions (including Conditions 3(c), 3(d) and 3(f)).

4. REDEMPTION, PURCHASE AND OPTIONS

A Series or Tranche of Bonds will be redeemed on the Maturity Date in accordance with Condition 4(a) (Scheduled Redemption). If "Redemption at the option of the Issuer (Call Option)" and/or "Redemption at the option of the Bondholders of Bonds (Put Option)" is specified as applicable in the Supplementary Shelf Prospectus/Pricing Supplement, a Tranche of Bonds may, or upon the occurrence of an Event of Default as set out in Condition 9 (Events of Default) be redeemed prior to its Maturity Date in accordance with this Condition 4 (Redemption, Purchase and Options).

a. Scheduled Redemption

Unless previously redeemed or purchased and cancelled as specified below, the Bonds will be redeemed at the Final Redemption Amount on the Maturity Date subject to the provisions contained in Condition 5 (Payments).

b. Redemption by Instalments and Final Redemption

- i. Unless previously redeemed, purchased and cancelled as provided in this Condition 4, Bonds of a Series or Tranche that provide for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in respect of such Bonds. The outstanding nominal amount of such Bonds shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Bonds, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount. The Registrar shall update the Register to reflect the amount outstanding within 5 Business days of the Instalment Date.
- ii. "Instalment Amount" means the portion of the Principal Amount payable on a date specified in the applicable Final Terms ("the Instalment Date")
- iii. Unless previously redeemed, purchased and cancelled as provided below, the Bonds shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided in respect of the Bonds, is its nominal amount) or, in the case of Bonds falling within paragraph (i) above, its final Instalment Amount.

c. Early Redemption

The Early Redemption Amount payable in respect of Bonds of a Series (upon redemption of such Bonds pursuant to Condition 4(c) or upon it becoming due and payable as provided in Condition 9 (Events of Default), shall be the Final Redemption Amount unless otherwise specified in the Final Terms in respect of the Bonds.

d. Redemption at the Option of the Issuer (Call Option)

If the Issuer is specified in the Supplementary Shelf Prospectus/Pricing Supplement as having an option to redeem, the Bonds may, be redeemed at the option of the Issuer in whole or, if so specified in the Supplementary Shelf Prospectus/Pricing Supplement, in part, upon the Issuer, having given:

- i. not less than thirty (30) and not more than 60 (sixty) days, or such other period as specified in the Supplementary Shelf Prospectus/Pricing Supplement, notice to the Bondholders in accordance with Condition 13 (Notices); and
- ii. not less than 7 (seven) days before giving the notice referred to above, to redeem all or some of the Bonds then Outstanding on the Optional Redemption Date(s) (Call) and at the Optional Redemption Amount(s) (Call) specified in, or determined in the manner specified in, the Supplementary Shelf Prospectus/Pricing Supplement together, if appropriate, with Coupon accrued up to (but excluding) the Optional Redemption Date(s) (Call).
- iii. Any such redemption amount must be of a nominal amount equal to or greater than the Minimum Redemption Amount or equal to or less than the Maximum Redemption Amount, both as specified in the Supplementary Shelf Prospectus/Pricing Supplement, if applicable. In the case of a partial redemption of Bonds, the Bonds to be redeemed (Redeemable Bonds) will be selected individually by lot; and in each such case not more than 30 (thirty) days prior to the date fixed for redemption (such date of selection being hereinafter called the Selection Date).

A list of the serial numbers of the Individual Certificates will be published in accordance with Condition 13 (Notices) not less than 10 (ten) days prior to the date fixed for redemption.

Holders of Redeemable Bonds shall surrender the Individual Certificates, together with Receipts and Coupon (if any) relating to the Bonds in accordance with the provisions of the notice given to them by the Issuer. Where only a portion of the Bonds represented by such Certificates, Receipts and Coupon (as applicable) are redeemed, the Registrar shall deliver new Individual Certificates, Receipts and Coupon (as applicable) to such Bondholders in respect of the balance of the Bonds.

e. Redemption following a Capital Disqualification Event

Unless otherwise specified in the Supplementary Shelf Prospectus/Pricing Supplement, the Issuer may at its option, in relation to any Series or Tranche of the Bonds, upon the occurrence of a Capital Disqualification Event of the Sponsor, having given not less than 30 nor more than 60 days' notice (or such other period as may be specified in the relevant Supplementary Shelf Prospectus/Pricing Supplement) to the Bondholders in accordance with Condition 13 (Notices) (which notice shall be irrevocable and shall specify the date fixed for redemption), at any time redeem all, or if so provided, some of the Bonds with Coupon accrued to but excluding the date of redemption. Prior to the publication of any notice of redemption pursuant to this Condition 4, the Issuer shall deliver to the Trustees (i) a copy of the circular, notification, directive or other official policy communique evidencing such Capital Disqualification Event of the Sponsor (a "CBN Communication") and (ii) a certificate signed by two directors of the Sponsor stating that (A) the Sponsor has consulted with the CBN following the release of the relevant CBN Communication, (B) (if required by the Applicable Banking Laws) the CBN has given its approval or the approval of the CBN is not required and (C) a Capital Disqualification Event of the Sponsor has occurred, and the Trustees shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions in this Condition 4, in which case it shall be conclusive and binding on the Bondholders.

f. Redemption for Taxation Reasons

If so specified in the Supplementary Shelf Prospectus/Pricing Supplement, the Bonds may be redeemed at the option of the Issuer in whole, or in part,

- i. at any time (if neither the Floating Rate Bonds provisions nor the Indexed Bonds provisions are specified in the Supplementary Shelf Prospectus/Pricing Supplement as being applicable or, if they are, such provisions are not applicable at the time of redemption); or
- ii. on any Coupon Payment Date (if the Floating Rate Bonds Provisions or the Indexed Bonds provisions are specified in the Supplementary Shelf Prospectus/Pricing Supplement as being applicable and are applicable at the time of redemption),

on giving not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Bondholders (which notice shall be irrevocable) at their Early Redemption Amount together with the Coupon accrued to the date fixed for redemption, if:

- i. the Issuer satisfies the Trustees and the SEC immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Nigeria or any political subdivision or any authority thereof or therein having power to tax (other than the expiry of the Companies Income Tax Act 2004 exemption in respect of the Bonds set out in the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 in relation to Bonds with a maturity date later than January 2, 2022), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the Series or Tranche of the Bonds; and
- ii. such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 (ninety) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustees and the SEC a certificate signed by two Directors stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred.

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

- i. where the Bonds may be redeemed at any time, 90 (ninety) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts or would be entitled (as such entitlement is materially reduced) to claim a deduction in respect of computing its taxation liabilities; or
- ii. where the Bonds may be redeemed only on a Coupon Payment Date, 60 (sixty) days prior to the Coupon Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts or would not be entitled (or such entitlement is materially reduced) to claim a deduction in respect of computing its taxation liabilities.

5. PAYMENT

- a. Only Bondholders named in the Register at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "Record Date") shall be entitled to payment of amounts due and payable in respect of Bonds.
- b. Payments of an Instalment Amount (where applicable), the Principal Amount, Periodic Distribution, final Instalment Amount and Coupon (where applicable) will be made in the relevant currency and by credit/electronic funds transfer to the specified bank account of the Bondholder or by cheques/warrants drawn on a bank duly licensed by the CBN and mailed by registered post to the address on record of any Bondholder that does not specify a bank account. Provided however that the Issuer shall withhold amounts above ₦10 Million until a bank account is specified in writing by the

Bondholder and the Bondholder shall not be entitled to any further Coupon, return or other payment in respect of any such delay. Coupon or returns on Bonds due will be paid to the Bondholder shown on the Register of Bonds of a Series at the close of business on the Record Date. The Bondholder shall be the only person entitled to receive payments in respect of Bonds and the Issuer will be discharged by payment to, or to the order of, the Bondholder in respect of each amount so paid.

- c. If the Issuer is prevented or restricted directly or indirectly from making any payment by electronic funds transfer in accordance with the preceding paragraph (whether by reason of strike, lockout, fire, explosion, floods, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, unrest or disturbances, cessation of labour, Government interference or control or any other cause or contingency beyond the control of the Issuer), the Issuer shall make such payment by cheque (or by such number of cheques as may be required in accordance with Applicable Banking Law and practice) of any such amounts made payable to the relevant Bondholder. Such payments by cheque shall be sent by registered post to the address of the Bondholder of registered Bonds as set forth in the Register or, in the case of joint Bondholders of Registered Bonds, the address set forth in the Register of that one of them who is first named in the Register in respect of that Bond. Payment by electronic transfer to the Bondholder first named in the Register shall discharge the Issuer of its relevant payment obligations under the Bonds. Cheques may be posted by registered post, provided that the Issuer shall not be responsible for any loss in transmission and the postal authorities shall be deemed to be the agent of the Bondholders for the purposes of all cheques posted in terms of this Condition 5(c) (Payments).
- d. If the due date for payment of any amount in respect of the Bonds is not a Business Day, then the Bondholder thereof shall not be entitled to payment of the amount due until the following day unless the day falls in the next calendar month, in which case the due date will be the immediately preceding day that is a Business Day, and the Bondholder shall not be entitled to any further Coupon, return or other payment in respect of any such delay. For the purpose of this Condition, "Business Day" means any day, other than a Saturday, Sunday or a Federal Government declared public holiday, on which banks are open for business in the Federal Republic of Nigeria and in the case of transfer to or from an account held by a non-resident Investor, in the place where such bank account is maintained.
- e. All payments of all amounts (whether in respect of principal, coupon or otherwise) due and payable in respect of any Bonds shall be made by the Trustees from the Designated Accounts on behalf of the Issuer.
- f. Interpretation of the Principal Amount:
 - i. Any reference in the General Conditions to the Principal Amount in respect of the Bonds shall be deemed to include, as applicable any additional amounts which may be payable with respect to the Principal Amount under any undertaking or covenant given in addition thereto, or in substitution therefore, pursuant to the Programme Trust Deed;
 1. the Final Redemption Amount of the Bonds;
 2. the Early Redemption Amount of the Bonds;
 3. the Optional Redemption Amount(s) (if any) of the Bonds;
 4. in relation to Bonds redeemable in instalments, the Instalment Amounts; and
 5. any premium and any other amounts (other than Coupon) which may be payable by the Issuer under or in respect of the Bonds.

6. TRANSFER OF BONDS

a. Transfer of Bonds

All Bonds issued pursuant to the Programme Trust Deed shall be transferable subject to the provisions for registration of transfers contained therein.

Any Person becoming entitled to registered Bonds in consequence of the death or liquidation of the Holder of such Bonds may, upon producing evidence to the satisfaction of the Issuer that he holds the position in respect of which he proposes to act under this Condition 6 or of his title as the Issuer shall require, be registered himself as the holder of such Bonds or, subject to any procedure/requirements the Issuer shall require and the provisions on transfer, may transfer such Bonds.

The Register shall be maintained at the offices of the Registrar and the Registrar shall provide for the registration of any Bonds with respect to each Tranche or Series of Bonds or its transfer under such reasonable regulations as the Registrar with the approval of the Issuer and the Trustees may prescribe.

The Register shall reflect the number of registered Bonds issued and Outstanding, the date upon which each of the Bondholders was registered as such. The Register shall contain the name, address, and bank account details of the Bondholders of the registered Bonds. The Register shall set out the Nominal Amount of the Bonds issued to such Bondholders and shall show the date of such issue. The Register shall show the serial number of Individual Certificates issued in respect of any Bonds. The Register shall be open for inspection during the normal business hours of the Registrar to any Bondholder or any person authorised in writing by any Bondholder.

Each Tranche or Series shall be registered in the applicable Register. Any transfer of Bonds represented by a Certificate shall be effective only to the extent that such transfer is registered in the Register, by the Bondholder or transferee

thereof in person or by his attorney duly authorised in writing, upon presentation and surrender of the Certificate (if the Bonds are issued in physical form) together with a written instrument of transfer in a form satisfactory to the Registrar duly executed by or on behalf of the registered Bondholder and the transferee by a duly authorised attorney. Upon surrender of the aforesaid documents to facilitate the registration of transfer of Bonds, the Registrar shall if the above stated conditions are met, register such transfer, and deliver a new Certificate (if any) to the transferee as appropriate.

The transfer of Bonds in dematerialized or immobilized (book entry) form shall be regulated by the CSCS procedures and guidelines.

The Register shall be closed during such periods, not exceeding an aggregate of thirty (30) days in any year.

b. Prohibition on Stripping

Where so specified in the Supplementary Shelf Prospectus/Pricing Supplement, Bonds which are issued with Receipts and/or Coupons attached and which are redeemable at the option of the Issuer and/or Bondholders shall be issued subject to the condition that the relevant Bonds (including rights to Instalment Amounts and/or Coupon thereon, as applicable) may only be transferred to a single transferee at a time and accordingly that the various rights in respect of such Bonds may not be stripped and transferred to various transferees at different times. Stripping of Receipts and/or Coupon is otherwise permitted.

7. TAXATION

The tax consequences of investment in the Bonds issued pursuant to the Programme Trust Deed are broadly summarised below. The summary is not intended to be, and should not be construed to be tax advice to any particular subscriber. Any prospective investor who is in any doubt as to his/her tax position or who is subject to taxation in any jurisdiction other than Nigeria should consult his/her own professional advisers without delay as to the consequences of an investment in the Bonds in view of his/her own circumstances.

Pursuant to the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011, and the Value Added Tax (Exemption of Proceeds of Disposal of Government and Corporate Securities) Order 2011, corporate bonds are exempted from taxes ordinarily imposed under the Companies Income Tax Act and as well as from the imposition of Value Added Tax respectively, for a period of 10 years from the date the orders became effective (being January 2, 2012). The Bonds are also exempt from value added tax payable on commissions on stock exchange transactions by virtue of the Value Added Tax (Exemption of Commissions on Stock Exchange Transactions) Order, 2014, accordingly commissions payable to the SEC, NSE and CSCS will not be subject to value added tax until July 24, 2019. Furthermore, by virtue of the Personal Income Tax (Amendment) Act 2011, corporate bonds are also exempt from personal income tax. Therefore all amounts payable under the Bonds will be paid without deduction or withholding for or on account of any income tax. Thus, the Issuer will not be required by law to withhold tax on Coupon payments to the Bondholders. In relation to Bonds with a maturity date later than January 2, 2022, the Issuer may be required by law, to withhold tax on Coupon payments to the Holders.

The relevant Series Trust Deed will indicate the tax consequences of investment in the relevant Series or Tranche of Bonds.

8. PRESCRIPTION

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 6 (six) years from the appropriate Relevant Date in respect of the Principal and Coupon.

As used in these General Conditions, "Relevant Date" in respect of any payment means the date on which such payment first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven (7) days after that on which notice is duly given to the Bondholders that such payment will be made.

9. EVENT OF DEFAULT

Upon the happening of any of the following events ("Events of Default"), the Issuer shall forthwith notify all the Bondholders and the Trustees. The Trustees at their discretion may, and if so requested in writing by Holders of at least one-tenth in principal amount of the Bonds then outstanding, or if so directed by a Special Resolution of the Bondholders, shall give written notice to the Issuer at its specified office, effective upon the date of receipt thereof by the Issuer, that the Bonds are immediately due and repayable, whereupon the Early Redemption Amount (if any) of the Bonds together with any accrued interest to the date of payment shall become immediately due and payable:

- (i) **Non-Payment:** default is made for more than 5 (five) Business Days, in the payment on the due date of Coupon or the Principal Amount in respect of any Tranche or Series of Bonds or on the Sterling Bank Notes in the case of non-payment as a result of a technical or administrative error, or 15 (fifteen) Business Days in the case of non-payment due to Force Majeure Event, provided that the Issuer shall deliver a notice of non-payment to the Trustees on the due date that such non-payment on the due date is as a result of a technical or administrative error or a Force Majeure Event; or
- (ii) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Bonds or the Programme Trust Deed which default is incapable of remedy or is not remedied within 30 (thirty) days after written notice of such default shall have been given to the Issuer by the Trustees at their specified office; or

- (iii) **Cross-Default:** (A) any other present or future indebtedness of the Issuer for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any default on the part of the Issuer or Sponsor, or (B) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (C) the Issuer or Sponsor fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of one or more of the events mentioned above in this paragraph (iii) have occurred and equals or exceeds US\$35m, or its naira equivalent using the CBN's official exchange rate on the relevant date; or
- (iv) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the property, assets or revenues of the Issuer or Sponsor, where the value of such property, assets or revenue exceeds the Naira equivalent of US\$35m using the CBN's official exchange rate on the relevant date, and such distress, attachment, execution or other legal process is not discharged or stayed within 90 (ninety) days; or
- (v) **Withdrawal of Licence:** the banking license of the Sponsor is terminated, revoked or suspended and is not replaced or any license from any governmental authority which the Sponsor holds and which is necessary for it to carry on its business, is terminated, revoked or suspended and in any such case is not replaced within 180 days thereafter; or
- (vi) **Release of Sponsor:** If there shall be any release of the Sponsor from its obligations under this Deed, the Sterling Bank Notes or any of the Programme Documents, other than in accordance with this Deed, including any release by operation of law, or any failure by the Sponsor to make payment when demanded by the Trustees in accordance with the Programme Documents.
- (vii) **Event of Default under the Master Notes Subscription Agreement:** If there shall be an occurrence of an event of default under the Master Notes Subscription Agreement,
- (viii) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or Sponsor over a material part of the Issuer's property, assets or revenues, becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person); or
- (ix) **Insolvency:** the Issuer or the Sponsor is, or is deemed by law or a Court to be insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer; or
- (x) **Winding-up:** an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or the Sponsor, or the Issuer or the Sponsor shall apply or petition for a winding-up or administration order in respect of itself or ceases or through an official action of its board of directors threaten to cease to carry on all or a substantial part of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustees or by a Special Resolution of the Bondholders; or
- (xi) **Failure to take action:** any action, condition or thing (including the obtaining of any consent, licence, approval or authorisation) now or hereafter necessary to enable the Issuer and the Sponsor to comply with their obligations under the Programme Trust Deed for the issuance of the Bonds is not taken, fulfilled or done, or any such consent, licence, approval or authorisation shall be revoked, modified, withdrawn or withheld or shall cease to remain in full force and effect, resulting in the Issuer and the Sponsor being unable to perform any of their obligations in terms of the Bonds or the Programme for the issuance of the Bonds; or
- (xii) **Nationalisation:** any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or the Sponsor.

10. ENFORCEMENT

- a. The Trustees may, at their discretion and upon a Special Resolution of the Bondholders present and voting at a special meeting duly convened for that purpose, institute proceedings to obtain the repayment of the Bonds at any time after the Bonds shall have become repayable under the terms of their issue.
- b. No Bondholder shall be entitled to proceed directly against the Issuer to enforce the provisions of the Trust Deed unless the Trustees having become bound so to proceed, fail so to do within 14 (fourteen) Business Days and the failure shall be continuing, in which case the Bondholder, shall have only such rights against the Issuer as those which the Trustees are entitled to exercise.
- c. The Trustees or the Bondholders shall be entitled to all remedies available under the law for the recovery of amounts owing in respect of the Bonds or under the Trust Deed.
- d. The Trustees shall be entitled at any time after an Event of Default has occurred to declare (or require the Issuer to declare) all amounts payable under the Sterling Notes by the Sponsor to be due and payable and to take proceedings (or require the Issuer to take proceedings) to enforce the obligations of the Sponsor, as the case may be, thereunder.

- e. The Trustees shall also file a notice of any default and remedies being pursued with the SEC within ten (10) days of the occurrence of an Event of Default.
- f. No Bondholder shall in any circumstance be entitled to any remedy (whether by way of action, petition, arbitration or otherwise howsoever) for the recovery of any payment of a Principal Amount or Coupon on the Bonds unless the Trustees, having become bound to take proceedings in accordance with the Programme Trust Deed, notifies the Bondholders in writing of its refusal to do so, in which case a Bondholder may:
 - i. take such proceeding in a representative capacity on behalf of himself and, where authorised, other Bondholders of not less than ten per cent (10%) of the Principal Amount of the Bonds of the Series of which they are Bondholders, for the recovery of the payments due on such Bonds; or
 - ii. take such proceedings in his name for the recovery only of his own portion of the Bonds.
- g. If the Floating Rate Bonds or Index Linked Coupon Bonds of any Series become immediately due and repayable under Condition 9 (Events of Default) the rate and/or amount of coupon payable in respect of them will be calculated by a calculation agent (where so specified in the applicable Supplementary Shelf Prospectus/Pricing Supplement) at the same intervals as if such Bonds had not become due and repayable, the first of which will commence on the expiry of the Coupon Period during which the Bonds of the relevant Series become so due and repayable mutatis mutandis in accordance with the provisions of Condition 11 (Coupon and Other Calculations) except that the rates of Coupon need not be published.
- h. Upon the occurrence of an Event of Default, the Trustees shall at their discretion be entitled to liquidate the Designated Accounts and or Permitted Investments for the payment of the amounts outstanding on the Bonds, provided however the Trustees shall only be obliged to distribute to the Bondholders up and to the extent of such amounts as they realise from the Designated Accounts or disposal of the Permitted Investments and such amounts shall be applied to meet the obligations of the Issuer in accordance with the Programme Trust Deed and the applicable Series Trust Deed;
- i. Upon the occurrence of an Event of Default under the Master Notes Subscription Agreement dated 03 August, 2016 between the Sponsor, the Issuer and the Trustees, the Trustees may be entitled to proceed directly against the Sponsor in respect of the resulting amount due and payable by the Sponsor under the Sterling Note.

11. COUPON AND OTHER CALCULATIONS

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

a. Coupon on Fixed Rate Bonds

Coupon on Fixed Rate Bonds will be paid on the Coupon Payment Dates specified in the Supplementary Shelf Prospectus/Pricing Supplement.

Accrual of Coupon

The Bonds bear Coupon from the Coupon Commencement Date at the Coupon Rate payable in arrears on each Coupon Payment Date, subject as provided in Condition 5 (Payments). Each Bond will cease to bear Coupon from the Coupon Termination Date.

Fixed Coupon Amount

The Coupon Amount payable in respect of each Bond for any Coupon Period shall be the relevant Fixed Coupon Amount and, if the Bonds are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

Calculation of Coupon Amount

The amount of coupon payable in respect of each Bond for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Coupon Rate to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Bond divided by the Calculation Amount, provided that:

- i. if an Initial Broken Amount is specified in the Supplementary Shelf Prospectus/Pricing Supplement, then the first Coupon Amount shall equal the Initial Broken Amount specified in the Supplementary Shelf Prospectus/Pricing Supplement; and
- ii. if a Final Broken Amount is specified in the Supplementary Shelf Prospectus/Pricing Supplement, then the final Coupon Amount shall equal the Final Broken Amount specified in the Supplementary Shelf Prospectus/Pricing Supplement.

b. Coupon on Floating Rate Bonds and Indexed Bonds*Accrual of Coupon*

The Bonds bear Coupon from the Coupon Commencement Date on the outstanding nominal amount at the Coupon Rate payable in arrears on each Coupon Payment Day, subject as provided in Condition 5 (Payments). Each Bond will cease to bear Coupon from the Coupon Termination Date.

Floating Coupon Rate

The Floating Coupon Rate which is applicable to a Series or Tranche of Floating Rate Bonds for a Coupon Period will be determined in the manner specified in the relevant Supplementary Shelf Prospectus/Pricing Supplement.

Indexed Coupon

If the Indexed Coupon Bond provisions are specified in the Supplementary Shelf Prospectus/Pricing Supplement as being applicable, the Coupon Rate(s) applicable to the Bonds for each Coupon Period will be determined in accordance with the manner specified in the Supplementary Shelf Prospectus/Pricing Supplement.

Maximum and/or Minimum Coupon Rate

If the Supplementary Shelf Prospectus/Pricing Supplement specifies a Maximum Coupon Rate for any Coupon Period, then the Coupon Rate for such Coupon Period shall in no event be greater than such Maximum Coupon Rate and/or if it specifies a Minimum Coupon Rate for any Coupon Period, then the Coupon Rate for such Coupon Period shall in no event be less than such Minimum Coupon Rate.

Determination of Floating Coupon Rate and Calculation of Coupon Amount

The Trustees, in the case of Floating Rate Bonds will, at or as soon as practicable after each time at which the Coupon Rate is to be determined in relation to each Coupon Period, procure the calculation of or calculate the Coupon Amount payable in respect of each Bonds for such Coupon Period. The Coupon Amount will be calculated by applying the Coupon Rate for such Coupon Period to the Calculation Amount and multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Bond divided by the Calculation Amount.

Calculation of Other Amounts

If the Supplementary Shelf Prospectus/Pricing Supplement specifies that any other amount is to be calculated (by the Calculation Agent, if any), the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the Supplementary Shelf Prospectus/Pricing Supplement.

Publication

The Calculation Agent, if any, will cause each Coupon Rate determined by it, together with the relevant Coupon Payment Date, and any other amount(s) required to be determined by it, together with any relevant payment date(s) to be notified to the Issuer, the Trustees, any Exchange on which the relevant Floating Rate Bonds are for the time being listed, as soon as possible after their determination and in any event not later than the later of the day that is 3 (three) Business Days before the relevant Coupon Payment Date and the relevant Coupon Determination Date for that Coupon Period. Notice thereof shall also promptly be given to the Bondholders in accordance with Condition 13 (Notices).

Each Coupon Rate determined by the calculation agent, together with the relevant Coupon Payment Date, and any other amount(s) required to be determined by it, together with any relevant payment date(s) shall be made available to the Bondholders in respect of any unlisted Floating Rate Bonds promptly upon request.

The Calculation Agent will be entitled to recalculate any Coupon Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Coupon Period. Any such amendment will be promptly notified to the Issuer, the Trustees and to the Bondholders in accordance with Condition 13 (Notices) and, the relevant Exchange where the Tranche of Bonds is listed. If the Calculation Amount is less than the minimum Specified Denomination the calculation agent shall not be obliged to publish each Coupon Amount but instead may publish only the Calculation Amount and Coupon Amount in respect of a Bond having the minimum Specified Denomination.

c. Coupon on Mixed Rate Bonds

The Coupon Rate payable from time to time on Mixed Rate Bonds shall be the Coupon Rate payable on any combination of Fixed Rate Bonds, Floating Rate Bonds, or Indexed Bonds for respective periods, each as specified in the Supplementary Shelf Prospectus/Pricing Supplement. During each such applicable period, the Coupon Rate on the Mixed Rate Bonds shall be determined and fall due for payment on the basis that and to the extent that such Mixed Rate Bonds are Fixed Rate Bonds, Floating Rate Bonds, Zero-coupon Bonds or Indexed Bonds, as the case may be.

d. Coupon on Partly Paid Bonds

In the case of Partly Paid Bonds, coupon will accrue on the paid-up Nominal Amount of such Bonds and otherwise as specified in the Supplementary Shelf Prospectus/Pricing Supplement from the Coupon Commencement Date to the Coupon Termination Date.

e. Coupon on Instalment Bonds

In the case of Instalment Bonds, Coupon will accrue on the amount outstanding on the relevant Bonds from time to time and otherwise as specified in the Supplementary Shelf Prospectus/Pricing Supplement from the Coupon Commencement Date to the Coupon Termination Date.

f. Coupon on Unpaid Amounts

Each Bond (or in the case of the redemption of part only of a Bond, that part only of such Bond) will cease to bear coupon (if any) from the Coupon Termination Date. If on the date of redemption and upon due presentation of the Bond, payment of principal is improperly withheld or refused, coupon shall accrue at the rate specified in the Supplementary Shelf Prospectus/Pricing Supplement from the date on which such amount is due and payable until the date on which all amounts due in respect of such Bonds have been paid.

g. Business Day Convention:

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the **Floating Rate Business Day Convention**, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the **Following Business Day Convention**, such date shall be postponed to the next day that is a Business Day, (C) the **Modified Following Business Day Convention**, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the **Preceding Business Day Convention**, such date shall be brought forward to the immediately preceding Business Day.

h. Margin, Maximum/Minimum Rates of Coupon, Instalment Amounts and Redemption Amounts Rate Multipliers and Rounding

- i. If any Margin or Rate Multiplier is specified in respect of the Bonds (either (i) generally, or (ii) in relation to one or more Coupon Accrual Periods), an adjustment shall be made to all Rates of Coupon, in the case of (i), or the Rates of Coupon for the specified Coupon Accrual Periods, in the case of (ii), calculated in accordance with Condition 11(d) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.
- ii. If any Maximum or Minimum Rate of Coupon, Instalment Amount or Redemption Amount is specified in respect of the Bonds, then any Rate of Coupon, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- iii. For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (i) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (ii) all figures shall be rounded to seven significant figures (with halves being rounded up); and (iii) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up. For these purposes, "unit" means the lowest amount of such currency that is available as legal tender, in the country of such currency.

i. Calculations

The Coupon payable in respect of any Bond for any Coupon Accrual Period shall be calculated by multiplying the product of the Rate of Coupon and the calculation amount as specified in the applicable Supplementary Shelf Prospectus/Pricing Supplement ("the Calculation Amount") by the Day Count Fraction for such Coupon Accrual Period, unless a Coupon Amount (or formula for its calculation) is specified in respect of such Coupon Accrual Period, in which case the Coupon Amount payable per Calculation Amount in respect of such Bonds for such Coupon Accrual Period shall equal such Coupon Amount (or be calculated in accordance with such formula). Where any Coupon Period comprises two or more Coupon Accrual Periods, the Coupon Amount payable per Calculation Amount in respect of such Coupon Period shall be the sum of the Coupon Amount payable in respect of each of those Coupon Accrual Periods. In respect of any other period for which Coupon is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which Coupon is required to be calculated.

"Day Count Fraction" means, in respect of the calculation of an amount of Coupon on Bonds of a Series for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting a Coupon Period or latest Accrual Period, the "Calculation Period"):

- i. if "Actual/365" or "Actual/Actual-ICMA" is specified in respect of the Bonds, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A)

- the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- ii. if "Actual/365 (Fixed)" is specified in respect of Bonds of a Series, the actual number of days in the Calculation Period divided by 365;
 - iii. if "Actual/360" is specified in respect of Bonds of a Series, the actual number of days in the Calculation Period divided by 360;
 - iv. if "30/360", "360/360" or "Bonds Basis" is specified in respect of the Bonds, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));
 - v. if "30E/360" is specified in respect of the Bonds, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); and
 - vi. if "Actual/Actual" is specified in respect of the Bonds:
 - a. if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and (b) if the Calculation Period is longer than one Determination Period, the sum of: (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

"Coupon Accrual Period" means the period beginning on (and including) the Coupon Commencement Date and ending on (but excluding) the first Coupon Period Date and each successive period beginning on (and including) a Coupon Period Date and ending on (but excluding) the next succeeding Coupon Period Date.

"Coupon Amount" means

- i. in respect of a Coupon Accrual Period, the amount of Coupon payable per Calculation Amount for that Coupon Accrual Period and which, in the case of Fixed Rate Bonds, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Coupon Payment Date ending the Coupon Period of which such Coupon Accrual Period forms part; and
- ii. in respect of any other period, the amount of Coupon payable per Calculation Amount for that period.

"Coupon Determination Date" means, with respect to a Rate of Coupon and Coupon Accrual Period, the date specified as such in respect of the Bonds.

"Coupon Period Date" means each Coupon Payment Date unless otherwise specified in the Supplementary Shelf Prospectus/Pricing Supplement.

"Coupon Rate" or "Rate of Coupon" means the rate of interest payable from time to time in respect of Coupon -bearing Bonds of a Series or Tranche and that is either specified or calculated in accordance with the provisions in respect of such Bonds.

"Determination Date" means the date specified in respect of the Coupon of a Series or, if none is so specified, the Coupon Payment Date.

"Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

12. REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and/or Registrar may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13. NOTICES**a. Notices to the Bondholders**

All notices to the Bondholders will be valid if mailed to them at their respective addresses of record in the relevant register of Bonds of a Series maintained by the Registrar. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the SEC Rules and the rules and regulations of any securities exchange or other relevant authority on which the Bonds are for the time being listed. Any notice shall be deemed to have been given in the case of a notice of meeting at the expiration of seven (7) days after the mail containing same is posted and in any other case at the expiration of five (5) days following the date on which the notice was posted or on the date of first publication in national newspapers, or if published more than once or on different dates, on the date of the first publication. Where a notice is served personally or sent by courier, it shall be deemed to have been duly given or made at the time of actual receipt. Where a notice is sent by electronic mail transmission it shall be deemed to be duly given or made upon receipt of an electronic mail from the recipient, confirming that the said notice has been duly received or upon receipt of an electronic mail confirming that the said electronic mail has been read by the recipient provided that in the case of any electronic mail transmission sent after 4.30 pm, it shall be deemed to have been duly received on the next Business Day.

A meeting of the Holders may be called by giving not less than twenty-eight (28) days' notice in writing if consent is accorded thereto by Holders holding not less than seventy-five per cent (75%) of the nominal amount of the Debt Securities for the time being outstanding.

b. Notices from the Bondholders

Notices to be given by any Bondholder shall be in writing and given by lodging the same, together with the relevant Certificate (if any), with the Registrar.

14. MEETINGS OF BONDHOLDERS

The Programme Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by a Special Resolution of a modification of any of these General Conditions.

The quorum for any meeting convened to consider a Special Resolution shall be two or more persons holding or representing by proxy in the aggregate not less than 75% of the Nominal Amount of the Bonds held by the applicable class for the time being outstanding.

Any Special Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

15. ENTITLEMENT AND INDEMNIFICATION OF THE TRUSTEES

In connection with the exercise of its functions (including but not limited to those referred to in this Condition), the Trustees shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustees shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

The Programme Trust Deed contains provisions for the indemnification of the Trustees and for its relief from responsibilities. The Programme Trust Deed also contains provisions pursuant to which the Trustees are entitled, inter alia, (i) to enter into business transactions with the Issuer and to act as trustees for the Bondholders of any other securities issued or guaranteed by, or relating to, the Issuer, (ii) to exercise and enforce their rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such Trusteeship without regard to the interest of, or consequence for, the Bondholders and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

16. TRUST PROVISIONS**a. Declaration of Trust**

All moneys or assets received by the Trustees in respect of the Bonds or amounts payable under the Trust Deed shall, despite any appropriation of all or part of them by the Issuer, be held by the Trustees in trust to apply them in accordance with the provisions of the Trust Deed.

b. Representative of Holders

The Trustees are the representative of the Bondholders and is authorised to act on behalf of the Bondholders in accordance with the General Conditions and the Trust Deed and is hereby further authorised to contact the Registrar and/or the CSCS for the purposes of obtaining information (i) as to the aggregate nominal amount outstanding of any Series of Bonds, (ii) relating to the identity of Bondholders, and (iii) for the purposes of giving notices to Bondholders under Condition 13 (Notices).

c. Binding Effect of the Conditions and the Trust Deed

The Bondholders are deemed to have accepted and will be bound by the General Conditions and the terms of the Trust Deed.

17. MODIFICATION OF THE TRUST DEED

The Trustees may agree with the Issuer, without the consent of the Bondholders but subject to the prior review and approval of the SEC, to (i) any modification of any of the provisions of the Trust Deed which is in the opinion of the Trustees of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustees not materially prejudicial to the interests of the Bondholders PROVIDED that such consolidation, modification, alteration or addition does not prejudice the interests of the Bondholders and that such consolidation, modification, alteration or addition does not operate to release the Trustees, the Sponsor or the Issuer from any responsibility to the Bondholders.

The Issuer will not, without the prior written consent of the Trustees or a Special Resolution of the Bondholders, agree to any amendments to or any modification of, or waiver of, or authorise any breach or proposed breach of, the terms of any outstanding Sterling Bank Notes and will act at all times in accordance with any instructions of the Trustees from time to time with respect to any outstanding Sterling Bank Notes. Any such amendment, modification, authorisation or waiver shall be binding on the Bondholders and, if the Trustees so require, such modification shall be notified to the Bondholders, as soon as practicable in accordance with Condition 13 (Notices).

No such consolidation, modification, alteration or addition shall impose any further payment on the Bondholders in respect of the Bonds held by them or any liability in respect thereof.

18. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Bondholders to create and issue further Bonds, subject to the Programme Limit (the Additional Bonds), having terms and conditions which are identical to any of the other Bonds already issued under the Programme (the Existing Bonds) or the same in all respects save for their respective Issue Prices, Issue Dates and aggregate Nominal Amounts, so that the Additional Bonds shall be consolidated by the Issuer to form a single Series with the Existing Bonds.

19. GOVERNING LAW

The provisions of these General Conditions and the Bonds are governed by, and shall be construed in accordance with, the laws of the Federal Republic of Nigeria. The Issuer has agreed for the benefit of the Trustees and the Bondholders that the courts of Nigeria are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Trust Deed, the Bonds and/or the Coupons or any non-contractual obligation arising out of or in connection with them.

TAX CONSIDERATIONS

Please note that this information about the tax exempt status of Bonds and income accruing there from is meant to serve only as a guide and should not be considered as or deemed to be tax advice which can be acted upon by an investor. Investors are advised to seek specific tax advice regarding investment in the Bonds from their professional tax advisers.

Under current legislation in Nigeria, the tax consequences of an investment in the Bonds to be issued under the Programme include exemption from Companies Income Tax, Value Added Tax and Personal Income Tax respectively, by virtue of the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order 2011, the Value Added Tax (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011 and the Personal Income Tax (Amendment) Act 2011 respectively. The Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order 2011 and the Value Added Tax (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011 became effective on January 2, 2012 and the exemptions thereunder are valid for a period of ten (10) years while the exemption under the PIT (Amendment) Act 2011 is for an indefinite duration.

Where the maturity of the Bonds exceed 2 January, 2022, withholding tax implications in respect of such Bonds for the period after 2 January, 2022 will be stated in the applicable Pricing Supplement.

In addition, Bondholders will benefit from the waiver with respect to Capital Gains Tax in the event that the ten (10) year Capital Gains Tax waiver approved by the Federal Government in March 2010 becomes effective during the life of the Bonds. The value Added Tax (Exemption of Commissions on Stock Exchange transactions) Order 2014 exempts the imposition of value added tax on:

- a. Commissions earned on traded value of shares;
- b. Commissions payable to the SEC;
- c. Commissions payable to the NSE; and
- d. Commissions payable to the CSCS.

The Value Added Tax (Exemption of Commissions on Stock Exchange transactions) Order 2014 is valid for a period of five (5) years from July 25, 2014. Accordingly, any commission payable to the SEC, the NSE and the CSCS in connection with the Programme will be exempt from the imposition of value added tax till July 26, 2019.

The Information in this section has been extracted from publicly available data obtained from organizations such as the CBN, the NBS, and the United Nations, the Economist Intelligence Unit (EIU), the World Bank, the International Monetary Fund (IMF), United Nations Conference on Trade and Development (UNCTAD) and other sources believed to be reliable. The Issuer, the Sponsor, the Issuing Houses and their respective advisers have relied on the accuracy of this information without independent verification and make no representation as to its accuracy.

INTRODUCTION

The Federal Republic of Nigeria (“Nigeria” or the “Country”) is located in the West African sub-region of Africa and occupies a land area of approximately 923,773 square kilometres, with a population of approximately 178.5 million and is comprised of 36 states and a Federal Capital Territory (“FCT”) – Abuja. Nigeria is the most populous nation in Africa, with a population of approximately 47% of the West African populace. Since 1999, the Federal Government of Nigeria (“FGN” or the “Government”) has embarked on a number of actions to reform the economy, manage its oil wealth in a more sustainable way, reconstruct its political institutions, improve its international image, and diversify the economy beyond the oil industry.

In April 2014, following the rebasing of its Gross Domestic Product (GDP), Nigeria became the largest economy in Africa (overtaking South Africa) with a GDP of US\$503.8 billion, up 89% after the rebasing. As at the end of 2014, Nigeria’s GDP stood at US\$573.65 billion in nominal terms (at current market prices). The table below provides a summary of Nigeria’s key economic indicators.

Exhibit 1: Key Economic Indicators (2010 – 2015)

Economic Indicators	2010	2011	2012	2013	2014	2015
Rebased Nominal GDP (US\$ billion)	369.1	411.7	463.0	521.8	573.7	477.0
Real GDP growth (%)	8.0	5.3	4.1	5.5	7.2	2.79
Population (mn)	159.7	164.2	168.8	173.6	178.5	182.3 ¹
Inflation (%)	13.8	10.9	12.2	8.5	8.1	9.0
Oil Production (‘000 b/d)	2,053	2,108	2,083	1,963	2,044	2,099
Exchange Rate NGN/US\$ (average)	150.3	154.7	156.0	155.8	156.9	197.8

Source: CBN, NBS, World Bank, IMF, Bloomberg, Vetiva Research;¹estimated

Nigeria’s exports are dominated by crude oil and gas which account for c.95% of the Country’s foreign exchange earnings and approximately 80% of budgetary revenues. Although Nigeria is one of the largest oil producing countries and holds one of the largest natural gas reserves in the world, the Nigerian economy has been driven mainly by the non-oil sector for the past few years. The rebased figures accurately reflect the size and contribution of each sector, revealing a significant contribution by the services sector (finance and insurance industries, construction and real estate sectors with average annual growth rates of 28.6%, 16.8%, and 16.0% respectively in the last five years ended December 2014). The Government’s focus is to grow the non-oil sector, particularly the agricultural sector, with a view to boost its contribution to GDP.

Exhibit 2: Sectoral Contribution (%) of nominal GDP after rebasing

Sectors	2010	2011	2012	2013	2014	2015
Agriculture	23.9	22.3	22.1	21.0	20.2	20.2
Crude oil and Natural Gas	15.4	17.5	15.8	12.9	10.8	6.9
Industry	22.0	24.8	23.7	22.0	20.7	16.7
Manufacturing	6.6	7.2	7.8	9.0	9.8	9.7
Services	34.7	33.5	34.7	36.6	37.9	40.1
Trade	16.5	16.4	16.5	17.1	17.6	19.2
Telecommunications & Information Services	10.9	10.1	10.1	10.4	10.8	9.0

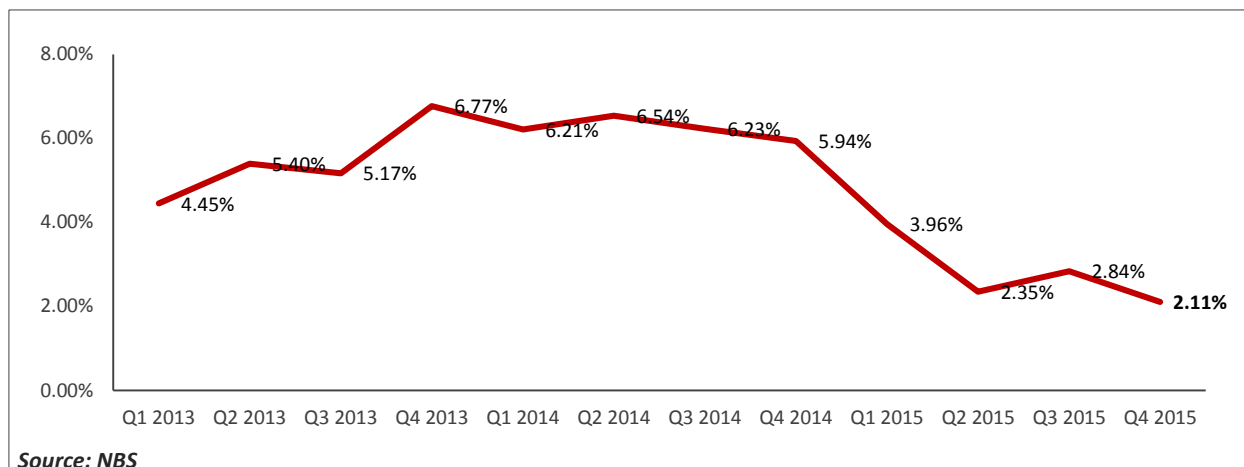
Source: NBS (Q3 2015)

GROSS DOMESTIC PRODUCT (“GDP”)

The Nigerian economy faced numerous challenges which impacted overall economic activity in 2015. Sharp declines in the oil price during the course of the year, continued insurgence in the northern part of Nigeria and political tension through out the first quarter of 2015 affected economic activities within the Country and challenged the ability of government to address social and economic disparities in the Country.

According to the NBS, Nigeria’s GDP grew by 2.11% in real terms year-on-year in Q4 2015, lower by 3.83% in comparison to Q4 2014. In nominal terms, aggregate GDP stood at ₦25.93 trillion at basic prices as at Q4 2015, representing a 7.12% increase from ₦24.93 trillion in the fourth quarter of 2014, and 3.10% higher in comparison to the previous quarter (Q3 2015).

Exhibit 3: Real GDP Growth



INFLATION

Over the years, a combination of tight monetary policies and modest wage growth have contributed to the economy’s reduced inflationary pressures. Inflation rate has averaged 10.22% from 2007 till December 2015, reaching a high of 15.6% in February 2010 and a low of 4.1% in September 2007. In line with the CBN’s target, headline inflation rate has remained within single-digits for over 2 years (29 successive months) since January 2013.

However, inflation rate accelerated in December 2015 with year-on-year inflation levels for headline inflation, core inflation and food inflation reaching 9.6%, 8.7%, and 10.6% respectively. The acceleration could be attributed to the significant increase in consumer prices on the back of tighter fuel supplies, the impact of the tension in North Eastern Nigeria on food prices and the currency pass-through of the NGN devaluation onto consumer prices, amongst others. The impact of these factors on the Consumer Price Index (CPI) have been buffered by a mix of tight monetary and prudent fiscal policy, recent moderation in commodity prices particularly agri-commodities and softening aggregate demand which has contained private consumption and import demand.

INTEREST RATES

The MPR is reviewed periodically by the MPC to control money supply in the economy and ensure price stability. In November 2014, the Monetary Policy Committee announced a change in the benchmark interest rate (Monetary Policy Rate to 13%, an increase by 100 basis points (bps) from 12% (with an interest rate corridor of +/-200bps) – the first move in the MPR since October 2010. This was in a bid to maintain a tight monetary stance in response to prevailing liquidity conditions in order to achieve monetary and price stability.

The prolonged tightening phase came to an end in November 2015, when the MPC adopted an aggressive easing stance and cut the benchmark interest rate by 200 bps to 11%, with an asymmetric corridor of -700bps/+200bps. This was in a bid to align monetary policy with the policies of the fiscal authority, which is geared towards stimulating output growth whilst ensuring price stability. In March 2016, the CBN reverted to a tightening stance, raising MPR by 100bps to 12% in a bid to curb inflationary pressures whilst supporting fiscal expansion.

FOREIGN EXCHANGE

Historically, there has been a strong positive correlation between the value of the NGN/USD and the price of crude oil in the international market; with rising crude oil prices typically resulting in current account surpluses and appreciation of the Naira. Following the significant decline in oil prices in 2014, which persisted throughout 2015, pressure on the Naira increased, causing the CBN to adopt a number of defensive/corrective strategies such as devaluation of the Naira, in order to maintain the country’s foreign reserves.

Prior to the decline of oil prices in 2014, exchange rates had remained relatively stable through 2012 till Q4 2014 coming off a significant depreciation due to the financial crisis in 2007. The CBN maintained the value of the local currency within a narrow band, with periodic adjustments to avoid a further significant decline of foreign exchange reserves. However, with the continued decline in oil prices, the CBN in November 2014, devalued the Naira by revising the NGN/USD mid-rate from ₦155 to ₦168.

Eventually, the RDAS/WDAS window was closed in February 2015, a necessary reform in the face of the widening gap between the RDAS and interbank rates and the negative macro backdrop which would have led to a rapid depletion of foreign reserves and successive devaluations. The interbank rate currently represents the country’s single official rate, with the exchange rate in the parallel market determined by market forces. By the end of 2015, the NGN/USD had weakened by 10% and maintained a trading range of between 197 and 199 post closure of the RDAS/WDAS window. The CBN has continued to maintain a defensive stance with respect to the currency, deploying various monetary tools as well as administrative measures with the aim of easing

pressure on the fast depleting foreign reserve and ensuring currency stability, the most recent of which was the decision in January 2016 to discontinue the sale of foreign exchange to Bureau De Change operators.

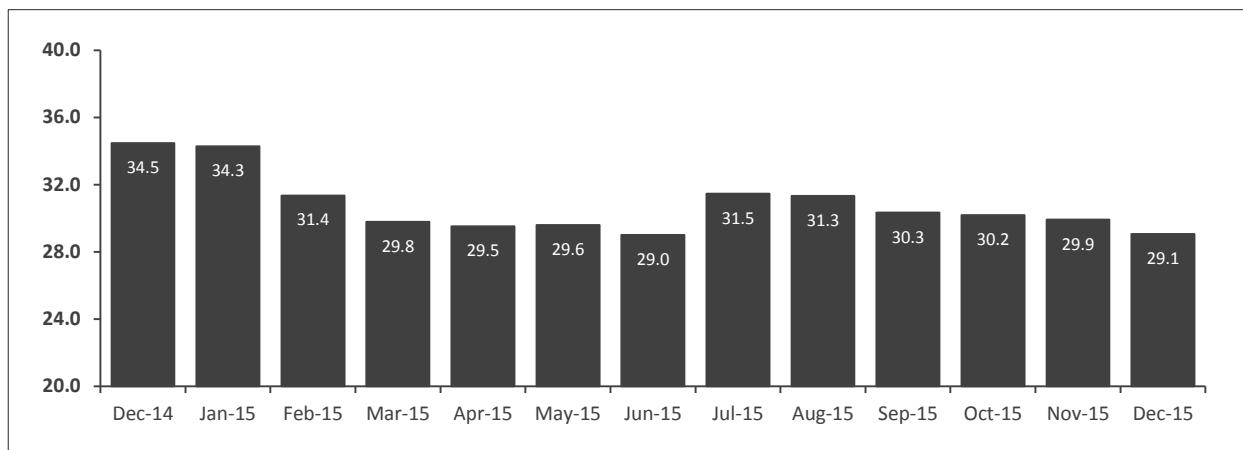
Based on provisional data released by the CBN in its September 2015 report, aggregate foreign exchange inflow through the economy stood at US\$27.3 billion, representing a 38.3% decline for the same period in 2014. On the other hand, aggregate foreign exchange outflow from the economy stood at US\$10.9 billion, representing a decline of 11.2% in comparison with the corresponding quarter of 2014. Thus, foreign exchange flows through the economy resulted in a net inflow of US\$16.4 billion. The development was driven by a decrease in crude oil receipts, non-oil receipts (autonomous inflow) and invisible purchases, among others.

FOREIGN RESERVES

According to the CBN, external reserves stood at US\$29.1 billion as at December 2015, representing a decrease of US\$5.4 billion or 15.7% from US\$34.5 billion as at December 2014. The decline has been on the back of weak oil prices, the consequent decline in the Country’s dollar income as well as the CBN’s defensive stance with respect to the Naira. The CBN has however over the past 12 to 15 months introduced a number of policies aimed at removing what it terms “unnecessary” demand for foreign exchange in order to stem the drag on the Country’s foreign reserves and ensure exchange rate stability..

In a similar manner, the Excess Crude Account (ECA) which was introduced in 2004 to serve as a buffer against oil price fluctuations experienced a significant depletion by over 80.43% from US\$11.5 billion in December 2012 to US\$2.25 billion as at September 2015.

Exhibit 4: Trend in Foreign Reserves (US\$ billion)



Source: Bloomberg

FOREIGN DIRECT INVESTMENTS

Through the Nigerian Investment Promotion Commission (NIPC) and the One Stop Investment Center (OSIC), the FGN has continued to encourage and benefit from accelerated local and foreign investments in the economy. In 2014, Nigeria was one of the top five (5) host economies in Africa for FDI inflows with a value of US\$4.7 billion (UNCTAD). FDI inflows have been driven by the continued search for improved returns by foreign investors in view of the massive opportunities Nigeria offers, particularly the fast moving consumer goods market as well as the large infrastructure deficit. For instance, Nissan, Peugeot and Hyundai in 2014 began auto assembly in Nigeria, following the Nigerian Automotive Industry Plan introduced in 2012. Nigeria also accounted for a large portion of 45% total cross-border M&A purchases by firms in Africa.

Between 2013 and 2014, Nigeria’s growth rate lingered between the 5% - 7% range on the back of policy reforms in various sectors of the economy. However, the recent decline in oil prices amongst other macroeconomic headwinds led to significant decline in real growth rate in 2015 (Q3 2015: 2.84% y/y). The Country’s long term economic growth outlook still remains positive given the implementation of economic reforms across key sectors (power, banking, infrastructure and agriculture) to reduce structural bottlenecks and efforts to improve the security situation in Northern Nigeria, and FDI is expected to further increase in the coming years. Despite its deteriorated ranking in the “Ease of Doing Business” index – as reported by the World Bank, Nigeria still continues to attract a significant amount of foreign investments (2015: US\$1.45 billion).

EXTERNAL DEBT

As at 31 December, 2015, the Nigerian Debt Management Office (“DMO”) disclosed that the Country’s external debt was US\$10.7 billion. The breakdown of the external debt showed that 70.54% was owed to multilateral organizations, which include the World Bank Group, International Fund for Agricultural Development (IFAD), African Development Bank Group (AfDB), International Development Bank (IDB) and Economic Development Fund (EDF), whilst 15.47% was owed to bilateral organizations such as

Export – Import Bank of China and French Development Agency (AFD), amongst others, and 13.99% to the international capital markets.

FIXED INCOME MARKET

The fixed income market traded largely sideways for the most part of 2015 before recording a strong bullish run in the last quarter. Whilst the bond market traded flat in Q1 2015 as the MPC maintained its tightening stance amidst oil price pressure, currency concerns and political uncertainty around the general elections, the market picked up moderately in Q2 2015 as the optimism around the peaceful general elections improved investor sentiments. Amidst series of aggressive Open Market Operations (“OMO”) mop-ups, harmonization of public and private sector CRR, restructuring of State Government loans, phasing out of Nigeria from the JP-Morgan GBI-EM index and the expectations around the full implementation of the Treasury Single Account, Q3 2015 recorded modest pressure as yields rose across most maturities before moderating marginally at the end of the quarter. Momentum however built up in Q4 2015 as the CBN tapered down OMO issuance – leaving room for healthy system liquidity before an unexpected monetary easing (first since July 2009).. Overall, the Bond index mustered a return of 24% in 2015, outperforming the NSE All Share Index return of -17%.

CREDIT RATING

Fitch Ratings Inc. (“Fitch”) in its revised credit rating outlook on Nigeria released in September 2015, maintained Nigeria’s rating at “BB-“ citing the extended absence of a cabinet which caused unprecedented delays in implementing economic policies amidst low oil prices and uncertainty around the Country’s currency.. Similarly, Standard & Poor’s Rating Services (S&P) also maintained its outlook on Nigeria at “B+” in September 2015. The ratings by Fitch and S&P, are three and four notches respectively below the minimum investment grade rating of “BBB-“.

POLITICAL ENVIRONMENT

The Federal Republic of Nigeria is politically divided into six (6) geopolitical zones – North Central, North East, North West, South East, South West and South South.

Nigeria gained full independence from the United Kingdom on October 1, 1960 and became a Federal Republic in October 1963. In May 1999, following 16 years of military rule, Chief Olusegun Obasanjo under the platform of the People’s Democratic Party (“PDP”) became the first democratically elected President since the 1979 to 1983 civilian government of Alhaji Shehu Shagari. After serving two terms, Chief Olusegun Obasanjo handed over power to President Umaru Yar’Adua on 29 May, 2007. However, President Yar’Adua’s tenor was short lived due to his demise on 05 May, 2010; following which Goodluck Ebele Jonathan was sworn in as President on 06 May, 2010 in accordance with the Nigerian Constitution. Goodluck Ebele Jonathan retained his role as President following the April 2011 elections, in which he emerged as the winner with approximately c.58% of the votes. Despite reports of a free, fair, peaceful, and credible election in 2011, post-election violence and riots erupted in certain cities of some of the northern states of Nigeria (Kaduna, Gombe, Bauchi, Kano, Adamawa, and some parts of the Federal Capital Territory) partly due to a terrorist group known as Boko Haram and continued throughout Goodluck Jonathan’s tenure as President.

In the most recent general elections held on 28 March, 2015, President Mohammed Buhari was elected as President under the platform of the All Progressives Congress (APC) marking a new era for the country and the end of a 16 year rule by the PDP.

The current Nigerian Constitution, which was adopted in May 1999 and has gone through legislative amendment a few times, provides for a President, a National Assembly and a Judiciary. The National Assembly, with two chambers, comprises a Senate (the upper chamber) made up of 109 senators and a House of Representative (the lower chamber) made up of 360 members elected for a tenure of four (4) years.

REFORMS

The Nigerian government has continued to intensify efforts towards progressive economic reforms over the years especially within key sectors such as power, oil and gas, and agriculture, as well as revamping the nation’s governance and macroeconomic environment. These reforms, together, are geared towards developing, enabling and encouraging sustainable private-sector-led economic growth.

Power

Based on a report by the Presidential Task Force on Power (June 2015), power capacity has increased with the completion of five (5) NIPP Generation Plants and increased capacities of the Delta and Egbin plants since privatization. Distribution capacity also increased from 5,758MW in 2010 to 9,230MW inclusive of yet to be utilized NIPP Projects. The volume of gas has also increased nationally from 550 mmscfd in 2010 to 1,340 mmscfd as at June 2015.

Furthermore, the Nigerian Electricity Regulatory Commission (“NERC”) released a new Multi Year Tariff Order (MYTO) system referred to as MYTO 2.1, which took effect on 01 February, 2016 and adopts 100% of tariff collected from consumers as regulated tariff (2014: 79%, 2013: 66%), thus eliminating the subsidy element within the MYTO pricing system. Electricity prices were reduced by 50% in March 2015 following NERC decision to remove collection losses by the Distribution Companies (DISCOs) from customer tariff, in line with MYTO 2.1, which amongst other variables incorporates gas-to-power price of \$2.50 per million standard cubic feet (mmscf), plus a \$0.30 transportation cost. According to the NERC, the review is a pragmatic and creative short

term approach to address the challenge of inadequate gas supply to thermal power generation plants across the country. Nigeria's power generation was constrained to below 3,000 MW for much of 2014 largely due to gas supply shortage to Generating Companies (GENCOs).

Agriculture

The key initiatives being pursued by the government include the successful reform of the policy on fertiliser and other inputs through the Growth Enhancement Support Scheme and the introduction of CBN's 'Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending' (NIRSAL). These initiatives are targeted at promoting large and small scale agricultural production by fixing the agricultural value chain and granting participants within the sector easy access to affordable agricultural inputs and credit.

The government has instituted key policy reforms to establish staple crop processing zones aimed at attracting the private sector into areas of high production, reducing post-harvest losses, and adding value to locally produced commodities.

Oil and Gas

The enactment of the Nigerian Oil and Gas Industry Content Development Act (Local Content Act) as an effort to promote local participation in the oil and gas industry, has recorded significant gains in supporting indigenous companies to play a larger role in the industry. These efforts have led to the emergence of local firms leading drilling and development activity in the upstream sector and also innovating in the midstream and services sectors.

Reform progress has however been hampered by the delay in passing the Petroleum Industry Bill ("PIB") into law. In a bid to hasten development within the sector amidst the declining prices and dwindling oil revenue, the new administration has indicated its plan to send a revised PIB to the National Assembly for deliberation. The revised bill seeks to address outstanding issues contained in the earlier bill whilst improving predictability and transparency in the oil sector, by establishing a new framework for good governance in the industry. This move is expected to result in increased revenues for Nigeria in general, particularly host communities, and opportunities for Nigerians to participate at every level of new development within the sector.

In line with its Oil and Gas sector reformation drive, the current administration has taken proactive steps to reorganize the Nigerian National Petroleum Corporation ("NNPC") in order to address the inefficiencies and gaps within its current structure. As a first step, President Muhammadu Buhari replaced key management staff of NNPC and retains direct oversight as the country's Minister of Petroleum. In addition, the current administration is also proposing, under the terms of the new PIB, a restructuring of NNPC amongst other institutional changes, aimed at repositioning NNPC to deliver more efficiently on its mandate.

The Information in this section has been extracted from publicly available data obtained from organizations such as the CBN, the International Monetary Fund and other sources believed to be reliable. The Issuer, the Sponsor, the Issuing Houses and their advisers have relied on the accuracy of this information without independent verification and make no representation as to its accuracy.

HISTORICAL BACKGROUND

The Nigerian banking sector currently consists of twenty (20) commercial banks with banking licenses to provide financial services to institutional, commercial, and retail clients. Over the years, the banking sector has undergone several regulatory driven reforms generally classified into phases.

In the first two decades after independence in 1960, the Nigerian financial sector was heavily regulated. Ceilings were placed on interest rates and credit expansion, reserve requirements, and minimum capital requirement were increased several times and restrictions placed on entry into the industry. However, in 1986, the malfunctioning of the financial system led to the introduction of the Structural Adjustment Program reform. Although it had been anticipated that the reforms would turn the economy around, it only led to unprecedented distress within the banking sector. New reforms were put in place between 1993 and 1998 but failed to remedy the situation. In 1999, a third phase of reforms which led to the liberalization of the industry and the adoption of a universal banking model was embarked upon. A more comprehensive reform phase began in 2004. This reform was marked by recapitalization and consolidation of several banks which were in dire straits due to structural and operational weakness, and consequently, visible improvements occurred within the sector. This success was short-lived as the global financial crisis of 2008 revealed more weaknesses within the system and led to the fifth and current phase, which began in 2009.

In a joint examination conducted in May 2009, the CBN and Nigeria Deposit Insurance Corporation (NDIC) found that 10 out of the then twenty four (24) Nigerian commercial banks had substantial non-performing loans, suffered from poor corporate governance, weak capital adequacy and were illiquid. AMCON was established in 2010 to take bad debts off the Nigerian banks' balance sheets following the banking sector crisis of 2008 which had a negative impact on the banks' balance sheets through increased provisioning for bad debts, lower profitability, and deterioration in the quality of banks' assets. The industry again witnessed another round of mergers and acquisitions such as Ecobank's acquisition of Oceanic Bank, the merger of Finbank with First City Monument Bank Limited, the merger of Intercontinental Bank with Access Bank PLC, and the acquisition of Equitorial Trust Bank by Sterling Bank. The exercise resulted in the CBN revoking the licenses of Spring Bank (now Enterprise Bank), Afribank (now Mainstreet Bank), and Bank PHB (now Keystone Bank) (jointly referred to as "Bridge Banks"). The CBN's rationale behind the intervention was to resolve liquidity challenges in the country's banking system and to restore stability and confidence to the banking sector.

Further to this, the NDIC through a purchase and assumption of all the assets and some of the liabilities of these banks, formed three new bridge banks, namely Mainstreet Bank Limited, Keystone Bank Limited, and Enterprise Bank Limited. AMCON purchased the nominal shares of NDIC in the Bridge banks and subscribed for the capital increase in the three banks and capitalised the banks in exchange for 100% share ownership by bringing the net asset value to zero and taking the banks beyond regulatory required capital adequacy. AMCON in exchange for absorbing the eligible bank assets (bad loans) of the banks, issued zero-coupon government-backed bonds. The CBN restored the banking licences of Societe General Bank (now known as Heritage Banking Company Limited) and Savannah Bank PLC. However Savannah Bank is not currently operating.

In October 2010, the CBN repealed the universal banking guidelines and issued new rules and guidelines for the banking sector - "Regulation on the Scope of Banking Activities & Ancillary Matters, No. 3, 2010" ("Regulation 3") aimed at streamlining banking operations in Nigeria as well as reducing the exposure of the banks to higher operational risks. Under Regulation 3, only commercial banks, merchant banks, and specialized banks (which include non-interest banks, microfinance banks, development banks, and mortgage banks) would be permitted to carry out banking businesses in Nigeria. This rule effectively required banks to divest from all non-banking business or to adopt a non-operating holding company structure in compliance with the regulation. Under Regulation 3, commercial banks were also required to maintain a minimum paid up share capital of ₦10 billion for institutions granted a regional banking license, ₦25 billion for institutions granted a national banking license and ₦50 billion for institutions granted an international banking license.

In 2014, AMCON concluded the sale of its entire equity stakes in Enterprise Bank to HBCL Investment Services Limited (a special purpose vehicle sponsored by Heritage Banking Company Limited) and Mainstreet Bank Limited to Skye Bank PLC for ₦56.1 billion and ₦126 billion in 2015.

RECENT DEVELOPMENTS

Increase in AMCON Sinking Fund

In 2013, the levy payable by banks to AMCON was raised from 0.3% to 0.5% of total assets. This increase in cost has contributed to the slower growth of profits in the banking industry.

Changes to Tariff Structure

- The CBN announced the re-introduction of a ₦65 fee on remote ATM withdrawals with effect from September 2014. As a result of this policy a customer's bank will pay the ATM Bank and the inter-bank switch operator ₦65 for the first 3 remote transactions while the customer will pay for subsequent remote transactions per month.
- COT reduction: the CBN had in April 2013 revised the guidelines for bank charges, introducing a gradual reduction in Commission on Turnover (CoT) which terminates with a zero CoT charge in 2016. Although the zero CoT kicked off as

contained in the guideline, the regulator has however introduced a negotiable Current Account Maintenance fee not exceeding ₦1 per mille.

- Increase in interest rate on savings accounts: under the new tariff structure, a minimum payment of 30% of the MPR per annum is required on savings deposits. This is expected to impact Banks' cost of funds. However, with the liquidity easing stance of the CBN, it is expected that cost of funds would remain constrained in the near term.

Treasury Single Account (TSA)

The Treasury Single Account (TSA), a unified structure of government bank accounts which gives a consolidated view of government cash receipts, was established in order to reduce proliferation of bank accounts operated by the ministries, departments and agencies (MDAs) and also to promote financial accountability among all organs of the government. The policy attained full implementation in September 2015.

With public sector deposits historically accounting for an average 25% of banking sector deposits, the impact of TSA implementation on the banking system cannot be overemphasized. However, given that TSA was only implemented at the Federal Government level (with the exclusion of some MDAs), the impact on the banking system was relatively more tepid than initially estimated. Also, the dovish stance of the CBN as evident in the reduction of MPR and CRR made the impact of the TSA implementation more tolerable for the banks. It is expected that deposit growth would remain constrained in the near term with a negative impact on credit growth.

Foreign Exchange

In line with its continuing effort to sustain the stability of the foreign exchange market and ensure the efficient utilization of foreign reserves and the derivation of optimum benefit from goods and services imported into the country, the CBN in a circular released on 23 June, 2015 mandated the exclusion of forty (40) imported goods from accessing the foreign exchange window. This move is aimed at encouraging domestic production and also reducing pressure on the foreign reserves.

As CBN continues to ration the supply of dollars at the interbank and CBN window, demand continues to filter into the parallel market, creating and rapidly expanding the gap between the interbank and parallel market rates with implications for output and prices.

Mobile Money and Cashless Policy

The CBN introduced a new policy, that aims to reduce the amount of tangible cash circulated in the economy and encourage electronic based transactions. CBN stipulates charges for daily cash withdrawals exceeding ₦500,000 for individuals and ₦3,000,000 for corporate entities. The policy has:

- driven the development and modernization of payment system closer to Nigeria's 2020 goal of being amongst the top 20 economies by the year 2020.
- reduced the cost of banking services by providing more efficient transaction options and greater reach; and
- improved the effectiveness of monetary policy in managing inflation and driving economic growth.

Mobile money is a product of the cashless society and was introduced by the CBN to allow for the transfer of money using phones. It ties in with the the CBN's aim of a cashless society and it reduces the cost and risks associated with traditional banking transactions. The service enables customers to open a mobile money account to store an electronic value of money to their mobile phones, using their mobile number as an account number. Customers are also able to transfer money to any mobile number, spend the money directly from their mobile money account to pay for goods as well as to buy airtime for themselves and others.

Stamp Duty

As part of its efforts to boost its revenue base, the FGN through the Stamp Duties Act, LFN 2004 and Federal Government Financial Regulations 2009, has commenced the collection of ₦50 per eligible transaction from ₦1,000 and above through Deposit Money Banks (DMBs) and other financial institutions. However, this enforcement through the banks may be counter-productive for financial inclusion, as smaller retail customers (such as petty traders) may decide not to deposit their funds in banks in order to avoid the ₦50 charge. In addition, it may discourage businesses from supporting CBN's cashless policy as businesses that deploy Point-of-Sale (POS) systems for sales and businesses that sell subscription or airtime electronically will lose ₦50 on each transaction.

Bank Verification Number

The CBN, in conjunction with the Bankers Committee introduced a financial inclusion strategy targeted at increasing access to financial services for many Nigerians at reduced cost. Following the introduction of "cashless policy" in 2013, the CBN kicked off the Bank Verification Number (BVN) project in February 2014. The BVN initiative aims to allocate a unique identification number to every customer which can be verified in the Nigerian banking system. This will help to improve banking reach, capture customers' data, reduce fraud, and enhance credit growth over the long term. Over 2,000 BVN machines were deployed in 2014 to facilitate the enrolment process. An initial deadline of 30 June, 2015 was set by the CBN for the completion of the BVN enrolment exercise but was extended to October 31, 2015. According to the Nigeria Interbank Settlement System (NIBSS) as at November 2015, about 14.4 million accounts out of over 50 million active accounts in the industry had been linked.

INTRODUCTION

Sterling Investment Management SPV PLC was incorporated in Nigeria on 16 October, 2015 (registered number RC 1293417) as a public limited liability company and carries on business at Sterling Towers, 20 Marina, Lagos State. The Issuer has no subsidiaries or affiliates and has been established as a special purpose vehicle set up specifically to finance Sterling Bank PLC's funding requirements.

PRINCIPAL ACTIVITIES

The principal activities of the Issuer are to issue Bonds or other debt securities to the public, especially qualified institutional investors, and use the proceeds to purchase Notes or other debt securities to be issued by Sterling Bank under the Master Notes Subscription Agreement and in accordance with the terms of the Transaction Documents.

Copies of the Memorandum and Articles of Association of the Issuer may be inspected at the specified offices of the Issuer.

The Issuer has not engaged, since its incorporation, in any activities other than those incidental to its incorporation and registration as a public limited company, the authorization and issue of the Bonds and of the other documents and matters referred to or contemplated in this document to which it is or will be a party and matters which are incidental or ancillary to the foregoing.

The Issuer's activities are restricted by its Memorandum and Articles of Association and the terms of the Trust Deed, and other related documents.

DIRECTORS AND COMPANY SECRETARY

The nominee directors of the Issuer are as follows:

Name	Title
Mr. Yemi Adeola	Director
Mr. Abubakar Suleiman	Director
Ms. Justina Lewa	Company Secretary

PROFILE OF DIRECTORS**Yemi Adeola – Director**

Mr. Yemi Adeola is presently the Managing Director/Chief Executive Officer of Sterling Bank Plc, a position he has held since December 2007.

His banking career started at Citibank Nigeria Ltd, where he worked between August 1988 and June 2003 in various capacities including Chief Legal Counsel and Executive Director, Commercial Banking, Public Sector and Infrastructure. He later moved on to Trust Bank of Africa Ltd, where he served as Deputy Managing Director between June 2003 and December 2005. Following the concluded merger of Trust Bank with four other banks, he became Executive Director, Corporate and Commercial Banking of Sterling Bank Plc in January 2006.

Yemi Adeola holds a Bachelor of Law (LLB) degree from the University of Ife (1982) and Master of Law (LLM) degree (with specialization in law of secured credit transactions, comparative company law and international economics law) from the University of Lagos, Nigeria (1985). He is an alumnus of Harvard Business School, Stanford Business School, Saïd Business School, Oxford University and Wharton School, University of Pennsylvania. He is a John F. Kennedy Scholar.

Abubakar Suleiman - 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. 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.

DIRECTORS' INTERESTS

The directors of the Issuer are also directors of the Sponsor. Other than as stated, no director has any interest in the Notes to be purchased or proposed to be purchased by, the Issuer.

EMPLOYEES

The Issuer has no employees.

INDEBTEDNESS

The Issuer has no indebtedness as at the date of this Shelf Prospectus other than that which the Issuer has incurred or shall incur in relation to the transactions contemplated herein.

MATERIAL CONTRACTS

Apart from the Transaction Documents to which it is a party, the Issuer has not entered into any material contracts other than in the ordinary course of its business.

NO MATERIAL ADVERSE CHANGE

Since the date of the Issuer's incorporation, there has been no material adverse change, or any development reasonably likely to involve any material adverse change, in the condition (financial or otherwise) of the Issuer.

FINANCIAL INFORMATION

The Issuer has published its audited statement of affairs as at 27 October, 2015.

LITIGATION

The Issuer is not and has not, since its incorporation, been engaged in any litigation or arbitration proceedings which may have or have had during such period a significant effect on its respective financial position and, as far as the Issuer is aware, no such litigation or arbitration proceedings are pending or threatened.

HISTORY AND BUSINESS

Sterling Bank PLC, ‘the one-customer bank’, is a public limited liability company duly licenced under the laws of Nigeria to carry on commercial banking business in Nigeria.

Sterling 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.

STERLING BANK TODAY

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 its asset base of over US\$4.0 billion (₦799 billion) and shareholders’ funds in excess of US\$478 million (₦96 billion) as at 31 December, 2015. The Bank’s shares are listed and traded on the floor of the NSE.

The Bank is engaged in investment, 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 has approximately 1.5 million active customers through its distribution network of 187 business offices, 800 Automated Teller Machines (ATMs) and 3,200 Point of Sale (POS) terminals strategically located across Nigeria.

The Bank has long term ratings of BBB+ and BBB from DataPro Limited and Global Credit Ratings Co (GCR) respectively and was recently awarded one of Nigeria’s top 100 most respected companies in 2014.

SHAREHOLDING STRUCTURE

As at 31 December, 2015, the shareholding structure of the Bank was as follows:

	Number of Shares	%
Silverlake Investments Limited	7,197,604,531	25.00
State Bank of India	2,549,505,026	8.86
SNNL/Asset Management Corporation of Nigeria – Main	1,683,280,753	5.85
Dr. Mike Adenuga	1,620,376,969	5.63
Others	15,739,650,845	54.67
Total	28,790,418,124	100.00

CORPORATE GOVERNANCE

The Bank remains committed to the principles of good corporate governance and the Code of Best Practices issued by the CBN. The Bank recognizes that sound corporate governance practices are necessary for effective management and control of the Bank’s business with a view to maximizing the shareholders’ value and meeting the expectations of other stakeholders. Sterling Bank is committed to full disclosure and transparency in providing information to all stakeholders.

A regular review of the Bank’s processes and practices is carried out periodically to ensure compliance with legislative and best practice changes in the global corporate governance environment. The Bank continues to comply with its internal governance policies, the code of corporate governance for the public companies in Nigeria issued by the SEC as well as corporate governance guidelines issued by the CBN.

Board Composition and Independence

The Bank’s Board of Directors is made up of fifteen (15) members comprising a Non-Executive Chairman, eight (8) Non-Executive Directors and six (6) Executive Directors (inclusive of the Managing Director/CEO).

The Bank’s Board is led by the Non-Executive Chairman and is composed of individuals with records of achievement in their respective fields. The Board members are professionals and entrepreneurs with vast experience and credible track records. The Board meets regularly (at least four (4) times in each financial year) to set broad policies for the Bank’s business and operations

ensuring that actions are taken on a fully informed basis, in good faith with due diligence and care and in the best interest of the Bank and its shareholders.

Responsibilities of the Board are well defined and the Board is not dominated by one individual. The position of the Chairman is separate from that of the Managing Director/CEO and the Chairman is not involved in the day to day operations of the Bank.

The Board ensures that an objective and professional relationship is maintained with the Bank's auditors in order to promote transparency in financial and non-financial reporting including full disclosure of accurate, adequate and timely information regarding the personal interest of directors in any area of potential conflict regarding the Bank's business.

Board Committee

To enhance corporate governance, Board sub-committees are constituted to discuss broad policies for the Bank's business and operations, help the Board properly assess management reports, proposals, carry out oversight functions and make recommendations to the main Board. In line with the revised corporate governance guidelines issued by the CBN in October 2014, the Board of Directors constituted the following committees through which the Board's oversight functions are performed:

Board Credit Committee

The Committee acts on behalf of the Board of Directors on credit matters, and reports to the Board for approval/ratification.

Board Finance and General Purpose Committee

The Committee acts on behalf of the Board of Directors on all matters relating to financial management, and reports to the Board for approval/ ratification.

Board Governance and Nominations Committee

The Committee acts on behalf of the Board of Directors on all matters relating to the workforce.

Board Risk Management Committee

The Committee is responsible for evaluating and handling issues relating to risk management in the Bank.

Board Audit Committee

The Committee acts on behalf of the Board of Directors on financial reporting, internal control and audit matters. Decisions and actions of the Committee are presented to the Board for approval/ratification.

Statutory Audit Committee

The Committee acts on behalf of the Bank on all audit matters. Reports and actions of the Committee are presented to the shareholders at the Annual General Meeting.

Management Committee

The Management team also exercises its oversight functions through its various Management Committees which meet regularly to deliberate and take policy decisions for the effective and efficient management of the Bank. The Management Committee provides guidance to the management team and ensure efficient deployment and management of the Bank's resources.

Executive Committee (EXCO)

The EXCO provides leadership to the management team and ensures the implementation of strategies approved by the Board. It deliberates and takes decisions on the effective and efficient management of the Bank.

Assets and Liability Committee (ALCO)

The ALCO ensures adequate liquidity and the management of interest rate risk within acceptable parameters. It also reviews the economic outlook and its impact on the Bank's strategies.

Management Credit Committee (MCC)

The MCC approves new credit products and initiatives, minimum/prime lending rate and reviews the credit policy manual. It approves exposures up to its maximum limit and the risk asset acceptance criteria.

Management Performance Review Committee (MPR)

The MPR reviews the Bank's monthly performance on set targets and monitors budget achievement. It also assesses the efficiency of resource deployment in the Bank and re-appraises cost management initiatives.

Criticised Assets Committee (CAC)

The CAC reviews the Bank's credit portfolio and collateral documentation. It reviews the non-performing loans and recovery strategies for bad loans.

Computer Steering Committee (CSC)

The CSC establishes the overall technology priorities by identifying projects that support the Bank's business plan. It provides guidance in effectively utilising technology resources to meet business and operational needs of the Bank.

Management Risk Committee (MRC)

The MRC is responsible for planning, management and control of the Bank's overall risks. It includes setting the Bank's risk philosophy, risk appetite, risk limits and risk policies.

Whistle blowing process

The Bank is committed to the highest standards of openness, probity and accountability, hence the need for an effective and efficient whistle blowing process as a key element of good corporate governance and risk management. Whistle blowing is a mechanism by which suspected breaches of the Bank's internal policies, processes, procedures and unethical activities by any stakeholder (staff, customers, suppliers and applicants) are reported for necessary actions. It ensures a high degree of integrity and transparency in order to achieve efficiency and effectiveness in the Bank's operations. The reputation of the Bank is of utmost importance and every staff of the Bank has a responsibility to protect the Bank from any persons or act that might jeopardise its reputation. Staff are encouraged to speak up when faced with information that would help protect the Bank's reputation. An essential attribute of the process is the guarantee of confidentiality and protection of the whistle blower's identity and rights.

The ultimate aim of the policy is to ensure efficient service to customers, good corporate image and business continuity in an atmosphere compliant with best industry practice. The Bank has a whistle blowing channel via its website, dedicated telephone hotlines and email address in compliance with the guidelines for whistle blowing for banks and other financial institutions issued by the CBN. The Bank's Chief Compliance Officer is responsible for monitoring and reporting on whistle blowing.

Succession planning

Sterling Bank has a Succession Planning Policy which was approved by the Board of Directors in 2009 and reviewed in 2015. Succession planning is aligned to the Bank's overall organisational development strategy. In line with this policy, a unit was set up in the Human Resource Management Group to implement, amongst others, a succession plan for the Bank. Successors are nominated based on experience, skills and competencies through an automated process by current role holders in conjunction with the Human Resource Management Group. Development initiatives have also been put in place to accelerate successors' readiness.

Code of ethics

Sterling Bank has a Code of Ethics set out in the staff handbook that specifies acceptable behaviour of its staff. All staff are required to sign a confirmation that they have read and understood the document upon employment. The Bank also has a Sanctions Manual which provides sample offences/violation and prescribes measures to be adopted in various cases. The Head of Human Resource Management is responsible for ensuring implementation and compliance with the Code of Ethics.

PROFILE OF BOARD OF DIRECTORS AND KEY MANAGEMENT TEAM**Profile of Board of Directors****Asue Ighodalo - Chairman**

Mr. Asue Ighodalo is a Partner in Banwo & Ighodalo, a leading corporate and commercial law firm in Nigeria, which he founded in partnership in 1991. His core practice areas are corporate finance, capital markets, mergers and acquisitions, banking and securities, foreign investments and divestments, energy and natural resources, privatisation and project finance.

A product of the prestigious Kings College, Lagos, Asue obtained a Bachelor of Science degree (BSc) in Economics from the University of Ibadan (1981), LL.B from London School of Economics (1984) and a BL from the Nigerian Law School (1985). A member of several professional associations, Asue sits on the board of several public and private companies.

He was appointed a Non-Executive Director of Sterling Bank in May 2014, and subsequently as Chairman in July 2014.

Yinka Adeola - Non-Executive Director

Mr. Yinka Adeola is presently the Managing Director of Safetrust Mortgage Bank Limited (formerly Safetrust Savings & Loans Limited). He started his finance career as a senior supervisor at the CBN in 1980, after which he joined Pacific Merchant Bank in 1990, where he specialised in corporate finance and later became the Managing Director in 1997, a position he held until 2002. He went on to serve as Managing Director of Trust Bank of Africa Limited, a position he held from 2003 until 2005.

He holds a BSc in Economics from the University of Ibadan (1979) and an MSc in Economics from the University of Jos (1987), both in Nigeria.

Rasheed Kolarinwa - Independent Director

Mr. Rasheed Kolarinwa is presently the Chairman of Capiflex Management Ltd. His banking career started in 1981 with International Merchant Bank Nigeria Ltd, after which he moved to Chartered Bank Plc in 1989. He assumed various senior management roles and thereafter moved into executive positions between 1999 and 2005 as an Executive Director. He served as the Deputy Managing Director of IBTC Chartered Bank Plc (now Stanbic IBTC Bank PLC) from December 2005 to December 2007.

Mr. Kolarinwa holds a BA in Economics from the University of Toronto, Canada (1977), as well as a MBA with concentration in Finance and International Business from the Schulich School of Business, York University (1979), also in Canada.

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.

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).

Tamarakare Yekwe, MON - Independent Director

Ms. Yekwe is currently the Principal Partner at Kare Yekwe & Co. (Legal Practitioners and Consultants). Prior to this, she was a member of the governing council for the Nigerian Institute of International Affairs (NIIA) and the Presidential Technical Committee on Housing and Urban Development.

In addition to being the pioneer Attorney General and Commissioner for Justice, Bayelsa State, Ms. Yekwe served as a Director in a number of institutions including the Federal Savings Bank of Nigeria, the Continental Merchant Bank of Nigeria Plc, the International Merchant Bank Plc and the Federal Mortgage Bank of Nigeria.

She holds a Bachelor of Law (LLB) degree from the University of Lagos (1980). She was called to the Nigerian Bar in 1981.

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.

Egbichi Akinsanya - Non-Executive Director

Mrs. Akinsanya holds a Bachelor's degree in Economics and Public Administration from Bedford College (now Holloway College), University of London (1982), the professional qualifications of the Institute of Chartered Secretaries & Administrators UK (ICSA) and the Institute of Chartered Accountants of Nigeria (ICAN).

Her work experience spans both the public and private sectors, having worked with the Securities and Exchange Commission Nigeria (SEC) for over eleven years, Citibank Nigeria for four years, British American Tobacco for five years and Private Venture Capital initiative (FBC Beverages Company Limited) for six years.

She was appointed a Non-Executive Director of Sterling Bank in March 2015.

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.

Yemi Adeola – Managing Director

Mr. Yemi Adeola is presently the Managing Director/Chief Executive Officer of Sterling Bank Plc, a position he has held since December 2007.

His banking career started at Citibank Nigeria Ltd, where he worked between August 1988 and June 2003 in various capacities including Chief Legal Counsel and Executive Director, Commercial Banking, Public Sector and Infrastructure. He later moved on to Trust Bank of Africa Ltd, where he served as Deputy Managing Director between June 2003 and December 2005. Following the concluded merger of Trust Bank with four other banks, he became Executive Director, Corporate and Commercial Banking of Sterling Bank Plc in January 2006.

Yemi Adeola holds a Bachelor of Law (LLB) degree from the University of Ife (1982) and Master of Law (LLM) degree (with specialization in law of secured credit transactions, comparative company law and international economics law) from the University of Lagos, Nigeria (1985). He is an alumnus of Harvard Business School, Stanford Business School, Saïd Business School, Oxford University and Wharton School, University of Pennsylvania. He is a John F. Kennedy Scholar.

Lanre Adesanya – Executive Director

Mr. Lanre Adesanya currently serves as an Executive Director at Sterling Bank, a position he has held since January 2006. Prior to this, he served in various senior management capacities at NBM Bank Limited (formerly Nigbel Merchant Bank Limited) during the 1990s, rising to become Executive Director in 2004, and subsequently Managing Director/CEO in 2005.

He obtained a BSc and MSc in Economics, both from the University of Lagos, Nigeria in 1984 and 1987 respectively. Mr. Adesanya is an alumnus of Lagos Business School, Harvard Business School, Stanford Business School and Wharton School, University of Pennsylvania.

Kayode Lawal - Executive Director

Mr. Kayode Lawal started his career with NBM Bank where he worked from 1987 until 2005. During this period, he excelled in various marketing roles and was subsequently appointed as the bank's Treasurer. Following the consolidation exercise and the emergence of Sterling Bank in 2006, he was again assigned to marketing, to head various regions in Lagos, a testament to the confidence placed in his abilities on the field.

He is a fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and has professional qualifications from the Chartered Institute of Taxation of Nigeria (CITN) and Chartered Institute of Bankers of Nigeria (CIBN). He is also an alumnus of the Lagos Business School (2006), Columbia University Graduate School of Business (2011) and University of Oxford (2013).

Abubakar Suleiman - Executive 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. 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 Said Business School, Oxford University (2013). He is also an alumnus of Arthur Andersen (KPMG Nigeria) and Wharton School, University of Pennsylvania.

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 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.

Profile of Key Management

The Managing Director and Chief Executive Officer of the Bank, Mr. Yemi Adeola, is responsible for the day-to-day management of the Bank and for making and implementing operational decisions. He is directly responsible to the Board of Directors.

The following represent the Bank's senior management team:

Bakare Mojisola - Business Executive, Corporate Banking - Team 1

Ms. Bakare started her banking career in Equitorial Trust Bank Limited, working in various operations and marketing roles. She was subsequently appointed Group Head, Transaction & Services, overseeing trade services, branch support, customer service and service standards departments from 2006 to 2007. She was appointed the Bank's Treasurer/Group Head Treasury and Investment Banking from 2007 to 2012, and was also an active member of the Interim Management Team who delivered the seamless merger with Sterling Bank. Following this, she joined Sterling Bank in 2012 and was appointed Business Executive, Corporate Banking Group, Team 1. She was promoted to General Manager in April 2014 and immediately appointed Chairman, Disciplinary Committee.

Ms. Bakare holds a Bachelor of Arts degree in English from Lagos State University (1990) and is currently working towards a Masters in Business Administration from Bangor Business School, Prifysgol Bangor University, Wales. She is an honorary senior member of the Chartered Institute of Bankers of Nigeria (HCIB), an honorary fellow of the Institute of Loans and Risk Management of Nigeria and an alumnus of the London School of Management and Leadership.

Adegun Adegboyega Adelani - Business Executive, Corporate Banking - Team 2

Mr. Adegun started his banking career in Chartered Bank Plc where he worked from 1992 to 2001. He moved to Magnum Trust Bank in 2001 as a Senior Manager/Deputy Group Head, Corporate Banking SBU, overseeing the Multilateral Credits unit, Special Products and Energy desk. He joined Sterling Bank Plc in 2006 following the merger and was assigned the role of Unit Head, Gas and Services with additional responsibility in Multilateral Finance. He became an Assistant General Manager, CBG, Energy Desk in 2007 and in 2011, was appointed Business Executive, Corporate Banking Group, Team 2. He was made a General Manager in April 2014.

He holds a Bachelor of Science degree in Economics from Obafemi Awolowo University (1987) and a Masters of Science degree in Agricultural Economics from the University of Ibadan (1989). He is a member of the Institute of Chartered Accountants of Nigeria (ICAN) and an honorary senior member of the Chartered Institute of Bankers of Nigeria (HCIB).

Adeola Tunde - Business Executive, Commercial & Institutional Banking Group, Ikeja & Beyond

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.

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.

Owodeyi Raheem Bankole - Chief Compliance Officer

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. 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.

Anako Segun - Chief Information Officer (CIO)

Mr. Anako started his banking career in 1989 at Rims Merchant Bank Limited. He joined Guaranty Trust Bank (GTB) in 1990 serving as Manager, Operations, Branch Coordination, Financial Institution Group and Senior Manager, Systems and Controls Group up until 1998. From 1998 to 2000, he worked with UBA as the Principal Manager & AG and Head of Internal Control Division. He also worked with National Bank Nig. Ltd from 2003 to 2004 as Group Head, Institutional and Enterprise Banking Group. He also worked with Marsalis Limited, Union Bank before moving to ETB where he worked as Head, Banking Operations from 2009 to 2011. He joined Sterling Bank in 2011 as Head, Banking Operations Group and was later assigned the role of Group Head, Project Management Office. He served in the capacity of Deputy CIO, Technology Group from 2011 to 2013 before assuming the role of CIO, Technology Group in May 2013.

He holds a Bachelor of Science degree in Accounting from Ahmadu Bello University (1984) and an MBA from Ogun State University (1998). He is an associate of the Chartered Institute of Taxation of Nigeria (ACITN), a Fellow of the Institute of Chartered Accountants of Nigeria (FCA) and associate member, Institute of Management (AMNIM).

Aderoju Abiodun - Chief Inspector

Mr. Aderoju began his working career with Deloitte as an Audit Assistant from 1989 to 1992 before moving to Ernst & Young where he worked from 1994 to 1997. He joined NAL Bank, holding various positions - Head, Audit and Compliance Group/Chief Inspector, Head, Construction Unit, Conglomerates, Construction and Manufacturing Group, Risk Assets Management and Recovery from 1999 to 2001. Prior to his appointment as Group Head, Internal Audit/Chief Inspector in June 2009, he served as Senior Manager, Recovery from 2006 to 2009.

He holds a Bachelor of Science degree in Political Science (1988) and an MBA (2000) from the University of Benin. He is a member of the Chartered Institute of Accountants of Nigeria, Chartered Institute of Bankers of Nigeria (HCIB) and Chartered Institute of Taxation of Nigeria (ACIT). He is a Certified Forensic Accountant (CFA) and a Fellow of the Institute of Chartered Accountants of Nigeria (FCA).

Paul Taiwo Adeoye - Business Executive, Corporate Banking - Team 3

Mr. Paul Taiwo started his career with KPMG Audit working as a Senior Auditor from 1992-1998; before moving to NBM Bank Limited in 1998 where he held various positions including Head, MIS, Financial Control and Credit Risk Management. He joined Sterling Bank in 2006, following the consolidation exercise and was assigned to Corporate Banking Group where he is currently the Business Executive, CBG 3.

He holds a Bachelor of Science degree in Economics and Statistics from the University of Benin (1991) and an MBA from Lagos Business School (2005). He is a fellow of the Institute of Chartered Accountants of Nigeria (FCA) as well as an associate member of the Institute of Taxation of Nigeria (ACIT) and the Nigerian Institute of Management.

Paul Polson Moonjely - Business Executive, Corporate Banking - Team 4

Mr. Paul has more than two decades of hands-on experience in State Bank of India working across various areas of banking including Branch Management, Foreign Exchange, NRI Services and Credit Management (Corporate, SME and Retail Finance), demonstrating consistent achievement of objectives, strong multi-tasking and service skills. He joined Sterling Bank in 2001 as Head, Enterprise Risk Management Group. In 2013, he was appointed Business Executive, Corporate Banking Team 4.

He holds a Bachelor of Science degree in Physics from University of Kerala (1984) and a Certificate of Post Graduate Executive Management Programme (PGEMP) from S.P. Jain Institute of Management & Research (2012). He is a certified associate of the Indian Institute of Bankers.

Amoo Fatai - Group Head, Retail Distribution & Sales

Mr. Amoo started his career with Coopers & Lybrand now PricewaterhouseCoopers where he worked as a Professional Accountant and Senior Accountant, from 1991 to 1993. He moved to Commercial Trust Bank and worked in the Financial Reporting/Operations Department as Deputy Head from 1993 to 1996; Equitorial Trust Bank Ltd as Deputy Head, Fin. & Planning from 1996 to 1998; City Securities/FCMB Group as Financial Reporter/Controller from 1998 to 1999; and then NBM Bank from 2000 to 2005. He joined Sterling Bank in 2006 following the consolidation as Regional Business Head, South/South, and was later appointed Head, Branch Network and then Retail & Consumer Group, and Group Head, E-Business. He is currently the Group Head, Retail Distribution & Sales, overseeing Non-Interest Banking Sales, the Direct Sales Force, Third Party Acquirer business, and Agent Banking.

He holds a Bachelor of Science degree in Economics from Ambrose Alli University (1999) and an MBA from Edo State University (2002). He is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA), an Associate member of the Chartered Institute of Taxation of Nigeria (ACIT)

Olaiya Toyin Ekundayo - Chief Risk Officer

Mrs. Olaiya started her career with KPMG Peat Marwick where she worked from 1989-1992 as an Auditor and then moved to Abacus Merchant Bank Ltd from 1992 to 1994. She joined Magnum Trust Bank Plc in 1994 and worked in various roles spanning Internal Audit, Business Development, Financial Control, Recovery & Risk Management. Her experience and expertise in these roles earned her the position of Group Head, Risk Management. She joined Sterling Bank in 2006, and in 2009 was appointed Group Head, Enterprise Risk Management and subsequently Chief Risk Officer.

She holds a Bachelor of Science degree in Accounting from Obafemi Awolowo University (1987). She is a member of the Institute of Chartered Accountants of Nigeria (FCA) and an alumna of the Lagos Business School.

Olambiwonnu Adebimpe - Group Head, Finance & Performance Management

Mrs. Olambiwonnu began her banking career with NAL Bank where she worked from 1990 to 2005. During this period, she held various roles covering International Operations, Financial/Credit Analysis, Domestic and Treasury Operations. In 2003, she was appointed Head, Domestic and Treasury Operations. Following the consolidation exercise and emergence of Sterling Bank in 2006, she was assigned to Domestic Operations Group as Head, Cash Management Department and was appointed Financial Controller and Head, Finance & Performance Management Group in 2007.

She holds a Bachelor of Science degree in Sociology and Anthropology from Obafemi Awolowo University (1989). She is a Fellow Chartered Accountant (FCA), Associate member of the Certified Pension Institute of Nigeria (ACPIN), Associate member of the Chartered Institute of Taxation (ACIT), Honorary member of the Chartered Institute of Bankers of Nigeria (HCIBN) and an alumna of Wharton Business School, University of Pennsylvania.

Lewa Justina Akpoabugo - Group Head, Legal/Company Secretariat

Justina Lewa started her career with the State Counsel, Ministry of Justice in the civil litigation department from 1989 to 1990. Subsequently, she moved to NAL Bank Plc as Supervisor, Legal & Company Secretariat and was appointed Senior Manager, Legal and Company Secretariat and Head, Debt Recovery in June 2005. Following the consolidation exercise and the emergence of Sterling Bank in 2006, she was appointed Head, Legal Department, and in 2009 became the Bank's Company Secretary, Legal Adviser and Group Head, Recovery. She is currently the Company Secretary and Group Head, Legal.

She holds a Bachelor of Laws (LL.B) degree from the University of Jos (1987), BL, Nigerian Law School (1988) and a Master of Laws (LL.M) from the University of Lagos (1998). She is member of the Nigerian Institute of Management, Nigerian Bar Association, International Association of Women Lawyers, an Honorary member of the Chartered Institute of Bankers of Nigeria (HCIBN) and an alumna of Stanford University Graduate School of Business.

Kuponiyi Adefolahan Kikelomo - Group Head, Retail Lending

Mrs. Kuponiyi began her banking career with Guaranty Trust Bank, where she worked from 1991 to 1993 in the Operations Group, before moving to Magnum Trust Bank Plc in 1996 as Group Head, Branch & Head Office Operations. She also served as Group Head, Financial Control and Treasury from 2003 to 2004, before assuming the role of Principal Manager/Head, Merger Secretariat. Following the merger, she joined Sterling Bank in 2006 as Deputy Group Head, Branch Operations, becoming the Group Head, Branch Operations in 2007. She was promoted to DGM in 2014 and is currently the Group Head, Retail Lending.

She holds a Bachelor of Laws (LL.B) degree from Obafemi Awolowo University (1998) and BL from the Nigeria Law School (1989). She is an alumnus of Lagos Business School and Cranfield.

John Japhet - Business Executive, Commercial & Institutional Banking, Abuja, NE & NW

Mr. John started his banking career in 1996 with Citizens International Bank Ltd (old Spring Bank Plc) as Credit & Marketing Officer. In 2000, he moved to Access Bank Plc where he worked in Credit and Marketing and subsequently to African Express Bank Plc (now Uba Plc) in 2002 as Manager, Public Sector. From 2004 to 2005, he served as Branch Manager in NBM Bank Limited before his appointment as Regional Business Head, Abuja/North Central in 2006. He was appointed Regional Corporate Executive & Head, Commercial & Institutional Banking, Abuja, NE & NW in March 2015.

He holds a Higher National Diploma (HND) in Business Administration and Management from Federal Polytechnic Bauchi (1988), a Bachelor of Arts degree in Business Management from the University of Sunderland (2008), a Postgraduate Diploma in Management from Abubakar Tafawa Balewa University (1999) and an MBA from Adekunle Ajasin University (2004). He is a member of the National Institute of Marketing of Nigeria (MNIMN), an Associate of the Nigerian Institute of Management (AMNIM) as well as the Institute of Certified Public Accountants of Nigeria (CPA) and an Alumnus of Wharton School, University of Pennsylvania.

Adebayo Ayodele Ademola - Business Executive, Commercial & Institutional Banking, Lagos - Eko

Mr. Adebayo started his career as a Banking Officer in the Treasury Group of Centre-Point Merchant Bank Ltd from 1989 to 1991; then moved to Fountain Trust Merchant Bank Ltd where he worked from 1991 to 1999 as Head, Treasury, and later Branch Manager. He joined Magnum Trust Bank in 1999 as Branch Manager and then Head, Public Sector before joining Sterling Bank in 2006. He served as Head, Public Sector - North Central, then Group Head, RCPC - Abuja Region and before becoming Group Head, Public Sector from 2008 to 2012. He was the Regional Business Executive, South West 1 from 2012 to 2013 and then Regional Business Executive, Lagos Island 1. Currently, he is the Head, Commercial & Institutional Banking, Lagos - Eko.

He holds a Higher National Diploma (HND) in Accounting from Yaba College of Technology (1986). He is a Fellow of the Institute of Chartered Accountants of Nigeria, Associate member, Institute of Management (AMNIM) and the Chartered Institute of Taxation (ACIT).

Egbarin Obiajulu - Business Executive, Commercial & Institutional Banking, Apapa & Beyond/Yaba & Beyond

Mr. Egbarin started his banking career with Equitorial Trust Bank (ETB) where he worked in Operations and Marketing roles from 1994 to 1997. He later joined Societe Generale Bank Ltd from 1997 to 2000, then moved to NBM Bank Ltd in 2000 where he worked as Head, Trade Finance and Head, Treasury before being appointed Regional Executive. He joined Sterling Bank in 2006 following the consolidation exercise as the Head of the Regional Business in Apapa. He is currently the Head, Commercial & Institutional Banking, Apapa & Beyond/Yaba & Beyond.

He holds a Bachelor of Science degree in Psychology from the University of Lagos (1991) and an MBA in Finance from Ambrose Alli University (1999).

Obe Eniola - Business Executive, Retail & Consumer Banking, Ikeja & Beyond

Mrs. Obe started her career with Equitorial Trust Bank (ETB) where she worked in Operations and Marketing roles from 1991 to 1998, before moving to Societe Generale Bank (Heritage Bank) from 1999 to 2002. Between 2002 and 2006, she served as Group Head, Public Sector and Private Banking in NBM Bank. Following the consolidation exercise and the emergence of Sterling Bank in 2006, she was appointed Head, Private Banking, and was also a Branch Manager and Group Head, Retail Loan from 2009 to 2011. In 2011, She was appointed Regional Business Executive, Lagos Mainland 3 and subsequently, Head, Retail & Consumer Banking, Ikeja & Beyond in March 2015.

She holds a Bachelor of Arts degree in English from the University of Lagos (1984), a Postgraduate Diploma (1998) and an MBA from Edo State University (2000). She is an Honorary Member of the Chartered Institute of Bankers of Nigeria (HCIBN).

Emmanuel Emefienim - Business Executive, Commercial & Institutional Banking, South South & South East

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 UBA 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 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.

Mowarin Julie - Business Executive, Commercial & Institutional Banking, Mid-West

Mrs. Mowarin started her career with Shell Petroleum Development Company Ltd where she worked from 1990 to 1992. She joined ETB from 1992, holding various Operations and Marketing roles and was subsequently appointed Regional Business Head, Midwest II. Following the merger with ETB in 2011, she was appointed Regional Business Head of South South 1, covering Edo and Delta States axis. She has over 20 years unbroken experience in the Banking Industry, and was appointed Regional Corporate Executive & Head, Commercial & Institutional Banking, Mid-West in March 2015.

She holds a Bachelor of Science degree in Accounting (1988) and an MSc in Banking and Finance (1998) from the University of Benin.

Aboyeji Rasaq - Business Executive, Commercial & Institutional Banking, South West 1

He worked in Commerce Bank Ltd from 1990 to 1996, then moved to ETB where he held various roles covering Operations, Marketing, Credit, and Information Technology, from 1996 to 2006. He joined UBA in 2006, and later re-joined ETB in 2007 as Regional Business Head before joining Sterling Bank in 2011. He has held various marketing roles - Group Business Head, Lagos Island Branches; Group Head, Retail & Commercial - All Branches; Group Head, Commercial Lending; Group Head, Retail Channels; and was appointed Regional Business Executive (South West 1) in 2013. He is currently the Regional Corporate Executive & Head, Commercial & Institutional Banking, South West 1.

He holds a Bachelor of Science degree in Business Administration from the University of Lagos (1987) and an Executive MBA from China-Europe International Business School (2011). He is a Fellow of the Institute of Credit Administration of Nigeria (FICA) and a member of the Nigerian Marketing Association (NIMARK).

Investment in Bonds involves certain risks. Accordingly, prospective investors should carefully consider, amongst other things, the risk factors described below, together with all of the detailed information set out elsewhere in this Shelf Prospectus, and reach their own views before making an investment decision. The following section does not describe all the risks of an investment in the Bonds. Additional risks and uncertainties not presently known to the Issuer or Sponsor, or that they currently believe are immaterial, could also impair the Sponsor's business operations and as a result, the ability of the Issuer or the Sponsor to service their respective obligations under any Bonds. Investors should reach their own views or obtain such professional advice as they deem appropriate, before making an investment decision in respect of the Bonds.

GENERAL RISKS RELATING TO THE BONDS

Limited two way quote trading market for Corporate Bonds

There may not be an active two way quote trading market for the Bonds when issued, and thus the liquidity of the Bonds may be limited. Therefore, Investors may not be able to sell their Bonds in a transparent and efficient system. However, a vibrant Over The Counter (OTC) market exists for state government and corporate bonds, and the continuous development and deepening of the bonds market will likely help ensure increased liquidity of the Bonds.

Credit ratings may not reflect the potential impact of the Bonds' risks

The Bonds will be assigned a rating by GCR and/or any other SEC registered rating agency appointed by the Issuer as specified in relevant Pricing Supplement. The ratings may not reflect all the risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Early Redemption

The Bonds may be subject to early redemption therefore Bondholders may face the risk that the Bonds will be redeemed before maturity in a falling rate environment, forcing the Bondholders to reinvest the proceeds at a lower rate of return.

RISK FACTORS RELATING TO NIGERIA

Negative impact of Nigeria's exposure to political and regional instability

Nigeria's economy is largely dependent on revenue generated from oil and gas production which has, in the past, been affected by incessant security crisis and political disturbances in the Niger Delta region. Up until recently, activities in this region have been volatile affecting the entire spectrum of the oil and gas industry. Also, delays in passing the PIB have also contributed to the uncertainties regarding the future legal and fiscal environment of the industry.

On the other hand, sectarian conflicts in the Middle Belt and Northern Nigeria continue to pose a threat to Nigeria's political stability. The intermittent crisis and insurgence of the Boko Haram group, have been identified as major contributors to the regions' policy stasis. The activities of this group may have a material adverse effect on public safety and productivity.

Threat to Nigeria's economic stability

The domestic economic growth in 2013 was attributable to the stable macroeconomic environment and better coordination of monetary and fiscal policies – which is also depicted in single digit inflation measure at 8% - during the period. The outlook for Nigeria signals further growth prospects; however, these prospects could be hindered by threats in the form of short and medium term downside risks. Alongside the threats described above, other threats include disruptions in gas and crude oil supply; and the disproportionate improvements in the standards of living of Nigerians compared to the country's strong economic growth – partly as a result of limited creation of employment opportunities for the country's young population.

Risks relating to Emerging markets such as Nigeria

Emerging markets such as Nigeria are subject to greater risks than more developed markets, and financial turmoil in any emerging markets could cause the price of securities to decrease. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with investing in emerging markets. Investors should also note that emerging markets such as Nigeria are subject to rapid change and that the information set forth in this Shelf Prospectus may become outdated relatively quickly. Moreover, financial turmoil in any emerging market country tends to adversely affect prices in equity markets of all emerging market countries as investors move their money to more stable, developed markets. Financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Nigeria and adversely affect the Nigerian economy as companies that operate in emerging markets can face severe liquidity constraints as foreign funding sources are withdrawn.

Thus, even if the Nigerian economy remains relatively stable, financial turmoil in any emerging market country could adversely affect the Sponsor's business, as well as result in a decrease in the price of the securities.

RISKS RELATING TO THE ISSUER

Issuer is a Special Purpose Vehicle with no business operations or significant assets

The Issuer is a special purpose vehicle with no business other than issuing the debt securities as an avenue for raising finance for the Bank through the purchase of Notes issued by the Bank. The Issuer has no assets other than such Notes, FGN securities and (where indicated in the applicable Supplementary Prospectus), other permitted investments. The right of Bondholders to receive payments in respect of the Bonds is therefore limited to payments actually received by the Issuer from its investments in the Notes of the Bank and FGN securities.

Thus, investors are relying significantly on the creditworthiness of the Bank. Consequently, if the Bank fails to meet its payment obligations to the Issuer on the relevant Notes purchased in full, this will result in the Bondholders receiving less than the scheduled amount of principal and/or interest and/or other amounts (if any) payable on the corresponding Bonds. Hence, an investment in such Bonds involves the risk that subsequent changes in the actual or perceived creditworthiness of the Bank may adversely affect the market value of such Bonds.

Change in Law

The Issuer is duly incorporated and established under Nigerian law, which remains in effect as at the date of this Shelf Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Nigerian law or the official application or interpretation of Nigerian law after the date of this Shelf Prospectus.

Credit Risk

The Issuer would use the proceeds of the Bonds to purchase Notes from Sterling Bank, therefore a default by the Bank in its obligations to the Issuer on a payment date will translate into a default by the Issuer in its obligations to investors leading to the non-payment of the Coupon, and the principal on the Bonds on a payment date.

RISKS RELATING TO THE SPONSOR

The following are descriptions of the risk factors which are material in respect of the financial situation of Sterling Bank. The sequence in which they are listed is not an indication of their likelihood of occurrence or the extent of their commercial consequences. The following statements are complete but not exhaustive, thus prospective investors must consider all of the information provided in this prospectus.

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. 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.

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 that lead to 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.

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 arising between the inflow and outflow, also when there is unexpected delay in repayment of loans (term liquidity risk) or unexpectedly high payment outflow (withdrawal/call risk).

Market Risk

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

Interest Rate Risks

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.

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 rate. 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.

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

3. APPOINTMENT OF TRUSTEES AND DECLARATION OF TRUST

- 3.1 The Issuer hereby appoints the Trustees as the representatives of the Holders in accordance with the provisions of this Deed and will hold the benefit of the covenants, rights and other obligations of the Issuer herein contained, for the benefit of the Holders in accordance with this Deed.
- 3.2 By execution hereof, the Trustees have accepted and agreed to be bound by and to enforce the powers, and perform the duties and obligations of the Trustees specifically set forth herein and hereby declare themselves Trustees for the Holders to hold the benefit of the covenants, rights and other obligations on the part of the Issuer herein contained on trust for the benefit of the Holders subject to the terms of this Deed.
- 3.3 Any sums received by the Trustees whether of principal, interest or otherwise from the Issuer, shall be received by the Trustees on trust to apply same towards the repayment of Principal and Coupon, fees, indemnities, costs and charges in accordance with this Deed provided that the rights of each Holder as set out in this Deed and the relevant Series Trust Deed is preserved and preferred.
- 3.4 The trust created herein shall be a continuing obligation and shall be of full force and effect until terminated in accordance with this Deed.

4. AMOUNT AND ISSUE OF THE BONDS

- 4.1 The Issuer may issue Bonds from time to time in one or more Series in an aggregate nominal amount not exceeding the Programme Limit through book building, private placement, public offering or any other methods. Each Series may be issued in tranches (each a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and save in respect of the issue date, Issue Price, first payment date of Interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the applicable Series Trust Deed and Final Terms.
- 4.2 The Issuer shall be at liberty from time to time (but subject always to the provisions of this Deed) without the consent of the Holders to create and issue further Bonds having terms and conditions which are the same as the Bonds of any Tranche under the Programme save for the amount and date of the first interest payment and so that the Bonds may be consolidated and form a single series with the outstanding Bonds of a particular Series.
- 4.3 The Bonds shall be issued at the Issue Price and shall be subscribed for in the multiples and in the manner set forth in the relevant Supplementary Shelf Prospectus/Pricing Supplement or Final Terms.

5. FORMS OF THE BONDS

5.1 Form of Bonds

The Bonds of each Series or Tranche shall be in registered form, and made eligible for admission to Listing. However, the Bonds may be listed or unlisted at the discretion of the Issuer.

5.2 Title

5.2.1 Issue of Bonds in Dematerialised Form

The Bonds shall be issued in dematerialised/immobilised (book-entry) form and each Holder shall be issued an E-allotment Notification. Each Holder shall be entitled to deal in the same in accordance with CSCS procedures and guidelines.

The CSCS Statement of Account shall be conclusive and binding for all purposes save in the case of manifest error and such person shall be treated by the Issuer, the Trustees and the Registrar as the legal and beneficial owner of such aggregate number of Bonds for all purposes.

5.2.2 Physical Certificates

Notwithstanding section 5.2.1 above, a Holder may elect to receive a Certificate covering the aggregate Principal Amount of his beneficial interest in the Bonds PROVIDED THAT joint Holders shall be entitled to only one (1) Certificate in respect of the Bonds jointly held by them which Certificate shall be delivered to that one of the joint Bond Holders whose name appears first in the Register and the delivery of a Certificate to one of such persons shall be deemed to be sufficient delivery to all.

5.3 Persons Deemed Owners

Except as may subsequently be agreed between the Parties to a Series Trust Deed, the Holder (or his legal representative) shall be deemed and regarded as the legal and beneficial owner of the Debt Securities registered in his name for all purposes including but not limited to the payment of the Principal Amount, premium (if any) and Interest (where applicable).

5.4 Currency, Medium and Place of Payment

5.4.1 The Principal Amount, premium (if any), and Interest (where applicable) on the Bonds shall be payable in Naira.

5.4.2 Payment of the Principal Amount, premium (if any) and Interest (where applicable) shall be made in the manner specified in the Final Terms

5.4.3 Payment of the Final Redemption Amount shall be made in the manner as specified in the Final Terms.

5.4.4 Any payment made pursuant to 5.4.1 to 5.4.3 above shall be deemed valid and shall satisfy and discharge the Issuer of any obligation to make payment on such Bonds to the extent of the amount paid.

5.5 Execution of Certificates

All Certificates shall be executed for and on behalf of the Issuer by a Director and the Company Secretary. The signatures of a Director and the Company Secretary may be mechanically or electronically reproduced or engraved on the Certificates. Each Certificate so executed and authenticated shall be a binding and valid obligation of the Issuer to the Holder.

5.6 Exchange of Certificates and CSCS Statement of Account

Upon presentation and surrender of any Certificate to the Registrar together with written instructions satisfactory to the Registrar, (duly executed by the registered Holder or his attorney duly authorised in writing), the Certificate may be exchanged for an amount equal to the aggregate Principal Amount or final Instalment Amount (where applicable) of registered Bonds of that Series or Tranche; provided that such surrender and exchange shall occur on the Maturity Date of each Series or Tranche or any other date in respect of a Series or Tranche as specified in the relevant Series Trust Deed and/or Supplementary Shelf Prospectus/Pricing Supplement.

The CSCS rules and procedure will apply to exchange of the CSCS Statement of Account in the case of dematerialized Bonds.

5.7 Transfer of Bond

5.7.1 All Bonds issued pursuant to this Deed shall be transferable subject to the provisions for registration of transfers contained herein.

5.7.2 The Issuer shall cause the Register, with respect to each Tranche or Series of Bonds, to be maintained at the offices of the Registrar and the Registrar shall provide for the registration of any Debt Securities or its transfer under such reasonable regulations as the Registrar with the approval of the Issuer and the Trustees may prescribe.

5.7.3 Each Tranche or Series shall be registered in the applicable Register. Any transfer of Bonds represented by a Certificate shall be effective only to the extent that such transfer is registered in the Register, by the Holder or transferee thereof in person or by his attorney duly authorised in writing, upon presentation and surrender of the Certificate (if the Bonds are issued in physical form) together with a written instrument of transfer in a form satisfactory to the Registrar duly executed by or on behalf of the registered Holder and the transferee or by a duly authorised attorney. Upon surrender of the aforesaid documents to facilitate the registration of transfer of Bonds, the Registrar shall, if the above stated conditions are met, register such transfer, and deliver a new Certificate (if any) to the transferee as appropriate.

5.7.4 The transfer of Bonds in dematerialized or immobilized (book entry) form shall be regulated by the CSCS procedures and guidelines.

5.7.5 The Register shall be closed during such periods, not exceeding an aggregate of 30 (thirty) days in any year.

5.8 Statements of Account

The Issuer and the Trustees may call for and, except in the case of manifest error, shall be at liberty to accept and place full reliance on (without liability) as sufficient evidence thereof the CSCS Statement of Account or any form of record made by the CSCS or such other form of evidence and/or information and/or certification as they shall, in their absolute discretion, think fit to the effect that at any particular time or throughout any particular period any particular person is, was, or will be, shown in its records as the Holder of a particular nominal amount of Bonds and, if it does so rely, such CSCS Statement of Account, form of record, evidence, information or certification shall be conclusive and binding on all concerned.

5.9 Separate Series

The Bonds of each Series shall form a separate Series of Bonds and accordingly, unless for any purpose the Trustees in their absolute discretion shall otherwise determine, the provisions of Clauses 5 to 37 (both inclusive) and Schedule 3 shall apply *mutatis mutandis* separately and independently to the Bonds of each Series and in such Clauses and Schedule, the expressions **Bonds** and **Holders** shall be construed accordingly.

6. REDEMPTION OF BONDS

6.1 The Bonds will be redeemed at their Principal Amount plus premium (if any) and Coupon (where applicable) on the Maturity Date, (or earlier at the option of the Issuer or the Holders if so provided in the relevant Series Trust Deed).

6.2 The mode and terms of redemption of the Bonds will be as stated in the relevant Series Trust Deed and in accordance with Condition 4 (*Redemption, Purchase and Options*).

6.3 The Trustees shall not be required to take any steps to ascertain whether a Put Event or any event which could lead to the occurrence of a Put Event (*as defined in Condition 4*) (*Redemption, Purchase and Options*) has occurred and shall not be liable for omitting to take any such steps.

14. UNDERTAKINGS OF THE SPONSOR AND THE ISSUER

- 14.1 The Sponsor undertakes to the Trustees, that so long as the Issuer has any actual or contingent liability to the Trustees or the Bondholders, the Sponsor shall not exercise any of the following rights which it may at any time have whether by reason of performance by the Sponsor of its obligations under this undertaking or otherwise:
- i. the right to be indemnified by the Issuer or to claim payment of any money which may be owing or incurred by the Issuer to the Sponsor on any account whatsoever (save as it relates to the Sterling Notes), or exercise any other right, claim or remedy in respect of such money;
 - ii. the right to prove in the Issuer's winding up or insolvency; or
 - iii. the right to participate in any security held, or money received, by the Trustees on account of the payment obligations and the liability of the Sponsor under this Deed shall not be reduced or discharged by any amount held by the Trustee on account for the Issuer.
- 14.2 The Sponsor undertakes to the Trustees, that so long as the Issuer has any actual or contingent liability to the Trustees or the Bondholders, none of the events set out below shall discharge the liabilities or the obligations of the Sponsor under this Deed or impair the rights, powers and remedies of the Trustees under this Deed:
- i. any amalgamation, consolidation, merger or reconstruction by or between the Trustees and any other person or any sale or transfer of the whole or any part of the assets of any of the Trustees to any other person (including any rights under this Deed);
 - ii. the winding-up, dissolution, liquidation, administration, bankruptcy or reorganisation of the Issuer or any change in its constitution, status, function, control or ownership;
 - iii. any amendment to, or variation, waiver or release by operation of law of any of the payment obligations or any other security or guarantee for the payment obligations;
 - iv. the existence of any claim or set-off or other rights which the Sponsor may have against the Issuer, the Trustees or any other person;
 - v. the grant by the Trustees to the Issuer of any waiver or the withdrawal or restriction by the Trustees of any waiver or the absence of any notice to the Sponsor of any such granting, withdrawal or restriction;
 - vi. any failure by the Trustees to realize, or to fully realize, the value of, or any release, discharge, exchange or substitution of, any security (including this undertaking) taken in respect of the Issuer's obligations;
 - vii. the existence, whether known to the Trustees or not, of a default under this Deed or a Series Trust Deed, any time or other indulgence being granted or being agreed to be granted to the Issuer or any other person, in respect of its obligations under or pursuant to or under any other security or any arrangement or compromise entered into by the Trustees with the Issuer or any other person;
 - viii. any of the obligations of the Sponsor or any other person under this Deed or Series Trust Deed, or security taken in respect of any of the obligations of the Issuer being or becoming illegal, invalid, unenforceable, impaired or ineffective in any respect; or
 - ix. any other act, event or omission which might operate to discharge, impair or otherwise affect any of the obligations of the Sponsor under this Deed or any of the rights, powers or remedies conferred upon the Trustees by this Deed or by law.
- 14.3 The Issuer hereby transfers absolutely to the Trustees for the benefit of themselves and the Bondholders all the rights, interests and benefits, both present and future, whether proprietary, contractual or otherwise which have accrued or may accrue to the Issuer under or pursuant to the Sterling Notes (including, without limitation, the right to declare the Sterling Notes immediately due and payable and to take proceedings to enforce the obligations of the Sponsor thereunder).
- 14.4 The Sponsor hereby irrevocably and unconditionally undertakes to the Trustees:
- i. the due and punctual payment in accordance with this Deed of the principal of and interest on all Bonds and of any other amounts payable by the Issuer under this Deed; and
 - ii. the due and punctual performance and observance by the Issuer of each of the other provisions of this Deed to be performed or observed by the Issuer.
- If, any payment received by the Trustees or any Bondholder from the Issuer pursuant to the provisions of this Deed in relation to the Bonds shall (whether on the subsequent bankruptcy, insolvency or corporate reorganisation of the Issuer or, without limitation, on any other event) be avoided or set aside for any reason, such payment shall not be considered as discharging or diminishing the liability of the Sponsor and this undertaking shall continue to apply as if such payment had at all times remained owing by the Issuer and the Sponsor shall indemnify the Trustee and the Bondholders in respect thereof.
- 14.5 Unless otherwise specified in the Series Trust Deed, the Sponsor hereby agrees that its obligations hereunder shall be unconditional and that the Sponsor shall be fully liable irrespective of the validity, regularity, legality or enforceability against the Issuer of, or of any defence or counter-claim whatsoever available to the Issuer in relation to its obligations under this Deed, whether or not any action has been taken to enforce the same or any judgment obtained against the Issuer, whether or not any of the other provisions of this Deed have been modified, whether or not any time,

indulgence, waiver, authorisation or consent has been granted to the Issuer by or on behalf of the Bondholders or the Trustees, whether or not any determination has been made by the Trustees pursuant to Condition 9 (*Events of Default*), whether or not there have been any dealings or transactions between the Issuer, any of the Bondholders or the Trustees, whether or not the Issuer has been dissolved, liquidated, merged, consolidated, bankrupted or has changed its status, functions, control or ownership, and whether or not any other circumstances have occurred which might otherwise constitute a legal or equitable discharge of or defence to the Sponsor arising under this Clause 14. Accordingly, the validity of this undertaking shall not be affected by reason of any invalidity, irregularity, illegality or unenforceability of all or any of the obligations of the Sponsor under this Deed and this undertaking shall not be discharged nor shall the liability of the Sponsor under this Deed be affected by any act, thing or omission or means whatsoever whereby its liability would not have been discharged if it had been the principal obligor under the Bonds.

- 14.6 Without prejudice to the provisions of Clause 21 (*Trustee Not Bound to Enforce Covenants*), the Trustees may determine from time to time whether or not they will enforce this undertaking without making any demand of or taking any proceedings against the Issuer and may from time to time make any arrangement or compromise with the Sponsor in relation to this undertaking which the Trustees may consider expedient in the interests of the Bondholders.
- 14.7 The Sponsor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of dissolution, liquidation, merger or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest or notice with respect to the Bonds or the indebtedness evidenced thereby and all demands whatsoever and hereby covenants that this undertaking shall be a continuing undertaking until the complete performance of the obligations contained in this Deed in relation to the Bonds and shall be additional to, and not instead of, any security or other undertaking, guarantee or indemnity at any time existing in favour of any person, whether from the Sponsor or otherwise.
- 14.8 The Sponsor shall indemnify the Trustees with or without demand, from and against any loss, cost, expense or liability of any kind that may be incurred by the Trustees, or brought against the Trustees as a result of the Issuer failing to perform its payment obligations under this Deed duly and punctually pursuant to any default on the Sterling Notes, or as a result of any of the obligations being or becoming void, voidable, unenforceable or ineffective against the Issuer for any reason whatsoever, whether known to the Trustees or not.
- 14.9 If any moneys shall become payable by the Sponsor under this undertaking, the Sponsor shall not, so long as the same remain unpaid, without the prior written consent of the Trustees:
- i. in respect of any amounts paid by it under this undertaking, exercise any rights of subrogation or contribution or, without limitation, any other right or remedy which may accrue to it in respect of or as a result of any such payment; or
 - ii. in respect of any other moneys for the time being due to the Sponsor by the Issuer, claim payment thereof or exercise any other right or remedy;
- (including in either case claiming the benefit of any security or right of set-off or, on the liquidation of the Issuer, proving in competition with the Trustees). If, notwithstanding the foregoing, upon the Winding up of the Issuer, any payment or distribution of assets of the Issuer of any kind or character, whether in cash, property or securities, shall be received by the Sponsor before payment in full of all amounts payable under this Deed shall have been made to the Bondholders, such payment or distribution shall be received by the Sponsor on trust to pay the same over immediately to the Trustees for application in or towards the payment of all sums due and unpaid under this Deed in accordance with Clause 10.
- 14.10 Until all amounts which may be or become payable by the Issuer under this Deed have been irrevocably paid in full, the Trustees may:
- 14.10.1 refrain from applying or enforcing any other moneys, security or rights held or received by the Trustees in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise), and the Sponsor shall not be entitled to the benefit of the same; and
 - 14.10.2 hold in a suspense account any moneys received from the Sponsor or on account of the Sponsor's liability under this undertaking, without liability to pay interest on those moneys but will be liable to account for any moneys if any interest accrues thereon.
- 14.11 The Sponsor shall pay interest to the Trustees on all sums demanded under this Deed, from the date of the Trustee's demand under this Deed or, if earlier, the date on which the relevant loss, cost or expenses arose in respect of which such demand has been made, in each case until, but excluding, the date of actual payment (after as well as before judgment). All such interest shall accrue on a day-to-day basis and be calculated by the Trustees on the basis of the day count fraction and at the interest rate/coupon rate specified in the applicable Supplementary Shelf Prospectus/Pricing Supplement.

15. COVENANTS OF THE ISSUER

- 15.1 The Issuer covenants and agrees that:
- 15.1.1 it shall, as and when the Bonds of any Series or Tranche or any instalment of principal in respect thereof becomes due to be redeemed, or on such earlier date as the same or any part thereof may become due and repayable thereunder, in accordance with the Conditions, unconditionally pay or procure to be paid to or to

- the order of the Trustees, in accordance with the relevant Series Trust Deed, in immediately available funds, the principal amount in respect of the Bonds of such Series or Tranche or the amount of such instalment becoming due for redemption on that date and shall in the meantime and until redemption in full of the Bonds of such Series or Tranche (both before and after any judgment or other order of a court of competent jurisdiction) unconditionally pay or procure to be paid to or to the order of the Trustees as aforesaid Interest (which shall accrue from day to day) on the nominal amount of the Bonds outstanding of such Series or Tranche at rates and/or in amounts calculated from time to time in accordance with, or specified in, and on the dates provided for in, the relevant Supplementary Shelf Prospectus/Pricing Supplement.
- 15.1.2 it shall faithfully perform at all times, any and all covenants including covenants set out in *Condition 3 (Covenants)* of Schedule 3, undertakings, stipulations and provisions on its part to be performed as provided in this Deed and in the relevant Series Trust Deed for every issue of Bonds of any Series or Tranche executed and delivered hereunder and in all proceedings of the Issuer pertaining thereto.
- 15.1.3 it shall pay the Trustees such fees as may be agreed between the Parties, and reimburse the Trustees, for all agreed reasonable and proper out of pocket costs and expenses as they may incur in connection with the performance of their duties under this Deed including the agreed costs for convening and holding meetings of Holders.
- 15.1.4 it shall advise the Trustees upon the occurrence of an event which it is aware or ought reasonably to be aware of constituting a Force Majeure Event, the steps being taken and proposed to be taken by the Issuer in relation to such event and the date on which that Force Majeure Event no longer exists; Provided that such event will only be accepted by the Trustees as a Force Majeure Event where it is reasonably satisfied that such event impedes the Issuer's ability to discharge its obligations under this Deed or in relation to the Bonds.
- 15.2 So long as any of the Bonds remains outstanding, the Issuer shall:
- (a) at all times carry on and conduct its affairs in a proper and diligent manner;
 - (b) procure that the rating of the Bonds be reviewed annually by a rating agency duly registered with the SEC as may be required under the ISA and SEC Rules;
 - (c) give or procure to be given to the Trustees such opinions, certificates and information as they shall reasonably require and in such form as they shall reasonably require for the purpose of the discharge or exercise of the duties, trusts, powers, authorities and discretions vested in them under this Deed or by operation of law;
 - (d) at all times keep books of account and allow the Trustees and any Appointees to whom the Issuer shall have no reasonable objection, free access to such books of account at all reasonable times during normal business hours;
 - (e) send to the Trustees (in addition to any copies to which the Trustees may be entitled as a holder of any securities of the Issuer) two (2) copies in English language of every report, circular and notice of general meeting and every other document issued or sent to its shareholders within ten (10) Business Days after the issue or publication thereof;
 - (f) forthwith give notice in writing to the Trustees of the coming into existence of any Security Interest which would require any security to be given to the Bonds pursuant to the applicable Series Trust Deed or of the occurrence of any Event of Default or any Potential Event of Default;
 - (g) send to the Trustees copies of every financial report, (including its annual accounts, semi-annual accounts and quarterly accounts) sent to the Stock Exchange, and the SEC not later than one hundred and eighty (180) days after the end of each annual year and thirty (30) days at the end of each half year and financial quarter respectively;
 - (h) within five (5) Business Days after a demand in writing by the Trustees provide a certificate in or substantially in the form set out in Schedule 4 (*Form of Directors' Certificate*) signed by two of its Directors to the effect that as at a date not more than five (5) Business Days before delivering such certificate (the relevant certification date) there did not exist and had not existed since the relevant certification date of the previous certificate (or, in the case of the first such certificate, the date hereof) any Event of Default or any Potential Event of Default (or if such exists or existed specifying the same) and that during the period from and including the relevant certification date of the last such certificate (or, in the case of the first such certificate, the date hereof) to and including the relevant certification date of such certificate that it has complied with all its obligations contained in this Deed;
 - (i) at all times execute all such further documents, and perform all acts and things as may be reasonably necessary at any time or times in the reasonable opinion of the Trustees for the purpose of discharging their functions under, or giving effect to, this Deed;
 - (j) at all times ensure that the Registrar maintains a Register in accordance with the Conditions;
 - (k) use its best endeavours to maintain the quotation or listing on the relevant Stock Exchange of those of the Bonds which are quoted or listed or, if it is unable to do so having used such endeavours, use its best endeavours to obtain and maintain a quotation or listing of such Bonds on such other stock exchange or exchanges or securities market or markets as the Issuer may decide and also upon obtaining a quotation or

- listing of such Bonds issued by it on such other stock exchange or exchanges or securities market or markets enter into a trust deed supplemental to this Deed to effect such consequential amendments to this Deed as the Trustees may require or as shall be requisite to comply with the requirements of any such stock exchange or securities market;
- (l) give notice to the Holders, the Trustees and the SEC of the appointment, resignation or removal of the Registrar (other than the appointment of the initial Registrar) at least thirty (30) days prior to such event taking effect; provided always that so long as any of the Bonds remain outstanding in the case of the termination of the appointment of the Registrar no such termination shall take effect until a new Registrar has been appointed by the Issuer on terms previously approved in writing by the Trustees, provided that the Trustees shall not be required to approve the fees payable to the Registrar;
 - (m) send to the Trustees, not less than ten (10) days or such other shorter notice period as may be agreed by the Trustees and Issuer, prior to which any such notice is to be given, the form of every notice to be given to the Holders and obtain the prior written approval of the Trustees to, and promptly give to the Trustees two copies of, the final form of every notice to be given to the Holders;
 - (n) in order to enable the Trustees ascertain the nominal amount of the Bonds of each Series for the time being outstanding for any of the purposes referred to in the proviso to the definition of **Outstanding** in Clause 1.43, deliver to the Trustees within ten (10) Business Days upon being so requested in writing by the Trustees, a certificate in writing signed by two of its Directors or other authorised signatories, setting out the total number and aggregate nominal amount of the Bonds of each Series or Tranche issued which:
 - (i) up to and including the date of such certificate have been purchased by the Issuer, any Subsidiary of the Issuer (if any), any holding company of the Issuer or any other Subsidiary of such holding company, and cancelled; and
 - (ii) are at the date of such certificate held by, for the benefit of, or on behalf of, the Issuer, any holding company of the Issuer or any other Subsidiary of such holding company;
 - (o) give prior notice to the Trustees of any proposed redemption and, if it shall have given notice to the Holders of its intention to redeem any Bonds, duly proceed to redeem the Bonds accordingly.

16. COVENANTS OF THE SPONSOR

The Sponsor hereby covenants with the Trustees that, so long as any of the Bonds remain outstanding, it will duly perform and comply with the obligations expressed to be undertaken by it as set out below and in the Sterling Notes.

- 16.1 The Sponsor shall provide to the Trustees and the Rating Agency:
 - 16.1.1 as soon as the same are available (and in any event within ninety (90) days of the end of the Sponsor's financial year), the audited consolidated financial accounts of the Sponsor for each financial year, provided that the approval of the CBN and any other regulatory authority for the publication of such accounts has been obtained within the stipulated period;
 - 16.1.2 as soon as the same are available (and in any event within 30 (Thirty) days of the end of the first 6 (Six) months of the Sponsor's financial year), the unaudited consolidated financial accounts of the Sponsor for those 6 (Six) months; and
 - 16.1.3 an annual Directors' Certificate in or substantially in the form set out in the Third Schedule certifying as to the absence of any Event of Default or, if there is an Event of Default, describing the action the Sponsor is taking or proposes to take to remedy the same.
- 16.2 The Sponsor shall permit its Auditors to communicate directly with the Trustees or their Appointees following the occurrence and during the continuance of an Event of Default.
- 16.3 The Sponsor shall:
 - 16.3.1 ensure that the Issuer duly performs and complies with the obligations expressed to be undertaken by it as set out in the Programme Documents and in respect of the Bonds; and
 - 16.3.2 comply in all material respects with all applicable laws, rules, regulations and licences unless failure to perform such obligations or comply with such terms and conditions would not reasonably be expected to have a Material Adverse Effect.
- 16.4 For so long as any of the Sterling Notes certified by the CBN as forming part of the Sponsor's regulatory capital remains outstanding, the Sponsor shall:
 - 16.4.1 ensure that the Issuer does not exercise any right to redeem any Series or Tranche of the Bonds prior to its stated maturity ("Early Redemption") unless the Early Redemption will not result in the Sponsor's capital adequacy ratio falling below the regulatory minimum ratio prescribed by the CBN (or any successor body or entity thereto having primary responsibility for regulatory supervision of the Sponsor), and the Sponsor has obtained the consent of the CBN for such Early Redemption, and
 - 16.4.2 at all times comply with all rules, regulations and prudential supervision ratios of the CBN applicable to banks in the Federal Republic of Nigeria ("Nigeria") except where failure to so comply would not have a Material Adverse Effect.

- 16.5 The Sponsor shall obtain and maintain in full force and effect all Licences unless the requirement to obtain and/or maintain such Licence is being contested in good faith by the Sponsor or where failure to maintain such Licences would reasonably be expected to not have a Material Adverse Effect.
- 16.6 The Sponsor shall not (i) merge or consolidate with any other person, or (ii) directly or indirectly transfer to any person all or substantially all of its properties or assets as an entirety in one or more related transactions unless such person assumes the Sponsor's obligations under the Programme Documents and:
- 16.6.1 no Event of Default would occur or be reasonably expected to occur as a result of such merger or consolidation or transfer of assets, as the case may be; and
- 16.6.2 a Rating Reaffirmation is obtained in respect of such merger or consolidation or transfer of assets, as the case may be.
- 16.7 For so long as any Sterling Senior Notes remains outstanding, the Sponsor shall not create or permit to subsist any charge, mortgage, lien, pledge or other security interest upon any of its assets or any other party or any other indebtedness guaranteed by it (other than in the ordinary course of Banking Business, subject to any restriction that might be included in the Supplemental Trust Deed governing such Sterling Senior Notes) without the prior written consent of the Trustees (such consent not to be unreasonably withheld). Where the Trustees so consents in relation to the Sterling Senior Notes, the Sponsor shall at the same time as the creation of such indebtedness grant to the Trustees (for the benefit of the Bondholders) the same or equivalent security as is granted in relation to the indebtedness.
- 16.8 The Sponsor shall insure and keep insured to the satisfaction of the Trustees and to the full replacement value thereof all such parts of its assets as are of an insurable nature against loss or damage by fire, explosion, lightning, storm, tempest, flood (where appropriate), aircraft and things dropped therefrom and such other risks as in accordance with sound commercial practice are normally insured against by companies carrying on a similar business in one or more insurance offices of repute and shall produce the policies of such insurance (or evidence of renewal thereof) to the Trustees if required and duly pay or cause to be paid the premiums and other sums of money payable in respect of all such insurance and if required produce to the Trustees the receipt for the same within 7 (seven) days of the same becoming due.

18. ESTABLISHMENT OF DESIGNATED ACCOUNTS

- 18.1 Unless otherwise stated in any Series Trust Deed, the Issuer shall, not later than fifteen (15) Business Days before the first Coupon Payment Date for each Tranche or Series of Bonds, open a Designated Account in the name of the Trustees into which the Issuer shall or procure that, at least three (3) Business Days before a Coupon Payment Date, Instalment Date (as defined in Condition 4 of Schedule 3) or Maturity Date ("**Funding Date**") pay all monies due under the relevant Tranche or Series of Bonds at the time to the Holders. Each Series Trust Deed shall specify how the relevant Designated Account will be funded.
- 18.2 The Trustees shall at the expense of the Issuer notify the Issuer and the Sponsor:
- 18.2.1 at least five (5) Business Days before a Funding Date of an impending Funding Date;
- 18.2.2 if it has not by close of business on the Funding Date received the full amount required for payment to the Holders, that it has not received the said amount; and
- 18.2.3 if it has received the full amount of any sum payable in respect of the Bonds.

19. POWERS, RIGHTS, DUTIES AND RELIEFS OF THE TRUSTEES

- 19.1 Subject to the provisions of this Deed, the Trustees shall enjoy all powers, reliefs, and indemnities of a Trustee preserved under all applicable laws for the time being in force.
- 19.2 The Trustees shall have the power to do any act in accordance with this Deed, the relevant Series Trust Deed, the ISA, SEC Rules and any applicable law which shall be on behalf of and for the benefit of the Holders.
- 19.3 The Trustees shall have the following duties and responsibilities:
- 19.3.1 To act in accordance with the provisions of this Deed, the relevant Series Trust Deed, the ISA, SEC Rules and any applicable law and safeguard the rights of the Holders for the Issuer's obligations under the Programme;
- 19.3.2 To summon, as and when necessary, meetings of all Holders of a Tranche or Series whereat a statement of affairs on the management of any funds standing to its credit on behalf of the Holders shall be presented, and or any other necessary business and or matter shall be presented and determined. A meeting shall be convened by the giving of at least twenty-eight (28) clear days' written notice to all Holders (specifying the date, venue, time and agenda at the meeting), and the said notice shall also be published in at least two (2) national newspapers. The procedure of and regulations for such a meeting of the Holders shall be in accordance with Schedule 1 of this Deed;
- 19.3.3 Not to enter into contracts or other arrangements that would amount to a Conflict of Interest in the performance of their obligations under this Deed, or any other customary obligations of a trustee.
- 19.4 Prior to an Event of Default and after the curing or waiving of all Events of Default which may have occurred, the Trustees shall not be liable except for the performance of such duties as specifically set down herein.

- 19.5 The Trustees shall have no Liability for any act or omission to act hereunder, or under any other instrument or document executed pursuant hereto except for the Trustees' negligence and misconduct.
- 19.6 The duties and obligations of the Trustees shall be determined solely by the express provisions hereof, and no implied powers, duties or obligations of the Trustees, save as mandated by the ISA, SEC Rules or any other applicable law, shall be construed into this Deed.
- 19.7 Upon the occurrence of an Event of Default, the Trustees shall subject to the provisions of this Deed, exercise such rights and utilise such powers vested in it under this Deed, and the ISA, SEC Rules and shall use the required degree of care and skill in the exercise of their duties.
- 19.8 The Trustees shall have no duty, responsibility or obligation for the issuance of Debt Securities or for the validity or exactness thereof, or of any document relating to such issuance.
- 19.9 The Trustees shall have no duty, responsibility or obligation for the payment of Debt Securities except in accordance with the terms and provisions hereof or any Series Trust Deed.
- 19.10 The Trustees shall not be required to expend or risk their own funds or otherwise incur any liability in the performance of their duties or in the exercise of their rights or powers as trustee, except such liability as may result from their negligence and/or misconduct.
- 19.11 Notwithstanding any other provisions hereof, the Trustees shall have no Liability for (a) an error of judgment made in good faith by a Responsible Officer, unless it shall be proved that both or either of the Trustees was negligent in ascertaining the pertinent facts provided always that any resulting liability shall be borne by the Trustee in default or (b) an action taken or omitted to be taken by them in good faith in accordance with the lawful direction of the Holders of not less than a simple majority in Principal Amount of Debt Securities then outstanding.
- 19.12 It is hereby expressly agreed and declared as follows:
- 19.12.1 The Trustees, acting reasonably and in good faith, may in relation to this Deed, act on the opinion or advice of, or any information from any solicitor, valuer, surveyor, broker, auctioneer, accountant, or other expert, whether obtained by the Issuer, Sponsor or by the Trustees, and shall not be responsible for any loss occasioned by their reliance on such opinion, advice or information; provided however that the Trustees have exercised due care and diligence in relying on any such advice, opinion or information; and any such advice, opinion or information may be obtained or sent by letter or electronic mail.
- 19.12.2 Unless otherwise stated in the Series Trust Deed and only in relation to Permitted Investments, the Trustees shall not be responsible for the monies paid by Holders for the Debt Securities or be bound to see to and or monitor the application thereof.
- 19.12.3 Save as herein otherwise provided, the Trustees shall not be bound to take any steps to ascertain whether any event has happened upon the occurrence of which any Tranche or Series of Bonds may be declared immediately repayable.
- 19.12.4 The Trustees shall not be responsible for having acted upon any resolution passed at a duly convened, properly constituted meeting of the Holders in respect whereof minutes have been made and signed, even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution with the effect that the resolution was not valid or binding upon the Holders, except where the Trustees had prior knowledge of such defect; in which case the Trustees shall become liable for such acts.
- 19.12.5 Without prejudice to the right of indemnity conferred by law on the Trustees, the Trustees and every Appointee shall be entitled to be indemnified by the Issuer and the Sponsor in respect of all liabilities and agreed expenses incurred by them in the execution of the powers and trusts hereof or of any powers, authorities or discretions vested in them pursuant to this Deed; provided that the Trustees and such Appointee has not been fraudulent, negligent or has acted in default of its powers.
- 19.12.6 The Trustees shall not be liable for any act pursuant to or under this Deed, save only for the Trustees' negligence and misconduct and any breach of trust committed by them; provided that nothing contained in this clause shall exempt the Trustees from or indemnify them against any liability for breach of trust where the Trustees fail to show the degree of care and diligence required of them, having regard to the provisions hereof conferring on them any powers, authorities or discretions.
- 19.12.7 The Trustees may, at their own cost and expense, employ and pay an agent, whether a solicitor or other person, to transact or concur in doing all acts required to be done by the Trustees, including the receipt and payment of money, and any such person shall be entitled to charge and be paid all usual professional fees and other charges provided however that the Trustees shall not thereby be discharged of responsibility or liability for all such acts.
- 19.12.8 The Issuer and/or the Sponsor shall reimburse the Trustees, in so far as may be lawful, in respect of all agreed costs and expenses incurred by the Trustees in relation to or arising out of any application made to any court by the Trustees or any of the Holders for an order that the trust hereof may be carried out under the

direction of the court or for an order or declaration relating to the administration of the trust hereof or the enforcement of the rights hereunder of the Trustees or the construction of this Deed.

- 19.12.9 In the absence of bad faith and negligence on the part of the Trustees, the Trustees may conclusively rely upon and shall be protected in acting or refraining from acting upon any document, including but not limited to any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order or other paper or document reasonably believed by it to be genuine and to have been signed or presented by proper officials of the Issuer relating to any matter primarily within the knowledge of the Issuer, the Holders or agents or attorneys of the Holders, as sufficient evidence thereof; provided that in the case of any such document specifically required to be furnished to the Trustees hereby, the Trustees shall be under a duty to examine the same to determine whether it conforms to the requirements thereof. The Trustees shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, or other paper or document submitted to the Trustees; provided however that the Trustees, in their discretion, may make such further inquiry or investigation into such facts or matters as they may deem prudent.
- 19.12.10 Any certificate or report of the Auditors or any other person called for by or provided to the Trustees (whether or not addressed to the Trustees) in accordance with or for the purposes of these presents may be relied upon by the Trustees as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Trustees in connection therewith contains a monetary or other limit on the liability of the Auditors or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by any engagement or similar letter or by the terms of the certificate or report itself.
- 19.12.11 The Trustees shall be entitled to assume without enquiry, in the absence of knowledge by or express notice to them to the contrary, that the Issuer and the Sponsor are duly performing and observing all the covenants and provisions herein contained which are to be performed and observed by them and it shall be at the discretion of the Trustees whether to take any action or proceedings or to enforce the performance thereof, and the Trustees shall not be bound to declare any Tranche or Series of the Bonds immediately repayable or to take any steps to enforce payment thereof or any of the provisions of this Deed unless and until in any of such cases the Trustees are required to do so in writing by the registered Holders of at least three quarters ($\frac{3}{4}$) of the nominal value of the Debt Securities or by a Special Resolution passed at a duly convened meeting of Holders; Provided that the Trustees shall in any case inform the Holders of the happening of any Event of Default that comes to their knowledge.
- 19.12.12 The Trustees in the exercise of the powers and discretions vested in them pursuant to this Deed shall comply with the provisions of the ISA, SEC Rules and any other applicable law.

21. TRUSTEES NOT BOUND TO ENFORCE COVENANTS

The Trustees may but shall not be bound (unless requested to do so in writing by the Bondholders holding not less than [two-fifths] of the nominal value of the Bonds for the time being outstanding or by a Special Resolution) to enforce or take any step to enforce the covenants in Clause 15 (*Covenants of the Issuer*) and/or Clause 16 (*Covenants of the Sponsor*) and (subject to any such request as aforesaid) may waive on such terms and conditions as they shall deem expedient any of the covenants and provisions which the Issuer or the Sponsor is required to perform or observe.

25. REPRESENTATIONS AND WARRANTIES OF THE ISSUER AND THE SPONSOR

- 25.1 As at the date of this Deed, each of the Issuer and the Sponsor hereby represents, warrants and undertakes to the Trustees (for themselves and in trust for the Holders) that it shall do all acts and things within its powers which are necessary:
- 25.1.1 to give full effect to the Debt Securities, when issued as provided under the Programme Documents;
 - 25.1.2 to establish the Debt Securities and the Sterling Notes as valid, binding and legal obligations of the Issuer and the Sponsor respectively, according to the meaning and intent thereof;
 - 25.1.3 for the creation, execution and delivery of this Deed.
- 25.2 As at the date of this Deed, each of the Issuer and the Sponsor hereby further represents, warrants and undertakes to the Trustees (for themselves and in trust for the Holders) that:
- 25.2.1 **Status**
 - 25.2.1.1 It is a company, duly incorporated and validly existing under Nigerian law.
 - 25.2.1.2 It has the power to own its assets and carry on its business as it is being conducted.
 - 25.2.2 **Binding obligation**

Each of the Programme Documents has been duly executed and delivered by it and (with respect to any Bonds, upon its authentication and delivery by the Trustees) constitutes its legal, valid and binding obligation, enforceable against it (subject to corporate insolvency and similar exceptions) in accordance with its terms.

25.2.3 Approvals

25.2.3.1 It has obtained the regulatory approvals required for the establishment of the Programme and issuance of the Bonds and the Sterling Notes;

25.2.3.2 Its execution and delivery of the Programme Documents and its performance of all of its obligations thereunder have been duly authorized by all necessary corporate resolutions;

25.2.4 No conflict

The entry into and performance by it of, and the transactions contemplated by this Deed do not and will not conflict with:

(a) any of the provisions of the CAMA, the ISA, SEC Rules or any other law or regulation applicable to it;

(b) its constitutional documents; or

(c) any agreement or instrument binding upon it or any of its assets or constitute a default under any contractual obligation, judgment, injunction, order or decree binding upon it or its assets;

25.2.5 Immunity

Neither the Issuer nor the Sponsor nor any of their assets has any right of immunity on the ground of sovereignty or otherwise, from the jurisdiction, attachment (before or after judgment) or execution in respect of any action or proceeding relating in any way to the Programme Documents that may be brought in the courts of Nigeria or any relevant jurisdiction.

25.2.6 No proceedings pending or threatened

Save as may be otherwise disclosed in the Shelf Prospectus or applicable Supplementary Shelf Prospectus/Pricing Supplement, no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect has (to the best of its knowledge and belief, after due and careful enquiry) been started, subsists or is threatened against it.

25.2.7 Accuracy of information

25.2.7.1 That all the information in the Programme Documents (as supplemented from time to time) that has been or will hereafter be made available to the Holders by the Issuer or the Sponsor or any director, officer, employee or representative of the Issuer or the Sponsor in connection with the transactions contemplated herein is and will at all times be complete and correct in all material respects and does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading in light of the circumstances under which such statements were or are made; and

25.2.7.2 The Issuer and the Sponsor shall immediately upon becoming aware of them, supply to the Trustees, whether or not demanded by the Trustees, with details of any event which may be reasonably likely to result in a Potential Event of Default.

25.2.8 Financial Statements

Each set of consolidated financial statements that will be delivered to the Trustees pursuant to Clauses 15.2 (g), 16.1.1 and 16.1.2 will show with reasonable accuracy the financial condition of the Issuer or the Sponsor (as applicable) during the period to which it relates.

25.2.9 Indebtedness

It is neither unable nor has it admitted its inability to pay its debts as they fall due nor has it suspended making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commenced negotiations with one or more of its creditors with a view to rescheduling any of its Indebtedness;

25.2.10 Taxation

25.2.10.1 It is not materially overdue in the filing of any tax returns and it is not overdue in the payment of any amount in respect of tax.

25.2.10.2 No claims or investigations are being, or are reasonably likely to be made or conducted against it with respect to taxes which have or are reasonably likely to have a Material Adverse Effect.

25.2.11 No Default

25.2.11.1 No Event of Default or Potential Event of Default has occurred and is continuing.

25.2.11.2 No other event or circumstance is outstanding which constitutes or with the giving of notice will constitute, a default under any other agreement or instrument which is binding on it or to which its assets are subject and which might have a Material Adverse Effect.

29. REMOVAL AND RESIGNATION OF THE TRUSTEES

- 29.1 Any of the Trustees may resign as trustee at any time, by giving not less than ninety (90) days' prior written notice to that effect to the Issuer, the Sponsor, the SEC and the Holders, and such resignation shall not be effective until a successor(s) to such Trustee is appointed in accordance with this Deed; provided that the Trustee shall continue to hold the rights conferred and perform the obligations imposed on it by this Deed until it has effectively resigned as trustee.
- 29.2 In addition, where any Series Trust Deed so provides, any of the Trustees may be removed by the Issuer but only for the reasons stated in the Series' Trust Deed and in Clause 29 and only so long as (a) no Event of Default shall have occurred and be continuing and (b) the removal of such Trustee shall not have any adverse effect upon the rights and interests of the Holders.
- 29.3 Where any of the Trustees gives notice of its resignation as trustee pursuant to Clause 28.1 hereof or in the event that any of the Trustees is dissolved or otherwise becomes incapable to act as Trustee or is removed as Trustee pursuant to Clause 28.2 hereof, the Issuer shall upon obtaining the approval of the SEC, immediately appoint a successor Trustee or Trustees and the SEC shall be promptly notified. In such event, the successor Trustee or Trustees shall cause notice of its appointment to be issued to the Holders of all Bonds then Outstanding. If a Trustee resigns, the Trustee shall bear the costs of giving such notice. If a Trustee is removed, dissolved, or otherwise become incapable of acting as trustee, the Issuer shall bear the costs of giving such notice.
- 29.4 Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Trustee(s) appointed by the Issuer shall be a company, authorised to carry on trust business in Nigeria and duly registered with the SEC to provide corporate trust services.
- 29.5 Every successor Trustee(s) shall execute, acknowledge and deliver to its predecessor and also to the Issuer an instrument in writing, accepting such appointment hereunder, and thereupon such successor Trustee(s), without further action, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, and such predecessor shall execute and deliver an instrument transferring to such successor Trustee(s) all the rights, powers and trusts of such predecessor. The predecessor Trustee(s) shall execute any and all documents necessary or appropriate to convey all interest it may have to the successor Trustee(s). The predecessor Trustee(s) shall promptly deliver all records relating to the trust and copies thereof and communicate all material information it may have obtained concerning the trust to the successor Trustee(s) and shall duly provide the successor Trustee(s) with a full and updated statement of affairs and accounts of the trust in respect of each Tranche or Series of Bonds.
- 29.6 In the event of the resignation or removal of the Trustee(s) in accordance with the provisions hereof, the Trustee(s) shall immediately account for and deliver up all of the Assets, to its appointed successor or successors. Where all of the Trustees resign, they shall continue in office until a successor has or successors have been duly appointed to take over their obligations herein. In the event of the resignation or removal of only one Trustee, the resigning Trustee shall immediately account for and deliver up all of the Assets to the continuing Trustee.

30. UNDESIRABLE SITUATIONS AND PRACTICES

- 30.1 For the purpose of this Deed, an undesirable situation or practice is a situation or practice which may prejudice the interests of the Holders. These include:
- 29.1.1 an order by a court of competent jurisdiction or a company resolution passed for the dissolution of or appointment of an administrator for the Trustee (otherwise than in the course of a reorganisation or restructuring of such Trustee on a solvent basis);
- 29.1.2 where any person takes any step, and it is not withdrawn or discharged within ninety (90) days, to appoint a liquidator, manager, receiver, administrator, administrative receiver or other similar officer in respect of any proprietary assets of the Trustee;
- 29.1.3 where any of the Trustees convene a meeting of its creditors for the purpose of making or proposing any arrangement or compromise with, or any assignment for the benefit of its creditors.
- 30.2 If in the opinion of the Issuer, an undesirable situation or practice has developed or is developing regarding the activities of the Trustee(s), the Issuer may take any steps to correct the situation or practice, including:
- 30.2.1 notifying the SEC within five (5) days of such practice coming to the attention of the Issuer;
- 30.2.2 procuring the Holders to pass a Special Resolution at a meeting duly called for that purpose, suspending such a Trustee(s) and appointing another Trustee or Trustees to act in place of the suspended Trustee(s) during the period of suspension;
- 30.2.3 procuring the Holders to pass a Special Resolution of Holders at a meeting duly called for that purpose, terminating the appointment of such a Trustee(s) and immediately appointing a new trustee(s) in accordance with the provisions of this Deed;
- 30.2.4 giving directions to such a Trustee(s) to act in such a manner as will correct or assist in overcoming the situation or practice; or
- 30.2.5 taking any other action it considers necessary to assure and safeguard the interests of the Holders.

40 MODIFICATION

- 40.1 Without prejudice to the provisions of this Deed, the Trustees may agree with the Issuer, without the consent of the Holders but subject to the prior review and approval of the SEC, to any modification to this Deed of a formal, minor or technical nature or to correct a manifest error. The Trustees may also agree to any modification to this Deed, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of this Deed that is in their opinion not materially prejudicial to the interests of the Holders PROVIDED that the prior approval of the SEC is received, and that such consolidation, modification, alteration or addition does not prejudice the interests of the Bondholders and that such consolidation, modification, alteration or addition does not operate to release the Trustees, the Sponsor or the Issuer from any responsibility to the Bondholders.
- 40.2 The Issuer will not, without the prior written consent of the Trustees or a Special Resolution of the Bondholders, agree to any amendments to or any modification of, or waiver of, or authorise any breach or proposed breach of, the terms of any outstanding Sterling Bank Notes and will act at all times in accordance with any instructions of the Trustees from time to time with respect to any outstanding Sterling Bank Notes. Any such amendment, modification, waiver or authorisation made with the consent of the Trustees shall be binding on the Bondholders and, unless the Trustees agree otherwise, any such amendment or modification shall be notified by the Issuer to the Bondholders in accordance with Condition 13 (Notices).
- 40.3 No such consolidation, modification, alteration or addition shall impose any further payment on the Bondholders in respect of the Bonds held by them or any liability in respect thereof.

SCHEDULE 1**Provisions For Meetings Of The Holders**

1. Who may Convene Meetings

- 1.1 The Issuer or the Trustees respectively may at any time and at their discretion and the Trustees shall on the requisition in writing of the Holders holding not less than three-quarters ($\frac{3}{4}$) of the nominal amount of the Debt Securities for the time being outstanding, and upon being indemnified to its satisfaction against all costs and expenses to be thereby incurred, convene a meeting or meetings of the Holders in accordance with the provisions of this schedule to discuss and determine any matter affecting their interest. Any such meeting shall be held at such place as the Trustees shall determine or approve.
- 1.2 Holders of at least 10% (Ten per cent) of the nominal amount of the Debt Securities for the time being outstanding shall be entitled to convene a meeting at which a resolution to compel the Trustees to take steps against the Issuer will be proposed, upon the occurrence of an Event of Default.

2. Notice of Meetings

- 2.1 A meeting of the Holders may be called by giving not less than twenty-eight (28) days' notice in writing.
- 2.2 A meeting may be called after giving shorter notice than that specified in paragraph 2.1 above if consent is accorded thereto by Holders holding not less than seventy-five per cent (75%) of the nominal amount of the Debt Securities for the time being outstanding.

3. Content and manner of service of notice

- 3.1 Every notice of a meeting shall specify the place, the day and hour of the meeting and shall contain a statement of the business to be transacted and the terms of every resolution to be proposed thereat.
- 3.2 Notice of every meeting shall be given to:
- 3.2.1 every Holder; PROVIDED THAT the Trustees shall ensure that a notice is mailed to each of the Holders at their respective addresses of record in the Register of Bonds of a Series maintained by the Registrar;
 - 3.2.2 the person entitled to a Debt Security in consequence of the death, insolvency, winding-up or dissolution of a Holder by sending it through the post in a pre-paid letter addressed to him by name or by the title of the representative of the deceased or assignee of the insolvent or by any like description at the address (if any) supplied for the purpose by the person claiming to be so entitled, or until such an address has been so supplied by giving the notice in any manner in which it might have been given if the death, insolvency, winding-up or dissolution had not occurred;
 - 3.2.3 the Registrar;
 - 3.2.4 the Sponsor;
 - 3.2.5 the Trustees when the meeting is convened by the Issuer; and
 - 3.2.6 the Issuer, when the meeting is convened by the Trustees.
- 3.3 The accidental omission to give notice to or the non-receipt of notice by any Holder or other person to whom it should be given shall not invalidate the proceedings of the meeting.

4. Explanatory Statement to the Notice

- 4.1 There shall be annexed to every notice convening a meeting of the Holders a statement setting out the material facts concerning each item of business.
- 4.2 Where any item of business consists of granting approval to any document by the meeting the time and place where the documents can be inspected shall be specified in the statement aforesaid.

5. Quorum for Meeting

- 5.1 Any two or more Holders holding or representing by proxy at least one-third (1/3) of the nominal amount of the Debt Securities for the time being outstanding shall be a quorum for the conduct of business at a meeting of the Holders unless the business of the meeting includes the consideration of a Special Resolution, in which event the necessary quorum shall be two (2) or more Holders holding or representing by proxy seventy-five per cent (75%) of the nominal amount of the Debt Securities for the time being outstanding and no business shall be transacted at any meeting unless the requisite quorum shall be present when the meeting proceeds to business, provided that at any meeting the business of which includes any of the following matters (each of which shall only be capable of being effected after having been approved by Special Resolution):
- to amend the dates of maturity or redemption of the Bonds, any Instalment Date or any date for payment of interest or Interest on the Bonds;
 - to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of the Bonds;
 - to reduce the rate or rates of interest in respect of the Bonds or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest in respect of the Bonds;
 - if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is specified in respect of the Bonds, to reduce any such Minimum and/or Maximum;
 - to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount;
 - to vary the currency or currencies of payment or denomination of the Bonds of a Series, or;
 - to modify the provisions concerning the quorum required at any meeting of Holders or the majority required to pass a Special Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than seventy-five per cent (75%), or at any adjourned meeting not less than twenty-five per cent (25%), in nominal amount of the Bonds for the time being outstanding.
- 5.2 If within an hour from the time appointed for holding the meeting a quorum is not present, the meeting, if called upon the requisition of Holders, shall stand dissolved. In any other case the meeting shall stand adjourned to such day and time not less than seven (7) days thereafter and to such place as the Chairman may determine.
- 5.3 At least seven (7) days' notice of any adjourned meeting shall be given in the same manner as for an original meeting, but it shall not be necessary to specify in such notice the business to be transacted at the adjourned meeting. Any two (2) or more persons being Holders or holding proxies for Holders whatever the amount of Debt Securities held by them, shall be a quorum for deciding upon all matters which could properly have been disposed of at the meeting from which the adjournment took place, provided that where a special resolution is to be passed at such an adjourned meeting, the quorum shall be any two (2) or more persons being Holders or holding proxies for Holders holding at least 1/3rd of the nominal amount of the Debt Securities.

6. Chairman of Meeting

- 6.1 Such person nominated by the Trustees shall be entitled to take the chair at every meeting and if no such nomination is made or if at any meeting the Trustees or the person nominated shall not be present within one (1) hour after the time appointed for holding the meeting, the Holders present shall on a show of hands elect one of themselves to be the Chairman thereof.
- 6.2 If a poll is demanded on the election of the Chairman it shall be taken forthwith and the Chairman elected on a show of hands shall exercise all the powers of the Chairman until the result of such poll is declared.
- 6.3 If some other person is elected Chairman as a result of the poll he shall be the Chairman for the remainder of the meeting.

7. Persons entitled to attend meetings

In addition to the Holders, the Trustees, its solicitors, the Sponsor, the Issuer and any authorised officer of the Issuer and any other person authorised in that capacity by the Trustees may attend any meeting but shall not be entitled to vote thereat.

8. Evidence of Passing of Resolution

- 8.1 At any meeting, a resolution or any question put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded in the manner hereinafter mentioned, and unless a poll is so demanded, a declaration by the Chairman that on a show of hands the resolution has been carried either unanimously or by a particular majority or lost or not carried either unanimously or by a particular majority, and an entry to that effect in the books containing the

minutes of the proceedings of the meeting, shall be conclusive evidence of that fact without proof of the number or proportion of the votes cast in favour of, or against such resolution.

9. Demand for Poll

9.1 Before or on the declaration of the result of the voting on any point or question on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting on his own motion, and shall be ordered to be taken by him on demand made in that behalf by at least five (5) Holders having the right to vote on the resolution and present in person or by proxy or by the holders of not less than one-quarter ($\frac{1}{4}$) in nominal amount of the Debt Securities for the time being outstanding.

9.2 The demand for a poll may be withdrawn at any time prior to such poll being taken by any person or persons who made the demand.

10. Time of taking Poll

10.1 A poll demanded on a question of adjournment shall be taken forthwith.

10.2 A poll demanded on any other question (not being a question relating to the election of a Chairman as provided for in Paragraph 6.2 hereof) shall be taken in such manner and at such time not being later than thirty (30) days from the time when the demand was made, as the Chairman may direct.

11. Votes

On a show of hands, every Holder who (being an individual) is present in person or by proxy or (being a body corporate) is present by its duly authorised representative shall have one (1) vote, and on a poll every Holder who is present in person or by proxy shall have one (1) vote in respect of every unit of the Debt Security of which he is the holder.

12. Representatives of Bodies Corporate

Anybody corporate which is a Holder may by writing under the hand of a duly authorised officer authorise such person as it thinks fit to act as its representative at any meeting of the Holders and the person so authorised shall be entitled to exercise the same powers on behalf of the body corporate which he represents as that body corporate could exercise if it were an individual Holder.

13. Proxies

13.1 The registered Holder or in the case of joint Holders, the one named first in the Register, shall be entitled to vote in respect thereof either in person or by proxy and in the latter case, as if such one joint Holder was solely entitled to such Debt Securities. A registered Holder shall be entitled to appoint another person (whether a Holder or not) as his proxy to attend a meeting and vote thereat instead of himself.

13.2 In every notice calling a meeting of the Holders there shall appear with reasonable prominence a statement that a Holder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and that a proxy need not be a Holder.

13.3 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarized copy of the power of authority, shall be deposited at such place as may be specified in the notice convening the meeting or in some document accompanying the same or if no place is so specified then at the office of the Registrars for the time being, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or in the case of a meeting at which a poll is to be taken, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

13.4 The instrument appointing a proxy shall be:

13.4.1 in writing in the usual common form or such other form as the Trustees may approve; and

13.4.2 signed by the Holder so appointing or his attorney duly authorised in writing or if the Holder so appointing is a body corporate be under its seal or be signed by an officer or any attorney duly authorised by it.

13.5 No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of execution. An instrument appointing a proxy shall be deemed to confer authority to demand or to join in a demand for a poll.

13.6 Every Holder entitled to vote at a meeting of the Holders or on any resolution to be moved thereat shall be entitled, during the period beginning twenty-four (24) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect by himself or through a duly authorised person, the proxies lodged at any time during the business hours of the Registrar, provided that not less than three (3) Business days' notice in writing of the intention so to inspect is given to the Registrar.

13.7 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Trustees at its registered office before the commencement of the meeting or adjourned meeting at which the proxy is used.

14. Entitlement of Holder to vote differently

On a poll taken at a meeting of the Holders, a Holder entitled to more than one vote, or his proxy or other person entitled to vote for him as the case may be, need not, if he votes, use all his votes or cast all his votes in the same way.

15. Scrutineers at Poll

15.1 Where a poll is to be taken, the Chairman of the meeting shall appoint two (2) scrutineers to scrutinize the votes given on the poll and to report thereon to him.

15.2 The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and to fill vacancies in the office of scrutineer arising from such removal or for any other cause.

15.3 Of the two (2) scrutineers appointed under this clause, at least one such scrutineer shall always be a Holder present at the meeting, provided that such a Holder is available and willing to be appointed.

16. Manner of Poll and result thereof

The Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken, and shall declare the result thereof.

17. Voting in the case of joint holding

In the case of joint Holders, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of other joint Holders; and for this purpose seniority shall be determined by the order in which the names of the joint Holders stand in the Register of Debt Securities.

18. Power to adjourn meeting

The Chairman of a meeting of the Holders (may with the consent of and shall, if directed by any such meeting at which a quorum is present), adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than business which might lawfully have been transacted at the meeting from which the adjournment took place.

19. Casting Vote

In the case of equality of votes whether on a show of hands or a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote in addition to the votes to which he may be entitled as or on behalf of a Holder.

20. Proceedings and Demand for Poll

The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

21. Chairman to be sole judge

The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting, and the Chairman present at the taking of a poll shall, taking the advice of the scrutineers, be the sole judge of the validity of every vote tendered at such poll.

22. Power of General Meeting

A meeting of the Holders shall *inter alia* have the following powers which shall only be exercisable by Special Resolution:-

- (a) to sanction the release of the Issuer from all or any part of the Principal moneys and Interest owing on the Debt Securities;
- (b) to sanction any modification or compromise or any agreements in respect of the rights of the Holders against the Issuer whether such rights shall arise under this Deed or a Certificate or otherwise;
- (c) to give any sanction, direction or request which under any of the provisions of this Deed is required to be given by Special Resolution;
- (d) to authorise and empower the Trustees to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Special Resolution;
- (e) to appoint any person (whether a Holder or not) into a committee or committees to represent the interest of the Holders and to confer upon such committee or committees any powers or discretions which the Holders could themselves exercise by Special Resolution;
- (f) to sanction any scheme or proposal for the exchange of part or all of the Bonds for or the conversion of the Bonds into or cancellation of the Bonds in consideration for shares, stocks and or other securities of the Issuer or any other company formed or to be formed for this purpose;
- (g) to give any release to the Trustees in respect of anything done or omitted to be done by the Trustees hereunder before the giving of the release.

23. Resolution Binding

A resolution passed at a meeting of the Holders duly convened and held in accordance with this Deed shall be binding upon all the Holders whether present or not at such meeting and whether or not voting, and each of the Holders shall be bound to give effect thereto accordingly, and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof, the intention being that it shall rest with the meeting to determine without appeal, whether or not the circumstances justify the passing of such resolution.

24. Minutes

Minutes of all resolutions and proceedings at such meeting as aforesaid shall be made and duly entered in the books to be provided from time to time for that purpose by the Trustees at the expense of the Issuer, and every such minutes as aforesaid if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had or by the Chairman of the next succeeding meeting of the Holders shall be conclusive evidence of the matters therein contained, and until the contrary is proved every such meeting or proceedings in respect of which minutes have been signed as aforesaid shall be deemed to have been duly held and convened, and all resolutions passed thereat or proceedings taken to have been duly passed or taken.

25. Resolution in Writing

A resolution in writing duly signed by all the Holders for the time being outstanding, shall be as effective for all purposes as a Special Resolution duly passed at a meeting of the Holders. Such resolution may be contained in one document or in several documents of identical form duly signed by or on behalf of all of the Holders.

LETTER FROM THE REPORTING ACCOUNTANTS



(Formerly Balogun Badejo & Co.)

Auditing, Accounting, Tax, Insolvency,
Financial and Management Advisory services

BBC Professionals
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Report of the Reporting Accountants on the Financial Statements

The Directors
Sterling Bank PLC
Sterling Towers
20 Marina
Lagos

And

The Directors
Constant Capital Markets & Securities Limited
25D Cooper Road
Ikoyi
Lagos

And

The Directors
SCM Capital Limited
Stock Exchange House (19th Floor)
2-4, Customs Street
Lagos

The Directors
Vetiva Capital Management Limited
Plot 266B, Kofo Abayomi Street
Victoria Island
Lagos

The Directors
Stanbic IBTC Capital Limited
I.B.T.C. Place
Walter Carrington Crescent
Victoria Island, Lagos

Gentlemen,

We have examined the audited financial statements of STERLING BANK PLC for the five (5) years ended 31 December 2011, 2012, 2013, 2014 and 2015 for inclusion in the Bond prospectus for the proposed Bond Issue.

The financial statements were prepared under the historical cost basis, except for available-for-sale investments, other financial assets and liabilities held for trading, all of which have been measured at fair value. Ernst & Young (Chartered Accountants) were the Auditors for the years ended 31 December 2011, 2012, 2013, 2014 and 2015 and their audit reports thereon were unqualified.

The summarized statement of comprehensive income, statement of financial position and statement of cash flows are based on the audited financial statements of the Bank.

In our opinion, the financial information gives, for the purpose of the proposed Bond Issue a true and fair view of the state of affairs of the Bank as at 31 December 2011, 2012, 2013, 2014 and 2015 and their summarised profits and cash flows for the years then ended.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "James O. Obogwu".

James O. Obogwu
FRC/2013/ICAN/00000002913
FOR: **BBC PROFESSIONALS**



STATEMENT OF FINANCIAL POSITION

		IFRS				
		As at 31 December				
Notes	2015	2014	2013	2012	2011	
	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	
ASSETS EMPLOYED						
ASSETS						
Cash in hand and balances with CBN	4	115,924	174,760	96,901	63,622	36,810
Due from banks	5	68,799	67,330	85,601	33,879	53,695
Pledged financial assets	6	69,338	78,751	79,772	57,412	49,700
Loans and advances to customers	7	338,726	371,246	321,744	229,421	162,063
Investment securities:						
- Held for trading	8(a)	4,693	1,949	2,201	1,999	-
- Available-for-sale	8(b)	119,479	49,039	19,496	16,858	3,233
- Held to maturity	8(c)	45,360	45,582	76,124	155,936	169,243
Other assets	9	13,903	14,137	9,317	6,132	13,258
Deferred tax assets	10	6,971	6,971	6,971	6,971	6,971
Property, plant and equipment	11	15,258	13,952	9,069	7,793	8,931
Intangible assets	12	1,000	821	601	203	143
Total Assets		799,451	824,539	707,797	580,226	504,048
LIABILITIES						
Deposit from banks	13	-	-	-	3,119	17,744
Deposit from customers	14	590,889	655,944	570,511	463,726	392,050
Current income tax liabilities	15.2	780	1,802	1,112	803	678
Other liabilities	16	47,367	32,143	29,358	31,015	20,655
Debt securities issued	17	4,564	4,564	4,564	4,564	4,562
Other borrowed funds/Long-term borrowing	18	60,286	45,371	38,795	30,356	27,301
Total Liabilities		703,886	739,824	644,339	533,584	462,991
EQUITY						
Share Capital	19	14,395	14,395	10,796	7,852	7,852
Share Premium	20	42,759	42,759	27,872	18,690	18,690
Retained earnings	21	10,042	5,754	7,786	6,019	2,781
Equity reserves	22	28,369	21,807	17,004	14,082	11,735
Total Equity		95,566	84,715	63,458	46,642	41,057
Total Liabilities and Equity		799,451	824,539	707,797	580,226	504,048

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		IFRS				
		For the years ended 31 December				
Notes	2015	2014	2013	2012	2011	
	N'm	N'm	N'm	N'm	N'm	
Gross Earnings		110,194	103,677	91,743	68,857	45,698
Interest income	23	80,909	77,932	69,973	53,542	32,276
Interest expense	24	(41,367)	(34,915)	(34,160)	(29,648)	(15,573)
Net interest income		39,542	43,017	35,813	23,894	16,703
Fee and commission income	25	15,522	16,133	14,564	9,958	6,442
Net trading income	26	10,650	6,765	3,714	1,553	922
Other operating income	27	3,113	2,847	3,492	3,804	6,059
Income from investments.....	28	-	-	-	-	2,042
Operating income		68,827	68,762	57,583	39,209	32,168
Impairment (charge)/reversal.....	29	(8,151)	(7,389)	(8,259)	243	(6,034)
Net operating income after impairment		60,675	61,373	49,324	39,452	26,133
Personnel expenses	30	(12,101)	(12,031)	(10,267)	(9,393)	(6,568)
Depreciation and amortisation	11/12	(3,865)	(3,140)	(2,694)	(2,568)	(1,525)
Other operating expenses	31	(11,874)	(10,110)	(8,378)	(19,991)	(12,400)
General and administrative expenses.....	32	(16,229)	(19,794)	(14,042)	-	-
Other property, plant and equipment cost.....	33	(5,590)	(5,551)	(4,632)	-	-
Total expenses		(49,659)	(50,625)	(40,013)	(31,952)	(20,493)
Profit on ordinary activities before tax		11,016	10,748	9,310	7,500	5,640
Income tax expense.....	15.1	(724)	(1,743)	(1,035)	(546)	1,268
Profit for the year		10,293	9,005	8,275	6,954	6,909
Other Comprehensive income						
Other comprehensive income to be reclassified to profit/(loss) in subsequent periods:						
Fair value (loss)/gain on available-for-sale investments		1,154	(1,132)	(296)	149	(102)
Reclassification adjustment for (loss)/gain included in the income statement		1,132	296	(149)	99	-
Other comprehensive income for the year, net of tax		2,285	(836)	(445)	248	(102)
Total comprehensive income for the year, net of tax		12,578	8,169	7,830	7,201	6,806
Profit attributable to:						
Equity holders of the Bank		10,293	9,005	8,275	6,954	6,909
Total comprehensive attributable to:						
Equity holders of the Bank		12,578	8,169	7,830	7,201	6,806
Per 50k share data:						
Earnings per share (kobo)						
Basic		36	42	52	55	53
Adjusted		36	42	52	44	53

STATEMENT OF CASH FLOWS

		IFRS				
		For the year ended 31 December				
Notes	2015	2014	2013	2012	2011	
	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	
Operating activities						
Net cash flow from operating activities.....	56,328	187	(42,799)	(14,233)	(10,910)	
Income tax paid.....	15.2 (1,636)	(942)	(633)	(346)	(194)	
VAT paid.....	-	-	(520)	(300)	(184)	
Net cash flows from operating activities.....	54,692	(755)	(43,953)	(14,879)	(11,288)	
Investing activities						
Proceeds from disposal of property, plant and equipments.....	1,470	101	1,875	1,953	118	
Purchase of property, plant and equipment.....	11 (5,037)	(7,962)	(3,938)	(3,195)	(1,443)	
Acquisition of intangible assets.....	12 (470)	(397)	(527)	(138)	(16)	
Dividend received.....	103	122	-	-	-	
Sales/(purchase) of investment securities held to maturity	-	-	18,486	(2,629)	23,459	
Redemption of investments.....	-	-	58,803	-	-	
Purchase of investment in unquoted equities.....	(72,716)	(32,501)	-	-	-	
Proceeds from disposal of investment/trading properties	285	33,710	-	-	-	
Proceeds from disposal of subsidiaries.....	-	-	-	-	4,742	
Cash acquired from business combination.....	-	-	-	-	18,471	
Fair value measurement on loss/gain on investment.....	-	(1,132)	-	-	-	
Net cash flows from investing activities.....	(76,367)	(8,060)	74,700	(4,009)	45,332	
Financing activities						
Proceeds from long term borrowings.....	15,293	11,271	10,490	4,531	3,382	
Proceeds from Private Placements.....	-	19,073	-	-	-	
Cost of issuance of Private Placements.....	-	(587)	-	-	-	
Repayments of borrowed funds.....	(3,407)	(4,695)	(2,052)	(1,476)	(1,056)	
Proceeds from rights issue.....	-	-	12,126	-	-	
Issuance of debenture stock.....	-	-	-	-	4,562	
Dividend paid to equity holders.....	21 (1,727)	(5,398)	(3,141)	(1,570)	-	
Net cash flows from financing activities.....	10,159	19,665	17,424	1,484	6,888	
Effect of exchange rate changes on cash and cash equivalents.....	3,058	614	(59)	-	-	
Net (decrease)/increase in cash and cash equivalents.....	(11,514)	10,850	48,171	(17,404)	40,932	
Cash and cash equivalents at 1 January.....	108,769	97,305	49,194	66,597	25,666	
Cash and cash equivalents at 31 March/31 December....	35 100,313	108,769	97,305	49,194	66,597	

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Translation Reserve	Revaluation Reserve	Fair value Reserve	Share Capital Reserve	Regulatory risk reserve	SMEEIS reserves	Other Regulatory reserves	Retained Earnings	Total
<i>For the Year Ended 31 December, 2015</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
Balance at 1 January, 2015	14,395	42,759	-	-	(1,132)	5,276	3,881	235	13,547	5,754	84,715
Comprehensive income for the year:											
Profit for the period	-	-	-	-	-	-	-	-	-	10,293	10,293
Other comprehensive income, net of tax:											
Net changes in fair value of available for sale investment securities	-	-	-	-	2,285	-	-	-	-	-	2,285
Transactions with equity holders, recorded directly in equity:											
Dividends to equity holders	-	-	-	-	-	-	-	-	-	(1,727)	(1,727)
Additions during the year	-	-	-	-	-	-	-	-	-	-	-
Share issuance cost	-	-	-	-	-	-	-	-	-	-	-
Transfer to/from other reserves	-	-	-	-	-	-	1,189	-	3,088	(4,277)	-
Balance at 31 December, 2015	14,395	42,759	-	-	(1,134)	5,276	5,070	235	16,635	10,042	95,566
	Share Capital	Share Premium	Translation Reserve	Revaluation Reserve	Fair value Reserve	Share Capital Reserve	Regulatory risk reserve	SMEEIS reserves	Other Regulatory reserves	Retained Earnings	Total
<i>For the Year Ended 31 December, 2014</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
Balance at 1 January, 2014	10,796	27,872	-	-	(296)	5,276	944	235	10,845	7,786	63,458
Comprehensive income for the year:											
Profit for the year	-	-	-	-	-	-	-	-	-	9,005	9,005
Other comprehensive income, net of tax:											
Net changes in fair value of available for sale investment securities	-	-	-	-	(836)	-	-	-	-	-	(836)
Transactions with equity holders, recorded directly in equity:											
Dividends to equity holders	-	-	-	-	-	-	-	-	-	(5,398)	(5,398)
Additions during the year	3,599	15,475	-	-	-	-	-	-	-	-	19,073
Share issuance cost	-	(587)	-	-	-	-	-	-	-	-	(587)
Transfer to regulatory reserves	-	-	-	-	-	-	2,937	-	2,701	(5,639)	-
Balance at 31 December, 2014	14,395	42,759	-	-	(1,132)	5,276	3,881	235	13,547	5,754	84,715

HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

	Share Capital	Share Premium	Translation Reserve	Revaluation Reserve	Fair value Reserve	Share Capital Reserve	Regulatory risk reserve	SMEEIS reserves	Other Regulatory reserves	Retained Earnings	Total
For the Year Ended 31 December, 2013	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
Balance at 1 January, 2013	7,852	18,690	-	486	149	5,276	59	235	7,877	6,019	46,642
Comprehensive income for the year:											
Profit for the year	-	-	-	-	-	-	-	-	-	8,275	8,275
Other comprehensive income, net of tax:											
Net changes in fair value of available for sale investment securities	-	-	-	-	(445)	-	-	-	-	-	(445)
Transactions with equity holders, recorded directly in equity:											
Dividends to equity holders	-	-	-	-	-	-	-	-	-	(3,141)	(3,141)
Transfer to regulatory reserves	-	-	-	-	-	-	885	-	2,482	(3,367)	-
Reclassification	-	-	-	(486)	-	-	-	-	486	-	-
Additions from Right issue	2,944	9,527	-	-	-	-	-	-	-	-	12,471
Right issuance cost	-	(345)	-	-	-	-	-	-	-	-	(345)
Balance at 31 December, 2013	10,796	27,872	-	-	(296)	5,276	944	235	10,845	7,786	63,458
For the Year Ended 31 December, 2012	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
Balance at 1 January, 2012	7,852	18,690	46	486	(99)	5,276	-	235	5,791	2,781	41,057
Comprehensive income for the year:											
Profit for the year	-	-	-	-	-	-	-	-	-	6,954	6,954
Other comprehensive income, net of tax:											
Net changes in fair value of available for sale investment securities	-	-	-	-	248	-	-	-	-	-	248
Transactions with equity holders, recorded directly in equity:											
Dividends to equity holders	-	-	-	-	-	-	-	-	-	(1,570)	(1,570)
Transfer to regulatory reserves	-	-	(46)	-	-	-	59	-	2,086	(2,145)	(46)
Balance at 31 December, 2012	7,852	18,690	-	486	149	5,276	59	235	7,877	6,019	46,642

HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

	Share Capital	Share Premium	Translation Reserve	Revaluation Reserve	Fair value Reserve	Share Capital Reserve	Regulatory risk reserve	SMEEIS reserves	Other Regulatory reserves	Retained Earnings	Total
<i>For the Year Ended 31 December, 2011</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
Balance at 1 January, 2011	6,282	12,314	46	486	3	5,276	1,219	235	3,718	(2,055)	27,524
Comprehensive income for the year:											
Profit for the year	-	-	-	-	-	-	-	-	-	6,909	6,909
Other comprehensive income, net of tax:											
Net changes in fair value of available for sale investment securities	-	-	-	-	(102)	-	-	-	-	-	(102)
Transactions with equity holders, recorded directly in equity:											
Arising from business combination	1,570	6,376	-	-	-	-	-	-	-	-	7,946
Transfers	-	-	-	-	-	-	(1,219)	-	2,073	(2,073)	(1,219)
Balance at 31 December, 2011	7,852	18,690	46	486	(99)	5,276	-	235	5,791	2,781	41,057

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies**1.1 Statement of Compliance**

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The non-interest banking activities of the Bank are guided by regulations issued by the Central Bank of Nigeria and the accounting framework is in line with the accounting and sharia standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

The financial statements have been prepared on a historical cost basis, except for available-for-sale investments, financial assets and liabilities held for trading, all of which have been measured at fair value.

The financial Statements are presented in Nigerian Naira and all the values are rounded to the nearest million except when otherwise indicated.

a. Presentation of financial statements

The Bank presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within twelve months after reporting date (current) and more than twelve months after the reporting date (non-current) is presented in the financial statements.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the profit or loss unless required or permitted by any IFRS accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank.

Summary of significant accounting policies

The following are the significant accounting policies applied by the Bank in preparing its financial statements:

1.2.1 Interest income and interest expense

For all financial instruments measured at amortised cost, interest bearing financial assets classified as available for sale, interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses.

The calculation of the effective interest rate takes into account contractual terms which includes prepayment options, claw-back, contractual fees and points paid or received, transaction costs and discounts or premium that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the statement of comprehensive income include:

- interest on financial assets and liabilities measured at amortised cost calculated on an effective interest rate basis; and
- interest on available for sale investment securities calculated on an effective interest basis.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Non-interest income and non-interest expenses**Sharia Income**

Included in interest income and expense are sharia income and expense. The Bank's income as a fund manager (mudharib) consists of income and expense from Mudaraba and Hajj transactions, income from profit sharing of sukuk and Mudaraba financing and other operating income.

Mudaraba income by deferred payment or by installment is recognised during the period of the contract based on effective method (annuity).

Profit sharing income from Mudaraba is recognised in the period when the rights arise in accordance with agreed sharing ratio, and the recognition based on projection of income is not allowed.

1.2.2 Fees and Commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management and other fiduciary activity fees, sales commission, placement fees and syndication fees are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expense relates mainly to transaction and services fees, which are expensed as the services are received.

1.2.3 Net Trading Income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, dividends and foreign exchange differences.

1.2.4 Dividend Income

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividends on trading equities are reflected as a component of net trading income. Dividend income on available-for-sale securities is recognised as a component of other operating income.

1.2.5 Lease Payments

Payments made under operating leases are recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expenses, over the term of the lease. Minimum lease payments made under finance are apportioned between the finance lease expenses and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining term balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining terms of the lease when the lease adjustment is confirmed.

1.2.6 Taxes

Tax expenses comprises current and deferred tax. Current tax and deferred are recognised in the profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax is the expected tax payable on taxable income or loss for the year determined in accordance with the Companies Income Tax Act (CITA), using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

ii. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences:

- the initial recognition of goodwill;
- the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects profit or loss; and
- deferred tax is measured at the tax rates that are expected to be applied to the temporary difference when they have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Unrecognised deferred tax assets are reviewed at each reporting date and are recognised to the extent that it is probable that future taxable profits will be available against which can be used.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rate (and tax laws) that have been enacted or substantively enacted at the reporting date.

Tax assessments are recognised when assessed and agreed to by the Bank with the tax authorities, or when appealed, upon receipt of the results of the appeal.

1.2.7 Financial assets and liabilities

Below are the classes of items in the statement of financial position that are categorised under the financial assets and liabilities:

i. Initial Recognition

The Bank initially recognises cash and cash balances, loans and advances, deposits, debt securities issued and liabilities on the date that they originated. All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the the market place.

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value net of transaction costs except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

ii. Subsequent Measurement

Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classification:

1. Financial assets held at fair value through profit or loss

This category has two sub-categories, financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as trading if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as trading unless they are designated as effective hedging instruments.

Financial assets may be designated at fair value through profit or loss when:

- the designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on different basis; or
- group of financial assets is managed and its performance evaluated on a fair value basis.

Subsequent to initial recognition, the fair values are re-measured at each reporting date. All gains or losses arising from changes therein are recognised in the profit or loss "net trading income" for trading assets and for financial assets designated at fair value through profit or loss at inception.

Interest earned and dividends received while holding trading assets at fair value through profit or loss are included in net trading income. Trading assets are not reclassified subsequent to their initial recognition.

2. Available for sale

Available-for-sale investment are non-derivate investments that were designated by the Bank as available-for-sale or are not classified as another category of financial assets, or strategic capital investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Unquoted equity securities whose fair value cannot reliably be measured were carried at cost. All other available-for-sale investments were carried at fair value.

Interest income on available-for-sale debt instrument is recognised in profit or loss using the effective interest method. Dividend income is recognised in the profit or loss when the Bank becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss. Other fair value changes are recognised in other comprehensive income until the investment is sold or impaired, where upon the cumulative gains and losses previously recognised in other comprehensive income are reclassified to profit or loss as a reclassification adjustment.

A non-derivative financial asset may be reclassified from the available-for-sale category to the loans and receivables category if it otherwise would have met the definition of loans and receivables and if the Bank has the intention and ability to hold that financial asset for the foreseeable future or until maturity.

3. Held-to-maturity

Held-to-maturity investments are non-derivative assets with fixed determinable payments and fixed maturities that the Bank has the positive intent and ability to hold to maturity.

Held-to-maturity investments are carried at amortised cost, using the effective interest method. A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available-for-sale, and would prevent the Bank from classifying investment securities as held-to-maturity for the current and the following two years. However, sales and reclassification in any of the following circumstances would not trigger a reclassification:

- sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- sales or reclassification after the Bank has collected substantially all of the asset's original principal; and
- sales or reclassifications attributable to non-recurring isolated events beyond the Bank's control that could not have been reasonably anticipated.

4. Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

Loans and advances include loans granted to customers and corporate entities.

iii. Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

iv. Day 1' profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a Day 1 profit or loss) in net trading income. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the profit or loss when the inputs become observable, or when the instrument is derecognised.

v. Derecognition of financial instrument

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e removed from the statement of financial position) when:

The rights to receive cash flows from the asset have expired, or

The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Bank has transferred substantially all the risks and rewards of the asset, or (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risk and rewards of the asset, nor transferred control of the asset, the Bank continues to recognise the transferred asset to the extent of the Bank's continuing involvement. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Bank enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all risks or rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of the financial position. In transactions where the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.

The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

vi. Due from banks and loans and advances

Due from banks and loans and advances include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- those that the Bank intends to sell immediately or in the near term and those that the Bank, upon initial recognition, designates as at fair value through profit or loss;
- those that the Bank, upon initial recognition, designates as available for sale; and
- those for which the Bank may not recover substantially all of its initial investment, other than because of credit deterioration.

After initial measurement, amounts due from banks and loans and advances to customers are subsequently measured at amortised cost using the effective interest income (EIR), less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in Interest and similar income in the profit or loss. The losses arising from impairment are recognised in the statement of comprehensive income in impairment charges.

The Bank may enter into certain lending commitments where the loan, on draw-down, is expected to be classified as held for trading because the intent is to sell the loans in the short term. These commitments to lend are recorded as derivatives and measured at fair value through profit or loss.

Where the loan, on draw-down, is expected to be retained by the Bank, and not sold in the short term, the commitment is recorded only when it is an onerous contract that is likely to give rise to a loss (e.g. due to a counterparty credit event).

vii. Debts issued and other borrowed funds

Financial instruments issued by the Bank that are not designated at fair value through profit or loss, are classified as liabilities under debts securities issued and Other borrowed funds, where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, debts securities issued and other borrowed funds are subsequently measured at amortised cost using the effective interest rate (EIR). Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

viii. Securities lending and borrowing

Securities lending and borrowing transactions are usually collateralised by securities or cash. The transfer of the securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability.

Securities borrowed are not recognised on the statement of financial position, unless they are then sold to third parties, in which case the obligation to return the securities is recorded as a trading liability and measured at fair value with any gains or losses included in net trading income.

Securities borrowed are recognised on the statement of financial position when the bank obtained substantially all of the risks and rewards associated with the security or the bank obtained control of the security. In addition, the obligation to return the security is recognised as trading liability when the security was not recognised, but was sold to a third party.

ix. Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Bank retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognised in the consolidated statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within cash collateral on securities lent and repurchase agreements, reflecting the transaction's economic substance as a loan to the Bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the EIR. When the counterparty has the right to sell or repledge the securities, the Bank reclassifies those securities in its statement of financial positions to financial assets held for trading pledged as collateral or to financial investments available for sale pledged as collateral, as appropriate.

Conversely, securities purchase under agreement to resell the security to the seller at a future date at an amount that is not the fair value at the date of the sale, are not recognised on the statement of financial position.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within cash collateral on securities borrowed and reverse repurchase agreements, reflecting the transaction's economic substance as a loan by the Bank. The difference between the purchase and resale prices is recorded in net interest income and is accrued over the life of the agreement using the EIR.

If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within financial liabilities held for trading and measured at fair value with any gains or losses included in Net trading income.

1.2.8 Impairment of Financial Assets

i. Assets carried at amortised cost

The Bank assesses at each reporting date whether there is objective evidence that a financial assets or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a 'loss event'), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The following factors are considered in assessing objective evidence of impairment:

- whether the customer is more than 90 days past due;
- the Bank consents to a restructuring of the obligation, resulting in a diminished financial obligation, demonstrated material forgiveness of debt or postponement of scheduled payments; or

- there is an observable data indicating that there is a measurable decrease in the estimated future cash flows of a group of financial assets, although the decrease cannot yet be identified with specific individual financial assets. The Bank first assesses whether objective evidence of impairments exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairments. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of interest and similar income.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less cost for obtaining and selling the collateral, whether or not foreclosure is probable. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Bank's grading process which considers asset type, industry, geographic location, collateral type, past due status and other relevant factors).

These characteristics are relevant to the estimation of future cash flows for groups of such assets being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a groups of financial assets that are collectively evaluated for impairment are estimated on the basis of the historical loss experience for assets with credit risks characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

To the extent a loan is irrecoverable, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off would be recognised as other income in the income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

ii. Available-for-sale financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred.

Where an available-for-sale asset, which has been re-measured to fair value directly through equity is impaired, the impairment loss is recognised in profit or loss. If any loss on the financial asset was previously recognised directly in equity as a reduction in fair value, the cumulative net loss that had been recognised in equity is transferred to profit or loss and is recognised as part of the impairment loss. The amount of the loss recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss.

If, in a subsequent period, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised in the income statement, where the instrument is a debt instrument, impairment loss is reversed through profit or loss. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through profit or loss but accounted for directly in equity.

iii. Renegotiated loans

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original effective interest rate (EIR) as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews

renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

iv. Collateral valuation

The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets such as netting agreements. The fair value of collateral is generally assessed, at a minimum, at inception and then revalued on periodic basis as deemed necessary; however, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Bank uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, housing price indices, audited financial statements, and other independent sources.

1.2.9 Cash and Cash equivalents

Cash and cash equivalents include notes and coins in hand, unrestricted balances held with Central Bank, operating accounts with other Banks, amounts due from other Banks and highly liquid financial assets with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost.

1.2.10 Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When parts of an item or property or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property, plant and equipment, and is recognised in other income/other expenses in profit or loss.

ii. Subsequent costs

The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow to the Bank and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii. Depreciation

Depreciation is recognised in profit or loss on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 Non-current assets held for sale and discontinued operations. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

The estimated useful lives for property, plant and equipment are as follows:

Leasehold land	over the lease period
Leasehold buildings	50 years
Computer equipment	3 years
Furniture, fittings and equipment	5 years
Motor vehicles	4 years
Leasehold improvements	10 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if applicable.

iv. De-recognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of the asset is derecognised.

1.2.11 Intangible assets

Software

Software acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses. Expenditure on internally developed software is recognised as an asset when the Bank is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefit, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefit embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is five years. Amortisation method, useful lives, and residual values are reviewed at each financial year end and adjusted if appropriate.

Research and development costs

Research costs are expensed as incurred. Development expenditure on an individual project are recognised as an intangible asset when the bank can demonstrate:

The technical feasibility of completing the intangible asset so that the asset will be available for use.

- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in profit or loss. During the period of development, the asset is tested for impairment annually.

1.2.12 Leased assets

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Bank as a Lessee

Leases that do not transfer to the Bank substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which they are incurred.

Bank as a Lessor

Leases where the Bank does not transfer substantially all of the rights and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

1.2.13 Impairment of non-financial

The carrying amounts of the Bank's non-financial assets other than goodwill and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment, if any such indication exist then the asset's recoverable amount is estimated.

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The recoverable amount of an assets or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In respect of other assets, impairment losses recognised in prior period are assessed at each reporting date for any indications that the loss has decrease or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.2.14 Provisions

A provision is recognised if, as a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Bank has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating cost are not provided for.

A provision for onerous contract is recognised when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligation under the contract, The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognised any impairment loss on the assets associated with that contract.

1.2.15 Financial guarantee contracts

Financial guarantee are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the term of a debt instrument.

Financial guarantee liabilities are initially recognised at their fair value, which is the amount received and then amortised over the life of the financial guarantee. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of the present value of any expected payment, when a payment under the guarantee has become probable and amount initially recognised less when appropriate cumulative amortisation recognised in accordance with IAS 18. Crystallised financial guarantee are included within other liabilities.

1.2.16 Employee Benefits

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amount. Obligation for contributions to defined contribution plans are recognised as an employees benefit expenses in profit or loss in the period during which the services are rendered by employee. Prepaid contributions are recognised as an assets to the extent that a cash refund or a reduction in future payment is available. Contribution to a defined contribution plan that is due more than twelve month after the end of the period in which the employees render the service are discounted to their present value at the reporting date.

The Bank operates a funded defined contribution retirement benefit scheme for its employees under the provision of the Pension Reform Act 2014. The employer and the employee contribution are 10% and 8%, respectively of the qualifying employee's salary. Obligations in respect of the Bank's contribution to the scheme are recognised as an expenses in the profit or loss account on an annual basis.

ii. Short-term benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

1.2.17 Contingencies

i. Contingent asset

Contingent assets is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent assets is disclosed when a flow of economic benefit is probable. When the realisation of income is virtually certain, then the related assets is not contingent and its recognition is appropriate. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

ii. Contingent liability

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liability is disclosed unless the possibility of outflow of resources embodying economic benefits is remote. A provision for the part of the obligation for which an outflow of resources embodying economic benefit is probable is recognised, except in the extremely rare circumstance where no reliable estimate can be made.

Contingent liabilities are assessed continually to determine whether an outflow of economic benefit has become probable.

1.2.18 Share Capital

i. Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

ii. Share premium

Any excess of the fair value of the consideration received over par value of shares issued is recognised as share premium

iii. Dividend on ordinary shares

Dividends on the Bank's ordinary shares are recognised in equity in the period in which they are approved and declared by the Bank's shareholders.

iv. Treasury Shares

Where the Bank purchase its share capital, the consideration paid is deducted from the shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or re issued, any consideration received is included in shareholders' equity.

1.2.19 Equity Reserves

ii. Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of available for sale investment is derecognised or impaired.

iii. Share capital reserve

The share capital reserve represents the surplus nominal value of the share of the Bank which were reconstructed in June 2006 after the merger.

iv. Regulatory risk reserve

The regulatory risk reserve warehouses the difference between the impairment on loans and advances computed based on the Central Bank of Nigeria Prudential Guidelines compared with the incurred loss model used in calculating the impairment under IFRS.

v. SMEEIS reserve

The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirements that all licensed Banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium-scale enterprises.

vi. Statutory reserve

This represents regulatory appropriation to statutory reserves of 30% of profit after tax if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital.

1.2.20 Earnings per Share

The Bank presents basic and diluted earnings per shares (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

1.2.21 Segment reporting

An operating segments is a component of the Bank that engages in business activities from which it can earn revenue and incur expenses, including revenue and expenses that relate to transaction with any of the Bank's other components, whose operating results are reviewed regularly by the Bank's Management Committee (being the chief operating

decision maker) to make decision about resources allocated to each segment and access it's performance, and for which discrete financial information is available. The Bank segment reporting is based on the following operating segment: Corporate Banking, Retail/Commercial Banking, Treasury and Non-interest Banking.

1.2.22 Foreign Currency Translation

The Bank's functional and presentation currency is Nigerian Naira (N). Transactions in foreign currencies are initially recorded at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the spot rate of the exchange at the reporting date. Differences arising translation of monetary items are recognised in other operating income in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are related using the spot exchange rates as at the date of recognition. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

1.2.23 Pledged Financial Assets

Financial assets pledged as collateral are classified separately from other assets when the counterparty has the right to sell or re-pledge the collateral (by custom or contract) and so financial assets held for trading and as available-for-sale are shown separately in the statement of financial position if they can be sold or pledged by the transferee.

Financial investments available for sale pledged as collateral are measured at fair value while financial investments held to maturity are measured at amortised cost.

1.2.24 Fair value definition and measurement

The Bank measures financial instruments fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- level 1- quoted(unadjusted) market prices in active markets for identical assets or liabilities
- level 2- valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- level 3- valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

1.2.25 Non-interest banking

Brief explanation of each type of sharia financing is as follows:

Mudharabah financing is a co-operation for certain projects between a first party (malik, shahibul mal or subsidiary) as owner of a fund and a second party (amil, mudharib or debtors) as fund manager whereas the profit sharing will be shared in accordance with the percentage stated in the agreement; meanwhile losses will be borne by the Bank except if the second party does negligence, error or violate the agreement. Mudharabah financing is stated at the outstanding financing balance less allowance for possible losses. Ijarah receivables are the financing on the availability of funds in relation to transferring to the right to use and benefit of a good and service based on a rental transaction which was not followed by the transfer of good's ownership to the lessee. Ijarah muntahiyah bittamlik is an agreement on the availability of funds in relation to the transferring the use right and benefit of a goods or service based on rental transaction with an option to transfer the ownership title of goods to the lessee. Ijarah receivables are recognised at the due date at the amount of it lease income not yet received and presented at its net realisable value, which is the outstanding balance of the receivables.

Loan are classified as financial assets in loan and receivables.

i. Deposit liabilities

Deposit liabilities on non-interest banking are classified as financial liabilities at amortised cost. Incremental costs directly attributable to acquisition of deposits on non-interest banking are included in the amount of deposits and amortised over the expected life of the deposits.

Included in deposits liabilities are non-interest banking deposits in form of hajj deposits, trust deposits and certificate Mudharabah Investment Bank (SIMA). SIMA is an investment certificate issued by the bank which adopts profit sharing practice and in form of placement. SIMA financing period ranges from one to six months.

2. Significant accounting judgements, estimates and assumptions

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the accompanying disclosure, as well as the disclosure of contingent liability about these assumptions and estimates could result in outcome that require a material adjustment to the carrying amount of assets and liabilities affected in future periods. Management discusses with the Audit Committee development, selection and disclosure of the Bank's critical accounting policies and estimates and the application of these policies and estimates.

Estimates and assumptions

The Key assumption concerning the future and other key sources of estimation uncertainly at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below. The Bank based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumption about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

i. Going concern

The Bank's Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in the business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, financial statements continue to be prepared on the going concern basis.

ii. Allowances for impairment of loans and advances

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy note 2.2.8. The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon Management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, Management makes judgements about a counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the work out strategy and estimate of cash flows considered recoverable are independently approved by the credit committee. Collectively assessed impairment assessed impairment allowances cover credit losses inherent in portfolios of loans with similar economic characteristics when there is objective evidence to suggest that they contain impaired loans, but the individual impaired items cannot yet be identified. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimate of future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances are made.

iii. Fair value of financial instruments

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of techniques as described in accounting policy note 2.2.24. For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

iv. Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that the future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax that can be recognised; based upon the likely timing and level of future taxable profits, together with future tax-planning strategies. Tax losses can be used indefinitely. See note 14 for further information on judgements and estimates relating to deferred tax assets.

Judgements

Judgement are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Bank's accounting policies, Management has made the following judgements, which have significant effect on the amount recognised in the financial statements.

i. Depreciation and carrying value of property, plant and equipment

The estimation of the useful lives of assets is based on Management's judgement. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on the carrying value of these items.

ii. Determination of impairment of property, plant and equipment, and intangible assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, Management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Bank applies the impairment assessment to its separate cash-generating units. This requires Management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash-generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

iii. Determination of collateral value

Management monitors market value of collateral in a regular basis. Management uses its experienced judgement or independent opinion to adjust the fair value to reflect the current circumstances. The amount and collateral required depend on the assessment of credit risk of the counterparty. The fair value of collateral is generally assessed, at a minimum, at inception and based on the bank's quarterly reporting schedule, however some collateral, for example, cash or securities relating to margin requirements, is valued daily. To the extent possible, the Bank uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, housing price indices, audited financial statements, and other independent sources.

iv. Deferred tax asset

Management uses its experienced judgement in not recognising additional deferred tax assets. The amount of those items that give rise to the unrecognised deferred tax asset are disclosed in the financial statements.

3. New standards and interpretation not yet adopted

New standards have been issued but are not yet effective for the year ended 31 December 2015; thus, it has not been applied in preparing these financial statements. The Bank intends to adopt the standards below when they become effective.

3.1 IFRS 15 Revenue from contracts with Customers

IFRS 15 Revenue from contracts with Customers replaces IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations. IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets, such as property or equipment. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligation; changes in contract asset and liability account balances between periods; and key judgements and estimates. This will be effective from 1 January 2018. The Bank is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

3.2 IFRS 14 Regulatory Deferral Accounts

The International Accounting Standards Board (IASB) issued IFRS 14 Regulatory Deferral Accounts to ease the adoption of International Financial Reporting Standards (IFRS) for rate-regulated entities. The standard allows an entity to continue applying most of its existing accounting policies for regulatory deferral account balances upon adoption of IFRS. This standard provides first-time adopters of IFRS with relief from derecognising rate regulated assets and liabilities until a comprehensive project on accounting for such assets and liabilities is completed by the IASB. The effective date is 1 January 2016. This standard will not have impact on the Bank since it is an existing IFRS preparer.

3.3 IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets prohibiting the use of revenue-based amortisations methods for fixed assets and limiting the use of revenue-based amortisation methods for intangible assets. The amendments are effective prospectively. The effective date is 1 January 2016. This amendment will not have impact on the Bank.

3.4 IAS 16 and IAS 41 Accounting for bearer plants

IAS 41 Agriculture currently requires all biological assets related to agricultural activity to be measured at fair value less costs to sell. This is based on the principle that the biological transformation that these assets undergo during their life span is best reflected by fair value measurement. However, there is a subset of biological assets, known as bearer plants, which are used solely to grow produce over several periods. At the end of their productive lives

they are usually scrapped. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. The IASB decided that the bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16 Property, Plant and Equipment, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. This amendment will not have impact on the Bank.

3.5 IFRS 9 Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous version of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Bank's financial assets, but no impact on the classification and measurement of the Bank's financial liabilities. The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and business model under which they are held. The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting.

3.6 Amendments to IFRS 11 Joint Arrangements: accounting for acquisitions of interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Bank.

3.7 Amendments to IAS 27: equity method in separate financial statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Bank as it is not a parent.

3.8 IFRS 10, IFRS 12 and IAS 28: investment entities applying the consolidation exception- amendments to IFRS 10, IFRS 12 and IAS 28

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption (in IFRS 10.4) from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment equity associate or joint venture to its interests in subsidiaries. This amendment is effective for annual periods beginning on or after 1 January 2016. It is not expected that this amendment would be relevant to the Bank.

3.9 IFRS 10 and IAS 28: sale or contribution of assets between an investor and its associate or joint venture- amendments to IFRS 10 and IAS 28

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3 Business Combinations, between an investor and its associate or joint venture is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated

investors' interests in the associate or joint venture. This amendment is effective for annual periods beginning on or after 1 January 2016. It is not expected that this amendment would be relevant to the Bank.

3.10 IAS 1: disclosure initiative- amendments to IAS 1

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- the materiality requirements in IAS 1;
- that specific line items in the statement(s) of profit or loss and OCI and the statement of financial position maybe disaggregated;
- that entities have flexibility as to the order in which they present the notes to financial statements; and
- that the share of OCI of associates and joint ventures accounted for using the equity method.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income.

This amendment is effective for annual periods beginning on or after 1 January 2016. It is not expected that this amendment would be relevant to the Bank.

IFRS 16 leases

The International Accounting Standard Board (IASB or Board) issued IFRS 16 Leases on 13 January 2016. The new standard requires lessees to recognise assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 Leases.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from contracts with customers, has been applied or is applied at the same date as IFRS 16. It is not expected that this amendment would be relevant to the Bank.

IAS 12 Income Taxes- Amendment to Recognition of Deferred Tax Assets for Unrealised Losses

The amendments to IAS 12 clarifies how to account for deferred tax assets related to debt instruments measured at fair value. The amendment was issued 19 January 2016. The standard clarifies the requirements on recognition of deferred tax asset for unrealized losses.

Entities are required to apply the amendments for annual periods beginning on or after 1 January 2017. Earlier application is permitted. Management is assessing what the likely impact will be on the Bank. The accounting policies adopted in the preparation of the 2015 financial statements are consistent with those followed in the preparation of the Bank's 2014 financial statements. The new standards and improvement did not have any impact on the financial statements of the Bank.

Improvement to IFRSs

Amendments resulting from annual improvements to IFRSs to the following standards will not have any material impact on the accounting policies, financial position or performance of the Bank of the year. The annual improvements have an effective date of 1 July 2014.

Annual Improvements 2010-2012 cycle

- IFRS 2 Share-based Payment
- IFRS 3 Business Combinations
- IFRS 8 Operating Segments
- IAS 16 Property, Plant and Equipment
- IAS 38 Intangible Assets
- IAS 24 Related Parties

Annual Improvements 2011-2013 cycle

- IFRS 3-Business Combinations
- IFRS 13 Fair Value Measurement
- IAS 19-Defined benefit plan:Employee Contribution
- IAS 40 Investment Properties

Annual Improvements 2011-2013 cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments: Disclosures
- IAS 19 Employee Benefits
- IAS 34 Interim Financial Reporting

Segment Information

Segment Information is presented in present of the Bank's strategic business units which represents the segment reporting format and is based on the Bank's management and reporting structure.

- a. All non-current assets are located in the country of domicile and revenues earned are within same country.
- b. Reportable Segment

The Bank has four reportable segments: Retail Banking, Commercial Banking, Corporate Banking, Treasury and Non-Interest Banking, which are the Bank's strategic business units. The Strategic business units offer different products and services and are managed separately based on the Bank's management and internal reporting structure. For each of the strategic business units, the Executive Management Committee reviews internal management reports on a monthly basis.

The following summary describes the operations in each of the Bank's reportable segments:

- Corporate banking provides banking solutions to multinationals companies and other financial
- Retail and Comercial banking provides banking solutions to individuals, small businesses, partnerships and commercial entities among others.
- Treasury conducts the Bank's financial advisory and securities trading activities.
- Non-Interest banking provides solutions that are consistent with Islamic Laws and guided by Islamic [.]

All transactions between business segments are conducted on an arm's length basis, internal charges and tranfer pricing adjustments are reflected in the performance of each business.

The Executive Management Committe monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the financial statements.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2015(2014: none)

The activity of the segments are centrally financed, thus the cash flow for the Bank is presented in the Statement of cash flows.

The Bank re-aligned its reportable segment in 2015.

4. CASH IN HAND AND BALANCES WITH CBN

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	N'm	N'm	N'm	N'm	N'm
Cash and foreign monies	16,232	10,778	8,190	7,983	7,981
Unrestricted balances with Central Bank of Nigeria (CBN)	15,282	30,661	6,514	7,332	4,921
Deposits with the Central Bank of Nigeria	84,410	133,321	82,196	48,307	23,908
	115,924	174,760	96,901	63,622	36,810

Deposits with Central Bank of Nigeria represent mandatory reserve deposits and are not available for use in the Bank's day-to-day operations, it does not form part of cash and cash equivalents in the cashflow statement.

5. DUE FROM BANKS

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	N'm	N'm	N'm	N'm	N'm
Balance held with local banks	20,736	1,867	2,132	7,862	7,591
Money Market Placements	29,488	29,883	38,014	9,199	18,854
Balance held with banks outside Nigeria	18,575	35,581	42,455	16,818	28,039
Due from Central Bank of Nigeria	-	-	3,000	-	-
	68,799	67,330	85,601	33,879	54,483
Provision for doubtful bank balances	-	-	-	-	(788)
	68,799	67,330	85,601	33,879	53,695

Included in balances with banks outside Nigeria represents the Naira equivalent of foreign currency balances held on behalf of customers in respect of letters of credit. The corresponding liabilities are included in other liabilities. These balances are not available for the day-to-day operations of the Bank.

Money market placements are placement for varying periods between one day to three months, depending on the immediate cash requirements of the Bank and earning interest at the prevailing market rate.

6. PLEDGED FINANCIAL ASSETS

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	N'm	N'm	N'm	N'm	N'm
Treasury bills – AFS	4,570	7,786	15,090	-	5,794
Government bonds – HTM	30,581	51,275	54,100	47,662	42,346
Euro bonds - AFS	29,011	12,931	-	-	-
Other pledged assets	5,176	6,759	10,582	9,750	1,560
	69,338	78,751	79,772	57,412	49,700

The Bank pledges assets that are on its statement of financial position in various day-to-day transactions that are conducted under the usual terms and conditions applying to such agreements are:

- Pledged for clearing activities, as collection bank for government taxes and Interswitch electronic card transactions that are conducted under the usual terms and conditions applying to such agreements.
- Pledged as security for long term loan from Citibank International Plc, Goldman Sachs International, clearing activities with First Bank Plc and loan facility from Bank of Industry.
- Included in other pledged assets are cash collateral for letters of credit and visa card through Zenith Bank Plc. The deposit are not part of the funds used by the Bank for day-to-day activities.

7. LOANS AND ADVANCES

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	N'm	N'm	N'm	N'm	N'm
a. Loans and advances comprised:					
Loan to corporate entities and other organisations	314,117	357,854	300,329	208,005	153,515
Loans to individuals	40,358	23,071	28,336	28,126	17,953
	354,475	380,924	328,665	236,131	171,467
Less:					
Individual impairment allowance	(11,567)	(6,531)	(4,392)	(5,834)	(5,320)
Collective impairment allowance	(4,182)	(3,147)	(2,529)	(876)	(4,084)
	338,726	371,246	321,744	229,421	162,063

b. Classification of loans and advances by security

Cash	20,851	12,752	7,957	10,578	296
Secured against real estate	146,573	152,822	143,073	110,780	60,684
Stock/shares	4,137	5,487	4,333	7,989	1,626
Otherwise securities	116,327	161,414	131,943	106,784	108,860
Debentures	63,400	48,024	41,358	-	-
Unsecured	3,186	426	-	-	-
	354,475	380,924	328,665	236,131	171,467

c. Classification of loans and advances by category

Neither impaired nor past due	337,503	368,983	321,793	227,088	158,026
Past due but not impaired	1,710	2,087	1,405	2,026	5,214
Individually impaired	15,263	9,854	5,467	7,017	8,227
	354,475	380,924	328,665	236,131	171,467

The loans and advances are granted at different interest rates across the various products.

The Central Bank of Nigeria stipulates that provisions for loans recognised in the profit or loss account be determined based on the requirements of IFRS. The IFRS provision should be compared with provisions determined under prudential guidelines and the expected impact/changes in retained earnings should be treated as follows:

- Prudential impairment allowance is greater than IFRS allowance: transfer the difference from the retained earnings to a non-distributable regulatory risk reserve.
- Prudential impairment allowance is less than IFRS impairment allowance: the excess charges resulting should be transferred from the regulatory reserve account to the retained earnings to the extent of the non-distributable reserve previously recognised.

8. INVESTMENT SECURITIES

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
a. Held for trading (HFT)					
Government bonds	-	288	230	1,999	-
Treasury bills	4,693	1,661	1,971	-	-
	4,693	1,949	2,201	1,999	-
b. Available-for-sale (AFS)					
Government bonds	88,797	6,654	3,003	8,979	1,717
Equities securities	2,063	1,759	1,895	1,956	2,058
Euro bonds	6,421	1,076	1,069	4,604	-
Corporate bond	2,167	-	-	-	-
	99,447	9,490	5,967	15,540	3,776
Treasury bills	20,279	39,937	14,067	2,173	-
Impairment allowance on available-for-sale	(247)	(388)	(538)	(855)	(542)
	119,479	49,039	19,496	16,858	3,233

Unquoted available for sale equity securities are carried at cost because their fair value cannot be measured reliably. These are investments in other companies with a carrying cost of N2.1 billion (2014: N1.7 billion). There is no similar investment that the price can be reliably benchmarked because there is no active market.

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
c. Held to maturity					
Government bonds	44,057	43,914	41,000	149,995	153,048
Treasury bills	-	-	33,111	3,815	6,771
Corporate bonds	1,304	1,667	2,013	2,126	2,138
Sovereign debt note	-	-	-	-	7,286
	45,360	45,582	76,124	155,936	169,243
Total investment securities	169,532	96,571	97,821	174,792	172,476

9. OTHER ASSETS

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	N'm	N'm	N'm	N'm	N'm
Prepayments and other receivables	10,536	9,753	4,638	4,839	11,237
Prepaid staff cost	2,386	2,521	1,229	658	-
Stock of cheque books and administrative stationery	736	346	209	196	223
Employee benefit	-	-	-	-	605
Accounts receivable	1,297	5,896	7,400	2,288	2,705
	14,956	18,515	13,477	7,980	14,770
Impairment on other assets	(1,053)	(4,378)	(4,160)	(1,848)	(1,512)
	13,903	14,137	9,317	6,132	13,258

Included in prepayments are Bank premises rent and insurance.

10. DEFERRED TAX ASSETS

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	N'm	N'm	N'm	N'm	N'm
Deferred tax asset	6,971	6,971	6,971	6,971	6,971
	6,971	6,971	6,971	6,971	6,971

The Bank has an unutilised capital allowance of N11,405,624,589 (2014: N8,128,714,884), unused tax losses carried forward available of N13,404,143,421 (2014: N8,657,778,360) and deductible temporary difference of N112,519,823 (2014: N497,851,010) to be offset against future taxable profits. However, no deferred tax asset has been recognised in respect of these items due to uncertainties regarding the timing and amount of future taxable profits. There is no expiry date for the utilization of these items.

The Bank has been incurring taxable losses primarily because of the tax exemption on income on government securities. The provisions of the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order 2011 grant exemption to income from bonds and treasury bills from tax for a period of ten (10) years. The expiry date of the circular would be in year 2021 and this trend would continue until the expiration of the tax holiday. Thus, the Bank has applied caution by not recognising additional deferred tax assets which is not considered capable of recovery. The management's judgements is that the deferred tax recognised in the book is recoverable after the expiration of exemption granted on government securities. The Bank will have taxable profit upon this expiration.

11. PROPERTY, PLANT AND EQUIPMENT

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	N'm	N'm	N'm	N'm	N'm
Cost					
At 1 January	30,450	30,134	27,071	26,806	11,697
Acquired from business combination	-	-	-	-	13,841
Additions	5,037	7,962	3,938	3,195	1,633
Disposals	(1,214)	(7,646)	(875)	(2,929)	(365)
At 31 December	34,273	30,450	30,134	27,071	26,806
Accumulated depreciation					
At 1 January	16,498	21,065	19,278	17,875	7,429
Acquired from business combination	-	-	-	-	9,341
Charge for the year/period	3,573	2,962	2,566	2,491	1,428
Disposals	(1,057)	(7,529)	(779)	(1,087)	(324)
Adjustment/Reclassification	-	-	-	-	-
At 31 December	19,015	16,498	21,065	19,278	17,875
Carrying amount					
At 31 December	15,258	13,952	9,070	7,794	8,933

12. INTANGIBLE ASSETS

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	N'm	N'm	N'm	N'm	N'm
Cost					
At 1 January	1,886	1,972	1,445	1,307	875
Arising from business combination	-	-	-	-	508

HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

Additions	470	397	527	138	16
Disposals/Reclassification	-	(483)	-	-	(91)
At 31 December	2,356	1,886	1,972	1,445	1,307
Amortisation and impairment losses					
At 1 January	1,064	1,370	1,242	1,164	725
Arising from business combination	-	-	-	-	358
Amortisation for the year/period	292	177	129	77	97
Adjustment/Reclassification	-	-	-	-	(16)
Disposals	-	(483)	-	-	-
End of the period/year	1,356	1,064	1,370	1,242	1,164
Carrying amount					
At 31 December	1,000	821	601	203	143

13. DEPOSITS FROM BANKS

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
Money market	-	-	-	3,119	17,744
	-	-	-	3,119	17,744

14. DEPOSIT FROM CUSTOMERS

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
Term deposits	186,615	171,457	187,280	158,924	125,121
Savings accounts	41,728	32,643	25,405	20,698	18,464
Current accounts	361,706	447,637	355,850	284,104	248,465
Pledged deposits	841	4,207	1,976	-	-
	590,889	655,944	570,511	463,726	392,050

Pledged deposits represent contracted cash deposits with the Bank that are held as security for loans granted to customers by the Bank.

15. INCOME TAX

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
1. Current income tax					
Company income tax	614	1,619	942	471	253
Education tax	-	16	-	-	-
Capital gains tax	-	-	-	-	2
Information Technology levy	110	107	93	75	-
NITDA	-	-	-	-	34
	724	1,743	1,035	546	289
Deferred tax expense:					
Deferred tax credit	-	-	-	-	(1,557)
	724	1,743	1,035	546	(1,268)
2. Current income tax liabilities					
Balance at 1 January	1,802	1,112	803	678	368
Acquired from business combination	-	-	-	-	249
Income tax and education tax for the year	614	1,636	942	470	254
Excess provision no longer required	-	(3)	-	-	-
Payments during the year	(1,636)	(942)	(633)	(346)	(194)
Balance at 31 December	780	1,802	1,112	802	678

3. The Bank was assessed based on the minimum tax legislation for the year ended 31 December, 2015 (2014: 30% of 2013 dividend of N5,398,203,750 paid in 2014) in compliance with Section 33(2) of the Company Income Tax Act.

4. The basis of income tax for 2014 is 30% of N5,398,203,750 (2013: N3,140,772,886.20) for the year based on the dividend paid to shareholders in 2014 in respect of 2013 financial year results (2013 income tax was based on 30% of 2012 dividend of N3,140,772,886 paid in 2013). This is in compliance with Section 15A of the Company Income Tax Act which states that where there is no taxable profit or total profit is less than the amount of dividend paid, the company shall be charged as if the

dividend is the total profits of the company for the year of assessment to which the accounts, out of which dividend is declared relates.

The basis of the education tax is 2% charged on the assessable profit 2015:Nil (2014:N1,368,943,558). An education tax of 2% of assessable profits is imposed on all companies incorporated in Nigeria. This tax is viewed as a social obligation placed on all companies in ensuring that they contribute their own quota in developing educational facilities in the country. There was no Education tax for the year because the Bank had assessable loss.

5. The National Information Technology Agency Act (NITDA) 2007, stipulates that specified companies contribute 1% of their profit before tax to National Information Development Agency. In line with the Act, the Bank has provided for Information Technology levy at the specified rate.
6. The provisions of the Companies Income Tax (Exemption of Bonds and Short-term Government Securities) order, 2011 grants exemption to income from bonds and treasury bills from tax for a period of ten (10) years.
7. The Bank has been incurring taxable losses primarily because of the tax exemption on income on government securities. The provisions of the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 grants exemption to income from bonds and treasury bills from tax for a period of 10 years. The expiry date of the circular would be in year 2021 and this trend would continue until the expiration of the tax holiday. Thus the Bank has applied caution by not recognising additional deferred tax assets which is not considered capable of recovery. The management's judgement is that the deferred tax recognized in the book is recoverable after the expiration of exemption granted on Government securities. The Bank will have taxable profit upon this expiration.

16. OTHER LIABILITIES

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	N'm	N'm	N'm	N'm	N'm
Creditors and accruals	7,555	7,914	4,781	2,615	2,052
Certified cheques	5,841	7,442	5,526	10,602	9,500
Customers' deposits for foreign trade	3,066	6,819	11,221	13,066	2,027
Provisions	268	279	1,327	2,339	2,595
Information technology levy	110	107	93	75	74
Other credit balances	30,527	9,581	6,332	2,219	4,343
Defined contribution obligations	-	1	78	99	64
Payable after more than one year	47,367	32,143	29,358	31,015	20,655
Movement in provisions in other liabilities					
At 1 January	279	1,327	2,339	2,595	-
Additions	-	15	3,265	1,777	-
Payments	(11)	(1,063)	(4,278)	(2,033)	-
	268	279	1,327	2,339	-

- i. Other credit balances include mostly other pledged deposit of N6,827,841 and other cash collateral deposit of N14,575,308. It also includes upfront fees on financial guarantee contracts such as Advance Payment Guarantee and bid bond, etc. The upfront fees are amortised using the maturity date of the guarantees.
- ii. Provision for litigation: This is a provision for litigations and claims against the Bank as at 31 December, 2015. These claims arose in the normal course of business and are being contested by the Bank. The Directors, having sought advice of professional counsel, are of the opinion that this provision is adequate for liabilities that have crystallised from these claims. There is no expected reimbursement in respect of this provision.

17. DEBT SECURITIES ISSUED

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	N'm	N'm	N'm	N'm	N'm
Debt securities issued carried at amortised cost	4,564	4,564	4,564	4,564	4,562
	4,564	4,564	4,564	4,564	4,562

This represents N4.562 billion 7-year 13% subordinated unsecured non-convertible debenture stock issued by the Bank and approved on 19 December, 2011 and 30 December, 2011 by the Central Bank of Nigeria and the Securities and Exchange Commission, respectively. The Bank is obliged to pay the Trustee (Skye Bank Plc) interest semi-annually on the non-convertible debenture stock due 2018 until all the entire stock have been redeemed. The effective interest rate is 13.42% per annum.

18. OTHER BORROWED FUNDS/LONG-TERM BORROWING

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	N'm	N'm	N'm	N'm	N'm

HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

Due to Citi Bank International Plc	19,138	16,549	14,757	14,673	14,718
Due to Bank of Industry - Power and Aviation	1,148	1,487	6,605	8,657	9,878
Due to Bank of Industry - Manufacturing	3,049	5,708	-	-	-
Due to CBN - Agricultural fund	14,750	13,396	12,330	7,026	2,496
Due to Nexim	-	409	408	-	210
Due to Standard Chartered Bank	4,867	-	4,695	-	-
Due to CBN - MSME Fund	135	-	-	-	-
Due to Goldman Sachs International	8,261	7,822	-	-	-
Due to Islamic Corporation	5,972	-	-	-	-
Due to AFREXIM	2,966	-	-	-	-
	60,286	45,371	38,795	30,356	27,301

i. Due to Citi Bank International Plc

This represents the Naira equivalent of a USD95,000,000 facility initially granted to the Bank for general corporate purpose by Citibank International Plc payable in four years commencing October 2008 with interest due quarterly at LIBOR plus a margin of 475 basis points. The facility was renegotiated in 2013 to mature in September 2017 at a fixed rate of 6.2% annually. The loan is secured with pledged financial assets. The effective rate of the loans is 6.9% per annum. Principal shall be payable at maturity.

ii. Due to Bank of Industry (BOI) - Power and Aviation

This is a facility from Bank of Industry under the Central Bank of Nigeria N500 billion Intervention Fund for refinancing and restructuring of the Bank's existing loan portfolios to the Nigeria Power and Aviation sectors. This was made available to the Bank on 8 November, 2012. The facility is administered at an all-in interest rate/charge of 7% per annum payable on quarterly basis. The managing agent (BOI) shall be entitled to a 1% management fee and the Bank a 6% spread. Loans shall have a maximum tenure of 15 years and/or working capital facility of one year with provision for roll-over. The tenure of refinancing is 15 years not exceeding 31 July, 2025. The effective interest rate of the loan is 7.2% per annum. Principal and interest shall be payable quarterly.

iii. Due to Bank of Industry (BOI) – Manufacturing

This is a facility from Bank of Industry under the Central Bank of Nigeria N200 billion Intervention Fund for refinancing and restructuring of the Bank's existing loan portfolios to Nigeria SME/Manufacturing Sector. This was made available to the Bank on 30 May, 2014. The facility is administered at an all-in interest rate/charge of 7% per annum payable on quarterly basis. The managing agent (BOI) shall be entitled to a 1% management fee and the Bank a 6% spread. Loans shall have a maximum tenure of 15 years and/or working capital facility of one year with provision for roll-over. Principal and interest shall be payable quarterly.

iv. Due to CBN Agricultural Fund

Central Bank of Nigeria (CBN) in collaboration with the Federal Government of Nigeria (FGN) represented by the Federal Ministry of Agriculture and Water Resources (FMA & WR) established a Commercial Agricultural Credit Scheme (CACs) to promote commercial agricultural enterprises in Nigeria. The Bank obtained the loan on behalf of the customer at zero (0) percent to lend to the customer at 7% - 9% inclusive of management and processing fee. Repayment proceeds from CACS projects shall be repatriated to CBN on quarterly basis, all loans under the agriculture scheme is expected to terminate on 30 September, 2025.

v. Due to NEXIM

This represented a stocking facility of N400million granted by the Nigerian Export-Import Bank in favour of Armada International Limited. The facility matured on 5 February, 2015 and priced at an annual interest rate of 14% with quarterly interest repayment and bullet repayment of principal on maturity. Sterling Bank Plc was the Primary obligor of the facility and on maturity repaid NEXIM Bank through RTGS system. The effective interest rate of the loan is 14.75% per annum.

vi. Due to Standard Chartered Bank

This represents a short-term finance facility obtained from Standard Chartered Bank London. Three loans were granted during 2015 for the purpose of providing dollar liquidity for the Bank. The rate of interest on the loans is the aggregate of the applicable margin (2%) and LIBOR. The principal and interest on the loans are fully paid upon maturity.

vii. Due to Central Bank of Nigeria - Micro, Small and Medium Enterprises (MSME)

This represents a facility granted by the Central Bank of Nigeria (CBN) in respect of Micro, Small and Medium Enterprises (MSME) for the development of small and medium enterprises. The Fund is accessible to Sterling Bank business customers in Agricultural, Education and Services (hospitality, entertainment) sectors. The facility has interest rate of 2% per annum and the Bank is permitted to avail the facility to customers at an interest rate of 9% per annum. The facility has a tenor of five (5) years.

viii. Due to Goldman Sachs International

This represents a USD50,000,000 facility granted by Goldman Sachs International, London for a period of two years commencing 4 April, 2014 to mature 4 April, 2016. Interest is payable quarterly at the rate of 3% per annum while the

Principal is payable at maturity. The loan is secured with pledged financial assets. The effective interest rate of the loan is 3.4% per annum.

ix. Due to Islamic Corporation

This represents a \$30 million Murabaha financing facility granted by Islamic Corporation for the development of the private sector (ICD) for a period of 365 days commencing 12 October, 2015. The profit on the facility shall be the aggregate of the cost price multiplied by 3 months USD Libor + 600 per annum multiplied by deferred period (in days) divided by 360 days. Profit plus the principal shall be payable at maturity.

x. Due to AFREXIM

This represent a \$14.9 million uncommitted short term line of credit facility granted by African Export-Import Bank for a period of 180 days commencing 2 November, 2015 to mature on 24 April, 2016. The facility attracts a fixed margin of 5.5% per annum plus Libor. Interest payable under the arrangement is calculated based on the actual number of days elapsed in a year. The Bank will also pay a one-off facility fee charge of 0.5% flat upon facility signing. The facility is made available for drawing up to 180 days from the facility signature date while the amounts repaid can be redrawn to the maximum availability period. Interest and principal shall be payable at maturity.

19. SHARE CAPITAL

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
Authorized					
32,000,000,000 (2013: 24,000,000,000) ordinary shares of 50k each	16,000	16,000	12,000	12,000	12,000
Issued and fully-paid					
28.79 billion (2014: 21.593 billion) ordinary shares of 50k each	14,395	14,395	10,796	7,852	7,852
Ordinary shareholding					
The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to vote at shareholders meeting of the Bank. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the Bank.					
Movement in issued and fully paid share capital					
At 1 January	14,395	10,796	7,852	7,852	6,282
Capital contribution arising from business combination	-	-	-	-	1,570
**Capital contribution arising from rights issue	-	-	2,944	-	-
Capital contribution arising from Private Placement	-	3,599	-	-	-
At 31 December	14,395	14,395	10,796	7,852	7,852
Movement in units of share capital					
At 1 January	28,790	21,593	15,704	15,704	12,563
*Increase in units arising from Private Placement	-	7,198	-	-	-
Capital contribution arising from business combination	-	-	-	-	3,141
**Increase in units arising from rights issue	-	-	5,889	-	-
At 31 December	28,790	28,790	21,593	15,704	15,704

*A Placement of 7,197,604,531 ordinary shares of 50 kobo at N2.65K per share issued to Silverlake Investments Limited was duly approved at an extraordinary general meeting of the Bank held on 11 November, 2014, and was approved by Central Bank of Nigeria and Nigerian Securities and Exchange Commission on 30 and 31 December, 2014 respectively. The total amount realised from the placement was N19,073,652,007 and an amount of N587 million was deducted from the share premium as cost of issuance. Increase in share capital of N3,598,802,266 and in share premium of N15,474,625,000 were recognised in 2014.

**The rights issue was announced by the Bank in July 2013 and duly approved by the Nigerian Securities and Exchange Commission and the Central Bank of Nigeria on 24 Decemebr, 2013. The basis of the rights issue was three new ordinary shares for eight existing ordinary shares totalling 5,888,949,162 ordinary shares, issued at N2.12 per share, resulting in total proceeds of N12.1 billion after related costs of N345 million had been deducted.

20. SHARE PREMIUM

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
At 1 January	42,759	27,872	18,690	18,690	12,314
Transfer from share premium for business combination	-	-	-	-	6,376
Transfer to share premium from rights issue	-	15,475	9,527	-	-
Share issuance cost	-	(587)	(345)	-	-
At 31 December	42,759	42,759	27,872	18,690	18,690

21. RETAINED EARNINGS

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
At 1 January	5,754	7,786	6,019	2,781	(2,055)
Transfer from profit or loss account	10,293	9,005	8,275	6,954	6,909
Transfer from/to other regulatory reserves	(4,277)	(5,639)	(3,367)	(2,145)	(2,073)
**Dividend paid to equity holders	(1,727)	(5,398)	(3,141)	(1,570)	-
At 31 December	10,042	5,754	7,786	6,019	2,781

** On 30 April, 2015, the Annual General Meeting of shareholders of the Bank declared dividend comprising 6 kobo per ordinary share base on the 2014 audited financial result. Payment of the total N1,727,425 was made on the same day.

On 30 April, 2014, the Annual General Meeting of shareholders of the Bank declared dividend amounting to N5,398,203,398.25 representing 25 kobo per ordinary share based on the 2013 audited financial result. Payment of the total N5,398,203,750 was made on 2 May, 2014.

In respect of 2015, the Directors proposed that a dividend of 9 kobo per ordinary share will be paid to shareholders. This dividend is subject to approval by shareholders at the annual general meeting and has not been included as liability in this financial statements until approval and declared by the shareholders. The proposed dividend is subject to withholding tax at the appropriate rate and is payable to shareholders whose names appear in the Register of Members at closure date.

22. EQUITY RESERVES

<i>For The Period Ended 31 December, 2015</i>	Translation Reserve	Revaluation Reserve	Fair Value Reserve	Share capital reserve	Regulatory risk reserve	SMEEIS reserves	Other regulatory reserves	Total
	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
Balance at 1 January, 2015	-	-	(1,132)	5,276	3,881	235	13,547	21,807
Other comprehensive income, net of tax:								
Net changes in fair value of available for sale financial assets	-	-	2,285	-	-	-	-	2,285
Transfer for the Period/year	-	-	-	-	1,189	-	3,088	4,277
Balance at 31 December, 2015	-	-	1,154	5,276	5,070	235	16,635	28,369
<i>For The Year Ended 31 December, 2014</i>	Translation Reserve	Revaluation Reserve	Fair Value Reserve	Share capital reserve	Regulatory risk reserve	SMEEIS reserves	Other regulatory reserves	Total
	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
Balance at 1 January, 2014	-	-	(296)	5,276	944	235	10,845	17,004
Other comprehensive income, net of tax:								
Net changes in fair value of available for sale investment securities	-	-	(836)	-	-	-	-	(836)
Transfer for the year	-	-	-	-	2,937	-	2,701	5,639
Balance at 31 December, 2014	-	-	(1,132)	5,276	3,881	235	13,547	21,807
<i>For The Year Ended 31 December, 2013</i>	Translation Reserve	Revaluation Reserve	Fair Value Reserve	Share capital reserve	Regulatory risk reserve	SMEEIS reserves	Other regulatory reserves	Total
	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
Balance at 1 January, 2013	-	486	149	5,276	59	235	7,877	14,082
Other comprehensive income, net of tax:								
Net changes in fair value of available for sale investment securities	-	-	(445)	-	-	-	-	(445)
Transfer for the year	-	(486)	-	-	885	-	2,482	3,367
Reclassification	-	-	-	-	-	-	486	-
Balance at 31 December, 2013	-	-	(296)	5,276	944	235	10,845	17,004
<i>For The Year Ended 31 December, 2012</i>	Translation Reserve	Revaluation Reserve	Fair Value Reserve	Share capital reserve	Regulatory risk reserve	SMEEIS reserves	Other regulatory reserves	Total
	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
Balance at 1 January, 2012	46	486	(99)	5,276	-	235	5,791	11,735
Other comprehensive income, net of tax:								

HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

Net changes in fair value of available for sale investment securities	-	-	248	-	-	-	-	248
Transfer for the year	(46)	-	-	-	59	-	2,086	2,099
Balance at 31 December, 2012	-	486	149	5,276	59	235	7,877	14,082
<i>For The Year Ended 31 December, 2011</i>	Translation Reserve	Revaluation Reserve	Fair Value Reserve	Share capital reserve	Regulatory risk reserve	SMEEIS reserves	Other regulatory reserves	Total
	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
Balance at 1 January, 2011	46	486	3	5,276	1,219	235	3,718	10,983
Other comprehensive income, net of tax:								
Net changes in fair value of available for sale investment securities	-	-	-	-	-	-	-	-
Transfer for the year	-	-	(102)	-	(1,219)	-	2,073	752
Balance at 31 December, 2011	46	486	(99)	5,276	-	235	5,791	11,735

i. Other regulatory reserves

Other regulatory reserve refers to the Nigerian banking regulations requiring the Bank to make an annual appropriation to a statutory reserve. As stipulated by Section 16(1) of the Banks and Other Financial Institutions Act and Cap 33 Laws of the Federation of Nigeria, an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital.

ii. SMEESIS Reserves

The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium-scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The Bank has suspended further appropriation to SMEEIS (now known as Microcredit Fund) reserve account in line with the decision reached at the Bankers's Committee meeting and approved by CBN.

iii. Regulatory risk reserve

The Central Bank of Nigeria, the banking regulatory body, stipulates that impairment provisions recognised in the profit or loss account shall be determined based on the requirement of International Financial Reporting Standards (IFRS). The IFRS impairment provisions should be compared with provisions determined under prudential guidelines and the expected impact/changes in retained earnings should be treated as follows:

Prudential impairment provision is greater than IFRS impairment provision: transfer the difference from the Retained Earnings to a non-distributable Regulatory Risk Reserve.

Prudential impairment provision is less than IFRS impairment provision: the excess charges resulting should be transferred from the Regulatory Risk Reserve account to the Retained Earnings to the extent of the non-distributable reserve previously recognised.

23. INTEREST INCOME

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
Loans and advances to customers	58,599	55,891	45,811	32,729	15,544
Investment securities	20,080	18,071	22,331	19,658	16,443
Cash and cash equivalent	1,218	3,035	814	840	88
Placement	-	-	-	-	-
Interest on impaired loans	1,012	935	1,017	315	201
Due from banks	-	-	-	-	-
Advance under finance lease	-	-	-	-	-
	80,909	77,932	69,973	53,542	32,276

24. INTEREST EXPENSE

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
Deposit from customers	37,594	31,745	29,800	26,823	11,170
Deposit from banks	302	888	2,362	656	2,417
Interbank takings/borrowings	-	-	-	-	-

HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

Debt securities issued and other borrowed funds	3,471	2,282	1,999	2,170	1,986
	41,367	34,915	34,160	29,648	15,573

25. FEE AND COMMISSION INCOME

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
Facility management fees	2,901	4,416	5,211	2,248	1,744
Commission on turnover	1,419	2,667	3,642	3,771	1,417
Commissions and similar income	1,441	1,482	2,760	2,336	1,516
Commission on letter of credit transactions	3,163	1,683	1,843	1,165	947
Other fees and commission	6,597	5,886	1,109	437	817
	15,522	16,133	14,564	9,958	6,442

26. NET TRADING INCOME

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
Foreign exchange trading	5,012	4,886	2,282	1,170	536
Bonds	4,167	151	1,037	359	386
Treasury bills	1,471	1,728	395	24	-
	10,650	6,765	3,714	1,553	922

27. OTHER OPERATING INCOME

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
Rental income	186	320	159	268	685
*Other sundry income	640	944	1,117	939	1,225
Foreign exchange gain/(loss)	3	-	-	(49)	(109)
Advisory fee	-	-	-	-	1,279
Revaluation on Bond-trading	-	-	776	19	-
Dividends on available-for-sale equity securities	103	122	52	25	64
**Gains on disposal of property, plant and equipment	1,312	-	34	111	77
Profit/(loss) on sale of investment securities	64	-	-	(4)	-
Cash recoveries on previously written off accounts	805	1,462	1,354	2,496	2,285
Fraud recovery	-	-	-	-	-
Negative goodwill arising from business combination	-	-	-	-	554
	3,113	2,847	3,492	3,804	6,059

*Other sundry income includes income from cashless policy and funds transfer charges

**Gains on disposal of property, plant and equipment primarily comprised of gain on sale of an Abuja land.

28. INCOME FROM INVESTMENTS

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
Other investments	-	-	-	-	2,042
	-	-	-	-	2,042

29. IMPAIRMENT CHARGES/REVERSALS

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	N'm	N'm	N'm	N'm	N'm
i. Credit charges/reversals					
- Individual impairment charge	9,972	6,996	2,864	4,260	11,096
- Collective impairment charge/(reversals)	1,035	618	1,653	(3,208)	1,902
Bad debts written off	52	293	492	87	8,540
Allowance no longer required	(2,784)	(787)	-	(1,438)	(15,848)
	8,276	7,119	5,008	(300)	5,691
ii. Impairment charged on investment securities	-	40	468	313	(127)
Impairment charged on other assets	-	231	3,163		471
Impairment reversal on other assets	(124)		(380)	(256)	
	(124)	271	3,251	57	344
Total impairment charge/(reversal)	8,151	7,389	8,259	(243)	6,034

30. PERSONNEL EXPENSES

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	N'm	N'm	N'm	N'm	N'm
Wages and salaries	10,841	11,427	9,841	8,778	6,188
Defined contribution plan	1,261	604	425	614	379
	12,101	12,031	10,267	9,393	6,568

31. OTHER OPERATING EXPENSES

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	N'm	N'm	N'm	N'm	N'm
Wages, salaries and related staff cost	-	-	-	-	-
Directors' remuneration and expenses	-	-	-	-	-
Other premises and equipment costs	-	-	-	4,270	2,249
Depreciation on property, plant and equipment	-	-	-	-	-
Audit fees	199	199	180	120	80
AMCON sinking fund contribution	4,128	3,556	3,114	1,513	779
Profit on disposal of fixed assets	-	-	-	-	-
Rent and rates	-	-	-	-	-
Insurance	3,660	3,692	2,925	2,679	1,329
Other professional fees	1,075	517	337	900	381
Contract service	2,813	2,114	1,708	1,367	671
Revaluation loss on long-term borrowing	-	-	-	-	-
Advertising and business promotion	-	-	-	-	-
General and administrative expenses	-	-	-	9,142	6,912
Net foreign exchange loss	-	16	114	-	-
Loss on disposal of property, plant and equipment	-	16	-	-	-
Loss on bond held for trading	-	2	-	-	-
Foreign exchange loss	-	-	-	-	-
	11,874	10,112	8,378	19,991	12,400

AMCON sinking fund contribution

This represents the Bank's contribution to a fund established by the Asset Management Corporation of Nigeria (AMCON) for the year ended 31 December, 2015. Effective 1 January, 2013, the Bank is required to contribute an equivalent of 0.5% (2014: 0.5%) of its total assets plus 0.5% of 33.3% of off-financial position assets (loan related) as at the preceding year end to AMCON's sinking fund in line with existing guidelines. This contribution is meant to be for 10 years from the effective date of December 2010.

32. GENERAL AND ADMINISTRATIVE EXPENSES

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
Administrative expenses	2,459	2,678	5,884	-	-
Office expenses	2,691	3,672	2,698	-	-
Advertising and business promotion	3,537	3,350	1,688	-	-
Communication cost	1,250	1,832	1,335	-	-
Transport, travel and accommodation	493	788	473	-	-
Seminars and conferences	514	556	410	-	-
Directors' other expenses	198	390	114	-	-
Rents and rates	157	256	292	-	-
Security	334	287	250	-	-
Annual general meeting expenses	240	200	196	-	-
Stationery and printing	220	187	176	-	-
Membership and subscription	114	85	80	-	-
Fines and penalties	100	79	56	-	-
Directors' fees	44	40	31	-	-
Newspapers and periodicals	9	9	7	-	-
VISA and ATM expenses	1,295	869	-	-	-
Cash handling and cash processing expenses	1,395	739	-	-	-
Other general expenses	1,178	3,776	353	-	-
	16,229	19,794	14,042	-	-

Included in the amount of other general expenses are loan recoveries expense, custodial services, debt capital expenses and miscellaneous office expenses.

33. OTHER PROPERTY PLANT AND EQUIPMENT COST

This represents the cost the Bank incurred on assets expensed in line with the Bank's capitalisation policy, cost incurred on repairs, maintenance and other running cost on the property, plant and equipment.

34. EARNINGS PER SHARE (BASIC AND DILUTED)

The calculation of basic earnings per share as at 31 December, 2015 was based on the profit attributable to ordinary shareholders of N10.3 billion (2014: N9.0 billion) and weighted average number of ordinary shares outstanding.

35. CASH AND CASH EQUIVALENTS

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
Cash and foreign monies	16,232	10,778	8,190	7,983	7,981
Unrestricted balances with Central Bank of Nigeria	15,282	30,661	6,514	7,332	4,921
Balances held with local banks	20,736	1,867	2,132	7,862	6,803
Balances held with banks outside Nigeria	29,488	35,581	42,455	16,818	28,039
Money market placements	18,575	29,883	38,014	9,199	18,854
	100,313	108,769	97,305	49,194	66,597

36. COMMITMENTS AND CONTINGENCIES
i. Litigation and claims

There are litigations and claims against the Bank as at 31 December, 2015. These claims arose in the normal course of business and are being contested by the Bank. The Directors, having sought advice of professional counsels, are of the opinion that no significant liability will crystallise from these claims. Provisions of N268 million at 31 December, 2015 (2014: 278 million) have been made in these financial statements on crystallised claims.

ii. Contingent liabilities and commitments

In common with other banks, the Bank conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise performance bonds, acceptances, guarantees and letters of credit.

Nature of instruments

To meet the financial needs of customers, the Bank enters into various commitments and contingent liabilities. These consist of financial guarantees and letters of credits. These obligations are not recognised on the statement of financial position because the risk has not crystallised.

Letters of credit and guarantees commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans.

The following table summarises the nominal principal amount of contingent liabilities and commitments with off-financial position risk:

	IFRS				
	As at 31 December				
	2015	2014	2013	2012	2011
	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>	<i>N'm</i>
Bonds, guarantees and indemnities	85,082	106,304	66,732	47,004	42,087
Letters of credit	58,238	94,439	124,901	74,187	36,571
Others	22,925	3,100	9,997	6,759	16
	166,245	203,843	201,629	127,950	78,673

Above balances represent contingent liabilities for which the customers have not defaulted to give rise to the Bank being liable to settle the counter party. Any portion that is due for which the Bank has become liable are recognised in other liabilities.

37. RELATED PARTY TRANSACTION

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes directors and key management personnel among others.

38. CONTRAVENTIONS

In year 2015, the Bank contravened certain guidelines and circulars of the Central Bank of Nigeria and as such penalties were imposed on the Bank by the Central Bank of Nigeria as follows:

Circular	Nature of Contravention	Penalty (N'000)
FPR/CIR/GEN/02/001	The Bank's system failed to prevent the tiered-customers from exceeding their thresholds.	2,000
BSD/AML/CON/STG/09/002	Not classifying customers into appropriate risk category and incomplete account opening forms.	4,000
BPSD/DIR/GEN/CIR/02/005	The Bank failed to provide report to NIBBS as required in the circular.	1,000
Treasury Single Account	The Bank failed to meet the deadline for transfer of Funds to Treasury Single Account.	4,000
	Delay in response to CBN directive in respect of reporting lines of the Chief Compliance Officer.	2,000

The above penalties had been included in fines and penalties under General and Administrative expenses in note 38 of this report.

39. COMPARATIVE FIGURES

Where necessary, comparative figures have been restated to conform with changes in presentation in the current year.

40. EVENTS AFTER THE REPORTING DATE

There were no events after the reporting date which could have a material effect on the financial position of the Bank as at 31 December, 2015 and profit attributable to equity holders on that date which have not been adequately adjusted for or disclosed.

41. APPROVAL OF FINANCIAL STATEMENTS

	2015	2014	2013	2012	2011
The financial statements were approved by the Board of Directors on the following dates:	2 March, 2016	3 March, 2015	4 March, 2014	4 March, 2013	28 March, 2012

42. FINANCIAL STATEMENTS

There were no audited financial statements prepared for the Bank subsequent to period ended 31 December, 2015.



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STERLING INVESTMENT MANAGEMENT SPV PLC
(Incorporated 16th October 2015)

STATEMENT OF AFFAIRS AS AT 27 OCTOBER 2015

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF STERLING INVESTMENT MANAGEMENT SPV PLC

The statement of affairs on page 108 which has been prepared on the basis of the accounting policies stated on page 107 is in agreement with the books, which in our opinion, have been properly kept. We obtained the information and explanations we required.

In our opinion, the statement of affairs gives a true and fair view of the state of affairs for the Company as at 27 October 2015 and have been properly prepared in accordance with International Financial Reporting Standards (IFRS) and the relevant provision of Financial Reporting Council of Nigeria Act, No 6, 2011 and the Companies and Allied Matters Act, CAP C20 LFN, 2004.

Lagos, Nigeria
30 October 2015

A handwritten signature in black ink, appearing to read 'Olugbemiga A. Akibayo'.

Olugbemiga A. Akibayo
FRC/2013/ICAN/00000001076
For: BDO Professional Services
Chartered Accountants



STERLING INVESTMENT MANAGEMENT SPV PLC

STATEMENT OF AFFAIRS AS AT 27 OCTOBER 2015

SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the principal accounting policies adopted in the preparation of these statement of affairs

a) Statement of compliance

The statement of affairs has been prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that are effective at 1 January 2014 and the relevant requirements of the Companies and Allied Matters Act CAP, C20, LFN 2004 and Financial Reporting Council of Nigeria (FRCN) Act No 6, 2011.

b) Basis of measurement

The statement of affairs has been prepared under the historical cost concept

c) Functional and presentation currency

The Company's functional and presentation currency is the Nigerian Naira.

d) Provisions

Provisions are recognised when the Company has a present obligation, whether legal or constructive as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation in accordance with International Accounting Standard (IAS) No. 37.

e) Cash and cash equivalents

Cash and Cash equivalents include cash in hand, cash at bank and other short term borrowings from the banks with an original maturity of three months or less.

f) Share capital

Share capital represents the nominal value of shares that have been issued.

STERLING INVESTMENT MANAGEMENT SPV PLC

STATEMENT OF AFFAIRS AS AT 27 OCTOBER 2015

	Notes	€
Current Assets		
Cash and Cash equivalents	2	500,000
Non – Current Assets		
Pre-operating expenses	3	500,000
Total Assets		1,000,000
Current Liabilities		
Other payables	4	500,000
Equity		
Share Capital	5	500,000
Equity and Liabilities		1,000,000

NOTES TO THE STATEMENT OF AFFAIRS

Operations

- 1) **Sterling Investment Management SPV PLC** was incorporated in Nigeria on 16 October 2015. The objectives of the business are to raise or borrow money by the issue of bonds or other debt instruments. Also, to secure the payment of money raised or borrowed with the whole or any part of the undertaking, property, assets and rights of the Company, both present and future, and generally in such other manner and on such terms as may seem expedient.

The registered address of the Company is 20, Marina, Lagos.

2) **Cash and cash equivalents**

	₦
Cash in Bank	500,000

3) **Pre-operating expenses**

Audit fees	500,000
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4) **Other payables**

Audit fees	500,000
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5) **Share Capital**

	Number	Value
Authorised Share Capital		₦
Ordinary Share Capital of ₦ 1 each	2,000,000	2,000,000
	Number	Value
Issued and fully paid		₦
Ordinary Share Capital of ₦ 1 each	500,000	500,000

Sterling Investment Management SPV PLC N65bn Debt Issuance Programme (Series 1 Bonds)

Nigeria Bond Analysis –Pre-funding Report

October 2015

Security class	Amount	Rating Scale	Rating [#]	Rating outlook [#]	Expiry date
Senior Unsecured	Up to N35bn	National	BBB _(NIG)	Stable	August 2016

Key Counterparties:

Issuer:
Sterling Investment Management SPV PLC

Sponsor:
Sterling Bank Plc
Sponsor's long-term national scale credit rating: BBB_(NIG)

Joint Trustees:
FBN Trustees Limited
Vetiva Trustees Limited
Skye Trustees Limited
Stambic IBTC Trustees Limited

Lead Issuing House:
Constant Capital Markets and Securities Limited

Joint Issuing Houses:
Vetiva Capital Management Limited
SCM Capital Limited
Stambic IBTC Capital Limited

Summary of Transaction:

Programme limit	N65bn
Series 1 amount	N35bn
Tenor	7-years
Ranking	Senior/Unsecured
Coupon	(TBD)

Rating History:

Initial/last rating (not applicable)

Long term: first time/new rating

Rating outlook: first time/new rating

Related Methodologies/Research:

Global Criteria for Rating Banks and Other Financial Institutions, updated March 2015
Global Structurally Enhanced Corporate Bonds Rating Criteria, updated October 2014
Sterling rating report (2015)
Glossary of Terms/Ratios, February 2015

GCR Contacts:

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Dave King
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Transaction summary

The Series 1 Bonds are to be issued under Sterling Investment Management SPV PLC's (the "Issuer") N65bn Debt Issuance Program ("DIP"). The Issuer is permitted through a resolution of its Board of Directors to issue the Bonds in tranches, different forms, and under different terms and conditions as may be deemed fit by the board, subject to the approval of the relevant regulatory authorities. The current Issue ("Series 1 Bonds") is aimed at raising an aggregate sum of up to N35bn.

The *indicative, public* ratings accorded to the Series 1 Bonds relate to ultimate payment of interest and principal (as opposed to timely, akin to an expected loss rating, which is a function of probability of default and loss severity).

Summary rating rationale

- Sterling Bank Plc ("Sterling" or "the bank" or "the Sponsor") is one of the mid-sized banks in Nigeria, which has been accorded a long-term national scale credit rating of BBB_(NIG). Although the bank leveraged various initiatives in F14 to grow franchise value, its competitive capacity and ability to generate a significant increase in earnings remained constrained by its capital level and balance sheet size.
- The Transaction entails the use of the proceeds of the Sterling Investment Management SPV PLC Series 1 Bonds issuance, which constitute senior obligations of the Issuer, to purchase (with up to 60% of the proceeds) unsecured subordinated notes (the "Subordinated Notes") to be issued by the Sponsor (Sterling). The remaining portion of the Issue proceeds (40%) will be held in the Debt Service Reserve Fund ("DSRF"), to be invested in Federal Government of Nigeria ("FGN") Securities (collectively the Subordinated Notes and FGN Securities are referred to as "Permitted Investments"/"PI"). All Subordinated Notes' debt servicing payments received going forward will be held in the DSRF and used to pay the coupon on the Series 1 Bonds and upon maturity the principal and if able, to purchase further PIs.
- The rating of the Series 1 Bonds is derived by applying a notching approach starting from the subordinated unsecured credit rating of the Sponsor. Based on the estimated "Good Recovery Prospects", of the PIs in an enforcement scenario, a rating uplift of two national scale notches has been deemed appropriate for this transaction. This also takes cognisance of the fact that the investment income from FGN Securities will be retained in the SPV.
- A legal opinion from the solicitor to the Trustees of the Series 1 Bonds confirms that the undertaking provided by Sterling in respect of the Subordinated Notes, is valid and enforceable against it under the provisions of Nigerian law. The rating accorded should not be viewed as a replacement of the legal advice that investors should seek on the validity and enforceability of the Transaction Documents/undertaking.

Factors that could trigger a rating action may include

Positive change: Ultimate honouring of the Series 1 Bond obligations depends on the performance of the Sponsor (and other parties in line with Transaction Documents). Thus any rating upgrade of the Sponsor could be positive.

Negative change: A change in the proposed structure of the Series 1 Bonds, a breach of the Master Notes Subscription Agreement by the Sponsor, non-compliance with covenants, and a downgrade of the Sponsor's rating, could trigger a negative rating action.

[#]Indicative rating, only to be converted to a final rating upon the receipt and review of all final transaction documents.

AUTHORISATION OF THE PROGRAMME

At the meeting held on 19 October, 2015, the shareholders of Sterling Investment Management SPV PLC passed a resolution authorizing the establishment of a ₦65 Billion Debt Issuance Programme. At the meeting held on 19 October, 2015, the Directors of Sterling Investment Management SPV PLC approved the establishment of the ₦65 Billion Debt Issuance Programme and the issuance of debt securities thereunder during the subsistence of the Programme.

INCORPORATION AND SHARE CAPITAL HISTORY OF THE SPONSOR

Sterling Bank Plc (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.

Following the banking sector reforms introduced and driven by CBN in 2004, the Bank emerged from the consolidation of NAL Bank Plc, Indo-Nigerian Bank Limited, Magnum Trust Bank Plc, NBM Bank Limited and Trust Bank of Africa Limited. 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 and the Bank's shares are currently quoted on the NSE.

In October 2011, the Bank acquired the defunct Equitorial Trust Bank Limited to re-position itself to better compete in the market space. The enlarged entity after the integration had an expanded branch network of 187 branches. In compliance with the CBN Regulation on the Scope of Banking Activities & Ancillary Matters, No. 3, 2010, the Bank divested its holdings in four subsidiaries and one associate company on 30 December, 2011.

The Bank is engaged in commercial banking with emphasis on retail banking, trade services, treasury, corporate, investment 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.

As at the date of this Shelf Prospectus, the authorized share capital of the Bank is ₦16,000,000,000.00 comprising 32,000,000,000 ordinary shares of 50 Kobo each, of which ₦14,395,209,062.00 comprising 28,790,418,124 ordinary shares of 50 kobo each have been issued and fully paid up. The changes to the Bank's authorized and issued share capital since incorporation are summarized below:

Year Date	Authorised (₦)		Issued & Fully Paid-up (₦)		Consideration
	Increase	Cumulative	Increase	Cumulative	Cash/Bonus
1960	0	500,000	0	500,000	Cash
1970	1,000,000	1,500,000	1,000,000	1,500,000	Scrip
1973	1,000,000	2,500,000	0	1,500,000	-
1974	0	2,500,000	625,000	2,125,000	Scrip
1975	0	2,500,000	375,000	2,500,000	Scrip
1979	2,500,000	5,000,000	1,000,000	3,500,000	Scrip
1982	2,500,000	7,500,000	1,400,000	4,900,000	Scrip
1983	0	7,500,000	2,450,000	7,350,000	Cash
1984	3,000,000	10,500,000	3,150,000	10,500,000	Scrip
1985	4,500,000	15,000,000	0	10,500,000	-
1987	5,000,000	20,000,000	5,250,000	15,750,000	Scrip
1989	30,000,000	50,000,000	15,750,000	31,500,000	Scrip
1991	50,000,000	100,000,000	31,500,000	63,000,000	Scrip
1994	0	100,000,000	31,500,000	94,500,000	Scrip
1995	50,000,000	150,000,000	47,250,000	141,750,000	Scrip
1997	450,000,000	600,000,000	0	141,750,000	Scrip
1998	0	600,000,000	212,625,000	354,375,000	Scrip
1999	0	600,000,000	177,188,000	531,563,000	Scrip
2001	400,000,000	1,000,000,000	132,890,125	664,453,125	Scrip
2003	500,000,000	1,500,000,000	132,890,125	797,343,750	Scrip
2003	0	1,500,000,000	34,344,239	831,687,989	Cash
2004	1,000,000,000	2,500,000,000	171,229,880	1,002,917,869	Scrip
2004	0	2,500,000,000	240,375,737	1,243,293,605	Cash
2005	2,000,000,000	4,500,000,000	621,646,803	1,864,940,408	Scrip
2006	5,500,000,000	10,000,000,000	522,045,592	2,386,986,000	Cash
2006	0	10,000,000,000	2,889,437,825	5,276,423,825	Merger
2008	2,000,000,000	12,000,000,000	6,658,513,143	11,934,936,968	Merger Adjustment
2008	0	12,000,000,000	0	6,281,545,772	Reconstruction
2011	0	12,000,000,000	1,570,386,444	7,851,932,216	ETB Merger
2013	0	12,000,000,000	2,944,474,581	10,796,406,797	Rights issue
2014	4,000,000,000	16,000,000,000	3,598,802,266	14,395,209,063	Private Placement

SHAREHOLDING STRUCTURE

As at 31 December, 2015, the 28,790,418,124 ordinary shares of 50 kobo each in the issued ordinary share capital of the Bank were beneficially held as follows:

Shareholders	Number of Shares	%
Silverlake Investments Limited	7,197,604,531	25.00
State Bank of India	2,549,505,026	8.86
SNNL/Asset Management Corporation of Nigeria – Main	1,683,280,753	5.85
Dr. Mike Adenuga	1,620,376,969	5.63
Others	15,739,650,845	54.67
Total	28,790,418,124	100.00

DIRECTORS' BENEFICIAL INTEREST

The interests of the Directors of Sterling Bank in the issued share capital of the Bank as recorded in the Register of Members as at 31 December, 2015 and as notified by them for the purpose of Section 275 (1) of the CAMA are as follows:

Directors	Direct Shareholding	Indirect Shareholding	Total Shareholding	Holding (%)
Mr. Asue Ighodalo	Nil	60,208,687	60,208,687	0.21
Mr. Yinka Adeola	17,494,903	795,294,189	812,789,092	2.82
Mr. Rasheed Kolarinwa	Nil	Nil	Nil	0.00
Mr Michael Jituboh/ Ms. Olufunmilola Osunsade	Nil	1,620,376,969	1,620,376,969	5.63
Dr. (Mrs.) Omolara Akanji	Nil	Nil	Nil	0.00
Ms. Tamarakare Yekwe (MON)	Nil	Nil	Nil	0.00
Mr. Olaitan Kajero	Nil	1,532,687,059	1,532,687,059	5.32
Mrs. Tairat Tijani	Nil	1,394,955,380	1,394,955,380	4.85
Mrs. Egbichi Akinsanya	Nil	1,683,280,753	1,683,280,753	5.85
Mr. Yemi Adeola	25,535,555	Nil	25,535,555	0.09
Mr. Lanre Adesanya	5,827,937	Nil	5,827,937	0.02
Mr. Kayode Lawal	4,399,530	Nil	4,399,530	0.02
Mr. Abubakar Suleiman	14,090,619	Nil	14,090,619	0.05
Mr. Grama Narasimhan	Nil	Nil	Nil	0.00
Mr. Yemi Odubiyi	6,099,883	Nil	6,099,883	0.02

SUBSIDIARIES AND ASSOCIATES

As at 31 December, 2015, the Sponsor had no subsidiaries and/or associates.

CLAIMS AND LITIGATIONS

Sterling Bank PLC is, in its ordinary course of business, involved in forty two (42) court actions pending before the State and Federal High Courts and the Court of Appeal in Nigeria.

The total amount claimed in the cases instituted against the Sponsor comes to ₦14.6bn (Fourteen Billion, Six Hundred Thousand Naira), out of which only ₦2.5bn (Two Billion, Five Hundred Thousand Naira) appear to have some merit and may in all likelihood be awarded against the Sponsor.

In the opinion of the Solicitors to the Issue therefore, the total contingent liability of the Sponsor as it relates to all the forty two suits listed above is the aggregate sum of ₦2.5bn (Two Billion Five Hundred Thousand Naira).

The Solicitors to the Issue are of the opinion that Sponsor's potential liability in the event of an unfavourable resolution of the disputes against Sponsor is unlikely to be more than the aggregate sum stated above plus any interests on judgment sums (which are exclusive of this aggregate sum), as awarded by the courts.

OFF BALANCE SHEET ITEMS

As at 31 December, 2015, the Sponsor had no Off Balance Sheet items other than in the ordinary course of business.

DECLARATIONS

Except as otherwise disclosed in this Shelf Prospectus:

1. No share of the Bank is under option or agreed conditionally or unconditionally to be put under option;
2. No commissions, discounts, brokerages or other special terms have been granted by the Bank to any person in connection with the Debt Issuance Programme or sale of any security of the Bank;
3. Save as disclosed herein, the Directors of the Bank have not been informed of any holding representing 5% or more of the issued share capital of the Bank;
4. There are no founders', management or deferred shares or any options outstanding in the Bank;
5. There are no material service agreements between the Bank or any of its Directors and employees other than in the ordinary course of business;
6. There are no long term service agreements between the Bank and any of its Directors and employees other than in the ordinary course of business;
7. No Director of the Bank has had any interest, direct or indirect, in any property purchased or proposed to be purchased by the Bank in the five years prior to the date of this Shelf Prospectus other than in the ordinary course of business;
8. No prosecution has commenced against the Bank in respect of any breach of any securities or banking laws or CAMA; and
9. No action has been taken against the Bank by the NSE in respect of any breach of the listing requirements of The Exchange

Further declarations/information in respect of shareholders/key management staff:-

It is further declared that to the best of the Directors' knowledge as at 31 December, 2015:

- a. None of the shareholders/key management staff is under any bankruptcy or insolvency proceedings in any court of law;
- b. None of the shareholders/key management staff has been convicted in any criminal proceeding;
- c. None of the shareholders/key management staff is subject of any order, judgment or ruling of any court of competent jurisdiction or regulatory body relating to fraud or dishonesty.

COSTS AND EXPENSES

Costs and expenses in respect of any issuance of Bonds under this Programme shall be payable by the Issuer and shall be disclosed in the applicable Pricing Supplement relating to the Bonds being issued.

MATERIAL CONTRACTS

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

- a. A Programme Trust Deed dated 03 August, 2016 among Sterling Investment Management SPV PLC, Sterling Bank PLC, FBN Trustees Limited, Vetiva Trustees Limited, Stanbic IBTC Trustees Limited and STL Trustees Limited in connection with the Programme. The extracts of the Programme Trust Deed are set out in pages [54] to [69] of this Shelf Prospectus;
- b. A Master Notes Subscription Agreement dated 03 August, 2016 among Sterling Bank PLC, Sterling Investment Management SPV PLC, FBN Trustees Limited, Vetiva Trustees Limited, Stanbic IBTC Trustees Limited and STL Trustees Limited; and
- c. Deed of Covenant dated 03 August, 2016 by Sterling Bank PLC.

Other material contracts in respect of any issuance of Bonds under the Programme will be disclosed in the applicable Pricing Supplement issued in respect of that Series of Bonds.

RELATIONSHIP BETWEEN THE ISSUER, SPONSOR, ISSUING HOUSES AND OTHER ADVISERS

- The Chairman of the Sponsor is a founding partner of Banwo & Ighodalo, the Solicitors to the Trustees.
- SCM Capital Limited, a Joint Issuing House, prior to 30 December, 2011, was a subsidiary of the Sponsor.
- Pace Registrars Limited, the Registrars, prior to 30 December, 2011, was a subsidiary of the Sponsor.

With exception of the above, no relationship other than the professional ones established pursuant to this Programme exists between the Issuer, the Sponsor and any of its advisers, other than in the ordinary course of its business.

MERGERS OR TAKEOVERS

As at the date of this Shelf Prospectus, the Directors are not aware of the following during the preceding financial year or current financial year:

- a merger or takeover offer by third parties in respect of the Sponsor's securities; and
- a merger or takeover by the Sponsor in respect of another company's securities.

CONSENTS

The following have given and not withdrawn their written consents to the issue of this Shelf Prospectus with their names and reports (where applicable) included in the form and context in which they appear:

ROLE	NAME
Directors of the Issuer	Mr. Yemi Adeola
	Mr. Abubakar Suleiman
Company Secretary	Ms. Justina Lewa
Directors of Sterling Bank Plc	Mr. Asue Ighodalo (<i>Chairman</i>)
	Mr. Yinka Adeola (<i>Non-executive Director</i>)
	Mr. Rasheed Kolarinwa (<i>Independent Director</i>)
	Dr. (Mrs.) Omolara Akanji (<i>Independent Director</i>)
	Ms. Tamarakare Yekwe (MON) (<i>Independent Director</i>)
	Mr. Olaitan Kajero (<i>Non-executive Director</i>)
	Mrs. Tairat Tijani (<i>Non-executive Director</i>)
	Mrs. Egbichi Akinsanya (<i>Non-executive Director</i>)
	Mr. Michael Jituboh (<i>Non-executive Director</i>)
	Mr. Yemi Adeola (<i>Managing Director/CEO</i>)
	Mr. Lanre Adesanya (<i>Executive Director</i>)
	Mr. Kayode Lawal (<i>Executive Director</i>)
	Mr. Abubakar Suleiman (<i>Executive Director</i>)
	Mr. Grama Narasimhan (<i>Executive Director</i>)
Mr. Yemi Odubiyi (<i>Executive Director</i>)	
Company Secretary	Ms. Justina Lewa
Lead Issuing House	Constant Capital Markets And Securities Limited
Joint Issuing Houses	Vetiva Capital Management Limited
	Stanbic IBTC Capital Limited
	SCM Capital Limited
Solicitors to the Programme	G.Elias & Co (Solicitors & Advocates)
Solicitors to the Trustees	Banwo & Ighodalo
Stockbrokers	Associated Asset Managers Limited
	FBN Trustees Limited
Trustees	Vetiva Trustees Limited
	Stanbic IBTC Trustees Limited
	STL Trustees Limited
Reporting Accountant	BBC Professionals
Issuer's Auditors	BDO Professional Services
Sponsor's Auditors	Ernst & Young
Registrar	Pace Registrars Limited
Receiving Bank	Stanbic IBTC Bank PLC

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the offices of the Issuing Houses listed on page 9 during normal business hours on any Business Day throughout the validity of the Programme.

- Certificate of Incorporation of the Issuer, duly certified by the CAC;
- Memorandum and Articles of Association of the Issuer, duly certified by the CAC;
- Reporting Accountants' report on the audited accounts of the Sponsor for the five years ended 31 December, 2015;
- Shareholders' resolution of the Issuer dated 19 October, 2015 authorizing the Debt Issuance Programme;
- Board resolution of the Issuer dated 19 October, 2015 authorizing the Debt Issuance Programme;

- f. Board resolution of the Sponsor dated 28 July, 2015 authorizing the Sponsor to support the establishment of the Debt Issuance Programme through the Issuer;
- g. Letter from the Securities & Exchange Commission dated 24 May, 2016 approving the registration of the Shelf Prospectus;
- h. Audited Financial Statement of the Sponsor for the years ended 31 December 2011 to 2015;
- i. Audited Statement of Affairs of the Issuer as at 27 October, 2015;
- j. Shelf Prospectus issued with respect to the Debt Issuance Programme;
- k. Supplementary Shelf Prospectus/Pricing Supplement;
- l. Consents of Parties referred to on pages 114;
- m. Material contracts referred to on page 113;
- n. List of claims and ligations referred to on page 112 and the Solicitors to the Programme's opinion thereon; and
- o. Letter of no objection from the CBN dated 17 September, 2015.

Set out below is the form of Pricing Supplement which will be prepared by the Issuer for each Series of Bonds issued under the Programme

**Pricing Supplement
To the Shelf Prospectus dated 03 August, 2016**

Sterling Investment Management SPV Plc

RC 1293417

**Offer for Subscription
of
[.]
Series [.]: [.] – Year [.]%
Fixed Rate [.]Bonds due [.]
Under a ₦65,000,000,000 Debt Issuance Programme
Issue Price: [.] per unit
Payable in full on Application
Application List Opens: [.]
Application List Closes: [.]**

This Pricing Supplement is prepared for the purpose of Rule 279(3) of the Rules and Regulation of the Securities & Exchange Commission (“the Commission” or SEC) in connection with the ₦65,000,000,000 Debt Issuance Programme established by Sterling Investment Management SPV PLC (the “Issuer”). This Pricing Supplement is supplemental to, and should be read in conjunction with, the Shelf Prospectus dated 03 August, 2016 and any other supplements to the Shelf Prospectus to be issued by the Issuer. Terms defined in the Shelf Prospectus have the same meaning when used in this Pricing Supplement.

To the extent that there is any conflict or inconsistency between the contents of this Pricing Supplement and the Shelf Prospectus, the provisions of this Pricing Supplement shall prevail. This Pricing Supplement may be used to offer and sell the Bonds only if accompanied by the Shelf Prospectus. Copies of the Shelf Prospectus can be obtained from any of the Issuing Houses.

The registration of the Shelf Prospectus and this Pricing Supplement shall not be taken to indicate that the Commission endorses or recommends the securities or assumes responsibility for the correctness of any statements made or opinions or reports expressed in the Shelf Prospectus or this Pricing Supplement. No securities will be allotted or issued on the basis of the Shelf Prospectus read together with this Pricing Supplement later than three years after the date of the issue of the Shelf Prospectus.

This Pricing Supplement contains particulars in compliance with the requirements of the Commission for the purpose of giving information with regard to the Securities being issued hereunder (the “Series [.] Bonds” or “Bonds”). An application has been made to the Council of the Exchange for the admission of the Bonds to the Daily Official List of the Exchange. The Bonds now being issued will upon admission to the Daily Official List qualify as a security in which Trustees may invest under the Trustees Investments Act (Cap T22) Laws of the Federation of Nigeria, 2004.

The Issuer accepts full responsibility for the accuracy of the information contained in this Pricing Supplement. The Issuer declares that having taken reasonable care to ensure that such is the case, the information contained in this Pricing Supplement is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information and that save as disclosed herein, no other significant new factor, material mistake or inaccuracy relating to the information included in the Shelf Prospectus has arisen or has been noted, as the case may be, since the publication of the Shelf Prospectus. Further, the material facts contained herein are true and accurate in all material respects and the Issuer confirms that, having made all reasonable enquiries, to the best of its knowledge and belief, there are no material facts, the omission of which would make any statement contained herein misleading or untrue.

Final Terms of the Series [.] Bonds

1.	Issuer:	Sterling Investment Management SPV PLC
2.	Series Number:	[.]
3.	Aggregate Principal Amount of Bonds:	[.]
4.	Issue Price	[.]
	Net Proceeds	[.]
5.	Denomination(s)	[.]
6.	Issue Date	[.]
	Interest Commencement Date (if different from Issue Date)	[.]
7.	Maturity Date	[.]
8.	Principal Moratorium:	[.]
9.	Interest Basis:	[.]
10.	Redemption/Payment Basis:	[.]
11.	Status:	[.]
12.	Security:	[.]
13.	Listing(s):	[.]
14.	Method of Distribution:	[.]
15.	Offer Period	[.]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE		
16.	Fixed Rate Note Provisions	
	Interest Rate	[.]
	Coupon Payment Date(s) /Payment Dates:	[.]
	Interest Amount(s):	[.]
	Business Day Convention:	[Following Business Day Convention/Preceding Business Day Convention/Modified Business Day]
	Business Day:	Modified Business Day
	Other terms relating to method of calculating interest for Fixed Rate Notes:	[.]
17.	Floating Rate Note Provisions:	[.] (if not delete the remaining sub-paragraphs of this paragraph)
	Coupon Payment Date(s):	[.]
	Reference Banks:	[.]
	Spread (if applicable):	[.]
	Party responsible for calculating interest rate and interest amount(s):	[.]
	Relevant Time (if applicable)	[.]
	Screen Rate Determination – Benchmark: – Coupon Determination Date(s): – Relevant Screen Page:	Actual/Actual: Actual/360
	Day Count Fraction	[.]

PROVISIONS RELATING TO REDEMPTION		
18.	Optional Early Redemption (Call Option):	[Applicable/Non-Applicable]
19.	Optional Early Redemption (Put Option):	[Applicable/Non-Applicable]
20.	Scheduled Redemption/Amortisation:	[Applicable/Non-Applicable]
21.	Redemption Amount(s):	[.]
22.	Scheduled Redemption Dates:	[.]
23.	Final Redemption Amount:	[.]

GENERAL PROVISIONS APPLICABLE TO THE BONDS		
24.	Form of Notes:	Dematerialized Notes
	Form of Dematerialized Notes:	[Registered/Certificate/Dematerialized]
	Registrar:	[.]
25.	Trustee(s):	[.]
26.	Record Date:	[.]
27.	Other terms or special conditions:	[.]

FORM OF PRICING SUPPLEMENT

DISTRIBUTION, CLEARING AND SETTLEMENT PROVISIONS		
28.	Underwritten/Book-building:	[·]
29.	If Underwritten, names of Underwriters	[·]
30.	Clearing System:	Central Securities Clearing System Plc
GENERAL		
31.	Rating:	[·]
32.	Taxation:	[·]
33.	Governing Law	Nigeria
APPENDICES		
34.	Appendices	[List and Attach Appendices if applicable]
USE OF PROCEEDS		
[Insert details of use of proceeds]		
MATERIAL ADVERSE CHANGE STATEMENT		
Except as disclosed in this document and in the Shelf Prospectus dated 03 August, 2016, there has been no significant change in the financial or trading 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 accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Shelf Prospectus referred to above, contains all information that is material in the context of the issue of the Bonds.		

Signed on behalf of the Issuer: