
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the contents of this document or any action to be taken, you should consult your Banker, Solicitor, Accountant, or any other independent professional adviser duly registered under the Investments and Securities Act, No. 29 of 2007 immediately.

If you have sold or otherwise transferred all your shares in Sterling Bank PLC (“Sterling Bank” or the “Bank” or the “Company”), please give this document and the accompanying proxy forms to the purchaser or transferee, or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. In the alternative, kindly return this document to the Registrar.

The receipt of this document or any information contained in it or supplied with it or subsequently communicated to any person does not constitute investment advice to a shareholder of Sterling Bank PLC or to any other person by the Company or its directors and Sterling Bank PLC does not commit to providing shareholders with other information, updates or corrections to this document or the information contained herein.

The distribution of this document in jurisdictions other than Nigeria may be restricted by law, therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdiction.

SCHEME OF ARRANGEMENT

In accordance with Section 715 of the Companies and Allied Matters Act, No. 3 of 2020 (as amended), incorporating a carve-out and transfer of the Non-Interest Banking Business under Section 711 of the Companies and Allied Matters Act, No. 3 of 2020 (as amended)

Between



and

the holders of its Fully Paid-up Ordinary Shares of 50 kobo each

Incorporating an Explanatory Statement on the Proposed Scheme of Arrangement in compliance with Section 716 of the Companies and Allied Matters Act, No. 3 of 2020 (as amended)

Stanbic IBTC Capital Limited is acting as Financial Adviser to Sterling Bank PLC. Stanbic IBTC Capital Limited will not be responsible to any person, individual or corporate body other than Sterling Bank PLC in relation to the Scheme of Arrangement referred to herein.

The notice convening the Court-Ordered Meeting of Sterling Bank PLC is set out on pages 55 to 57 of this document. The Proxy Form is set out on page 58. To be valid, a Proxy Form must be completed, signed, and stamped, together with the powers of attorney or other authority, if any, under which it is signed and in accordance with the instructions printed therein and must reach the Registrar of Sterling Bank PLC, Pace Registrars Limited, Akuro House, 24 Campbell Street, Lagos, Nigeria, not later than 24 hours before the time fixed for the Court-Ordered Meeting.

THE PROPOSAL, WHICH IS THE SUBJECT OF THE SCHEME OF ARRANGEMENT SET OUT IN THIS DOCUMENT, HAS BEEN CLEARED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE ACTIONS THAT YOU ARE REQUIRED TO TAKE ARE SET OUT ON PAGE 15 OF THIS SCHEME DOCUMENT.

Financial Adviser



This Scheme Document is dated 05 August 2022

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1. DEFINITIONS

In this document, unless otherwise stated or clearly indicated by the context, the following capitalised terms in the first column have the meanings stated opposite them in the second column.

<u>Terms</u>	<u>Definitions</u>
“ACT” OR “ISA”	Investments and Securities Act. No. 29 of 2007 (as amended);
“Bank” or “Company” or “Sterling Bank”	means Sterling Bank PLC;
“Board” or “Board of Directors” or “Directors”	The directors of Sterling Bank PLC comprising those persons whose names are set out on page 7 of the Scheme Document;
“Business Day”	Between 8:00a.m and 5:00pm on a day other than a Saturday, Sunday, or public holiday, on which commercial banks are open for general banking business in Nigeria;
“CAC”	Corporate Affairs Commission;
“CAMA”	Companies and Allied Matters Act, No. 3 of 2020 (as amended);
“CBN”	Central Bank of Nigeria;
“Court”	Federal High Court of the Federal Republic of Nigeria;
“Court Hearing”	The hearing by the Court of the petition to sanction the Scheme;
“Court-Ordered Meeting” or “COM”	The meeting of the registered holders of ordinary shares of Sterling Bank PLC, to be convened by an order of the Court pursuant to Sections 711 and 715 of CAMA, of which notice is set out on pages 55 to 57 of this Document, including any adjournment thereof;
“Court Sanction”	An order made by the Court pursuant to Sections 711 (3) and 715 (3) of CAMA, approving and giving effect to the Scheme;
“CSCS”	Central Securities Clearing System, an electronic clearing and depository system for securities transactions in Nigeria operated by Central Securities Clearing System PLC;
“CTC”	Certified True Copy;
“Effective Date”	The date on which a CTC of the Court Sanction is delivered to the CAC for registration pursuant to 715 (4) of CAMA;
“Eligible Shareholders” or “Scheme Shareholders”	The Shareholders of Sterling Bank PLC (other than HoldCo), whose names appear on the Company’s register of members as at the close of business on the Effective Date;
“Explanatory Statement”	The statement issued by the Financial Adviser to Sterling Bank, for the purpose of explaining the terms, conditions, and effects of the Scheme, which is set out on pages 12 to 17 of the Scheme Document;
“FGN”	Federal Government of Nigeria;
“FHC”	A Financial Holding Company as defined under the FHC Guidelines;
“FHC Guidelines”	The Guidelines for Licensing and Regulation of Financial Holding Companies in Nigeria, effective 29 August 2014, issued by the CBN and may be amended from time to time;

1. DEFINITIONS

“Final Licence”	The final licence to be obtained by the HoldCo from the CBN subject to satisfaction of the relevant requirements of the FHC Guidelines;
“Financial Adviser” or “Stanbic IBTC Capital”	Stanbic IBTC Capital Limited, a subsidiary of Stanbic IBTC Holdings PLC, licensed by the SEC to, amongst others, provide financial advisory services, with registration number 1031358;
“FIRS”	Federal Inland Revenue Service;
“HoldCo”	Sterling Financial Holdings Company Limited;
“HoldCo Shares”	The 28,790,418,124 ordinary shares of 50 Kobo each in the share capital of the HoldCo which are proposed to be issued to the Scheme Shareholders in exchange for the Scheme Shares pursuant to the Scheme;
“Legal Adviser”	Banwo & Ighodalo;
“LFN”	Laws of the Federation of Nigeria;
“NIB”	Non-Interest Bank or The Alternative Bank Limited;
“NGX”	Nigerian Exchange Limited;
“Official List”	The official list for listed securities maintained by NGX as the context requires;
“Proposed Restructuring”	The proposed corporate reorganisation of Sterling Bank by means of the Scheme whereby the HoldCo is to become the ultimate listed parent;
“Proxy Form”	The proxy form for use in connection with the Court-Ordered Meeting of the shareholders of Sterling Bank PLC which is set out on page 58 of the document;
“Qualification Date”	05 September 2022 being the date that the Register of Members shall be closed for the purpose of determining the shareholders eligible to attend and vote at the Court-Ordered Meeting;
“Qualifying Shareholders”	The shareholders whose names appear in the Register of Members as at the Qualification Date;
“Register of Members”	The register of members of Sterling Bank PLC as is required to be maintained pursuant to the provisions of CAMA;
“Registrar”	Pace Registrars Limited;
“Scheme” or “Scheme of Arrangement”	The proposed scheme of arrangement between Sterling Bank PLC and the holders of its fully paid ordinary shares of 50 Kobo each undertaken in accordance with Sections 711 and 715 of CAMA, which is set out on pages 18 to 21 of this document;
“Scheme Document” or “Document”	This document dated 05 August 2022, which contains the Scheme, the Explanatory Statement, the notice of the Court-Ordered Meeting, and the various appendices therein in relation to the Scheme;
“Scheme Shares”	The 28,790,418,124 (twenty-eight billion, seven hundred and ninety million, four hundred and eighteen thousand, one hundred and twenty-four) fully paid-up ordinary shares of Sterling Bank held by the Scheme Shareholders;

1. DEFINITIONS

“Scheme Shareholders”	Registered holders of the Scheme Shares as at the date on which the Registrar closes the Register for the purpose of dispatching the Scheme Document, and includes persons entitled to the Scheme Shares by way of transmission;
“SEC”	Securities and Exchange Commission;
“SEC Rules and Regulations”	The rules and regulations of the SEC, 2013 (as amended);
“Shareholder”	means shareholder of the Bank;
“Sterling Group” or “Group”	Sterling Financial Holdings Company Limited, Sterling Bank PLC, Sterling Investment Management SPV PLC, and The Alternative Bank Limited; and
“Terminal Date”	The Business Day immediately preceding the Effective Date.

2. EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<u>EVENT</u>	<u>DATE</u>
Obtain order of the Court convening the Court-Ordered Meeting	05 August 2022
Publish Notice of Court-Ordered Meeting in two national newspapers	22 August 2022
Last date for lodging Proxy Forms for the Court-Ordered Meeting	16 September 2022
Court-Ordered Meeting of the shareholders of Sterling Bank PLC	19 September 2022
Obtain the SEC's formal approval of the Scheme	05 October 2022
File Court Sanction with SEC	11 October 2022
Last day to trade Sterling Bank PLC's shares on NGX (Eligibility Date)	18 October 2022
File CTC of Court Sanction with CAC (Effective Date)	21 October 2022
Delist Sterling Bank PLC's shares from NGX	26 October 2022
List HoldCo Shares on NGX	26 October 2022

Important notice: The dates given above are indicative only. The timetable of principal events has been prepared on the assumption that Court dates for the Scheme will be available as and when applied for; if not, then dates surrounding events in the timetable may be subject to a corresponding adjustment.

3. DIRECTORS AND PARTIES TO THE SCHEME

Directors:

Asue Ighodalo

Chairman
Sterling Towers
20 Marina Road
Lagos

Abubakar Suleiman

Managing Director/CEO
Sterling Towers
20 Marina Road
Lagos

Olaitan Kajero

Non-Executive Director
Sterling Towers
20 Marina Road
Lagos

Tairat Tijani

Non-Executive Director
Sterling Towers
20 Marina Road
Lagos

Michael Jituboh

Non-Executive Director
Sterling Towers
20 Marina Road
Lagos

Folasade Kilaso

Non-Executive Director
Sterling Towers
20 Marina Road
Lagos

Olusola Oworu

Independent Director
Sterling Towers
20 Marina Road
Lagos

Olatunji Mayaki

Non-Executive Director
Sterling Towers
20 Marina Road
Lagos

Michael Ajukwu

Independent Director
Sterling Towers
20 Marina Road
Lagos

Ankala Prasad

Non-Executive Director
Sterling Towers
20 Marina Road
Lagos

Paritosh Tripathi

Non-Executive Director
Sterling Towers
20 Marina Road
Lagos

Yemi Odubiyi

Executive Director
Sterling Towers
20 Marina Road
Lagos

Tunde Adeola

Executive Director
Sterling Towers
20 Marina Road
Lagos

Raheem Owodeyi

Executive Director
Sterling Towers
20 Marina Road
Lagos

Company Secretary:

Temitayo Adegoke

Sterling Towers
20 Marina Road
Lagos

3. DIRECTORS AND PARTIES TO THE SCHEME

Professional Parties:

Financial Adviser:

Stanbic IBTC Capital Limited

I.B.T.C. Place
Walter Carrington Crescent
Victoria Island
Lagos

Legal Adviser:

Banwo & Ighodalo

48 Awolowo Road
Ikoyi
Lagos

Tax Adviser:

W.A. Kareem & Co

Asiyahu Abewon Place
205B Ikorodu Road
Ilupeju
Lagos

Stockbroker:

Associated Asset Managers Limited

Sterling Towers
20 Marina Road
Lagos

Registrar:

Pace Registrars Limited

Akuro House
24 Campbell Street
Lagos

Auditors:

Deloitte & Touche

Civic Towers
Ozumba Mbadiwe Avenue
Victoria Island
Lagos

4. LETTER FROM THE CHAIRMAN



05 August 2022

To the shareholders of Sterling Bank PLC

Dear Sir / Madam

PROPOSED SCHEME OF ARRANGEMENT BETWEEN STERLING BANK PLC AND THE HOLDERS OF ITS FULLY PAID-UP ORDINARY SHARES OF 50 KOBO EACH AND THE CARVE-OUT AND TRANSFER OF THE NON-INTEREST BANKING BUSINESS TO THE ALTERNATIVE BANK LIMITED

Introduction

In September 2010, the Central Bank of Nigeria (“CBN”) issued the Regulation on the Scope of Banking Activities & Ancillary Matters, No. 3, 2010 (Regulation 3) which repealed the Universal Banking Guidelines with effect from November 15, 2010. Regulation 3 stipulates the type of banks permitted to carry on business in Nigeria as (a) Commercial Banks; (b) Merchant Banks; and (c) Specialised Banks, which include non-interest banks, microfinance banks, development banks and mortgage banks. This regulation was put in place to promote a sound financial system by limiting deposit money banks’ exposure areas to high operating risks and reducing depositors’ funds exposure to risky lines of business.

I am now writing to you, on behalf of the Board of Directors to set out the rationale for the proposed restructuring of our bank, Sterling Bank PLC (“the Bank”) into a non-operating holding company with operating subsidiaries (the “Proposed Restructuring”). The restructuring will be effected by a Scheme of Arrangement (“the Scheme”) pursuant to the provisions of Sections 711 and 715 of the Companies and Allied Matters Act No 3 of 2020 (as amended) (“CAMA”) and in accordance with the Rules and Regulations of the Securities and Exchange Commission (“SEC”).

As you are aware, the Bank currently provides commercial and non-interest banking services to a broad range of customers. The Bank has applied to and obtained the CBN’s Approval-in-Principle for a standalone license for the non-interest bank and is looking to implement the Proposed Restructuring in line with the Guidelines for Licensing and Regulation of Financial Holding Companies in Nigeria, 2014. The Proposed Restructuring will yield significant benefits, allowing shareholders continued exposure to the Bank’s existing lines of businesses whilst providing the flexibility to start offering a broad range of financial services and products and enable the institution adapt to future business opportunities.

Summary of the proposal

The Proposed Restructuring entails the creation of a new non-operating holding company (“HoldCo”) which will hold the shares of the commercial banking subsidiary. Holdco will be called Sterling Financial Holdings Company Limited and will also hold the shares of the newly incorporated The Alternative Bank Limited, which will house the Non-Interest Bank (“NIB”). The assets, liabilities, and undertakings of the non-interest banking business will be carved out of the Bank and transferred to The Alternative Bank Limited. As part of the carve out of the non-interest banking business and reorganisation of capital, the Bank has transferred the sum of ₦10 billion to the CBN for the capitalisation of The Alternative Bank Limited. The Bank will also transfer ₦10billion to Holdco to fund its operations. As a consequence of the carve out of the non-interest banking business and the transfer of funds to HoldCo, the Bank’s retained earnings will be reduced by ₦20 billion.

Following the implementation of the Scheme, shareholders will exchange their shares in the Bank for shares in HoldCo in the same proportion as their current holdings in the Bank, which will be a regulated entity for CBN purposes. The Holdco will be re-registered as a public company. The Bank will be delisted

4. LETTER FROM THE CHAIRMAN

from the Daily List of the Nigerian Exchange Limited (“NGX”) and HoldCo will be listed. The Bank will subsequently be reregistered as a private limited liability company.

The Bank will continue to be subject to the regulatory purview of the CBN and be required to, on an ongoing basis, comply with the relevant and applicable regulations, circulars, guidelines, and policies of the CBN, in all material respects. The NIB will also be subject to the regulatory purview of the CBN. As such, the respective prudential regulatory thresholds and regulations will continue to apply to the Bank and the NIB.

The Scheme which is to be presented for your consideration and approval has received the requisite approvals-in-principle from the CBN and SEC. The terms and effects of the Scheme are further explained in an Explanatory Statement by the Financial Adviser on pages 12 to 17 of this Document.

The Board of Directors engaged the services of Stanbic IBTC Capital Limited and Banwo & Ighodalo as Financial Adviser and Legal Adviser respectively, to provide requisite advice to the Bank on the implementation of the Scheme and for the regulatory engagements and approvals.

The Proposed Restructuring gives rise to certain tax and transaction cost implications under Nigerian law. A key implication relates to the possibility of Capital Gains Tax on the transfer of shares from the shareholders of the Bank to the HoldCo. In this regard, by the provisions of the Finance Act 2021, the proceeds from any transfer of shares of a Nigerian company is subject to capital gains tax at the rate of 10%. Capital Gains Tax may however be avoided completely or amounts payable reduced if the proceeds of the share disposal in the transaction are fully or partially reinvested within the same year of assessment. Accordingly, Capital Gains Tax will not be chargeable on the exchange of the shares between HoldCo and the shareholders of Sterling Bank Plc.

Your Bank engaged a Tax Adviser, W.A. Kareem & Co, to provide advisory support services on the tax and transaction costs of the restructuring as well as engage the Federal Inland Revenue Service (“FIRS”) with a view to clarifying the tax implications of the restructuring and obtaining waivers and dispensations that will facilitate the implementation of a holding company structure. I confirm that the Bank received the approval of the FIRS on stamp duties in accordance with the Stamp Duties Act as well as confirmation on the capital gains tax.

The full text of the opinion of the Tax Adviser is set out on page 52 of the Scheme Document.

There are some other transaction cost implications relating to applicable stamp duties, transaction taxes, and regulatory fees. Generally, these are one-off costs associated with restructurings, some of which will not reoccur in the future.

After careful consideration, the Board has resolved to recommend the offer to the shareholders for consideration at a meeting to be convened by an order of the Federal High Court.

Benefits of the proposed Scheme

The Board believes that the Scheme would provide the following benefits to shareholders of the Bank:

1. The Proposed Restructuring ensures the Bank is in full compliance with CBN’s Regulation 3.
2. The HoldCo structure will facilitate diversification into other permissible business lines, thereby promoting growth and enhancing shareholder value.
3. The Proposed Restructuring will facilitate a consolidated financial strength of the Group, which will improve access and ability to raise capital, which may otherwise be difficult for the individual subsidiaries.
4. The Proposed Restructuring will ensure that the Bank’s retail depositors are not exposed to the risks associated with the other activities of the rest of the Group.
5. The HoldCo structure will provide the subsidiaries access to group-wide expertise of the parent company model.

4. LETTER FROM THE CHAIRMAN

6. The HoldCo structure will allow the Bank focus solely on its core operations as against the burden of providing oversight and managing other subsidiaries.
7. The Proposed Restructuring will not result in any adverse changes to the rights and ownership of existing shareholders of the Bank.

Recommendation

The Board of Directors has considered the terms of the Scheme and believes it is the optimal approach for the Bank to comply with Regulation 3 and benefit extensively from business line diversification. Therefore, the Board recommends that you vote in favour of the resolutions which are to be proposed at the Court-Ordered Meeting ("COM") scheduled to hold on Monday, September 19, 2022 at the Shell Hall, Muson Centre, Onikan, Lagos at 10.00 am.

The Court Ordered Meeting and voting protocols

Nigeria is still dealing with the effects of the COVID-19 pandemic and the Bank fully supports and seeks to comply with all the measures and guidelines put in place by Federal and State Governments to curtail the spread of the virus.

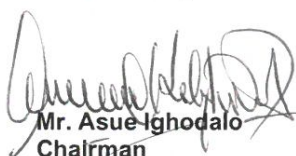
In the interest of public safety and having due regard to the Nigeria Centre for Disease Control (**NCDC**) COVID-19 Guidance for Safe Mass Gatherings in Nigeria, an order of the Court was sought and obtained for the COM to be held by proxy. Therefore, only persons indicated to be selected proxies on the Proxy Form are encouraged to attend the Meeting physically. All other shareholders would be required to attend the Meeting online and to vote at the Meeting through a proxy.

The Board has appointed Mr. Asue Ighodalo, Mrs. Tairat Tijani, Mr. Abubakar Suleiman, Mrs. Temitayo Adegoke, Brig. Gen E.E. Ikwue (Rtd), Sir. Sunny Nwosu, Dr. Faruk Umar, Mr. Mathew Akinlade, Mrs. Oludewa Thorpe, Mr. Boniface Okezie, Mr. Gbenga Idowu, Mrs. Funke Augustine, Mr. Ridwan Hamza, Alhaji Kabiru Tambari, Mr. Adeleke Adebayo and Mr. Nona Awoh as proxies ("Selected Proxies") for this purpose. The Selected Proxies have been appointed to give Sterling Bank's shareholders a choice regarding the individual to best represent their interests at the COM. I urge you to follow the procedure set out in the notice on pages 55 to 57 and the Proxy Form on page 58; complete and sign the Proxy Form and return it to our Registrar, Pace Registrars Limited, Akuro House, 24 Campbell Street, in accordance with the instructions thereon. The Selected Proxies will attend the meeting and vote on behalf of themselves (where they are shareholders) and shareholders who have appointed them.

Please complete and return the enclosed Proxy Form in accordance with the instructions thereon.

We look forward to welcoming you or your proxy to the meeting.

Yours faithfully



Mr. Asue Ighodalo
Chairman

5. EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISER



05 August 2022

To the shareholders of Sterling Bank PLC

Dear Sir/Madam

PROPOSED SCHEME OF ARRANGEMENT BETWEEN STERLING BANK PLC AND THE HOLDERS OF ITS FULLY PAID ORDINARY SHARES OF 50 KOBO EACH

1. INTRODUCTION

You have been informed by the letter from the Chairman of the Bank, presented on pages 9 to 11 of this Scheme Document, of the considerations that informed the Board's decision to propose the reorganisation of Sterling Bank under a holding company structure in line with CBN's Regulation 3 and Guidelines for Licensing and Regulation of Financial Holding Companies in Nigeria, 2014.

The Proposed Restructuring will be implemented through a Scheme of Arrangement, in accordance with Sections 711 and 715 of CAMA. The Scheme will provide for the creation of a new non-operating holding company named Sterling Financial Holdings Company Limited, which will wholly own the Bank and the non-interest bank, The Alternative Bank Limited. Following the implementation of the Scheme, shareholders will exchange their shares in the Bank for shares in HoldCo in the same proportion as their current holdings in the Bank, which will be a regulated entity for CBN purposes. The HoldCo will be re-registered as a public company. The Bank will be delisted from the Daily List of NGX and HoldCo will be listed. The Bank will subsequently be reregistered as a private limited liability company.

Your Chairman's letter conveys the recommendation of your Board that the Bank's shareholders vote in favour of the Scheme at the Court-Ordered Meeting that will be convened to consider and if deemed fit, approve the Scheme.

Your Board has authorised us, as Financial Adviser to the Bank, to write to you on their behalf, to explain the terms, provisions, and effects of the Scheme, and provide you with other information which they consider relevant as presented hereunder.

2. RATIONALE FOR THE SCHEME

In September 2010, the CBN issued the Regulation on the Scope of Banking Activities & Ancillary Matters, No. 3, 2010 (the Regulation 3) which became effective November 15, 2010. Regulation 3 was put in place to promote a sound financial system by limiting the exposure of banks to higher operating risks and reducing the propensity to put depositors' funds into risky, non-banking businesses.

In addition to commercial banking services, the Bank also provides non-interest banking services and has obtained the CBN's Approval-in-Principle for a non-interest banking license. To obtain the CBN's final approval, the Bank must undertake a restructuring into a holding company. The Proposed Restructuring not only allows the Bank to adhere to the CBN's regulation, but it allows shareholders maintain continued exposure to the Bank's existing lines of business while providing the Bank, the flexibility to adapt to future business opportunities. Given the evolution of the financial services industry due to technological advancements, it has become imperative for the Bank to adjust its operating structure to remain flexible and position the group for long-term growth.

3. BENEFITS OF THE SCHEME

The following are expected to be the benefits of the Proposed Restructuring:

- a. The Proposed Restructuring ensures the Bank is in full compliance with CBN's Regulation 3.

5. EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISER

- b. The HoldCo structure will facilitate diversification into other permissible business lines, thereby promoting growth and enhancing shareholder value.
- c. The Proposed Restructuring will facilitate a consolidated financial strength of the group, which will improve access and ability to raise capital, which may otherwise be difficult for the individual subsidiaries.
- d. The Proposed Restructuring will ensure that the Bank's retail depositors are not exposed to the risks associated with the other activities of the rest of the group.
- e. The HoldCo structure will provide the subsidiaries access to group-wide expertise of the parent company model.
- f. The HoldCo structure will allow the Bank focus solely on its core operations as against the burden of providing oversight and managing other subsidiaries.
- g. The Proposed Restructuring will not result in any adverse changes to the rights and ownership of existing shareholders of the Bank.

4. THE PROPOSAL

Upon the terms of the Scheme, it is proposed that:

a) Carve-out and transfer of non-interest banking business to NIB

The Bank will transfer all the assets, liabilities, and undertakings related to the non-interest banking business from the Bank to the newly incorporated non-interest bank.

b) Transfer of shares in The Alternative Bank Limited to HoldCo

The Bank and its nominee will transfer their shares in The Alternative Bank Limited to HoldCo. The Alternative Bank Limited will be a direct subsidiary of HoldCo.

c) Reorganisation of capital

As part of the carve-out of the non-interest banking business and reorganisation of capital, the Bank has transferred the sum of ₦10 billion to the CBN for the capitalisation of The Alternative Bank Limited. The Bank will also transfer another ₦10 billion to HoldCo for its operations. As a result of the two transfers, the Bank's retained earnings will reduce by ₦20 billion.

d) Exchange of Scheme Shares

Each Scheme Shareholder will transfer its shares in the Bank to HoldCo in consideration for the allotment of shares in the HoldCo to each Scheme Shareholder. On the Effective Date, each Scheme Shareholder will receive 1 (one) HoldCo share, which will be credited as fully paid-up, in exchange for every 1 (one) Scheme Share as at the Terminal Date. Each Scheme Share will be transferred to the HoldCo without any further act or deed.

e) Delisting of the Scheme Shares and Listing of the HoldCo Shares on NGX

The Bank will apply to have its Shares delisted from NGX and in its place, the HoldCo Shares will be listed thereon. Scheme Shareholders will be credited with the HoldCo Shares in the same proportion as their Bank shareholding in the CSCS within 5 (five) Business Days of the Effective Date.

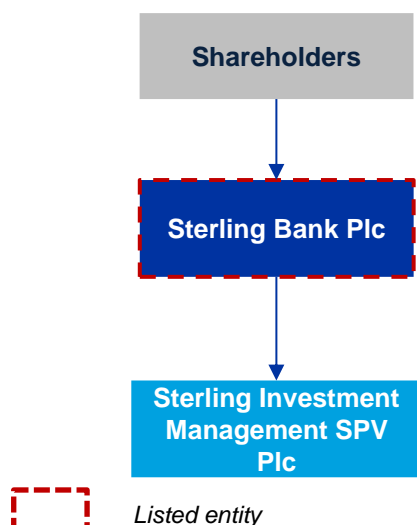
Following the implementation of the Scheme, the Scheme Shareholders will no longer be shareholders of the Bank and the entire issued ordinary share capital of the Bank will be held by HoldCo.

The Bank will subsequently be re-registered as a private limited liability company pursuant to the relevant provisions of CAMA.

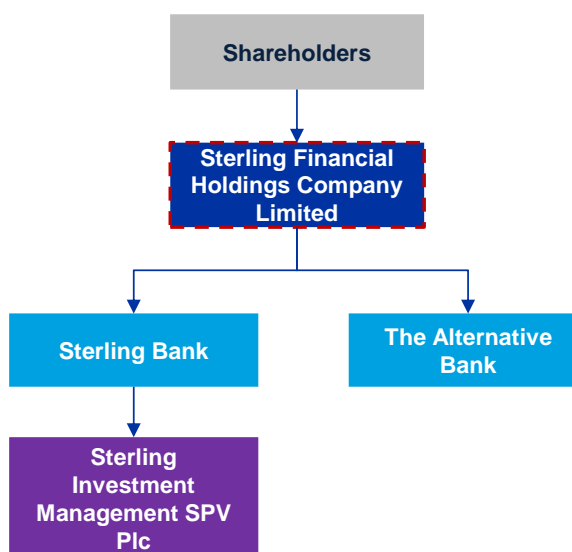
5. EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISER

Illustrative description of the Proposed Restructuring:

a) Existing structure



b) Post-Proposed Restructuring



5. CONDITIONS PRECEDENT

The Scheme shall become binding on shareholders of the Bank from the Effective Date, irrespective of whether or not they attended or voted at the COM (and if they attended or voted, irrespective of whether or not they voted in favour of the Scheme), if the following conditions precedent are fulfilled:

- The Scheme is approved, with or without modification(s), by a resolution of a majority representing three-quarters ($\frac{3}{4}$) in value of the shares held by the Bank's shareholders present and voting, either in person or by proxy at the COM;
- The SEC approves, with or without modification, the terms and conditions of the Scheme as agreed by majority of the shareholders;
- The Court sanctions the Scheme with or without modification(s); and
- CTC of the Court Sanction is registered with the CAC.

6. CONSEQUENCES OF THE SCHEME

- The assets, liabilities, and undertakings of the non-interest banking business will be transferred to The Alternative Bank Limited;
- The retained earnings of the Bank will be reduced by ₦20 billion being the minimum capital requirement of the Alternative Bank Limited and the funding for HoldCo's operations;
- Each Scheme Shareholder as at the Terminal Date will receive 1 (one) HoldCo share, which will be credited as fully paid, in exchange for every 1 (one) Scheme Share as at the Terminal Date;
- The Scheme Shares will be delisted from the Official List of NGX and all share certificates representing the interests of the Scheme Shareholders (to the extent that such certificates remain in existence) shall cease to be valid or to have any value;
- The HoldCo Shares will be registered with SEC;
- The HoldCo Shares will be listed on the Daily Official List of NGX and the Scheme Shareholders will be credited with their equivalent shareholding in the CSCS;
- The HoldCo will enter the names of the Scheme Shareholders in its Register of Members; and
- The Bank will be re-registered as a private limited liability company under the relevant provisions of CAMA.

5. EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISER

7. MEETING TO APPROVE THE SCHEME OF ARRANGEMENT AND VOTING RIGHTS

The Court-Ordered Meeting scheduled to hold on 19 September 2022 at the Shell Hall, Muson Centre, Onikan, Lagos, is being held pursuant to an order of the Court for Sterling Bank's shareholders to consider, and if deemed fit, approve the Scheme. Your entitlement to vote and the number of votes which may be cast at the COM will be determined by reference to your holding of the Shares as shown in the Bank's Register of Members at the Qualification Date. Only shareholders registered on the Register of Members of the Bank as of the Qualification Date shall be entitled to vote at the Meeting

At the Court-Ordered Meeting, voting on the resolutions relating to the Scheme will be by poll. In the interest of public safety and having due regard to the Nigeria Centre for Disease Control (NCDC) COVID-19 Guidance for Safe Mass Gatherings in Nigeria, shareholders are encouraged to utilise the alternative methods available to attend/observe the COM and cast their votes, in lieu of physical attendance. The Board has appointed Mr. Asue Ighodalo, Mrs. Tairat Tijani, Mr. Abubakar Suleiman, Mrs. Temitayo Adegoke, Brig. Gen E.E. Ikwue (Rtd), Sir. Sunny Nwosu, Dr. Faruk Umar, Mr. Mathew Akinlade, Mrs. Oludewa Thorpe, Mr. Boniface Okezie, Mr. Gbenga Idowu, Mrs. Funke Augustine, Mr. Ridwan Hamza, Alhaji Kabiru Tambari, Mr. Adeleke Adebayo and Mr. Norna Awoh as proxies ("Selected Proxies") for this purpose. The Selected Proxies have been appointed to give Sterling Bank's shareholders a choice regarding the individual to best represent their interests at the COM. I urge you to follow the procedure set out in the notice on pages 55 to 57 and the Proxy Form on page 58. All other shareholders will be required to attend the COM online via real-time streaming options which will be provided. By completing the Proxy Form attached to this Scheme Document and available for download on the Bank's website, you can notify your proxy of your voting instructions.

Each Qualifying Shareholder will be entitled to one vote for every Ordinary Share held. The statutory threshold required to pass the resolutions at the Court-Ordered Meeting is a majority representing not less than three-quarters in value of the Ordinary Shares present and voting in person or by proxy, cast in favour of the Scheme.

The Notice of the Court-Ordered Meeting is on page 55 of this Scheme Document.

8. ACTIONS TO BE TAKEN BY STERLING BANK PLC SHAREHOLDERS

The appropriate Proxy Form for the Court-Ordered Meeting is enclosed with the Scheme Document and is available for download on the Bank's website. By completing the Proxy Form, you can notify your proxy of your voting instructions. You are requested to complete the Proxy Form in accordance with the instructions thereon and return the same by post, hand, or via email at info@paceregistrars.com, to the Registrar, Pace Registrars Limited, Akuro House, 24 Campbell Street, Lagos, on or by Friday, 16 September 2022, being 24 hours before the time appointed for the COM.

Sterling Bank has arranged, at its expense, for the stamping of the duly completed and signed Proxy Forms submitted to the Registrars within the stipulated time. We urge shareholders to submit the Proxy Forms well ahead of the meeting to enable the Bank to complete the stamping within the stipulated period.

Please note that if you do not give specific instruction on the resolutions to be considered at the Court-Ordered Meeting by placing a mark in the appropriate box, your proxy will be at liberty to vote or abstain from voting as he or she thinks fit on the resolutions, any modifications to the Scheme, or on any other business that may properly come before the Court-Ordered Meeting.

It is important for all Sterling Bank shareholders to participate in the Court-Ordered Meeting and exercise their voting rights.

9. PROVISION FOR DISSENTING SHAREHOLDERS

All Eligible Shareholders will be entitled to the HoldCo Shares in the same proportion as their respective shareholdings in the Bank if the Scheme becomes effective. Under the provisions of Sections 711 and

5. EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISER

715 of CAMA, the Scheme binds the Scheme Shareholders and the Bank where the statutory majority of shareholders vote in favour of the Scheme and same is sanctioned by the Court.

10. PLAN FOR EMPLOYEES AND DIRECTORS AFTER THE SCHEME

Upon the Scheme becoming effective, all employees of Sterling Bank will have opportunities within HoldCo's businesses. Employees of the Non-Interest Banking business will be redeployed to become employees of The Alternative Bank Limited.

Majority of the current directors of the Bank will continue to be Directors of the Bank. However, a few will be moved to some of the emerging entities either to serve fully or as cross directors. The Board thinks this is also a good opportunity to bring in additional experienced professionals to be directors within the Group.

11. TAXATION

The Board appointed W.A. Kareem & Co. to assist in the evaluation of the potential tax implications of the Proposed Restructuring to the Group. Their principal finding is that the Proposed Restructuring will not result in any tax disadvantages to any of the Group companies.

Companies Income Tax

Dividend paid by the operating subsidiaries of HoldCo, namely Sterling Bank and The Alternative Bank Limited is Franked Investment Income (FII) and will not be subjected to further Income Tax in the hands of the HoldCo pursuant to S. 80(3) of the Companies Income Tax Act CAP C21 LFN 2004 (CITA) as amended. Put succinctly, in determination of the HoldCo's profit assessable to income tax, the FII will be excluded therefrom.

Sterling Bank and the Alternative Bank are obligated to deduct WHT at the rate of 10% from any dividend distributed to HoldCo and remit to the appropriate tax authorities in compliance with the provision of S. 80(1)(2) of CITA. The WHT deducted by Sterling Bank and the Alternative Bank from the dividend paid to HoldCo will be deemed to be Franked Investment Income (FII) and will not suffer further WHT when redistributed by HoldCo to its own shareholders.

Notwithstanding the position of the law stated above, to avoid administrative challenges, FIRS, in its Information Circular 2012/01 titled "*Explanatory Notes on the Critical Tax Issues for the Operation of Bank Holding Company Structure in Nigeria*", stated that in the application of the provision of Section 80(3) of CITA to Bank Holding Companies, the operational subsidiaries can pay the gross amount of dividend declared to HoldCo while the latter has an obligation to deduct WHT therefrom and remit same to the appropriate tax authority within 30 days of receipt thereof.

Consequent upon the above, Sterling Bank and The Alternative Bank Limited (operational subsidiaries) can pay HoldCo the gross amount of any dividend declared and paid while the latter has the obligation to deduct WHT at 10% from dividend received and remit same to the appropriate tax authority within 30 days of receipt.

Additionally, Holdco is exempted from the incidence of "Excess Dividend Tax" on payment of dividends to its shareholders out of FII received from Sterling Bank and The Alternative Bank Limited pursuant to S.19(2) CITA as amended by the Finance Act 2020.

Capital Gains Tax (CGT)

S.30 (2) of the Capital Gains Tax Act (CGTA) as amended by the Finance Act 2021, provides that gains accruing on the disposal of shares in any Nigerian company registered under CAMA are chargeable gains and therefore liable to Capital Gains Tax (CGT) at the rate of 10%.

However, CGT will not be applicable or payable on a reduced amount where the proceeds of the shares disposed are fully or partially reinvested within the same year of assessment in the acquisition of shares in the same or other Nigerian companies.

5. EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISER

There are no chargeable capital gains arising from the exchange of shares between Holdco and the Scheme Shareholders, consequently, there will be no exposure to CGT liability payable by the shareholders of Sterling Bank.

Stamp Duties

S.104 (1) of the Stamp Duties Act CAP S8 LFN 2004 (as amended) provides, subject to the conditions stated therein, for relief or exemption from the payment of capital and transfer duty on instruments and shares in a scheme for the reconstruction of any company or companies or the amalgamation of any companies.

Consequent upon the above, the Holdco and The Alternative Bank Limited are entitled to waiver of Stamp Duties payable on the incorporation of the companies.

Transaction Costs

Some transaction costs will necessarily be incurred as a result of the proposed business restructuring. Such costs will include incorporation costs, legal fees, regulatory fees, and professional fees.

While Value Added Tax (VAT) at 7.5% will be chargeable on some of these expenses, the Group is obliged to deduct withholding tax at the appropriate rate on some of the payments and remit same to the appropriate tax authority.

Notwithstanding the above, we advise that any shareholders in doubt as regards their tax status or resident in other tax jurisdictions outside Nigeria consult their professional advisers as to the tax consequences of the Scheme based on their peculiar circumstances.

12. FURTHER INFORMATION

The following information is contained in this Scheme Document:

The Scheme of Arrangement on page 18.

Your attention is also drawn to the additional information contained in the following appendices to the Scheme Document.

Appendix I: Statutory and General Information on Sterling Bank on pages 22 to 36;

Appendix II: Financial Information on Sterling Bank on pages 37 to 39;

Appendix III: Further Information on Sterling Financial Holdings Company Limited on pages 41 to 43;

Appendix IV: Further Information on The Alternative Bank Limited on pages 44 to 46;

Appendix V: Pro-Forma Financial Information on pages 47 to 50;

Appendix VI: Fixed Asset Schedules of Sterling Bank and The Alternative Bank Limited on pages 51;

Appendix VII: Tax Opinion on page 52; and

Appendix VIII: Notice of Court-Ordered Meeting on page 55.

13. CONCLUSION AND RECOMMENDATION

The Board, having considered the terms and conditions of the Scheme, as well as the benefits thereof, recommends that you vote in favour of the resolutions which will be proposed at the Court-Ordered Meeting.

Yours faithfully



Funso Akere
Chief Executive

6. THE SCHEME OF ARRANGEMENT

SCHEME OF ARRANGEMENT

Pursuant to Section 715 of the Companies and Allied Matters Act No. 3 of 2020 (as amended) (“CAMA”) and incorporating a carve-out and transfer of the Non-Interest Banking Business under Section 711 of CAMA

Between



and

The Holders of its Fully Paid Ordinary Shares of 50 Kobo Each

- A. In this Scheme, as herein defined, the following expressions have the following meanings where the context so admits:

“ACT” OR “ISA”	Investments and Securities Act. No. 29 of 2007 (as amended)
“BANK” OR “COMPANY”	means Sterling Bank PLC
“BOARD OF DIRECTORS”	Board of Directors of Sterling Bank PLC whose names appear on page 7 of the Scheme Document
“BUSINESS DAY”	Any day other than a Saturday, Sunday, or official public holiday declared by the Federal Government of Nigeria, on which commercial banks are opened for general banking business in Nigeria
“CAC”	The Corporate Affairs Commission
“CAMA”	Companies and Allied Matters Act No. 3 of 2020 (as amended)
“CBN”	Central Bank of Nigeria
“COURT”	The Federal High Court of Nigeria
“COM”	Court Ordered Meeting
“COURT-ORDERED MEETING”	The meeting of the shareholders of the Bank convened by an order of the Court and held pursuant to Sections 711 & 715 of CAMA, notice of which is set out on pages 55 to 57 of the Scheme Document
“COURT SANCTION”	An order made by the Court, sanctioning the Scheme
“CSCS”	means the Central Securities Clearing System, the electronic clearing and depository system for securities transactions in Nigeria operated by Central Securities Clearing System PLC
“CTC”	Certified True Copy
“EFFECTIVE DATE”	The date on which the CTC of the Court sanction is delivered to the CAC for registration
“EXPLANATORY STATEMENT”	The statement issued by the Financial Adviser to the Bank, for the purpose of explaining the terms, conditions, and effects of the Scheme, which is set out on pages 12 to 17 of the Scheme Document

6. THE SCHEME OF ARRANGEMENT

“FGN”	Federal Government of Nigeria
“FHC GUIDELINES”	means the Guidelines for Licensing and Regulation of Financial Holding Companies in Nigeria effective August 29, 2014, issued by the CBN
“FINANCIAL ADVISER”	Stanbic IBTC Capital Limited
“HOLDCo”	means Sterling Financial Holdings Company Limited
“FORM OF PROXY” OR “PROXY FORM”	The attached form of proxy for use in connection with the Court-Ordered Meeting of the existing shareholders
“LFN”	Laws of the Federation of Nigeria
“NGX” OR THE “EXCHANGE”	Nigerian Exchange Limited
“NIB”	means The Alternative Bank Limited, the non-interest banking subsidiary of the Bank
“QUALIFICATION DATE”	The date for determining shareholders eligible to receive notice, attend and vote at the Court Ordered Meeting to be convened for the Scheme subject to the rules of NGX
“SCHEME DOCUMENT”	This document setting out the Scheme, the Explanatory Statement, the Notice of the Court-Ordered Meeting, and the various appendices contained therein in relation to the Scheme
“SCHEME SHARES”	28,790,418,124 issued and fully paid-up ordinary shares of 50 kobo each in the Bank held by the Scheme Shareholders and which are listed on NGX
“SCHEME SHAREHOLDERS”	Registered holders of the Scheme Shares as at the date on which the Registrar closes the Register for the purpose of dispatching the Scheme Document, and includes persons entitled to the Scheme Shares by way of transmission
“SEC” OR THE “COMMISSION”	means the Securities & Exchange Commission
“SHAREHOLDER”	means shareholder of the Bank
“THE SCHEME” OR “THE TRANSACTION”	The proposed Scheme of Arrangement between the Bank, and the holders of its issued and fully paid ordinary shares of 50 kobo each, pursuant to Section 715 of CAMA and the carve out of the Non-Interest Banking Business to The Alternative Bank pursuant to section 711 of CAMA
“TERMINAL DATE”	Means the Business Day immediately preceding the Effective Date

6. THE SCHEME OF ARRANGEMENT

- B. As at December 31 2021 the authorised share capital of the Bank was ₦16,000,000,000 (Sixteen Billion Naira) divided into 32,000,000,000 (Thirty-Two Billion) ordinary shares of ₦0.50 kobo each, out of which 28,790,418,126 ordinary shares of ₦0.50 kobo each are issued and fully paid-up. The shareholding structure of the Bank as at the date of the Scheme is as follows:

Shareholder	No. of Ordinary Shares Held	%
Silverlake Investments Limited	7,197,604,531	25.0
State Bank of India	2,549,505,026	8.9
Mike Adenuga	1,620,376,969	5.6
Ess-ay Investments Limited	1,444,057,327	5.0
Sterling Financial Holdings Company Limited	2	0.0
Others	15,978,874,271	55.5
Total	28,790,418,126	100.0

- C. As at December 31 2021, the issued share capital of the HoldCo was ₦14,396,000,000 comprising 28,792,000,000 ordinary shares of 50 Kobo each. The existing shareholders of HoldCo will surrender the shares held in HoldCo on the Effective Date and simultaneously 28,790,418,124 ordinary shares will be issued and allotted as fully paid-up shares to the Scheme Shareholders upon the Scheme becoming effective. The balance of 1,581,876 ordinary shares being excess shares in the HoldCo will be surrendered and cancelled.
- D. In a bid to harness the opportunities presented by having a standalone non-interest bank and the changing financial technology landscape, and effectively compete in the financial services industry, the management of the Company and the Board reasonably believes that the Bank's transition into a financial holding company group model will adequately position the Bank, to enable it to capture a wider range of financial services across a larger demographic.
- E. The Scheme will consist of the elements listed below:

a) Exchange of Scheme Shares

Each Scheme Shareholder will transfer its shares in the Bank to HoldCo in consideration for the allotment of shares in the HoldCo to each Scheme Shareholder. Upon the scheme becoming effective, each Shareholder will receive 1 (one) HoldCo share, which will be credited as fully paid-up, in exchange for every 1 (one) Scheme Share held as at the Terminal Date. Each Scheme Share will be transferred to the HoldCo without any further act or deed.

b) Carve-out and transfer of non-interest banking business

The Bank will transfer all the assets, liabilities, and undertakings related to the non-interest banking business from the Bank to NIB.

c) Transfer of shares in NIB to HoldCo

All of the shares held by the Bank and its nominee in The Alternative Bank Limited, together with all rights and liabilities attached to such shares, shall be transferred to HoldCo. The Alternative Bank Limited will be a direct subsidiary of HoldCo.

d) Reorganisation of capital

As part of the carve out of the non-interest banking business and reorganisation of capital, the Bank has transferred the sum of ₦10 billion to the CBN for the capitalisation of The Alternative Bank Limited. The Bank will also transfer another ₦10 billion to HoldCo for its operations. As a result of the two transfers, the Bank's retained earnings will reduce by ₦20 billion.

e) Delisting of the shares and listing of the HoldCo Shares on NGX

The Bank will apply to have the shares delisted from NGX and in its place, the HoldCo Shares will be listed thereon. The Scheme Shareholders will be credited with the HoldCo Shares in the same proportion as their Bank shareholding in the CSCS within 5 (five) Business Days of the Effective Date.

6. THE SCHEME OF ARRANGEMENT

1. Conditions Precedent to the Scheme

The Scheme shall become binding on shareholders of the Bank as from the Effective Date, irrespective of whether or not they attended or voted at the COM (and if they attended or voted, irrespective of whether or not they voted in favour of the Scheme), if the following conditions precedent are fulfilled:

- a. The Scheme is approved, with or without modification(s), by a resolution of a majority representing three-quarters ($\frac{3}{4}$) in value of the shares held by the Bank's shareholders present and voting, either in person or by proxy at the COM;
- b. The SEC approves, with or without modification, the terms and conditions of the Scheme as agreed by majority of the shareholders;
- c. The Court sanctions the Scheme with or without modification(s); and
- d. CTC of the Court Sanction is registered with the CAC.

2. Consequences of the Scheme

- a. Each Scheme Shareholder as at the Terminal Date will receive 1 (one) HoldCo share, which will be credited as fully paid, in exchange for every 1 (one) Scheme Share held as at the Terminal Date;
- b. The HoldCo will enter the names of the Scheme Shareholders in its Register of Members;
- c. The retained earnings of the Bank will be reduced by ₦20 billion;
- d. The HoldCo Shares will be listed on the Official List of NGX and the Scheme Shareholders will be credited with their equivalent shareholding in the HoldCo;
- e. The shares will be delisted from the Official List of NGX and all share certificates representing the interests of the Scheme Shareholders (to the extent that such certificates remain in existence) shall cease to be valid or to have any value; and
- f. The Bank will be re-registered as a private limited liability company under the relevant provisions of CAMA.

3. Effectiveness

The Scheme shall become effective on the day on which a CTC of the Court Sanction is delivered to the CAC for registration, simultaneously, the current shareholders of the HoldCo shall surrender their shares (issued, but unpaid for in the HoldCo. The surrendered shares shall become part of the un-issued share capital of HoldCo and will be allotted to the shareholders of the Bank pro rata their shareholding in the Bank.

4. Modifications

The Board may consent, on behalf of all the parties to the Scheme, to any modification of or addition to the Scheme which the Court or any regulatory authority may deem fit to approve or to any condition which the Court or any regulatory authority may impose.

DATED THIS 5TH DAY OF AUGUST, 2022

7. APPENDIX I – STATUTORY AND GENERAL INFORMATION

7.1 RESPONSIBILITY STATEMENT

The information contained in this document in relation to Sterling Bank PLC has been provided by the Company. The Directors of Sterling Bank PLC have taken all reasonable care to ensure that the facts stated, and opinions expressed in this document with regard to the Company, are all fair and accurate and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief (having made due and careful enquiry) as at the date of this Scheme Document, no material facts concerning the Company have been omitted from this Scheme Document. The Directors hereby accept responsibility for the information provided.

7.2 INCORPORATION AND SHARE CAPITAL HISTORY

Sterling Bank PLC was incorporated as Nigeria Acceptances Limited (“NAL Bank”) in 1960. Sterling Bank was licensed as Nigeria's first merchant bank in 1969. Consequent to the indigenization decree of 1972, the Bank became fully government owned and was managed in partnership with Grindlays Bank Limited, Continental International Finance Company Illinois, and American Express Bank Limited between 1974 and 1992. In 1992, the Bank was partly privatized and listed as a public company on the NGX previously the Nigerian Stock Exchange. In 2000, the Federal Government sold its residual interest in the bank, effectively making it a fully privatized institution.

In January 2006, as part of the consolidation of the Nigerian banking industry, NAL Bank completed a merger with four other Nigerian Banks namely, Magnum Trust Bank, NBM Bank, Trust Bank of Africa, and Indo-Nigeria Merchant Bank, and adopted the name Sterling Bank. In 2011, Sterling Bank also acquired Equitorial Trust Bank. The merged entities were successfully integrated and have operated as a consolidated group ever since.

Sterling Bank PLC has an authorised share capital of ₦16,000,000,000 comprising 32,000,000,000 Ordinary Shares of 50 kobo each, and an issued share capital of ₦14,395,209,063 comprising 28,790,418,126 Ordinary Shares of 50 kobo each. The changes in the share capital of the Company since inception are summarised below:

Date	Authorised		Issued & Fully Paid-up		Consideration
	Increase	Cumulative	Increase	Cumulative	
1960	-	500,000	-	500,000	Cash
1970	1,000,000	1,500,000	1,000,000	1,500,000	Scrip
1973	1,000,000	2,500,000	-	1,500,000	-
1974	-	2,500,000	625,000	2,125,000	Scrip
1975	-	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	-	7,500,000	2,450,000	7,350,000	Scrip
1984	3,000,000	10,500,000	3,150,000	10,500,000	Scrip
1985	4,500,000	15,000,000	-	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
1992	-	100,000,000	-	63,000,000	-
1994	-	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	-	141,750,000	Scrip
1998	-	600,000,000	212,625,000	354,375,000	Scrip
1999	-	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	797,343,250	Scrip
2003		1,500,000,000	34,344,239	831,687,489	Cash
2004	1,000,000,000	2,500,000,000	171,229,880	1,002,917,369	Scrip
2004	-	2,500,000,000	240,375,737	1,243,293,106	Cash

7. APPENDIX I – STATUTORY AND GENERAL INFORMATION

Date	Authorised		Issued & Fully Paid-up		Consideration
	Increase	Cumulative	Increase	Cumulative	
2005	2,000,000,000	4,500,000,000	621,646,803	1,864,939,909	Scrip
2006	5,500,000,000	10,000,000,000	522,045,592	2,386,985,501	Cash
2006	-	10,000,000,000	2,889,437,825	5,276,423,326	Merger
2008	2,000,000,000	12,000,000,000	6,658,513,143	11,934,936,469	Merger Adjustment
2008	-	12,000,000,000	-	6,281,545,772	Reconstruction
2011	-	12,000,000,000	1,570,386,444	7,851,932,216	ETB Merger
2013	-	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

7.3 BENEFICIAL OWNERSHIP

As of the date of this Scheme document, Sterling Bank PLC's 28,790,418,126 issued Ordinary Shares of 50 Kobo each were beneficially held as follows:

Shareholder	Ordinary Shares held	Shareholding(%)
Silverlake Investments Limited	7,197,604,531	25.0
State Bank of India	2,549,505,026	8.9
Dr. Mike Adenuga	1,620,376,969	5.6
Ess-ay Investments Limited	1,444,057,327	5.0
Sterling Financial Holdings Company Limited	2	0
Others	15,978,874,271	55.5
Total	28,790,418,126	100.0

As of the date of this Scheme Document, except as stated above, no other shareholder held more than 5% of the issued share capital of the Company.

7.4 PROFILE OF BOARD OF DIRECTORS

The Company's Board of Directors is made up of 14 members comprising, 4 Executive Directors and 10 Non-Executive Directors.

Mr. Asue Ighodalo (Chairman)

Asue Ighodalo was appointed a Non-Executive Director of Sterling Bank in May 2014 and subsequently as Chairman in July 2014. A product of the prestigious Kings College, Lagos, Asue obtained a Bachelor of Science Degree (B.Sc.) in Economics from the University of Ibadan in 1981. LL.B in 1984 from the London School of Economics & Political Science and a BL in 1985 from the Nigerian Law School. He is a Partner in the law firm Banwo & Ighodalo, a leading corporate and commercial law practice in Nigeria, which he founded in partnership in 1991. His core practice areas are corporate finance, capital markets, mergers and acquisitions, banking & securities, foreign investments & divestments, energy & natural resources, privatization, and project finance. A member of several professional associations, Asue sits on the board of several public and private companies.

Mr. Abubakar Suleiman (Managing Director)

Abubakar Suleiman currently serves as the Managing Director/Chief Executive of Sterling Bank. He was appointed to the Board in April 2014 with responsibility for directly overseeing the Strategy & Innovation, Branding & Communication, and Human Resource Management Departments before assuming the role of Managing Director. He is the executive sponsor of the Bank's non-interest banking business (Sterling Alternative Finance). He joined the Sterling Bank family (Trust Bank of zAfrica) in 2003 with responsibility for Treasury and Finance. Following the merger in 2006, he was

7. APPENDIX I – STATUTORY AND GENERAL INFORMATION

appointed Group Treasurer; a position he held until 2011 when he assumed the role of Integration Director – tasked with managing and integrating Equitorial Trust Bank (ETB) into Sterling Bank. He began his career as an Experienced Staff Assistant at Arthur Andersen (now KPMG Nigeria), before moving to MBC International Bank (now First Bank) as a Management Associate. He later worked in Citibank Nigeria in roles spanning Treasury and Asset & Liability Management. Mr. Suleiman earned a degree in Economics at the University of Abuja, a Master's degree in Major Programmes Management from the University of Oxford, and has attended various executive education programmes at INSEAD, Harvard, Wharton, and Said Business Schools.

Mr. Raheem Owodeyi (Executive Director)

Raheem Owodeyi serves as the Executive Director, Operations & Services/ Chief Operating Officer at Sterling Bank where he is responsible for overseeing the Bank's operations and services to meet business goals and projections. He had previously served as the Chief Compliance Officer of the Bank. Prior to joining Sterling Bank, Mr. Owodeyi was a General Manager and Chief Inspector at ASO Savings and Loans Plc. He previously served as a Deputy General Manager and Head, Compliance & Internal Controls (International) at Access Bank Plc. He had at various times worked in BDO Stoy Hayward LLP, United Kingdom, Triumph Bank Plc, and Citigroup, Nigeria with a track record of excellent performance. He obtained a Bachelor of Science degree in Economics (First Class) from Obafemi Awolowo University. He is a Senior Member of the Chartered Institute of Bankers of Nigeria, a Member of the Institute of Internal Auditors, and a Fellow of the Compliance Institute, Nigeria. He is an alumnus of the Wharton School, Pennsylvania

Mr. Yemi Odubiyi (Executive Director)

Yemi Odubiyi currently serves as the Executive Director, Corporate & Investment Banking at Sterling Bank. Mr. Odubiyi studied at the University of Lagos and holds a first degree in Estate Management (1994) as well as a Masters in International Law (1998) from the same institution. He started his banking career with the Nigeria unit of Citibank in 1995 as an Operations & Technology Generalist serving across all its Operations and Technology functions and was thereafter enrolled in its Management Associate program undertaking stints across all key units of the Bank. He left Citibank to join the turnaround team of the then Trust Bank of Africa in 2003 as Head of Operations & 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 also assumed oversight for corporate strategy serving as Chief Strategy Officer. Over the course of his career, he has undertaken senior management/executive education programs in Risk Management, Finance, and General Management at leading international educational institutions including the London and Harvard Business Schools to name a few.

Mr. Tunde Adeola (Executive Director)

Tunde Adeola serves as the Executive Director, Commercial & Institutional Banking. He was previously the General Manager and the Divisional Head, Commercial Banking Directorate where he was responsible for the growth, retention, sustainability, and relationship management of the Bank's commercial banking portfolio. He had previously served as the Business Executive, Commercial & Institutional Banking Group, Lagos Mainland. Prior to joining Sterling Bank, Mr. Adeola was an Assistant General Manager (Ikeja Business Area) in Trust Bank of Africa. He had at various times worked in Kakawa Discount House and Liberty Merchant Bank Limited. He holds a Bachelor of Arts degree in English from Lagos State University and a Bachelor of Law degree from the University of Lagos. He is an alumnus of the Wharton School, Pennsylvania.

Mr. Olaitan Kajero (Non-Executive Director)

Olaitan Kajero was appointed as a Non-Executive Director of Sterling Bank in August 2014. He holds a Bachelor of Science Degree in Chemistry from the University of Lagos and an MBA in Finance from Olabisi Onabanjo University, Ago Iwoye in Ogun State. He is currently 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. Mr. Kajero is a Fellow of the Chartered Institute of Bankers of Nigeria.

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Mr. Michael Jituboh (Non-Executive Director)

Michael Jituboh was appointed as a Non-Executive Director of Sterling Bank in December 2015. He has been on missions to every African country and is also widely travelled across the Middle East, Europe, Asia, and the American continent. He has an extensive background experience in Project Lending and Management. He previously served as Non-Executive Director on the boards of the erstwhile Devcom and Equitorial Trust Banks. Mr. Jituboh holds a Bachelor of Science (B.Sc.) Degree in Applied Mathematics from the Federal City College (now University of Washington DC), USA, and a Master of Arts (MA) Degree in Economic Studies from Stanford University, California, USA. He is an alumnus of the Harvard Business School, Program for Management Development (PMD).

Mrs. Folasade Kilaso (Non-Executive Director)

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

Mr. Olatunji Mayaki (Non-Executive Director)

Mr. Olatunji Mayaki is an executive management, governance, and risk consultant who holds B.Sc. and LLB degrees from the University of Ibadan. He has attended both Harvard and INSEAD business and executive leadership development programs. Called to the Nigerian Bar, he started his career with the law firm then known as Ajumogobia, Okeke, Oyebode & Aluko honing his skills in commercial law and litigation. He also served in the Banking and Asset Management sector, culminating in the role of pioneer Vice President, Legal & Compliance of Nigeria's leading Asset & Investment Management firm, Asset & Resource Management Company Ltd, ARM.

He joined Shell Petroleum's Nigerian operations in 1996 as Legal Adviser, Contracting & Projects, and was pioneer Legal Adviser & Company Secretary of Shell Exploration & Production Africa Limited, following the creation of its African regional office in 2004. He transferred to The Netherlands in 2005 as Senior Legal Counsel supporting Engineering Procurement & Construction (EPC) Contracts for Shell's global Gas & Power Business where he maintained responsibility for supporting Group Engineering Procurement and Construction projects in Africa, China, Western Europe, and South America.

He returned to Nigeria in 2009 to assume the role of Country Head of Legal & Group Company Secretary for all the Shell Companies in Nigeria. In 2012, he joined Addax Petroleum Nigeria, as Deputy Managing Director, overseeing its External, Government & Regulatory Affairs, Human Resources & Admin, Legal, Community Relations, Security & Supply Chain Management Business Groups. He voluntarily retired from Addax in January 2022.

Tunji also sits on the Governing Council of a Nigerian private university, Davidson, and a UK-based NGO & Charitable Organisation, Chestrad, from where he has championed the establishment of several programs in Nigeria to support health systems, social development, women, and the girl child. He was appointed as a Non-Executive Director of Sterling Bank in April 2022.

Mrs. Olusola Oworu (Independent Director)

Olusola Oworu was appointed as an Independent Director of Sterling Bank in April 2022. She served as a Special Adviser on Commerce & Industry to the erstwhile Governor of Lagos State, Mr.

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Babatunde Raji Fashola SAN. She was also an Honourable Commissioner for Commerce & Industry with the primary responsibility to develop several greenfield projects, initiate schemes to improve the investment climate, and lead the drive to attract new investments to Lagos State. She holds a Bachelor of Arts (Honours) in Accounting and is a fellow of the Institute of the Chartered Accountants of Nigeria. She was an Independent Director of First Bank of Nigeria Limited from January 2016 to April 2021. She is currently the Chairperson, Lekki Concession Company, and a member of the Advisory Board of Landmark Village, Lekki.

Mr. Michael Ajukwu (Independent Director)

Michael Ajukwu was appointed as an Independent Director of Sterling Bank in June 2018. He holds a B.Sc. in Finance from the University of Lagos and an MBA in Accounting & Finance from New York University. He worked for 21 years in the banking industry retiring in 2002 as an executive board member of United Bank for Africa. Mr. Ajukwu is currently a Non-Executive Director on the Boards of Novotel— A member of ACCOR (a French Hotel Group). He is also an Independent Director on the Board of Tiger Brands SA, MTN Nigeria Communications Plc, and International Breweries.

Mr. Ankala Prasad (Non-Executive Director)

Ankala Prasad was appointed as a Non-Executive Director of Sterling Bank in April 2021. He has extensive banking experience and is an expert in project finance, with responsibility for large corporates, and foreign exchange business including trade transactions. He is well versed in regulatory compliance and reporting, identifying risk and its mitigants. He obtained his Bachelor of Science and Master of Science degrees from Nagارجونا University, India. He also obtained an MBA (Financial Management) from the University of Mumbai, India.

Mrs. Tairat Tijani (Non-Executive Director)

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

Mr. Paritosh Tripathi (Non-Executive Director)

Paritosh Tripathi was appointed as a Non-Executive of Sterling Bank in April 2021. He is presently the General Manager of Operations, International Banking Group of the State Bank of India (SBI). He joined the State Bank of India in 1990 as a Probationary Officer and has over the years served in various capacities. He has over 30 years of banking experience and is an expert in the implementation of IT-related policies and IT Infrastructure. He oversees the Operations & Information System Functions. He is responsible for HR and Overseas Expansion Planning and Strategy and also has oversight functions on performance monitoring, budgeting, strategy, advertisement, and marketing at SBI. He holds a Bachelor of Arts degree and a Master of Business Administration (MBA) from the University of Lucknow. He is a certified Associate of the Indian Institute of Bankers.

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7.5 DISCLOSURE OF DIRECTORS' INTERESTS

The interests of the Directors in the issued share capital of the Bank as recorded in the Register of Directors' Interests or as notified by them as at the date of this Scheme document are as follows:

Director	Direct holding	Indirect holding	Total shares	Shareholding (%)
Asue Ighodalo	-	62,645,242	62,645,242	0.2%
Ankala Prasad	-	2,549,505,026	2,549,505,026	8.9%
Michael Jituboh	-	1,620,376,969	1,620,376,969	5.6%
Michael Ajukwu	-	-	-	0.0%
Olaitan Kajero	-	1,592,555,294	1,592,555,294	5.5%
Tairat Tijani	-	1,444,057,327	1,444,057,327	5.0%
Folasade Kilaso	-	1,440,337,670	1,440,337,670	5.0%
Abubakar Suleiman	62,133,276	-	62,133,276	0.2%
Tunde Adeola	28,966,248	-	28,966,248	0.1%
Yemi Odubiyi	58,637,787	-	58,637,787	0.2%
Raheem Owodeyi	18,338,626	-	18,338,626	0.1%
Paritosh Tripathi	-	-	-	-
Olatunji Mayaki	-	7,198,776,004	7,198,776,004	25.0%
Olusola Oworu	1,383,017	-	1,383,017	0.0%

The effect of the Scheme will be the same for all shareholders, including Directors who are shareholders of the Company.

7.6 SUBSIDIARIES, JOINT VENTURES, AND ASSOCIATED COMPANIES

As at 31 December 2021, the Bank had one subsidiary, Sterling Investment Management SPV Plc, a special purpose vehicle (SPV). The SPV was registered in 2016, to raise money from the capital market to support the Bank.

7.7 EXTRACTS FROM THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF STERLING BANK PLC

TRANSFER OF SHARES

23. Subject to the restrictions contained in these Articles, any member may transfer all or any of his shares, but every transfer must be in writing in the usual common form or such other form as the Directors may approve and must be left at the Office accompanied by the certificate of the shares to be transferred, and such evidence as the Directors may require to prove the title of the transferor or his right to transfer the shares and be permanently deposited in the custody of the Board.
24. The instrument of transfer of a share shall be executed both by the transferor and the transferee and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.

The Directors may decline to recognize any instrument of transfer unless:

- (a) such fee, not exceeding N100 (One Hundred Naira) or such other sum as the Directors may from time to time require, is paid to the Company in respect thereof; and
- (b) the instrument of transfer is left at the Office for registration and is accompanied by the certificates of the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

The Transfer books and the Register of Shareholders and Debenture Holders respectively may be closed at such times and for such periods as the Directors may from time to time determine, provided always that they shall not be closed for more than thirty days in any year.

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There shall be paid to the Company in respect of the registration or noting in the Register, or any probate, letters of administration, certificates of marriage or death, Power of Attorney, instrument recording a change of name, designation, or other document relating to or affecting the title of any share, such fee, not exceeding NGN100 (One Hundred Naira) or as the Directors may from time to time require or prescribe.

TRANSMISSION OF SHARES

On death of member survivors, or executor only recognized

25. In the case of the death of a registered member, the survivors or survivor, where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his shares but nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share solely or jointly held by him.

Person becoming entitled on death or bankruptcy of member may be registered

26. Any person becoming entitled to a registered share in consequence of the death or bankruptcy of any member may upon producing such evidence of title as the Directors shall require, and subject as hereinafter provided, either be registered himself as holder of the share or elect to have some person nominated by him registered as the transferee thereof.

Person electing to be registered to give notice

27. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him and stating that he so elects.

As to the right of a person entitled by transmission to receive dividend

28. A person entitled to a registered share by transmission shall be entitled to receive and give a discharge for any dividends or other money payable in respect of the share, but he shall not be entitled to receive notices of or to attend or vote at meetings of the Company, or (save as aforesaid) to any of the rights or privileges of a member, unless and until he shall have become a member in respect of the share.

FORFEITURE OF SHARES

Directors may require payment of call with interest and expenses

29. If any shareholder fails to pay the whole or any part of any call on or before the day appointed for the payment thereof, the Directors may at any time thereafter during such time as the call, or any part thereof, remains unpaid serve a notice on him requiring him to pay such calls, or such part thereof as remains unpaid together with any accrued interest and any expenses incurred by the Company by reason of such non-payment.

Notice requiring payment to contain certain particulars

30. The notice shall name a further day not earlier than the expiration of fourteen (14) days from the date of service of the notice on or before which such call or such part thereof as aforesaid, and all such interest and expenses as aforesaid are to be paid. It shall also name the place where payment is to be made and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made will be liable to be forfeited.

On non-compliance with Notice, shares forfeited on the resolution of Directors

31. If the requirements of any such notice as aforesaid are not complied with any share in respect of which such notice has been given may at any time thereafter, before payment of all calls, interest, and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect.

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Forfeiture to include dividends declared though not actually paid

32. A forfeiture of shares under the preceding Article shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

Notice of forfeiture to be given and entered in respect of members

33. When any share has been forfeited in accordance with these Articles, notice of the forfeiture shall forthwith be given to the holder of the shares, or the person entitled to the share, by transmission, as the case may be, and an entry of such notice having been given and of the forfeiture, with the date, thereof shall forthwith be made in the register of members opposite to the entry of the share; but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

Directors may allow forfeited shares to be reduced

34. Notwithstanding any such forfeiture as aforesaid, the Directors may at any time before the forfeited share has been otherwise disposed of permit the share so forfeited to be redeemed upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the share, and upon any further or other terms, they may think fit.

Shares forfeited belong to the Company

35. Every share which shall be forfeited shall thereupon become the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the person who was before forfeiture the holder thereof or entitled thereto, or to any other person, upon such terms and in such manner as the Directors shall think fit, and whether with or without all or any part of the amount previously paid on the share being credited or any part of the amount previously paid on the share being credited as paid. The Directors may if necessary, authorise some person to transfer a forfeited share to any such other person as aforesaid.

Holders of forfeited shares are liable for calls made before forfeiture

36. A shareholder whose shares have been forfeited shall notwithstanding, be liable to pay to the Company all calls made and not paid on such shares at the time of forfeiture, with interest thereon to the date of payment at such rate, not exceeding six per cent, per annum as the Directors shall think fit in the same manner in all respects as if the shares had not been forfeited, and to satisfy all (if any) the claims and demands which the Company might have enforced in respect of the share at the time of forfeiture without any deduction or allowance for the value of the shares at the time of forfeiture.
37. The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in and all claims and demands against the Company in respect of the share and all other rights and liabilities incidental to the share as between the shareholder whose share is forfeited and the Company, except only such of those rights and liabilities as are by these Articles expressly saved, or as are by the Decree given or imposed in the case of past members.
38. A statutory declaration in writing that the declarant is a Director of the Company, and that a share has been duly forfeited in pursuance of these Articles, and stating the time when it was forfeited, shall, as against all persons claiming to be entitled to the share, be conclusive evidence of the facts therein stated.

CAPITAL

43. The share capital of the Company is ₦16,000,000,000.00 divided into 32,000,000,000 Ordinary Shares of 50 Kobo each ranking pari passu in all respects.

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INCREASE OF CAPITAL

Company may increase its capital

44. The Company may from time to time with the sanction of an Ordinary Resolution, whether all the shares for the time being authorised shall have been issued, or all the shares for the time being issued shall have been fully called up or not, increase its capital by the creation of new shares, such aggregate increase to be of such amount and to be divided into shares of such respective amounts as the General Meeting resolving upon the creation thereof shall direct. Subject and without prejudice to any rights for the time being attached to the shares of any special class, any shares in such increased capital may have attached thereto such special rights or privileges as the General Meeting resolving upon the creation thereof shall direct, or, failing such direction as the Directors shall by resolution determine and in particular any such shares may be issued with a preferential, deferred or qualified right to dividends or in the distribution of assets and with a special or without any right of voting.

ALTERATION OF CAPITAL

Company may alter its capital in certain ways

45. The Company may from time to time by Special Resolution:
- (a) Consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares, or
 - (b) Cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, or
 - (c) By sub-division of its existing shares, or any of them, divide its capital or any part thereof, into shares of smaller amount than is fixed by its Memorandum of Association, and so that as between the holders of the resulting shares other more of such shares may by the Special Resolution by which the sub-division is effected be given any preference or advantage as regards dividend, capital, voting or otherwise over the others or any other of such shares.

Reduction of capital

46. The Company may from time to time by Special Resolution reduce its share capital in any manner authorised and with and subject to any incident prescribed or allowed by the Act.
47. Anything done in pursuance of either of the last two preceding Articles shall be done in the manner provided and subject to any conditions imposed by the Statutes, so far as they shall be applicable, and so far as they shall not be applicable, in accordance with the terms of resolution authorising the same, and, so far as such resolution shall not be applicable in such manner as the Directors deem most expedient, with power for the Directors, on any consolidation of shares, to deal with fractions of shares, in any manner they may think fit.

Modification of Rights

Rights of shareholders may be altered

48. If at any time the share capital is divided into different classes of shares, all or any of the rights or privileges attached to any class of shares forming any part of the capital for the time being of the Company may be affected, modified, dealt with or abrogated in any manner with the sanction of a Special Resolution passed at a separate meeting of the members of that class. To any such separate meeting, all the provisions of these Articles as to General Meetings shall mutatis mutandis apply, but so that the necessary quorum shall be not less than two members of the class holding or representing by proxy one-third of the capital paid up on the issued shares of the class (but so that if at any adjourned meeting a quorum as above defined is not present, any two holders of shares of the class present in person or by proxy shall be a quorum and so that the members of such class shall on a poll have one vote for each share of the class held by them respectively).

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GENERAL MEETING

Annual General Meeting

49. Annual General Meeting shall be held once in every calendar year, at such time and place within Nigeria as may be determined by the Company in General Meeting, or failing such determination by the Directors, but so that not more than fifteen months shall elapse between the holding of any two successive meetings.
50. All other General Meetings other than the Annual General Meetings shall be called Extraordinary General Meetings.

Extraordinary General Meeting

51. The Directors may whenever they think fit and they shall on the requisition of the holders of not less than one-tenth of the issued capital of the Company upon which all calls or other sums then due have been paid forthwith proceed to convene an Extraordinary General Meeting of the Company, and in the case of such requisition the following provisions shall have effect:

Requisition

1. The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Office and may consist of several documents in like form each signed by one or more requisitionists.
2. If the Directors of the Company do not proceed to cause a meeting to be held within twenty-one days from the date of the requisition being so deposited, the requisitionists or a majority of them in value may themselves convene a meeting, but any meeting so convened shall not be held after three months from the date of such deposit.
3. If at any such meeting a resolution requiring confirmation at another meeting is passed, the Directors shall forthwith convene a further Extraordinary General Meeting for the purpose of considering the resolution, and if thought fit, of confirming it as a Special Resolution, and if the Directors do not convene the meeting within seven days from the date of the passing of the first resolution, the requisitionists or a majority of them in value may themselves convene the Meeting.
4. Any meeting convened under this Article by the requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by the Directors.

Notice of Meetings

52. Twenty-one days' notice at the least specifying the place, the day, and the hour of the meeting, and in case of special business the general nature of such business shall be given to the members by notice sent by post or otherwise served as hereinafter provided. Provided that if it is so agreed by all members having the right to attend and vote, the meeting may be convened on less than twenty-one days' notice. The accidental omission to give any such notice to any members shall not invalidate any resolution passed at any such meeting. Where it is proposed to pass a Special Resolution, the two meetings may be convened by one and the same notice and it is to be no objection to such notice that it only convenes the second meeting contingently on the resolution being passed by the requisite majority at the first meeting.

PROCEEDING AT GENERAL MEETING

53. All business shall be deemed special that is transacted at an Extraordinary General Meeting. All business that is transacted at an Ordinary Meeting shall also be deemed special, with the exception of sanctioning a dividend, the consideration of the accounts and balance sheet and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet, the election of Directors and other office in the place of those retiring by rotation, and the fixing of the remuneration of the Auditors and the appointment of the members of the Audit Committee.

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No business to be transacted unless quorum present

54. No business shall be transacted at any General Meeting unless a quorum is present when the meeting proceeds to business. Save as herein otherwise provided, members of the Company present in person or by proxy holding not less than fifty percent (50%) of the issued and paid-up Capital of the Company shall form a quorum for all purposes.

If quorum not present meeting adjourned or dissolved

55. If within half an hour from the time appointed for the holding of a General Meeting a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week; at the same time and place, unless such day shall be a public holiday when the adjourned meeting shall be held on the next working day following and if at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting the members present shall be a quorum.

As to adjournment of meeting

56. The Chairman, with the consent of any meeting at which a quorum is present, may adjourn the meeting from time to time and from place to place, as the meeting shall determine. Whenever a meeting is adjourned for ten days or more, notice of the adjourned meeting shall be given in the same manner as of an original meeting. Save as 1 aforesaid, the members shall not be entitled to any notice of an adjournment or of the business to be transacted at an adjourned meeting. Except as provided by the Decree in the case of the Statutory Meeting, no business shall be transacted at any adjourned meeting other than the business, which might have been transacted at the meeting, from which the adjournment took place.

Chairman of Board to preside at all meetings

57. The Chairman (if any) of the Board of Directors shall preside at every General Meeting, but if there be no such Chairman, or if at any meeting he shall not be present within one hour after the time appointed for holding the same, or shall be unwilling to act as Chairman, the members present shall choose some Director, or if no Director be present, or if all the Directors present decline to take the chair or one of themselves to be Chairman of the meeting.

How resolution is decided

58. At any General Meeting of the Company, a resolution put to the vote of the meeting shall be decided on a show of hands unless before or upon the declaration of the result of the show of hand a poll be demanded by the Chairman where he is a shareholder or proxy or by at least three members for the time being entitled to vote at the meeting, or by a member or members holding or representing by proxy or entitled to vote in respect of one tenth or more in nominal value of the capital represented at the meeting, and unless a poll be so demanded, a declaration by the Chairman of the meeting that a resolution has been carried, or has been earned by a particular majority, or lost, or not earned by a particular majority, shall be conclusive, and an entry to that effect in the minute book of the Company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour of or against such resolution.

Poll to be taken as Chairman shall direct

59. If a poll be demanded in the manner aforesaid, it shall be taken at such time and place and in such manner as the Chairman shall direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

Equality of votes

60. In the case of an equality of votes, either on a show of hands or at a poll, the Chairman of the meeting shall be entitled to a further or casting vote in addition to the votes to which he may be entitled as a member.

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Business to be continued if poll demanded

61. The demand of 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.

7.8 RELATIONSHIP BETWEEN STERLING BANK AND ITS ADVISERS

The Chairman of the Bank, Mr. Asue Ighodalo is a founding partner of Banwo & Ighodalo, the Legal Adviser. Other than as stated above, there are no related party interests with respect to the Transaction save in the ordinary course of business.

7.9 MATERIAL CONTRACTS

The Bank has entered into or will enter into the following material contracts:

- i. Financial Services Agreement between the Bank and Stanbic IBTC Capital Limited;
- ii. Deed of Covenant dated August 3, 2016, entered into as a deed poll by the Bank in connection with a N39,000,000,000 Notes Purchase Facility.
- iii. Programme Trust Deed dated August 3, 2016, entered into between the Bank as the Sponsor, Sterling Investment Management SPV PLC as the Issuer, and (i) FBN Trustees Limited, (ii) Stanbic IBTC Trustees Limited, (iii) STL Trustees Limited, (iv) Vetiva Trustees Limited, as Joint Trustees in respect of the N65,000,000,000 Debt Issuance Programme.
- iv. Series 1 Trust Deed dated August 3, 2016, entered into between the Bank as the Sponsor, Sterling Investment Management SPV PLC as the Issuer, and (i) FBN Trustees Limited, (ii) Stanbic IBTC Trustees Limited, (iii) STL Trustees Limited, (iv) Vetiva Trustees Limited, as Joint Trustees in respect of the issuance of N7,965,000,000 16.50% series 1 bonds under the N65,000,000,000 Debt Issuance Programme.
- v. Series 2 Trust Deed dated October 5, 2018, entered into between the Bank as the Sponsor, Sterling Investment Management SPV PLC as the Issuer, and (i) FBNQuest Trustees Limited, (ii) Stanbic IBTC Trustees Limited, (iii) STL Trustees Limited, (iv) Vetiva Trustees Limited, as Joint Trustees in respect of the issuance of N32,899,000,000 16.25% series 2 bonds under the N65,000,000,000 Debt Issuance Programme.
- vi. Master Notes Subscription Agreement dated August 3, 2016, entered into between the Bank as the Issuer, Sterling Investment Management SPV PLC as the Subscriber, and (i) FBN Trustees Limited, (ii) Stanbic IBTC Trustees Limited, (iii) STL Trustees Limited, (iv) Vetiva Trustees Limited, as Joint Trustees in respect of the N65,000,000,000 Debt Issuance Programme.
- vii. Vending Agreement dated August 3, 2016, entered into by the Bank, Sterling Investment Management SPV PLC, Constant Capital Markets and Securities Limited, Vetiva Capital Management Limited, Stanbic IBTC Capital Limited, and SCM Capital Limited in connection with the Issuance of N7,965,000,000 Fixed Rate Bonds (Series I) under the N65,000,000,000 Debt Issuance Programme.
- viii. Vending Agreement dated August 3, 2016, entered into by the Bank, Constant Capital Markets and Securities Limited, Vetiva Capital Management Limited, Stanbic IBTC Capital Limited, and SCM Capital Limited in connection with the Issuance of N4,779,000,000 18.86% Fixed Rate Subordinated Notes (Series I) under the N39,000,000,000 Note Issuance Programme.
- ix. Vending Agreement dated September 28, 2018, entered into between the Bank, Constant Capital Markets and Securities Limited, FBNQuest Merchant Bank Limited, Stanbic IBTC Capital Limited, SCM Capital Limited, CardinalStone Partners Limited, FCMB Capital Markets Limited, FSDH Merchant Bank Limited, and United Capital PLC in connection with the Issuance of up to N19,739,400,000 17.55 % Fixed Rate Subordinated Notes (Series II) under the N39,000,000,000 Debt Issuance Programme.

7. APPENDIX I – STATUTORY AND GENERAL INFORMATION

- x. Vending Agreement dated September 28, 2018, entered into between the Bank, Sterling Investment Management SPV PLC, Constant Capital Markets and Securities Limited, FBNQuest Merchant Bank Limited, Stanbic IBTC Capital Limited, SCM Capital Limited, CardinalStone Partners Limited, FCMB Capital Markets Limited, FSDH Merchant Bank Limited, and United Capital PLC in connection with the Issuance of up to N32,899,000,000 16.25% Fixed Rate Bonds (Series II) under the N65,000,000,000 Debt Issuance Programme.

Other than as stated above, the Bank has not entered into any material contract except in the ordinary course of business.

7.10 CLAIMS AND LITIGATION

Sterling Bank is, in its ordinary course of business, involved in ninety-two (92) cases as at 30 April 2022.

In the context of the contemplated Transaction, the Solicitors to the Transaction set a materiality threshold at One Hundred Million Naira (₦100,000,000.00) (the “Materiality Threshold”) in respect of cases instituted against the Bank. Thirteen (13) cases fall within the Materiality Threshold. Of the said thirteen (13) cases, the Bank is Counter-Claimant in four (4) cases. Also, the Bank is Appellant in one (1) case in which ruling had previously been delivered against its interest, while it is a Judgment Creditor in two (2) cases in which judgment had been delivered in its favour.

The total monetary value of the claims against the Bank in the said thirteen (13) cases is approximately ₦114,975,951,524.48 (One Hundred and Fourteen Billion, Nine Hundred and Seventy-Five Million, Nine Hundred and Fifty-One Thousand, Five Hundred and Twenty-Four Naira, Forty-Eight Kobo) while the total monetary value counter-claimed by the Bank in the four (4) cases in which it is Counter-Claimant is approximately ₦7,846,718,081.31 (Seven Billion, Eight Hundred and Forty-Six Million, Seven Hundred and Eighteen Thousand, Eighty-One Naira, Thirty-One Kobo). Please note that the amounts referred to herein do not include interest and costs, which can only be ascertained or determined after the final resolution of the cases. Ultimately, the actual liability of the Bank in these cases, including final awards for costs, will be as determined by the courts upon conclusion of the relevant suits.

The judgment sum in the two (2) cases in which judgment had previously been delivered in favour of the Bank is ₦950,715,529.18 (Nine Hundred and Fifty Million, Seven Hundred and Fifteen Thousand, Five Hundred and Twenty-Nine Naira, Eighteen Kobo). Please note that these sums do not include interests which may accumulate on the judgment sums until same is finally liquidated.

Based on the assessment of the information contained in the case files provided for the review of the Solicitors to the Transaction, their experience in litigation matters, and understanding of the disposition of Nigerian courts in the award of damages and other claims, the Solicitors to the Transaction are of the opinion that the cases, if diligently defended, would not result in the materialization of any contingent liability that could have a material adverse effect on the proposed Transaction. In arriving at this conclusion, the Solicitors to the Transaction discounted frivolous and exaggerated claims and have assumed that matters instituted against the Bank are being (and will continue to be) diligently defended.

Also, the Solicitors to the Transaction are not aware of any claim or litigation pending or threatened against the Bank which (i) materially or adversely affects the Bank’s ability to implement the proposed Transaction; and/or (ii) affect the validity of the proposed Transaction or restricts the proceedings or actions of the Bank with respect to the proposed Transaction.

7.11 INDEBTEDNESS

As at the date of this Scheme Document, the Bank has no indebtedness other than in the ordinary course of business.

7. APPENDIX I – STATUTORY AND GENERAL INFORMATION

7.12 CONSENTS

The following have given and have not withdrawn their written consents to the issue of this Scheme Document in the form and context in which they appear herein:

Directors of the Company	Asue Ighodalo Abubakar Suleiman Yemi Odubiyi Tunde Adeola Raheem Owodeyi Olaitan Kajero Tairat Tijani Michael Jituboh Folasade Kilaso Michael Ajukwu Olusola Oworu Ankala Prasad Paritosh Tripathi Olatunji Mayaki	Chairman Managing Director/CEO Executive Director Executive Director Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Independent Director Independent Director Non-Executive Director Non-Executive Director Non-Executive Director
Company Secretary	Temitayo Adegoke	
Financial Adviser	Stanbic IBTC Capital Limited	
Legal Adviser	Banwo & Ighodalo	
Tax Adviser	WA Kareem & Co	
Stockbroker	Associated Asset Managers Limited	
Registrar	Pace Registrars Limited	
Auditors	Deloitte & Touche	

7.13 GENERAL INFORMATION

- i) Except as otherwise disclosed in this document, no share or loan of the Bank is under option nor agreed conditionally or unconditionally to be put under option.
- ii) Except as disclosed herein, the Directors of the Board have not been informed of any holding representing 5% of the issued share capital of the Bank;
- iii) Except as otherwise disclosed in this document, there are no founders, management or deferred shares, or any outstanding shares in the Bank;
- iv) Except as otherwise disclosed in this document, there are no material services agreements between the Bank and any of its directors and employees other than in the course of business.
- v) Except as otherwise disclosed in this document, there are no contracts which are or may be material, entered into by the Bank with other parties other than in the course of ordinary business.
- vi) The costs, charges, and expenses of and incidental to the Scheme will be payable by the Bank.

7.14 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the offices of Stanbic IBTC Capital Limited at I.B.T.C. Place, Walter Carrington Crescent, Victoria Island, Lagos during normal business hours on any Business Day, until the Effective Date.

- i) The Certificate of Incorporation of Sterling Bank;
- ii) The Certificate of Incorporation of HoldCo;

7. APPENDIX I – STATUTORY AND GENERAL INFORMATION

- iii) The Memorandum and Articles of Association of Sterling Bank;
- iv) The proposed Memorandum and Articles of Association of the Bank (showing all changes against the existing version, as well as a clean version of the same);
- v) The Memorandum and Articles of Association of HoldCo;
- vi) The Board Resolution of the Bank approving the Scheme;
- vii) The order of the Court convening the meeting of the holders of the ordinary shares of the Bank;
- viii) The audited financial statements of Sterling Bank for each of the preceding five years from 31 December 2017 to 31 December 2021;
- ix) Schedule of Claims & Litigation referred to on page 34 of Appendix I; and
- x) The notarised consent letters referred to on page 35 of Appendix I.

8. APPENDIX II – FINANCIAL INFORMATION ON STERLING BANK

8.1 INCOME STATEMENT

In millions of Naira	2021	2020	2019	2018	2017	2016
Interest income using effective interest rate	110,975	111,452	127,291	125,163	110,312	99,104
Interest expense using effective interest rate	(45,191)	(49,305)	(62,592)	(69,882)	(60,138)	(43,114)
Net interest income	65,784	62,147	64,699	55,281	50,174	55,990
Net fees and commission income	19,359	13,087	14,613	11,755	12,876	10,788
Net trading income	5,798	8,654	5,058	8,618	4,675	235
Other operating income	6,184	2,642	3,233	3,172	5,627	1,313
Operating income	97,125	86,530	87,603	78,826	73,352	68,326
Credit loss expense	(9,821)	(7,906)	(5,838)	(5,843)	(12,267)	(11,714)
Net operating income after credit loss exposure	87,304	78,624	81,765	72,983	61,085	56,612
Personnel expenses	(14,917)	(14,841)	(14,912)	(13,194)	(11,545)	(11,522)
Other operating expenses	(20,676)	(17,939)	(18,075)	(16,715)	(15,284)	(18,019)
General and administrative expenses	(23,576)	(19,914)	(22,898)	(20,827)	(16,554)	(12,701)
Depreciation and amortisation	(5,145)	(6,050)	(7,901)	(5,730)	(4,995)	(4,196)
Other property, plant, and equipment costs	(8,516)	(7,508)	(7,307)	(7,028)	(4,602)	(4,174)
Total expenses	(72,830)	(66,252)	(71,093)	(63,494)	(52,980)	(50,612)
Profit before income tax expense	14,474	12,372	10,672	9,489	8,105	6,000
Income tax expense	(959)	(1,130)	(70)	(271)	(85)	(837)
Profit after income tax	13,515	11,242	10,602	9,218	8,020	5,163
Other comprehensive income, net of income tax	(6,337)	5,816	11,156	5,965	8,755	(12,477)

8. APPENDIX II – FINANCIAL INFORMATION ON STERLING BANK

8.2 STATEMENT OF FINANCIAL POSITION

In millions of Naira	2021	2020	2019	2018	2017	2016
Assets:						
Cash and balances with Central Bank of Nigeria	370,873	303,314	156,059	117,685	122,630	107,860
Due from banks	94,850	21,084	69,361	43,542	51,066	31,289
Pledged assets	10,786	34,860	11,831	11,423	145,179	86,864
Loans and advances to customers	711,900	596,827	618,732	621,017	598,073	468,250
Investment in securities	299,265	258,208	257,003	248,827	110,989	94,641
Investment in subsidiary						
Other assets	101,405	43,950	28,581	29,446	18,728	21,676
Property, plant, and equipment	16,939	15,956	18,476	16,942	16,451	14,605
Right-of-use asset	8,141	8,319	8,896			
Investment property	6,918	8,004	4,141			
Intangible assets	1,081	1,582	1,933	1,850	2,114	2,036
Deferred tax assets	6,971	6,971	6,971	6,971	6,971	6,971
	1,629,129	1,299,075	1,181,984	1,097,703	1,072,201	834,192
Non-current assets held for sale			701	5,218		
Total Assets	1,629,129	1,299,075	1,182,685	1,102,921	1,072,201	834,192
Liabilities						
Deposits from Banks	15,568	21,289			11,048	23,769
Deposits from customers	1,208,753	950,835	892,660	760,608	684,834	584,734
Derivative financial liabilities						8
Current income tax payable	1,018	551	201	405	232	941
Other borrowed funds	116,450	86,367	82,702	119,526	212,847	82,451
Debt securities issued	42,327	42,274	42,655	86,609	13,068	15,381
Other liabilities	102,342	61,552	44,742	37,678	48,234	41,744
Provisions	1,180	454	167	295	295	295
Total Liabilities	1,487,638	1,163,322	1,063,127	1,005,121	970,558	749,323
Equity						
Share capital	14,395	14,395	14,395	14,395	14,395	14,395
Share premium	42,759	42,759	42,759	42,759	42,759	42,759
Retained earnings/(accumulated losses)	34,859	25,278	6,187	-	6,991	5,434
				3,307		
Other components of equity	49,478	53,321	56,217	43,953	37,498	22,281
Total equity	141,491	135,753	119,558	97,800	101,643	84,869
Total Liabilities and Equity	1,629,129	1,299,075	1,182,685	1,102,921	1,072,201	834,192

8. APPENDIX II – FINANCIAL INFORMATION ON STERLING BANK

8.3 STATEMENT OF CASH FLOWS

In millions of Naira	2021	2020	2019	2018	2017	2016
Profit after income tax	13,515	11,242	10,602	9,489	8,105	6,000
Impairment changes in financial assets						11,714
Credit loss expense	9,821	7,910	5,838	5,843	12,267	
Depreciation and amortization	5,145	6,050	7,901	5,730	4,995	4,196
Fair value changes recognised in profit or loss					11,323	(1,154)
Dividend income	(323)	(258)	(239)	(225)	(163)	(93)
Gain on disposal of property, plant, and equipment	(396)	(64)	(29)	(46)	(55)	(80)
Gain on disposal of investment securities					(1,203)	
Loss on bond held for trading						2,425
Net unrealised profit from sale of investments						(0)
Increase/(Decrease) in provision	16	9	(128)			
Property and equipment written off				34		
Write off of non-current assets held for sale			304			
Write off of intangible assets					28	
Net interest income	(65,784)	(62,012)	(64,699)			
Net foreign exchange loss/(gain)	7,506	3,062	(4,491)	(1,724)	(3,466)	(1,119)
Income tax adjustment	959	1,130	70			
	(29,541)	(32,931)	(44,871)	19,101	31,831	21,889
Changes in operating assets:						
Deposits with the Central Bank of Nigeria	(15,078)	(106,665)	(28,673)	(19,469)	20,498	(10,072)
Investment securities at FVTPL	(8,783)	6,863	(4,207)			
Investment securities held for trading				2,773	5,230	
Pledged assets	24,074	(23,026)	(430)	17,723	(58,315)	(17,526)
Loans and advances to customers	(121,789)	15,404	(7,948)	(23,100)	(140,863)	(122,238)
Derivative financial assets					(8)	
Non-current assets held for sale		701	764	(5,218)		
Other assets	(73,066)	(23,688)	(4,981)	(10,277)	2,491	(7,780)
	(224,183)	(163,342)	(90,346)	(18,467)	(139,136)	(135,727)
Changes in operating liabilities:						
Deposits from banks	(5,721)	21,289	0	(11,048)	(12,721)	23,769
Deposits from customers	257,918	58,175	132,052	75,774	100,100	(6,155)
Other liabilities	40,609	16,687	7,578	(10,556)	6,491	(6,182)
Derivative financial liabilities					(8)	
Cash generated from operations	68,623	(67,191)	49,284	35,703	(45,274)	(124,296)
Interest received	110,913	109,030	127,291			
Interest paid on deposits from banks and customers	(31,619)	(36,954)	(45,190)			
VAT paid			(681)	(856)	(492)	
Income tax paid	(312)	(657)	(172)		(710)	(616)
Net cash flows from operating activities	147,605	4,228	130,532	34,847	(46,476)	(124,911)
Investing activities						
Purchase of property, plant, and equipment	(4,701)	(2,020)	(7,852)	(5,789)	(6,334)	(3,176)
Purchase of intangible assets	(188)	(400)	(371)	(404)	(691)	(1,515)
Purchase of investment property	(667)	(3,957)				
Proceeds from sale of investment property	1,651					
Right-of-use-asset	(573)	(263)	(520)			
Proceeds from sale of property, plant and equipment	495	238	55	249	133	192
Proceeds from sale of investment securities						76,258

Purchase of investment securities						(39,385)
Purchase of debt instruments at FVOCI	(705,215)	(60,178)	(47,657)	(363,551)	(50,712)	
Proceeds from sale of debt instruments at FVOCI	660,642	69,066	34,690	335,527	54,640	
Purchase of debt instruments at amortised cost	(2,381)	(8,885)		(11,412)	(34,083)	
Redemption of debt instruments at amortised cost	10,451	712	21,073	3,032	10,207	
Purchase of equity instrument at FVOCI	(2,410)	(2,855)	(1,056)		15	
Dividends received	323	258	239	225	163	93
Net cash flows used investing activities	(42,573)	(8,284)	(1,399)	(42,123)	(26,662)	32,467
Financing activities						
Proceeds from other borrowed funds	39,844	11,526	7,086	28,434	182,361	63,974
Proceeds from debts & securities issued				72,295	0	
Repayments of other borrowed funds	(9,761)	(8,118)	(39,268)	(125,211)	(51,964)	(41,715)
Repayment of debt & securities issued			(45,200)	(4,563)	(2,634)	10,807
Interest paid on other borrowed funds & debt issued	(14,007)	(10,339)	(15,991)			
Dividends paid	(1,440)	(864)		(576)		(2,591)
Net cash flows used in financing activities	14,636	(7,795)	(93,373)	(29,621)	127,763	30,475
Effect of exchange rate changes on cash and cash equivalents	6,579	4,164	(241)	4,959	418	6,322
Net decrease in cash and cash equivalents	119,668	(11,851)	35,760	(36,897)	54,625	(61,969)
Cash and cash equivalents at 1 January	95,607	103,294	67,771	99,709	44,666	100,313
Cash and cash equivalents at 31 December	221,854	95,607	103,290	67,771	99,709	44,666

9. APPENDIX III – FURTHER INFORMATION ON STERLING FINANCIAL HOLDINGS COMPANY LIMITED

9.1 INCORPORATION AND SHARE CAPITAL HISTORY

Sterling Financial Holdings Company Limited was incorporated in Nigeria as a private limited liability company on 13 October 2021 with RC1851010, to act as the FHC for the Sterling Bank Group. The HoldCo will be regulated by the CBN and the SEC and will also be required to comply with the Listing Rules of NGX. The HoldCo was incorporated with a share capital of ₦14,396,000,000 comprising 28,792,000,000 ordinary shares of 50 Kobo each, of which ₦14,396,000,000 comprising 28,792,000,000 ordinary shares of 50 Kobo each have been subscribed to by the initial shareholders. Excess shares of 1,581,876 in the share capital of HoldCo will be cancelled.

9.2 BENEFICIAL OWNERSHIP

Upon the Scheme becoming effective, the HoldCo will be the only beneficial shareholder in the Bank and the shareholding in the HoldCo will mirror the current shareholding of the Bank. This structure will enable the Group to continue to provide the comprehensive products and services that it is renowned for, and at the same time allow the HoldCo to enforce proper governance and risk management across the Group without having any direct operational involvement in the subsidiaries. Currently, the shares of the HoldCo are split equally between two directors, Abubakar Suleiman and Yemi Odubiyi, these shareholders will surrender their shares to HoldCo for no consideration and the surrendered shares will be allotted to the existing shareholders of the Bank pro rata.

9.3 PROFILE OF DIRECTORS

Mr Abubakar Suleiman

Abubakar Suleiman currently serves as the Managing Director/Chief Executive of Sterling Bank. He was appointed to the Board in April 2014 with responsibility for directly overseeing the Strategy & Innovation, Branding & Communication, and Human Resource Management Departments before assuming the role of Managing Director. He is the executive sponsor of the Bank's non-interest banking business (Sterling Alternative Finance). He joined the Sterling Bank family (Trust Bank of Africa) in 2003 with responsibility for Treasury and Finance. Following the merger in 2006, he was appointed Group Treasurer; a position he held until 2011 when he assumed the role of Integration Director – tasked with managing and integrating Equitorial Trust Bank (ETB) into Sterling. He began his career as an Experienced Staff Assistant at Arthur Andersen (now KPMG Nigeria), before moving to MBC International Bank (now First Bank) as a Management Associate. He later worked in Citibank Nigeria in roles spanning Treasury and Asset & Liability Management. Mr. Suleiman earned a degree in Economics at the University of Abuja, a Master's degree in Major Programme Management from the University of Oxford, and has attended various executive education programmes at INSEAD, Harvard, Wharton, and Said Business Schools.

9.4 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

As at the date of the Scheme Document, HoldCo has no subsidiaries. Upon the Scheme becoming Effective and subject to the grant of the Final Licence, the HoldCo will be the FHC for the Bank, the Banking Subsidiaries and the Non-Banking Subsidiaries.

9. APPENDIX III – FURTHER INFORMATION ON STERLING FINANCIAL HOLDINGS COMPANY LIMITED

9.5 EXTRACTS FROM THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF STERLING FINANCIAL HOLDINGS COMPANY

The objects for which the Company is established are:

- (a) To be licensed by the Central Bank of Nigeria (“CBN”) to carry on business as a non-operating financial holding company, and to be the holding company of: (i) Sterling Bank Plc, a limited liability company licensed by the CBN to engage in commercial banking business (as defined in the Banks and Other Financial Institution Act CAP B3 Laws of the Federation of Nigeria 2004 (“BOFIA”) and subsidiary legislation issued pursuant to BOFIA),(ii) such other companies and or businesses as may be permitted by the CBN and approved by the board of the company;
- (b) To promote any other company for the purpose of acquiring the whole or any part of the business or property of the company and undertaking any liabilities of the company or of undertaking any business or operations which may appear likely to assist or benefit this company or to enhance the value or any property or business of this company and to place or otherwise acquire all or any part of the share or securities of any such company aforesaid;
- (c) To invest in, subscribe for, purchase, acquire and hold the debentures, debenture stock, bonds, notes, obligations and securities of any government;
- (d) To borrow or raise money in such manner as the Company shall think fit and in particular by the issue of debenture stock (perpetual or otherwise) and to secure the repayment of any money borrowed, raised, or owing by mortgage, charge, or lien upon the whole or any part of the company’s property or assets (whether present or future) and also by a similar mortgage, charge, or lien, to secure and guarantee the performance by the company of any obligation or liability it may undertake;
- (e) To invest funds on behalf of itself and its subsidiaries, to hold properties used in its subsidiaries, raise funds to invest in or provide support to its subsidiaries, and to support its activities;
- (f) To formulate and provide broad policy directions to its subsidiaries, including but not limited to the areas of human resources, risk management, internal control, compliance, and any other areas as may be permitted or approved by the CBN, from time to time;
- (g) To, subject to the approval of the CBN, provide shared services to companies within its group of companies, including in respect of information and communication technology, facilities management, legal services, and any other services as may be permitted or approved by the CBN, from time to time;
- (h) To do all such other lawful things as are incidental or conducive to the attainment of the above objects in Nigeria and elsewhere.

REDUCTION OF CAPITAL

Subject to the provisions of the Act, the company may by special resolution reduce its share capital, capital redemption reserve fund or share premium account.

TRANSFER OF SHARES

The directors may, in their absolute discretion and without giving any reason, refuse to register any transfer of any share, whether or not it is a fully paid share.

In the event that the company is listed on any stock exchange, the transfer of shares by shareholders will be in accordance with the rules and regulations of the relevant stock exchange and the Act.

9. APPENDIX III – FURTHER INFORMATION ON STERLING FINANCIAL HOLDINGS COMPANY LIMITED

9.6 MATERIAL CONTRACTS

As at the date of the opinion of the Solicitors to the Transaction, Sterling Financial Holdings Company Limited is not a party to any contract outside the ordinary course of business.

9.7 CLAIMS AND LITIGATION

As at the date of the opinion of the Solicitors to the Transaction, there are no claims or litigation pending or threatened against the company, and the company is not involved in any ongoing or anticipated arbitration or other alternative dispute resolution proceedings.

9.8 INDEBTEDNESS

As at the date of this Scheme Document, HoldCo has no indebtedness as it is a newly incorporated company.

10. APPENDIX IV – FURTHER INFORMATION ON THE ALTERNATIVE BANK LIMITED

10.1 INCORPORATION AND SHARE CAPITAL HISTORY

The Alternative Bank Limited was incorporated in Nigeria as a private limited liability company on March 23, 2022, with RC 1909410. The company will be regulated by the CBN. The Company was incorporated with a share capital of ₦10,000,000,000 comprising 20,000,000,000 ordinary shares of 50 Kobo each, of which ₦10,000,000,000 comprising 20,000,000,000 ordinary shares of 50 Kobo each have been subscribed to by the initial shareholders.

10.2 BENEFICIAL OWNERSHIP

Upon the Scheme becoming effective, the HoldCo will be the only beneficial shareholder in The Alternative Bank Limited. This structure will enable the Group to continue to provide the comprehensive products and services that it is renowned for, and at the same time allow the HoldCo to enforce proper governance and risk management across the Group without having any direct operational involvement in the subsidiaries. Currently, 19,999,999,999 shares of The Alternative Bank Limited are held by Sterling Bank PLC and a single share is held by Mr. Abubakar Suleiman.

10.3 PROFILE OF DIRECTORS

Mr. Abubakar Suleiman (Director)

Abubakar Suleiman currently serves as the Managing Director/Chief Executive of Sterling Bank. He was appointed to the Board in April 2014 with responsibility for directly overseeing the Strategy & Innovation, Branding & Communication, and Human Resource Management Departments before assuming the role of the Managing Director. He is the executive sponsor of the Bank's non-interest banking business (Sterling Alternative Finance). He joined the Sterling Bank family (Trust Bank of Africa) in 2003 with responsibility for Treasury and Finance. Following the merger in 2006, he was appointed Group Treasurer; a position he held until 2011 when he assumed the role of Integration Director – tasked with managing and integrating Equitorial Trust Bank (ETB) into Sterling. He began his career as an Experienced Staff Assistant at Arthur Andersen (now KPMG Nigeria), before moving to MBC International Bank (now First Bank) as a Management Associate. He later worked in Citibank Nigeria in roles spanning Treasury and Asset & Liability Management. Mr. Suleiman earned a degree in Economics at the University of Abuja, a Master's degree in Major Programme Management from the University of Oxford, and has attended various executive education programmes at INSEAD, Harvard, Wharton, and Said Business Schools.

Mr. Yemi Odubiyi (Director)

Yemi Odubiyi currently serves as the Executive Director, Corporate & Investment Banking at Sterling Bank. Mr. Odubiyi studied at the University of Lagos and holds a first degree in Estate Management (1994) as well as a Masters in International Law (1998) from the same institution. He started his banking career with the Nigeria unit of Citibank in 1995 as an Operations & Technology Generalist serving across all its Operations and Technology functions and was thereafter enrolled in its Management Associate program undertaking stints across all key units of the Bank. He left Citibank to join the turnaround team of the then Trust Bank of Africa in 2003 as Head of Operations & 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 also assumed oversight for corporate strategy serving as Chief Strategy Officer. Over the course of his career, He has undertaken senior management/executive education programs in Risk Management, Finance, and General Management at leading international educational institutions including the London and Harvard Business Schools to name a few.

10.4 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

As at the date of the Scheme Document, The Alternative Bank Limited has no subsidiaries. Upon the Scheme becoming Effective and subject to the grant of the Final Licence, The Alternative Bank Limited will be a subsidiary of the HoldCo.

10. APPENDIX IV – FURTHER INFORMATION ON THE ALTERNATIVE BANK LIMITED

10.5 EXTRACTS FROM THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE ALTERNATIVE BANK LIMITED

3. The objects for which the Company is established are:

- (a) To carry on in Nigeria the business of (specialised) non-interest banking in all its aspects, in accordance with the principles and practices of Shari'ah;
- (b) To accept all types of deposits, in the form of current accounts, investment saving and saving accounts, investment deposit accounts, and any other accounts for definite or indefinite purposes, manage third parties' funds, issue Sukuk certificates and raise capital or finance for the company in compliance with Shari'ah principles and practices;
- (c) to undertake financing transactions by way of providing financial services including but not limited to Murabaha, Mudarabah, Musawama, Musharakah, Istisna, Ijara, and placements with banks in accordance with Shari'ah principles and practices, and making investments which are Shari'ah compliant, or any other financing operations which are normally carried out by Islamic banks, and to acquire and deal in tangible assets and property for financing purposes;
- (d) To promote investment companies, enterprises, and concerns which are themselves engaged in business activities acceptable to, and consistent with non-interest principles, laws and regulations, not being engaged in the prohibited trades and the receipt of interest and to receive return on profit-and-loss sharing investments;
- (e) To do all things ancillary and incidental to the attainment of the objects set out above, to carry on any other business which may seem to the company capable of being conveniently carried on in accordance with these objects or calculated directly or indirectly to enhance the value of or render profitable any of the company's property or rights. Provided that the objects for which the company is established are subject to the overriding restriction that the company shall not at any time, in any manner, or in any place within Nigeria, do anything or act in contravention of the Banks and Other Financial Institutions Act, 2020 (as amended from time to time), the rules and regulations of the Central Bank of Nigeria, particularly those relating to non-interest banking or any statutory re-enactment or modification thereof for the time being in force. Provided further that this memorandum will be construed to effect the socially responsible nature of non-interest banking and that nothing will permit the company to engage in the financing of any business or enterprise which is harmful to society.

TRANSFER OF SHARES

- (1) Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor;
- (2) No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share;
- (3) The company may retain any instrument of transfer which is registered;
- (4) The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it; and
- (5) The directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

10.6 MATERIAL CONTRACTS

As at the date of the opinion of the Solicitors to Transaction, The Alternative Bank Limited is not a party to any contract outside the ordinary course of business

10. APPENDIX IV – FURTHER INFORMATION ON THE ALTERNATIVE BANK LIMITED

10.7 CLAIMS AND LITIGATION

As at the date of the opinion of the Solicitors to the Transaction, there are no claims or litigation pending or threatened against the company, and the company is not involved in any ongoing or anticipated arbitration or other alternative dispute resolution proceedings.

10.8 INDEBTEDNESS

As at the date of this Scheme Document, The Alternative Bank Limited has no indebtedness as it is a newly incorporated company.

10.9 CONTINGENT LIABILITY

As at the date of this Scheme Document, The Alternative Bank Limited has no contingent liability.

11. APPENDIX V – PRO-FORMA FINANCIAL INFORMATION

11.1 PRO-FORMA STATEMENT OF SHAREHOLDING OF HOLDCO

Upon the Scheme being effective, the ordinary shareholding of Sterling Financial Holdings Company Limited will be beneficially held as follows:

Shareholder	Existing shares	Post-Scheme shares	Shareholding (%)
Holders of Scheme Shares	0	28,790,418,124	100.0
Total	0	28,790,418,124	100.0

11.2 PRO-FORMA FINANCIAL INFORMATION

OVERVIEW

- a. This section presents a summary of the financial information showing the effect of the Proposed Restructuring. It includes the pro-forma consolidated balance sheet and income statement as at 31 December 2021 as if the Proposed Restructuring were in place on that date.
- b. The pro-forma financial information is provided for illustrative purposes only. It does not represent what the Sterling Group's financial results actually would be if the Proposed Restructuring occurred on the date above. It is not representative of the financial results for any future period.

BASIS OF PREPARATION

The pro-forma financial information is presented in abbreviated form and therefore does not comply with all presentation and disclosure standards applicable to annual reports prepared in accordance with CAMA.

11. APPENDIX V – PRO-FORMA FINANCIAL INFORMATION

PRO-FORMA STATEMENT OF FINANCIAL POSITION FOR STERLING FINANCIAL SERVICES HOLDING COMPANY

The following is an illustration of Holdco's (both as a Group and as an individual entity) pro-forma statement of financial position as at 31 December 2021.

In millions of Naira	2021 (Group)	2021 (HoldCo)
Assets:		
Cash and balances with Central Bank of Nigeria	360,873	10,000
Due from banks	94,850	-
Pledged assets	10,786	-
Derivative financial assets	-	-
Loans and advances to customers	711,900	-
<i>Investments in securities:</i>	-	-
- Financial assets at fair value through profit or loss	10,237	-
- Debt instruments at fair value through other comprehensive income	168,847	-
- Equity instruments at fair value through other comprehensive income	17,956	-
- Debt instruments at amortised cost	102,225	-
- Available for sale	-	-
- Held to maturity	-	-
Investment in subsidiary - Sterling Bank	-	47,154
Investment in subsidiary - Alternative Bank	(10,000)	10,000
Other assets	101,405	-
Property, plant and equipment	16,939	-
Right-of-use asset	8,141	-
Investment property	6,918	-
Intangible assets	1,081	-
Deferred tax assets	6,971	-
Total Assets	1,609,129	67,154
Liabilities		
Deposits from Banks	15,568	-
Deposits from customers	1,208,753	-
Derivative financial liabilities	-	-
Current income tax payable	1,018	-
Other borrowed funds	116,450	-
Debt securities issued	42,327	-
Other liabilities	102,342	-
Provisions	1,180	-
Total Liabilities	1,487,638	-
Equity		
Share capital	14,395	14,395
Share premium	42,759	42,759
Retained earnings/(accumulated losses)	14,859	10,000
Other components of equity	49,478	-
Total equity	121,491	67,154
Total Liabilities and Equity	1,609,129	67,154

11. APPENDIX V – PRO-FORMA FINANCIAL INFORMATION

PRO-FORMA INCOME STATEMENT FOR STERLING FINANCIAL SERVICES HOLDING COMPANY

The following is an illustration of Holdco's (both as a Group and as an individual entity) pro-forma income statement for the year ended 31 December 2021.

In millions of Naira	2021 (Group)	2021 (HoldCo)
Interest income using effective interest rate	110,975	-
Interest expense using effective interest rate	(45,191)	-
Net interest income	65,784	-
Net fees and commission income	19,359	-
Net trading income	5,798	-
Other operating income	6,184	10,000
Operating income	97,125	10,000
Credit loss expense	(9,821)	-
Net operating income after credit loss exposure	87,304	10,000
Personnel expenses	(14,917)	-
Other operating expenses	(20,676)	-
General and administrative expenses	(23,576)	-
Depreciation and amortisation	(5,145)	-
Other property, plant, and equipment costs	(8,516)	-
Total expenses	(72,830)	-
Profit before income tax expense	14,474	10,000
Income tax expense	(959)	-
Profit after income tax	13,515	10,000

11. APPENDIX V – PRO-FORMA FINANCIAL INFORMATION

PRO-FORMA STATEMENT OF FINANCIAL POSITION FOR STERLING BANK PLC AND THE ALTERNATIVE BANK LIMITED

The following is an illustration of Sterling Bank PLC and The Alternative Bank Limited's pro-forma statement of financial positions as at 31 December 2021.

In millions of Naira	Alternative Bank	Sterling Bank
Assets:		
Cash and balances with Central Bank of Nigeria	10,073	350,800
Due from banks	8,418	94,746
Pledged assets	-	10,786
Loans and advances to customers	21,360	690,540
<i>Investments in securities:</i>	-	-
- Financial assets at fair value through profit or loss	-	10,237
- Debt instruments at fair value through other comprehensive income	13,328	155,519
- Equity instruments at fair value through other comprehensive income	3,372	14,584
- Debt instruments at amortised cost	-	102,225
Other assets	949	117,873
Property, plant and equipment	1,628	15,383
Right-of-use asset	-	8,141
Investment property	6,918	(0)
Intangible assets	93	1,081
Deferred tax assets	-	6,971
Total Assets	66,139	1,578,886
Liabilities		
Deposits from Banks		15,568
Deposits from customers	30,331	1,186,736
Derivative financial liabilities		-
Current income tax payable	-	1,018
Other borrowed funds	10,911	105,539
Investment in subsidiary		-
Debt securities issued		42,327
Other liabilities	14,881	105,043
Provisions	16	1,164
Total Liabilities	56,139	1,457,395
Equity		
Share capital	10,000	14,395
Share premium	-	42,759
Retained earnings	-	14,859
Other components of equity	-	49,478
Total equity	10,000	121,491
Total Liabilities and Equity	66,139	1,578,886

VALUE OF ASSETS AND LIABILITIES TO BE TRANSFERRED TO THE ALTERNATIVE BANK LIMITED

The value of the assets to be transferred from Sterling Bank to The Alternative Bank is ₦56.14 billion excluding the ₦10 billion already deposited with the CBN. The value of the liabilities to be transferred to The Alternative Bank Limited is ₦56.14 billion.

12. APPENDIX VI – FIXED ASSET SCHEDULES OF STERLING BANK PLC AND THE ALTERNATIVE BANK LIMITED

12.1 FIXED ASSET SCHEDULE OF STERLING BANK PLC

The fixed asset schedule of Sterling Bank PLC as at 31 December 2021 is shown below

	Leasehold Land	Leasehold Building	Leasehold Improvement	Furniture, fittings & Equipment	Computer Equipment	Motor Vehicles	Capital Work in Progress	Computer Software	Total
Cost									
Beginning at 1 January 2021	1,990	4,127	3,787	11,299	14,799	5,576	1,071	5,018	47,667
Additions	-	4	167	337	695	751	1,107	129	3,190
Reclassifications	-	187	9	212	5	6	(419)	-	-
Disposals	-	-	-	(212)	(20)	(553)	-	-	(785)
Balance as at date:	1,990	4,318	3,963	11,636	15,479	5,780	1,759	5,147	50,072
Beginning at 1 January 2021	242	588	2,460	8,892	11,086	3,380	-	3,438	30,086
Charge for the year	-	83	271	905	1,234	1,086	-	628	4,207
Adjustment	-	-	-	-	-	-	-	-	-
Written Off	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(205)	(19)	(461)	-	-	(685)
Balance as at date:	242	671	2,731	9,592	12,301	4,005	-	4,066	33,608
Net book value									
Balance as at date:	1,748	3,647	1,232	2,044	3,178	1,775	1,759	1,081	16,464

12.2 FIXED ASSET SCHEDULE OF THE ALTERNATIVE BANK LIMITED

As at the date of this Scheme Document, The Alternative Bank Limited has no fixed assets. The following shows the schedule of the fixed assets attributable to the non-interest banking business as at 31 December 2021.

In millions on Naira	Leasehold Improvement	Furniture, fittings & Equipment	Computer Equipment	Motor Vehicles	Capital Work in Progress	Computer Software	Total
Cost							
Beginning at 1 January 2021	14	23	97	70	-	371	575
Additions	20	25	14	39	1,556	59	1,713
Balance as at date:	34	48	111	109	1,556	430	2,288
Accumulated depreciation and impairment							
Beginning at 1 January 2021	5	6	78	87	-	276	452
Charge for the year	3	21	9	21	-	61	115
Balance as at date:	8	27	87	108	-	337	567
Net book value							
Balance as at date:	26	21	24	1	1,556	93	1,721

13. APPENDIX VII – TAX OPINION



Office:
Asiyahu Abewon Place,
205B, Ikorodu Road,
Ilupeju,
Lagos, Nigeria.

W. A. Kareem & Co.
Chartered Accountants

P. O. Box 3442
Mushin, Lagos.
Mobile: 08023153053
Email: info@wakareem.com
Website: www.wakareem.com

SBP/M/16/WAK/LMS

June 09, 2022

The Managing Director/Chief Executive
Sterling Bank Plc
20, Marina Street,
Lagos Island,
Lagos.

Dear Sir,

TAX IMPLICATIONS OF RESTRUCTURING OF STERLING BANK PLC INTO A HOLDCO GROUP STRUCTURE IN LINE WITH THE CENTRAL BANK OF NIGERIA (CBN) "REGULATIONS ON SCOPE OF BANKING ACTIVITIES AND ANCILLIARY MATTERS, NO 3 2010 (REGULATION 3, 2010)"

The management of Sterling Bank Plc by its letter dated April 14, 2022, engaged the services of our Firm for the purpose of providing professional opinion on the tax implications of the proposed restructuring of Sterling Bank Plc into a Holding Company structure comprising of Sterling Bank Plc, Sterling Financial Holdings Company Limited ("HoldCo") and The Alternative Bank Limited.

OUR OPINION

In our opinion, under the companies Income Tax Act CAP C21 (CITA), Capital Gains Tax Act CAP C1 (CGTA), Stamp Duties Act CAP S.8 (SDA) Laws of the Federation of Nigeria (LFN) 2004 (as amended), the proposed restructuring of Sterling Bank Plc into Holdco Group structure comprising Sterling Bank Plc, Sterling Financial Holdings Company Limited and The Alternative Bank Limited will not result in tax disadvantages to the shareholders of any of the companies or the Group entities

In summary, the following are the tax benefits of the proposed restructuring, details of which are provided herein.

- Sterling Financial Holdings Company Limited will not be liable to income tax based on dividend declared and paid (i.e. excess dividend tax) even where it has no total profits or has total profit which is less than dividend declared and paid.
- The share exchange between Holdco and Sterling Bank Plc will not give rise to Capital Gains tax payable subject to the exemption provided in S.30(2) of the Capital Gains Tax Act CAP C1 LFN 2004 as amended.
- Sterling Financial Holdings Company Limited and The Alternative Bank Limited qualify for the waiver of stamp duties on incorporation subject to the satisfaction of the conditions provided for in S.104 of SDA.

13. APPENDIX VII – TAX OPINION

Detailed consideration of the tax benefits of the Scheme of arrangement are stated hereunder.

COMPANIES INCOME TAX

Sterling Bank Plc is obligated to deduct WHT at the rate of 10% from any dividend distributed to Sterling Financial Holdings Ltd (Holdco) and remit to the appropriate tax authorities in compliance with the provision of S.80(1)&(2) of the Companies Income Tax Act CAP C21 LFN 2004 (CITA) as amended.

Dividend paid by the operating subsidiaries of Holdco, namely Sterling Bank Plc and The Alternative Bank Limited is Franked Investment Income (FII) and will not be subjected to further tax (i.e. Income Tax) nor deduction of WHT in the hands of the Holding company pursuant to the provision of S.80(3) of CITA.

Put succinctly, FII will be excluded in the determination of HoldCo's profit assessable to income tax while WHT will not be deducted on the re-distribution of the FII to Holdco's shareholders as same is deemed satisfied by the WHT already suffered on the dividend received from its operational subsidiaries.

Notwithstanding the position of the law as stated above, the Federal Inland Revenue Service (FIRS) granted a special dispensation to banks' Holdco to ease the administrative challenges that may arise from a strict application of provision of S.80(3) CITA as regards the obligation for deduction and remittance of WHT when dividend is paid by operational subsidiaries.

Under this arrangement, Sterling Bank Plc and The Alternative Bank Limited are allowed to pay the Holdco the gross amount of any dividend distributed by them while the latter is obliged to deduct therefrom WHT at 10% and remit same to the appropriate tax authority within 30 days of receipt.

Additionally, Holdco is exempted from the incidence of "Excess Dividend Tax" on payment of dividend to its shareholders out of FII received from Sterling Bank Plc and Alternative Bank Ltd pursuant S.19(2) CITA as amended by the Finance Act 2020.

CAPITAL GAINS TAX (CGT)

S.30 (2) of the Capital Gains Tax Act (CGTA) as amended by the Finance Act 2021, provides that gains accruing on the disposal of shares in any Nigerian company registered under the Companies and Allied Matters Act are chargeable gains and therefore liable to Capital Gains Tax (CGT) at the rate of 10%.

However, Capital Gains Tax will not be applicable or payable on a reduced amount where the proceeds of the shares disposed are fully or partially reinvested within the same year of assessment in the acquisition of shares in the same or other Nigerian Companies.

There is no chargeable capital gains arising from the exchange of shares between Holdco and the shareholders of Sterling Bank Plc, consequently, there will be no exposure to CGT liability payable by any of the parties to the transaction.

13. APPENDIX VII – TAX OPINION

STAMP DUTIES

S.104 (1) of the Stamp Duties Act CAP S8 LFN 2004 (as amended) provides, subject to the conditions stated therein, for relief or exemption from the payment of capital and transfer duty on instruments and shares in a scheme for the reconstruction of any company or companies or the amalgamation of any companies.

Consequent upon the above, Sterling Financial Holdings Limited and The Alternative Bank Limited having satisfied the conditions stated in S.104 SDA will be entitled to waiver of stamp duties otherwise payable on the incorporation of the companies.

TRANSACTION COSTS

Some transaction costs will necessarily be incurred as a result of the proposed business restructure. Such cost will include, legal fees, regulatory fees and professional fees.

S.81 (1) CITA as amended provides for the deduction of withholding tax at the prescribed rates on payment made by any person to any company assessable to income tax in Nigeria.

Also, Sections 2 and 4 of the Value Added Tax Act (VATA) provides that Value Added Tax (VAT) will be charged and payable at the rate of 7.5% on the value of supplies and services in Nigeria except those exempted in the First schedule to the Act.

Consequent upon the above, while Sterling Bank Plc is obliged to deduct withholding tax at the appropriate rate on the payment of transaction costs liable to deduction of withholding tax and remit same to the appropriate tax authority, it will be liable to pay VAT @ 7.5% on such costs except specifically exempted therefrom by the First schedule to the VAT Act.

We advise that any shareholders in doubt as regards their tax status or resident in other tax jurisdiction outside Nigeria consult their professional advisers as to the tax consequences of the Scheme of arrangement based on their peculiar circumstances.

Yours faithfully,

PP: W.A. KAREEM & CO



W.A. Kareem & Co.

Managing Partner/Chief Executive

14. APPENDIX VIII – NOTICE OF COURT-ORDERED MEETING

IN THE FEDERAL HIGH COURT OF NIGERIA
IN THE LAGOS JUDICIAL DIVISION
HOLDEN AT LAGOS

SUIT NO. FHC/L/CS/1470/2022

IN THE MATTER OF THE COMPANIES AND ALLIED MATTERS ACT NO. 3 OF 2020

AND

IN THE MATTER OF AN APPLICATION UNDER SECTIONS 711 & 715 THEREOF

IN RE:
STERLING BANK PLC

AND

THE ALTERNATIVE BANK LIMITED

MEETING OF THE HOLDERS OF THE FULLY PAID ORDINARY
SHARES OF STERLING BANK PLC

NOTICE IS HEREBY GIVEN that by an order of the Federal High Court (the **Court**) dated 5th day of August 2022 (the **Order**) made in the above matter, the Court has directed that a meeting (the “COM” or “Meeting”) of the holders of the fully paid-up ordinary shares of Sterling Bank PLC (“Bank”) be convened for the purpose of considering and if thought fit, approving, with or without modification, a Scheme of Arrangement (the “Scheme”) between the Bank and the holders of the fully paid-up ordinary shares of 50 Kobo each in the Bank (the “Holders”) in accordance with Section 715 of the Companies and Allied Matters Act, No. 3 of 2020 (as amended), incorporating a carve-out and transfer of the Non-Interest Banking Business under Section 711 of the Companies and Allied Matters Act, No. 3 of 2020 (as amended).

The Meeting will be held on Monday, 19th September 2022 at Shell Hall, MUSON Centre, Onikan Lagos, Nigeria, at 10.00 am or soon thereafter, at which place and time the Holders are requested to attend. The Explanatory Statement, providing the details of the Scheme as well as a copy of the said Scheme, are incorporated on pages 12 to 17, and 18 to 21, respectively, of the Scheme Document of which this Notice forms a part.

The under mentioned sub-joined resolutions will be proposed and considered and if thought fit passed as a special resolution at the Meeting:

“That:

1. The Scheme of Arrangement dated August 05, 2022, a printed copy of which has been produced for the Meeting and (for the purpose of identification only) signed by the Chairman be and is hereby approved;
2. In accordance with the Scheme of Arrangement, the 28,790,418,124 ordinary shares of 50 Kobo each in the issued and paid-up share capital of the Bank held by the Scheme Shareholders be and are hereby transferred to Sterling Financial Holdings Company Limited (“HoldCo”) in exchange for the allotment of 28,790,418,124 ordinary shares of 50 Kobo each in the share capital of HoldCo to the shareholders in the same proportion to their shareholding in the Bank credited as fully paid without any further act or deed;
3. The Bank will transfer all the assets, liabilities and undertakings related to the non-interest banking business to The Alternative Bank Limited;
4. In accordance with the Scheme of Arrangement, all of the shares held by the Bank and its nominee in The Alternative Bank Limited, together with all rights and liabilities attached to such shares, shall be transferred to HoldCo. The Alternative Bank Limited will be a direct subsidiary of HoldCo;

14. APPENDIX VIII – NOTICE OF COURT-ORDERED MEETING

5. The Board of Directors of the Bank be and is hereby authorised to take all necessary actions to delist the shares of the Bank from the official list of Nigerian Exchange Limited;
6. The Bank be re-registered as a private limited company under the Act and the Memorandum and Articles of the Bank be and are hereby amended as set out in the Annexure to the Notice of meeting;
7. That the Solicitors of the Company be and are hereby directed to seek orders of the Court sanctioning the Scheme and the foregoing resolutions, as well as such incidental, consequential and supplemental orders as are necessary or required to give full effect to the Scheme;
8. The Board of Directors of the Bank be and is hereby authorised to do all such things and take all such actions as are required to give effect to the Scheme, including consenting to any modifications of the Scheme of Arrangement or any conditions that the Central Bank of Nigeria, the Securities and Exchange Commission, the Federal High Court or any other regulatory authority may think fit to approve or impose.”

By the said Order, the Court has appointed Mr Asue Ighodalo as Chairman of the Meeting, or failing him, Mr Abubakar Suleiman, or failing both of them, any other director so appointed in their stead, to act as Chairman of the said Meeting and has directed that a report of the Meeting be provided to the Court.

Voting at the Meeting will be by poll. The Scheme will be subject to the final approval of the SEC and subsequent sanction of the Court and will become effective upon the delivery of a certified true copy of the order of the Court sanctioning the Scheme to the Corporate Affairs Commission.

Pursuant to the Order, in the interest of public safety and having due regard to the Nigeria Centre for Disease Control (**NCDC**) COVID-19 Guidance for Safe Mass Gatherings in Nigeria, only persons indicated to be selected proxies on the Proxy Form would be allowed to attend the Meeting physically. All other shareholders would be required to attend the Meeting online and to vote at the Meeting through a proxy.

In view of the foregoing, an order of the Court was sought and obtained for the Court-Ordered Meeting to be held by proxy.

A proxy may be selected from any of the following individuals (the **Selected Proxies**):

- i. Mr. Asue Ighodalo
- ii. Mrs. Tairat Tijani
- iii. Mr. Abubakar Suleiman
- iv. Mrs. Temitayo Adegoke
- v. Brig. Gen E.E. Ikwue (Rtd)
- vi. Sir. Sunny Nwosu
- vii. Dr. Faruk Umar
- viii. Mr. Mathew Akinlade
- ix. Mrs. Oludewa Thorpe
- x. Mr. Boniface Okezie
- xi. Mr. Gbenga Idowu
- xii. Mrs. Funke Augustine
- xiii. Mr. Ridwan Hamza
- xiv. Alhaji Kabiru Tambari
- xv. Mr. Adeleke Adebayo
- xvi. Mr. Norna Awoh

The Selected Proxies are to attend the Meeting and vote on their own behalf as well as on behalf of the shareholders who selected them as proxies. Other shareholders can join the meeting and follow the proceedings online via real-time streaming options which have been provided in this notice. Shareholders who have appointed any of the Selected Proxies and have given the proxy voting instructions can also participate and attend the Meeting online. Any Shareholder attending the Court-Ordered Meeting online who has any questions in respect of the Scheme would be able to ask such questions during the Court-Ordered Meeting via the real-time streaming options. Where a shareholder executes a proxy form, without selecting a proxy or indicating how his or her shares should be voted, such proxy form will be deemed to be invalid.

14. APPENDIX VIII – NOTICE OF COURT-ORDERED MEETING

In the case of joint shareholders, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders; and for this purpose, seniority will be determined by the order in which their names stand in the Register of Members of the Bank.

A Proxy Form would be sent to the registered email address of shareholders, alongside the Scheme document and would also be available online at www.sterling.ng and www.paceregistrars.com.

It is requested that duly executed Proxy Forms (together with any Power of Attorney or other authority under which it is signed, or a notarised copy of such Power of Attorney or other authority) be lodged at the office of the Registrar of the Bank, as shown on the Proxy Form, not less than 24 hours before the time appointed for the Court-Ordered Meeting.

Shareholders are encouraged to submit the duly completed Proxy Form on or before 10am on Friday 16th September 2022. A member entitled to attend the Court-Ordered Meeting who does not receive a copy of the Scheme Document within 14 days of the date of this notice can obtain copies of same, free of charge, from the Registrar of the Bank whose office is at Akuro House (8th Floor), 24, Campbell Street Lagos, Nigeria. The Scheme Document would also be available online at www.sterling.ng and www.paceregistrars.com.

Closure of Register of Members

The Register of Members will be closed from 5th of September 2022 for the purpose of determining attendance at the Court-Ordered Meeting.

Interested shareholders may choose to attend this hearing.

DATED THIS 22ND DAY OF AUGUST 2022

TEMITAYO ADEGOKE
COMPANY SECRETARY,
STERLING BANK PLC
STERLING TOWERS
20 MARINA RD
LAGOS

BANWO & IGHODALO
SOLICITORS TO STERLING BANK
PLC
48 AWOLOWO RD
IKOYI
LAGOS

NOTES:

- i. In view of the outbreak of the COVID-19 pandemic and the social distancing guidelines issued by the NCDC and the Office of the Secretary to the Government of the Federation (the Guidelines), the Bank has obtained the sanction of the Court to hold the Court-Ordered Meeting in a manner which is compliant with the Guidelines. Accordingly, pursuant to the Order of the Court, the Court Ordered Meeting would be held, conducted and attended in any manner which the Directors deem fit including through the Selected Proxies. Specifically, the Court granted an order stating that members of the Bank shall be at liberty to attend the meeting by proxy.
- ii. Shareholders may vote at the Court-Ordered Meeting through the Selected Proxies. The Selected Proxies are encouraged to comply with relevant public health advice in order to protect the health of others.

Accreditation of Shareholders to attend the Meeting via Electronic Platform

A message containing a unique link will be sent to shareholders via registered email address(es) and phone number(s) existing in registrars' database to be utilised for attending the meeting electronically.

While shareholders without the above details and intend to attend the court-ordered meeting are required to register for the meeting by completing registrars' shareholder update form via <http://www.paceregistrars.com/UPDATE%20FORM.pdf>.

Kindly be informed that shareholders will be required to provide their valid email address (es) and phone number(s) in completing the form. A message containing a distinctive link will be equally sent to the shareholders upon completion to access the meeting electronically.

PROXY FORM

PROXY FORM FOR THE PROPOSED SCHEME OF ARRANGEMENT BETWEEN Sterling Bank PLC AND HOLDERS OF ITS ORDINARY SHARES OF 50 KOBO EACH



I/We,

Shareholder's Name:

Address:

Account Number:

No of shares held:

being the registered holder(s) of the ordinary shares of

Sterling Bank PLC,

hereby appoint*

or failing him/her

as my/our proxy to vote on my/our behalf at the Court-ordered Meeting of the holders of the ordinary shares of the Company to be held on Monday, 19th day of September 2022 at the Shell Hall, MUSON Centre, Onikan, Lagos at 10 am or at any adjournment thereof.

Signed this day of.....2022

Shareholder's Signature.....

NOTES:

- Members (shareholder) are allowed by law to vote by proxy and this proxy form has been prepared to enable you to exercise your right to vote in case you cannot personally attend the meeting.
- Shareholders are required to appoint a proxy of their choice from the list of proxies below:
Mr. Asue Ighodalo, Mrs. Tairat Tijani, Mr. Abubakar Suleiman, Mrs. Temitayo Adegoke, Brig. Gen E.E. Ikwue (Rtd), Mr. Sunny Nwosu, Dr. Farooq Umar, Mr. Mathew Akinlade, Mrs. Oludewa Thorpe, Mr. Boniface Okezie, Mr. Gbenga Idowu, Mrs. Funke Augustine, Mr. Ridwan Hamza, Alhaji Kabiru Tambari, Mr. Adeleke Adebayo and Mr. Noma Awoh.
- Voting at the Court-Ordered Meeting will be by poll which means that each shareholder has one vote for each of the shares he/she/it holds in Sterling Bank PLC.
- Please sign and post the Proxy Form so as to reach the registrar not less than 24 hours before the time appointed for the Court-Ordered Meeting and ensure that the Proxy Form is dated and signed. If executed by a corporate body, the Proxy Form should be sealed with the Common Seal.
- The Company has made arrangements, at its cost, for the stamping of the duly completed and signed proxy forms submitted to the Registrars within the stipulated time.
- The details in the Scheme of Arrangement provide information on the material features of the proposed Scheme and the general effect thereof upon the rights of shareholders of Sterling Bank PLC whilst also providing information essential to a shareholder's appraisal of the action to be taken with regards to the Scheme.

SPECIAL RESOLUTIONS

THAT:

- The Scheme of Arrangement dated 05 August, 2022, a printed copy of which has been produced for the Meeting and (for the purpose of identification only) signed by the Chairman be and is hereby approved;
- In accordance with the Scheme of Arrangement, the 28,790,418,124 ordinary shares of 50 Kobo each in the issued and paid-up share capital of the Bank held by the Scheme Shareholders be and are hereby transferred to Sterling Financial Holdings Company Limited ("HoldCo") in exchange for the allotment of 28,790,418,124 ordinary shares of 50 Kobo each in the share capital of the HoldCo to the shareholders in the same proportion to their shareholding in the Bank credited as fully paid without any further act or deed;
- The Bank transfers all the assets, liabilities and undertakings related to the non-interest banking business to The Alternative Bank Limited;
- In accordance with the Scheme of Arrangement, all of the shares held by the Bank and its nominee in The Alternative Bank Limited, together with all rights and liabilities attached to such shares, shall be transferred to HoldCo. The Alternative Bank Limited will be a direct subsidiary of HoldCo;
- The Board of Directors of the Bank be and is hereby authorised to take all necessary actions to delist the shares of the Bank from the official list of Nigerian Exchange Limited;
- The Bank be re-registered as a private limited company under the Act and the Memorandum and Articles of the Bank be and are hereby amended as set out in the Annexure to the Notice of meeting;
- That the Solicitors of the Company be and are hereby directed to seek orders of the Court sanctioning the Scheme and the foregoing resolutions, as well as such incidental, consequential and supplemental orders as are necessary or required to give full effect to the Scheme;
- The Board of Directors of the Bank be and is hereby authorised to do all such things and take all such actions as are required to give effect to the Scheme, including consenting to any modifications of the Scheme of Arrangement or any conditions that the Central Bank of Nigeria, the Securities and Exchange Commission, the Federal High Court or any other regulatory authority may think fit to approve or impose.

FOR	AGAINST
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Please indicate how you wish your vote to be cast on the sub-joined resolution set out above by placing an "x" in the appropriate box. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.

**Please affix
postage
stamp**

PACE REGISTRARS