

This document is important and should be read carefully. If you are in any doubt about its content and actions to be taken, please consult your Stockbroker, Banker, Solicitor, Accountant, Independent Investment Advisor or any other Professional Adviser for guidance immediately.

For information concerning certain risk factors which should be considered by prospective investors, see Risk Factors on Pages 61-63



STERLING BANK PLC

RC 2392

Rights Issue of

5,888,949,162

Ordinary Shares of **50 kobo** each

at

₦2.12 per share

On the basis of **Three (3)** new ordinary shares
for every **Eight (8)** ordinary shares of 50kobo each held
as at **April 12, 2013**

**THE RIGHTS BEING OFFERED IN THIS DOCUMENT ARE TRADEABLE ON THE FLOOR OF THE NIGERIAN STOCK
EXCHANGE FOR THE DURATION OF THE ISSUE**

Payable in full on Acceptance

Acceptance List Opens: xxx, 2013

Acceptance List Closes: xxx, 2013

This Rights Circular and the securities which it offers have been cleared and registered by the Securities & Exchange Commission. The Investments and Securities Act No 29 of 2007 provides for civil and criminal liabilities for the issue of a Rights Circular which contains false or misleading information. Clearance and registration of this Rights Circular and the Securities which it offers do not relieve the parties from any liability arising under the Act for false and misleading statements contained herein or for any omission of a material fact.

ISSUING HOUSE



This Rights Circular is dated xxx, 2013



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DEFINITIONS

In this document, unless otherwise stated or clearly indicated by the context, the following words shall have the meanings stated opposite them.

"Bank" or "Sterling Bank"	Sterling Bank Plc
"Brokerage"	Commission payable to Receiving Agents in respect of returns bearing stamps and duly allotted
"CSCS"	Central Securities Clearing System Limited
"Directors"	The members of the Board of Directors of Sterling Bank Plc, who at the date of this document, comprise those persons whose names are set out on page 12 of this Rights Circular
"Issuing House or Sterling Capital"	Sterling Capital Markets Limited
"LFN"	Laws of the Federation of Nigeria
"NSE" or "The Exchange"	Nigerian Stock Exchange
"Pari Passu"	Equally in all respects
"Parties to the Issue"	Professional advisers engaged by the Bank to render advisory services to the Bank in connection with the Rights Issue
"Receiving Banker"	Skye Bank Plc
"Receiving Agents"	Any of the institutions listed on page 69 of this Rights Circular to whom shareholders may return their completed Acceptance/Renunciation Forms together with payment.
"Rights Circular"	This compendium of documents through which the existing shareholders of the Bank are offered shares in the Bank, under the Rights Issue, in accordance with the Rules and Regulations of the Commission.
"SEC" or "The Commission"	Securities & Exchange Commission
"The Issue or Rights Issue"	The Rights Issue of 5,888,949,162 Ordinary Shares of 50 kobo each at ₦2.12 kobo per share on the basis of Three (3) new Ordinary Shares for every Eight (8) Ordinary Shares held as at April 12, 2013.
"Working Day"	Any day other than a Saturday, Sunday or official public holiday in Nigeria declared by the Federal Government of Nigeria.

CORPORATE DIRECTORY

S/N	NAME	BRANCH	ADDRESS
1	Aba	Abia	127, Nnamdi Azikiwe Road, Aba
2	Umuahia	Abia	2, Library Avenue, Opposite Michela Okpara Auditorium, Umuahia
3	Aba	Abia	Plot 3, Eziukwu Road, Aba
4	CBD Abuja	Abuja	Gateway Plaza, Plot 208, Zakariyaha Mai-Malari Street off Herbert Macaulay Way, CBD
5	Wuye	Abuja	Plot 1135, Gidado Idris Street, Finance Junction by Eterna Oil Filling Station, Wuye
6	Abuja Garki	Abuja	Plot 21/11, Emeka Anyaoku Street, Area II Garki
7	Abuja Main	Abuja	Plot 603, Kashim Ibrahim Way, Wuse 2
8	Kado	Abuja	Conoil Premises, Kado
9	Utako	Abuja	Conoil Station, Utako
10	Ladoke Akintola	Abuja	36, Samuel Ladoke Akintola Boulevard Garki 2, Abuja
11	Mamman Kontagora Close	Abuja	Plot 450, Kontagora Close, Off Tafawa Balewa Way, Area 3, Garki
12	National Assembly	Abuja	National Assembly Complex, Abuja
13	Seda Close (Area 8) Garki	Abuja	Plot 700 Sheda Close, Off Tafawa Balewa Way Area 8, Garki
14	Sterling Boulevard	Abuja	Plot 990, Sterling Boulevard, Central Business District, Wuse 2
15	Wuse II	Abuja	5 Adetokunbo Ademola Crescent, Wuse 2
16	Jimeta	Adamawa	Atiku Abubakar Way, Beside Sabru House, Jimeta, Yola
17	Uyo	Akwa Ibom	Plot 15, Block 1, Abak Road Est, Uyo
18	Uyo	Akwa Ibom	52, Oron Road, Uyo
19	Onitsha B/Head	Anambra	45, Uga Street, Bridge Head Onitsha
20	Awka	Anambra	140, Zik Avenue, Awka
21	Bridge Head	Anambra	34, Port Harcourt Road, Fegge, Onitsha, (Bridgehead)
22	New Market I	Anambra	24, New Market Road, Onitsha
23	Onitsha Main	Anambra	23, Nottidge Street, Onitsha
24	Bauchi	Bauchi	Yakubun Bauchi Road Beside Central Bank of Nigeria, Bauchi
25	Yenagoa 2	Bayelsa	Mbiama Road, Yenagoa
26	Yenagoa	Bayelsa	268, Mbiama/Yenagoa Road, Yenagoa
27	Makurdi	Benue	7, New Bridge Street, Makurdi
28	Maiduguri	Borno	39, Sir Kashim Ibrahim Road Opposite Ramat Shopping Complex
29	Calabar	Cross River	105 Murtala Mohammed Highway, Calabar
30	Asaba	Delta	290, Nnebisi Road, Asaba
31	Effurun	Delta	71, Effurun Sapele Road, Effurun
32	Enerhen Rd	Delta	8, Effurun-Sapele Road, Warri
33	Warri	Delta	75, Warri/Sapele Road, Warri
34	Warri	Delta	Odibo Housing Estate, Opposite Urhobo College, Warri-Sapele Road
35	Asaba	Delta	Umuagu Quarters Nnebisi Road, Asaba
36	Adesuwa Rd	Edo	5, Adesuwa Street, Benin City
37	Benin Main	Edo	58, Mission Road, Benin
38	Benin Sapele	Edo	56/58 Sapele Road, Benin
39	Ikpoba Hill Edo	Edo	40B, Ohovbe Quarters Ikpoba Hill, Benin City
40	Okada	Edo	Igbinedion University, Okada
41	Benin City	Edo	49A, Akpakpavwa Road, Benin
42	Okpara Avenue	Enugu	Plot 49, Okpara Avenue, Enugu
43	Enugu	Enugu	2A, Market Road, Ogui, Enugu
44	Owerri	Imo	71, Douglas Road, Owerri
45	Dutse	Jigawa	Kiyawa Road, Opposite Oando Filling Station, Dutse
46	Kaduna	Kaduna	Conoil Premises, 2602, Ahmadu Bello Way
47	Kaduna III	Kaduna	C2, Independence Way
48	Kaduna Refinery	Kaduna	KM, 16, Kachia Road, KRPC Staff Co-operative Commercial Plaza, Kaduna Refinery
49	Ali Akilu Road	Kaduna	9, Ali Akilu Road
50	Kachia Road	Kaduna	236, Kachia Road, Kaduna South LGA
51	Lagos Street	Kano	12, Sani Abacha Way (formerly Lagos Street)
52	BUK	Kano	Bayero University
53	Kano- Niger Street	Kano	Gidan Goldie, 2B, Niger Street
54	Kano-Unity Road Fage	Kano	20, Unity Road
55	Kofan Ruwa Branch	Kano	Aminu Dantata Estate, Kofan Ruwa Market
56	MM Way	Kano	110, Murtala Mohammed Way

CORPORATE DIRECTORY

S/N	NAME	BRANCH	ADDRESS
57	Katsina	Katsina	3 IBB Way, Kofar Kaura
58	Ilorin	Kwara	Plot 240, Ibrahim Taiwo Road, Ilorin
59	Ilorin	Kwara	11, Murtala Mohammed Way, Ilorin
60	Alakoro	Lagos	109c Alakoro Street, Oke Arin
61	Enu-Owa	Lagos	99, Enu Owa Street, Idumota
62	Ereko	Lagos	3/5 Lawrence Lane, Ereko
63	Idumota	Lagos	62, Dosunmu Street, Idumota
64	47 Marina	Lagos	47 Marina, Lagos
65	Oke-Arin	Lagos	18, Issa Williams Street, Oke Arin
66	Sandgrouse	Lagos	33, Hawley Street, Lafiji
67	Broad Street	Lagos	Bookshop House, 50/52, Broad Street
68	Head Office Branch	Lagos	Sterling Towers, 20 Marina
69	Idumagbo	Lagos	24, Idumagbo Avenue
70	John Street	Lagos	47, John St., Oke Arin Shopping Complex
71	Lewis	Lagos	198, Igboere Road, Lagos Island
72	67 Marina	Lagos	Old, Niger House 163/165, Broad Street
73	Martins	Lagos	41/43, Martins Street, Lagos Island
74	Sura	Lagos	Block 11, Suite 3, Sura Shopping Complex Simpson Street
75	Ikoyi	Lagos	114, Awolowo Road, Ikoyi
76	Retail	Lagos	65B, Adeola Odeku Street, Victoria Island
77	Saka Tinubu	Lagos	50, Saka Tinubu, Victoria Island
78	Corporate	Lagos	Plot 1092 Adeola Odeku Street, Victoria Island
79	Ademola Adetokunbo I	Lagos	34 Adetokunbo Ademola Street, Victoria Island
80	Ademola Adetokunbo II	Lagos	Plot 1703 Adetokunbo Ademola Street, Victoria Island
81	Adeola Hopewell	Lagos	42, Adeola Hopewell Street, Victoria Island
82	Adeola Odeku	Lagos	Plot 300, Adeola Odeku, Victoria Island
83	Ikota	Lagos	Shop 14/15, Block F, Ikota Shopping Complex
84	Ikoyi	Lagos	228A, Awolowo Road, Ikoyi
85	Lekki	Lagos	Bakky Plaza, by Agungi Bus Stop, Lekki-Epe Expressway
86	Alaba Cash	Lagos	50/51, International Market, Alaba
87	Alaba Main	Lagos	6, Alaba International Market Road, Alaba
88	Wharf Road	Lagos	7, Wharf Road, Apapa
89	Trade Fair	Lagos	Executive Plaza, Joint Centre for Commerce, TFC, Badagry
90	Berger	Lagos	250, Kirikiri Road, Berger, Olodi Apapa
91	Coker	Lagos	Fedson Plaza, Odunade B/S, Lagos Badagry Expressway
92	Commercial Road	Lagos	17, Commercial Road, Apapa
93	Creek Road	Lagos	26, Creek Road, Apapa
94	Ibru Jetty	Lagos	31, Kudaisi Street, Warehouse B/Stop, Ibafor, Apapa
95	LASU	Lagos	Lagos State University, Ojo
96	Nnewi Building	Lagos	Nnewi Building, 1-3 Creek Road, Apapa,
97	Tin Can	Lagos	Tin Can Road, Tin Can Island Port, Apapa
98	Mobil Road	Lagos	66, Mobil Road, Ajegunle
99	Aviation Centre	Lagos	Opposite Aero Contractors, Local Airport, Ikeja
100	Demurin	Lagos	131/133, Demurin Street, Ketu
101	Ikeja GRA	Lagos	Conoil Station, Opp. General Hospital, Ikeja GRA
102	Ikeja Main	Lagos	91, Allen Avenue, Ikeja
103	Allen	Lagos	51, Allen Avenue, Ikeja
104	Ketu	Lagos	548, Ikorodu Road, Ketu
105	Opebi	Lagos	2B, Opebi Road, Ikeja
106	Aromire	Lagos	9, Aromire Street, Ikeja
107	Awolowo Way	Lagos	104, Obafemi Awolowo Way, Ikeja
108	Ikorodu	Lagos	43 Lagos Road, Ikorodu
109	Ilupeju	Lagos	Akintola Williams, Delliote Building 226, Ikorodu Road,
110	Opebi I	Lagos	Adebola House, 38, Opebi Road
111	Opebi II	Lagos	68 Opebi Road, Ikeja
112	Ogudu	Lagos	28, Ogudu Road, Ojota

CORPORATE DIRECTORY

S/N	NAME	BRANCH	ADDRESS
113	Fadeyi	Lagos	96, Ikorodu Road, Fadeyi,
114	Oba Akran	Lagos	142, Oba Akran Road, Poatson building, Oba Akran Avenue
115	Ogba	Lagos	36, Ijaiye Road, Ogba
116	Dopemu 1	Lagos	3/4, Bayo Ayeni Street, Aluminium Village, Dopemu
117	Dopemu	Lagos	32, Shasha Road, Dopemu, Agege
118	Idimu	Lagos	294, Idimu Road, Isheri, Idimu
119	Ifako	Lagos	102, Iju Ifako Road
120	Ipaja	Lagos	109, Lagos Abeokuta Expressway, Iyana Ipaja
121	Ejigbo	Lagos	NNPC Depot, Ejigbo
122	Airport Rd	Lagos	Airport Road , Ikeja
123	Mushin	Lagos	122, Agege Motor Road, Mushin
124	Okota	Lagos	101, Okota Road, Isolo
125	Adeniran Ogunsanya	Lagos	74, Adeniran Ogunsanya Street, Surulere
126	Daleko	Lagos	Plot 8, Block E, Daleko Market, Apapa Oshodi Expressway
127	Iddo	Lagos	Railway Terminus, Ebute Metta
128	Matori	Lagos	26, Fatai Atere Way, Matori Ind. Estate, Matori
129	Matori Cash	Lagos	1/5 Jimade Close, Matori
130	Ojuwoye	Lagos	9, Dada Iyalode Street, Ojuwoye, Mushin
131	Oshodi	Lagos	Oshodi Isolo Local Government Secretariat, Oyetayo St, Oshodi
132	Surulere	Lagos	141, Ogunlana Drive, Surulere
133	Willoughby	Lagos	28, Willoughby Street, Ebute-Metta
134	Yaba	Lagos	260/262 Herbert Macaulay Road, Yaba
135	Ire-akari	Lagos	58, Ire- Akari Estate, Isolo
136	Minna	Niger	FMB Building, Bosso Road, Minna
137	Ijebu Ode	Ogun	Ibadan Road, Ijebu Ode
138	Ota 2	Ogun	120, Idiroko Road, Ota
139	Abeokuta	Ogun	OPIC Round About, Oke-Ilewo, Abeokuta
140	Ota 1	Ogun	64, Idiroko Road, Ota
141	Akure	Ogun	142, Oyemekun Road Akure
142	Ore	Ondo	82, Ondo Road, Ore
143	Bowen	Osun	Bowen University, Iwo
144	Oshogbo	Osun	Onward Estate, Along Oshogbo Gbongan Road, Oshogbo
145	Apata	Oyo	529, old Abeokuta Road, Apata Ganga, Ibadan
146	Challenge	Oyo	97, Lagos Road, Challenge, Ibadan
147	Ibadan Main	Oyo	36, New Court Road, Gbagi Road, Ibadan
148	Ibadan Secretariat	Oyo	Oyo State Govt Secretariat Complex, Ibadan
149	Iwo Rd	Oyo	49A, Iwo Road, Ibadan
150	Jericho	Oyo	1, Magazine Road, Jericho, Ibadan
151	Oke Ado	Oyo	2, Ososami road, Oke Ado Ibadan
152	Dugbe	Oyo	3, Obafemi Awolowo Road, J Allen ,Dugbe, Ibadan
153	Jos	Plateau	13, Jingiri Road, Opp Leventis Motors, Jos
154	Jos	Plateau	32 Rwang Pam Street, Off Tafawa Balewa/Ahmadu Bello Way, Jos
155	Jos Terminus	Plateau	1, Ahmadu Bello Way, Jos
156	PH-Ogbunabali	Rivers	2A, Aguma Street, Ogbunabali, Port Harcourt
157	PH-Aggrey Rd	Rivers	14, Aggrey Road, Port Harcourt
158	PH-Ordinance	Rivers	Plot 115, Trans Amadi Industrial Layout, Port Harcourt
159	PH-Main	Rivers	204A, Aba Road, Rumuola, Port Harcourt
160	PH-Trans Amadi	Rivers	Plot 17C, Access Road, Trans Amadi Industrial Layout, Port Harcourt
161	GRA	Rivers	Plot 142 (36B), Woji Road, GRA Phase 11, Port Harcourt
162	Olu obasanjo	Rivers	4B, Olu Obasanjo Road, Port Harcourt
163	Trans- Amadi I	Rivers	Plot 13, Trans Amadi Industrial Layout, Port Harcourt
164	Trans Amadi II	Rivers	Plot A-A1, Trans Amadi Ind. Layout, Port Harcourt
165	UPTH	Rivers	University of Port Harcourt Teaching Hospital
166	PH Refinery	Rivers	NNPC Refinery, Pot-Harcourt
167	Sokoto	Sokoto	14, Sani Abacha Way
168	Gusau	Zamfara	Zaria Road, Gusau

ABRIDGED TIMETABLE

Date	Activity	Responsibility
2013	Acceptance List Opens	Sterling Capital/Registrars
2013	Acceptance List Closes	Sterling Capital/ Registrars
2013	Receiving Agents make Returns	Sterling Capital/Registrars
2013	Forward allotment proposal and draft newspaper announcement to SEC	Sterling Capital
2013	Receive SEC clearance of Allotment Proposal	Sterling Capital
2013	Payment of Net proceeds of the Issue to Sterling Bank	Receiving Banker/Sterling Capital
2013	Allotment Announcement	Sterling Capital
2013	Return rejected application monies	Sterling Capital/ Registrars
2013	Distribution of Share Certificates/Credit CSCS accounts	Registrars
2013	Forward declaration of Compliance to the Exchange	Stockbrokers
2013	Listing of new shares/ Trading Commences	Stockbrokers
2013	Forward Summary Report of Issue to SEC	Sterling Capital

*Please note that the above dates are indicative and subject to possible changes

SUMMARY OF THE ISSUE

This summary draws attention to information contained elsewhere in this Rights Circular; it does not contain all of the information you should consider in making your investment decision. You should therefore read this summary together with the more detailed information, including the financial statements elsewhere in this Rights Circular

1. **ISSUER:** Sterling Bank Plc
2. **ISSUING HOUSE:** Sterling Capital Markets Limited
3. **SHARE CAPITAL:**
(AS AT THE DATE OF THIS RIGHT CIRCULAR)

Authorised: ₦12,000,000,000 divided into 24,000,000,000 Ordinary Shares of 50 kobo each

Issued and Fully Paid: ₦7,851,932,216 divided into 15,703,864,432 Ordinary Shares of 50k each

Now being issued: 5,888,949,162 Ordinary Shares of 50 kobo each at ₦2.12 per share

Gross Issue Proceeds: ₦12,484,572,223.44
4. **PURPOSE OF THE ISSUE:** To enable the Bank expand its business operations.
5. **UTILIZATION OF PROCEEDS:** The estimated net proceeds of ₦12,126,274,562.30 from this Rights Issue after deduction of the Issue costs estimated at ₦358,297,661.14 (representing 2.87% of the offer proceeds) will be utilized as follows:

S/N	Activities	₦	%	Duration
1	*Branch Expansion (in states where the Bank currently operates as well as states where the Bank does not have branches)	4,244,196,096.81	35	24 Months
2	**Infrastructure upgrade	1,818,941,184.35	15	24 Months
3	Information Technology	1,212,627,456.23	10	12 Months
4	Working Capital requirements	4,850,509,824.92	40	Continuous
	TOTAL	12,126,274,562.30	100	

*New branches to be established in Abuja (1), Aba(3), Bayelsa (3), Delta (2), Ebonyi (1), Ekiti (1), Gombe (1), Kaduna (4), Katsina (1), Kebbi (1), Kogi (1), Kwara (1), Lagos (20), Ogun (2), Osun (1), Owerri (3), Port Harcourt (2)

**New Automated Teller Machines (ATM) to be deployed in the new branches mentioned above as well as technology infrastructure for cashless economy.

6. **METHOD OF ISSUE:** By way of Rights Issue to the existing shareholders of the Bank.
7. **ISSUE PRICE:** ₦2.12 per Ordinary share
8. **QUALIFICATION:** Solely to members whose names appear in the Bank's Register of Members, as at April 12, 2013
9. **PROVISIONAL ALLOTMENT:** Three (3) new Ordinary Shares for every Eight (8) Ordinary Shares of 50 kobo each held as at the close of business on April 12, 2013.

Rights not taken up (and which have not been traded by shareholders) will be allotted to shareholders who have applied for additional shares above their provisional allotment, on a basis to be determined by the Directors of the Bank
10. **OPENING DATE:** xxxx, 2013

SUMMARY OF THE ISSUE

11. **CLOSING DATE:** xxxx, 2013
12. **PAYMENT:** In full on acceptance
13. **MARKET CAPITALIZATION:** ₦33,292,192,595.80
At Rights Issue Price (Pre-Issue)
14. **MARKET CAPITALIZATION:** ₦45,776,764,819.28
At Rights Issue Price (Post-Issue)
15. **INDEBTEDNESS:**

As at the date of this Rights Circular, the Bank had long term borrowing of N14.2billion (\$95million). This represents a facility granted to the Bank by Citibank International in October 2008. Interest is payable at a fixed rate of 7.5% p.a. and the principal is due at maturity in September 2014.

The Bank also has a N4,562,000,000 7year 13% Subordinated Unsecured Non-Convertible Debenture Stock Due 2018.

Save as disclosed above, the Bank has no other debentures, mortgages, loans, charges, material contingent liabilities or other similar indebtedness, other than in the ordinary course of business.
16. **CLAIMS AND LITIGATION:**

"Sterling Bank Plc. (the "Bank"), in the ordinary course of its business, is presently involved in 80 (Eighty) suits. Of the 80 (Eighty) suits, we identified 11(Eleven) cases involving claims above the materiality threshold of N50,000,000.00 (Fifty Million Naira). The total sum claimed by the Bank, as Claimant, in the 2 (Two) cases instituted by it, as well as its Counter-claim in 3 (Three) out of the 9 (Nine) cases instituted against it is approximately N1,226,230,563.70 (One Billion, Two Hundred and Twenty Six Million, Two Hundred and Thirty Thousand, Five Hundred and Sixty Three Naira, Seventy Kobo) and USD\$19,182.17 (Nineteen Thousand, One Hundred and Eighty Two United States Dollars, Seventeen Cents).

The total monetary claim against the Bank in the 9 (Nine) cases instituted against it by various individuals and organizations, together with the Counter-claims filed against the Bank in the 2 (Two) cases instituted by the Bank is approximately N2,369,605,955.05 (Two Billion, Three Hundred and Sixty Nine Million, Six Hundred and Five Thousand, Nine Hundred and Fifty Five Naira, Five Kobo) and USD\$1,000,000.00 (One Million United States Dollars).

The Solicitors to the Issue, are of the opinion that, the contingent liabilities that may arise from the cases pending against the Bank are not likely to exceed the sum of N115,609,997.97 (One Hundred and Fifteen Million, Six Hundred and Nine Thousand, Nine Hundred and Ninety Seven Naira, Ninety Seven Kobo).

The Directors of the Bank are of the opinion that none of the aforementioned cases is likely to have any material adverse effect on the Bank or the Rights Issue and are not aware of any other pending and or threatened claims or litigation, other than the 80 (Eighty) cases disclosed to the Solicitors to the Issue".
17. **QUOTATION:** The Bank's entire issued capital is listed on the Daily Official List of The Exchange. An application has been made to The Council of the

SUMMARY OF THE ISSUE

NSE for the admission to its Daily Official List of the 5,888,949,162 Ordinary Shares now being issued through this Rights Issue.

- 18. STATUS:** The Ordinary shares now being offered will be tradeable on the floor of The NSE and shall rank pari-passu in all respects with existing issued shares of the Bank.
- 19. UNDERWRITING:** At the instance of the Issuer, this issue is not underwritten
- 20. E-AlLOTMENT/SHARE CERTIFICATE:** The CSCS accounts of subscribers who elect to have the shares offered under the Rights Issue dematerialised would be credited not later than 15 Working Days from the date of allotment. Shareholders who elect to have their shares offered under the Rights Issue dematerialised are thereby advised to state the name of their respective stockbrokers and their Clearing House Numbers in the relevant spaces on the Acceptance Form. Share Certificates of Shareholders that do not provide their CSCS account details will be dispatched by registered post not later than 15 Working Days from the date of allotment.

21. FINANCIAL SUMMARY:

	Year Ending December 31				30 Sep
	12 month Ended	12 month Ended	12 month Ended	15 month Ended	12 month Ended
	2012	2011	2010	2009	2008
	N'000	N'000	N'000	N'000	N'000
Gross Earnings	68,856,815	45,173,436	30,386,957	43,464,716	32,950,915
Profit Before Tax	7,499,651	3,459,744	3,688,251	(9,072,908)	7,789,724
Gain on Discontinued Operation	-	2,042,253	-	-	-
Profit After Tax	6,953,539	6,686,473	4,178,493	(6,660,406)	6,523,153
Paid-Up Share Capital	7,851,931	7,851,931	6,281,545	6,281,545	6,281,545
Net Assets	46,642,394	40,953,115	26,320,487	22,141,994	30,238,878
Total Assets	580,225,940	504,427,737	259,579,523	205,640,827	236,502,923
Earnings per share (Kobo)	44	35	33	(53)	52

22. FORECAST OFFER STATISTICS:

Year Ending December 31	2013	2014	2015	2016
Forecast Earning per share (kobo)	0.55	0.70	1.03	1.63
Forecast Earning Yield at offer price (%)	26%	33%	49%	77%
Forecast Dividend per share (kobo)	0.11	0.14	0.21	0.33
Forecast Dividend Yield at offer price (%)	5	7	10	15
Forecast Dividend Cover (times)	5	5	5	5
Forecast Price Earnings Ratio at offer price (times)	3.86	3.03	2.05	1.30

Note: The earnings and Net Assets per share have been computed respectively for each year on the profit after taxation and number of Ordinary Shares in issue at the end of the year.

23. DECLARATIONS:

The Managing Director, Chief Financial Officer and the Company Secretary have made certain declarations on behalf of the Bank excerpts of which are highlighted below;

1. "that all reasonable care has been taken to ensure that the information contained in this Rights Circular and any related documentation are to the best of their knowledge and belief in accordance with the facts and contains no omission likely to affect their import.
2. that there has been no significant change in the financial condition or material adverse change in the prospect of the Issuer as at the date of the Rights Circular.
3. that the Issuer has not during the twelve (12) calendar months immediately preceding the date of the application to the SEC for registration of the Rights Circular breached any terms and conditions in respect of borrowed money which has resulted in the occurrence of an immediate recall of such borrowed money."

DIRECTORS, SECRETARY AND OTHER PARTIES TO THE ISSUE

DIRECTORS:

Alhaji (Dr.) Suleiman Adebola Adegunwa OFR (Chairman)
40, Opebi Ikeja
Lagos

Mr. Yemi Adeola (Managing Director/CEO)
20, Marina
Lagos

Mr. Lanre Adesanya (Executive Director)
20, Marina
Lagos

Mr. Devendra Nath Puri (Indian) Executive Director
20, Marina
Lagos

Mr. Abubakar Sule (Executive Director)
20, Marina
Lagos

Mr. Rajan Srinivasan (Indian)
Corporate Centre Mumbai
India

Alhaji Bashir M. Borodo, OON
16, Beirut Road
Kano

Mr. Yemi Idowu
1, First Avenue Bourdillion Court Estate
Chevron Drive, Etti-Osa
Lekki, Lagos

Mr. Yinka Adeola
18, Keffi Street
Ikoyi
Lagos

Mr. Rasheed Aderemi Kolarinwa
160B, Ikeja Way
Dolphin Estate
Ikoyi
Lagos

Ms. Olufunmilola Osunsade
13A, HFP Way
Dolphin Estate, Ikoyi, Lagos

COMPANY SECRETARY:

Justina Lewa
20, Marina
Lagos

REGISTERED ADDRESS:

20, Marina
Lagos
Tel: 01-2690380-8
Email: info@sterlingbankng.com

WEBSITE:

www.sterlingbankng.com

DIRECTORS, SECRETARY AND PARTIES TO THE ISSUE

ISSUING HOUSE:

Sterling Capital Markets Limited

Plot 1B, Frajend Close
Osborne Foreshore Estate
Ikoyi
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AUDITORS:

Ernst & Young

2A, Bayo Kuku Road
Ikoyi
Lagos

SOLICITORS TO THE OFFER:

Banwo & Ighodalo

98, Awolowo Road
Ikoyi
Lagos

STOCKBROKERS TO ISSUE:

CardinalStone Securities Limited

5, Okotie Eboh Street
Ikoyi
Lagos

REGISTRARS AND TRANSFER OFFICE:

Sterling Registrars Limited

Akuro House
8th Floor
24 Campbell Street
Lagos

RECEIVING BANKER:

Skye Bank Plc

3, Akin Adesola Street
Victoria Island
Lagos

THE CHAIRMAN'S LETTER

The following is a text of a letter received by the Issuing House; Sterling Capital Markets Limited from Alhaji (Dr.) S.A. Adegunwa OFR, Chairman, Board of Directors of Sterling Bank Plc:



RC 2392

May 3, 2013

To: All Shareholders

Distinguished Shareholders,

STERLING BANK PLC ("STERLING" OR "THE BANK")
RIGHTS ISSUE OF 5,888,949,162 ORDINARY SHARES OF 50K EACH AT ₦2.12 PER SHARE

At the Annual General Meeting of our Bank held on May 2, 2013, shareholders authorized the Directors to issue, by way of rights to the existing shareholders of the Bank, three (3) Ordinary Shares for every eight (8) Ordinary Shares held by the shareholders.

At a meeting of the Board of Directors held on May 2, 2013, the Board of Directors authorized the Rights Issue of 5,888,949,162 Ordinary Shares at ₦2.12 per share.

It is my pleasure to inform you that arrangements have now been concluded for the Rights Issue which will be offered to shareholders whose names appeared in the Company's Register of Members as at close of business April 12, 2013, in the proportion of 3 new Ordinary Shares for every 8 Ordinary Shares held as at that date. Regulatory approvals for the registration and listing of the shares offered for subscription under the Rights Issue have already been received from the Securities & Exchange Commission and The Nigerian Stock Exchange respectively. The new shares to be issued pursuant to the Rights Issue, will rank pari passu in all respects with the existing issued shares of the Bank.

The net proceeds of the Rights Issue will be utilized in funding the growth of the Bank's loan book, branch expansion/modernization, Information Technology and Infrastructure upgrade.

This Rights Circular contains a summary of our Bank's audited financial information for the five years ended 31 December 2012 and some other general information relating to the Bank. It also contains a provisional allotment letter from the Company Secretary, which provides full instructions for the acceptance, payment and renunciation of your rights to the provisional allotment. Shareholders who wish to renounce their rights partially or in full may trade such rights on the floors of the Exchange. I advise such shareholders to contact their stockbrokers for guidance.

The Rights Issue will provide our Bank with the required funds to execute projects that will enhance the Bank's growth and profitability. I encourage you to exercise your rights in full, to reinforce your support for our Bank and renew your continued confidence in the Bank's potentials.

Yours faithfully,

Alhaji (Dr.) S. A. Adegunwa OFR
Chairman

GOING CONCERN STATUS

1. LETTER FROM THE DIRECTORS ON THE GOING CONCERN STATUS



RC 2392

May 3, 2013

The Directors
Sterling Capital Markets Limited
Plot 1B, Frajend Close
Osborne Foreshore Estate
Ikoyi
Lagos

Dear Sirs,

CONFIRMATION OF THE GOING CONCERN STATUS OF STERLING BANK PLC ("THE BANK")

The Directors of Sterling Bank are required to prepare financial statements at the end of each financial period, which give a true and fair view of the state of affairs, and of the profit or loss of the Bank. They are also responsible for maintaining proper accounting records, for taking reasonable steps to prevent and detect fraud and other irregularities. The Directors of Sterling Bank are also responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgments and estimates that are prudent and reasonable.

We hereby confirm that applicable accounting standards have been followed and the Bank's financial statements for the years 2008 to 2011 were prepared using accounting policies, which comply with Generally Accepted Accounting Practice in Nigeria and the Companies and Allied Matters Act, Cap C20 LFN 2004, while the 2012 financial accounts were prepared in compliance with the International Financial Reporting Standard.

The Directors of the Bank, having made appropriate enquiries, reviewed budgets, projected cashflows and other relevant information, consider that adequate resources exist for the business to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the financial statements.

Yours faithfully,

Company Secretary
JUSTINA LEWA

Director
YEMI ADEOLA

GOING CONCERN STATUS

2. LETTER FROM THE AUDITORS ON THE GOING CONCERN STATUS OF STERLING BANK PLC

Ernst & Young
2A, Bayo Kuku
Ikoyi
Lagos
Tel: +234 1-8990982
www.ng.ey.com

May 3, 2013

The Directors
Sterling Bank Plc
20, Marina
Lagos

and

The Directors
Sterling Capital Markets Limited
Plot 1B, Frajend Close
Osborne Foreshore Estate
Ikoyi
Lagos

Dear Sirs,

CONFIRMATION OF THE GOING CONCERN STATUS OF STERLING BANK PLC ("THE BANK")

We have been informed that the Bank proposes to offer, to its existing shareholders, 5,888,949,162 Ordinary Shares of 50 kobo each at N2.12 per share on the basis of three (3) new Ordinary Shares of 50 kobo each for every eight (8) Ordinary Shares of 50 kobo each to undertake specific initiatives.

Based on the confirmations received from the Directors of Sterling Bank and our audit of past results of the Bank, as well as its operational position, we do not have any reason to doubt that the Bank will continue in operation in the foreseeable future.

Yours faithfully,



Dayo Babatunde
Partner
Ernst & Young

FIVE – YEAR FINANCIAL INFORMATION

1. Statement of Significant Accounting Policies

1.1 Basis of preparation

The financial statements of the Bank for the year ended December 31, 2012 were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB). For all periods up to and including the year ended 31 December 2011, the Bank prepared its financial statements in accordance with local generally accepted accounting principles (Local GAAP). The financial statements for the year ended 31 December 2012 are the first the Bank has prepared in accordance with IFRS.

The financial statements have been prepared on a historical cost basis, except for available-for-sale investments, other financial assets and liabilities held for trading, as well as financial assets and liabilities designated at fair value through profit or loss, all of which have been measured at fair value. The financial statements are presented in Nigerian Naira and all values are rounded to the nearest thousand (N'000) except when otherwise indicated.

a. Statement of compliance

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB.

b. Preparation of financial statements

The Bank presents its statement of financial position in order of liquidity.

The amendment to IAS 1 requires that items presented within other comprehensive income be grouped separately into those items that will be recycled into profit or loss at a future point in time, and those items that will never be recycled.

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

1.2 Statement of Significant Accounting Policies

The following are the significant accounting policies that have been adopted by the Bank.

A summary of the principal accounting policies, which have been applied consistently throughout the current period, is set out below:

1.2.1 Interest

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

The calculation of the effective interest rate includes contractual fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

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

FIVE – YEAR FINANCIAL INFORMATION

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

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

Fair value changes on other derivatives held for risk management purposes, and other financial assets and liabilities carried at fair value through profit or loss, are presented in net trading income from other financial instruments at fair value through profit and loss in the statement of comprehensive income.

1.2.2 Fees and commission

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

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

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

1.2.3 Net trading income

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

1.2.4 Dividends

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividends on trading equities are reflected as a component of net trading income, net income from other financial instruments at fair value through profit and loss or other operating income based on the underlying classification of the equity investment. Dividend income on available-for-sale securities are recognised as a component of other operating income.

1.2.5 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

1.2.6 Tax expense

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

i. Current tax

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

ii. Deferred Tax

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

Deferred tax is not recognised for the following temporary differences:

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

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

Current tax and deferred tax relating to items recognised directly in equity are also recognised in equity and not in profit or loss.

1.2.7 Financial assets and liabilities

Below are classes of items in the statement of financial position that are categories under financial assets and liabilities.

(i) Recognition

The Bank initially recognises loans and advances, deposits, debt securities issued and liabilities on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit and loss) are initially recognised on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

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

(ii) Subsequent measurement

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

1. Held-to-maturity

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

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

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

2. Financial assets held at fair value through profit and loss

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

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

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

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

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

3. Available-for-sale

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

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in the profit or loss when the Bank becomes entitled to

the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss. Other fair value changes are recognised in other comprehensive income until the investment is sold or impaired, whereupon the cumulative gains and losses previously recognised in other comprehensive income are reclassified to profit or loss as a reclassification adjustment.

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

4. Loans and advances

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

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method. Loans and advances include loans granted to customers and corporate entities

(iii) Amortised cost measurement

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

(iv) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The best evidence of the fair value of a financial instrument on initial recognition is the transaction price, i.e. the fair value of the consideration paid or received, unless the fair value is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on discounted cash flow models and option pricing valuation techniques whose variables include only data from observable markets.

Subsequent to initial recognition, the fair values of financial instruments are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. If the market for a financial asset is not active or the instrument is unlisted, the fair value is determined by using applicable valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and valuation techniques commonly used by market participants.

Where discounted cash flow analyses are used, estimated cash flows are based on management's best estimates and the discount rate is a market-related rate at the balance sheet date from a financial asset with similar terms and conditions. Where pricing models are used, inputs are based on observable market indicators at the balance sheet date and profits or losses are only recognised to the extent that they relate to changes in factors that market participants will consider in a setting price.

1.2.8 Impairment of financial assets

i. Assets carried at amortised cost

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

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on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

- whether the customer is more than 90 days past due;
- the Bank consents to a restructuring of the obligation, resulting in a diminished financial obligation, demonstrated material forgiveness of debt or postponement of scheduled payments; or
- there is an observable data indicating that there is a measurable decrease in the estimated future cash flows of a group of financial assets, although the decrease cannot yet be identified with specific individual financial assets. The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

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

If there is objective evidence that an impairment loss on a loan and receivable or a held-to-maturity asset has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

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

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

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

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

ii. Available-for-sale financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the balance sheet date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. Where an available-for-sale asset, which has been remeasured to fair value directly through equity, is impaired, the impairment loss is recognised in profit or loss. If any loss on the financial asset was previously recognised directly in equity as a reduction in fair value, the cumulative net loss that had been recognised in equity is transferred to profit or loss and is recognised as part of the impairment loss. The amount of the loss recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss.

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

iii. Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

iv. Sale and repurchase agreements

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

Conversely, Cash collateral on securities borrowed and reverse repurchase agreements to resell at a specified future date (reverse repos) are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within money market placement reflecting the transaction's economic substance as a loan by the Bank. The difference between the purchase and resale prices is recorded in Net interest income and is accrued over the life of the agreement using the EIR. If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within Financial liabilities held for trading and measured at fair value with any gains or losses included in Net trading income."

FIVE – YEAR FINANCIAL INFORMATION

Securities lent to counterparties are also retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income.

v. Derecognition of financial instruments

The Bank derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

Any interest in transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability.

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

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

1.2.9 Cash and cash equivalents

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

1.2.10 Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Reclassification to investment property

When the use of property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognised in profit or loss to the extent that it reverses a previous

FIVE – YEAR FINANCIAL INFORMATION

impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

(iii) Subsequent costs

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

(iv) Depreciation

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

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

The estimated useful lives for the current and comparative period are as follows:

Leasehold improvements	10 years
Leasehold properties	50 years
Land	Over the lease period
Computer hardware & equipment	3 years
Furniture, fittings & equipment	5 years
Motor vehicles	4 years

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

(v) De-recognition

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

1.2.11 Intangible asset

Software

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

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the

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asset. The estimated useful life of software is five years. Amortisation method, useful lives, and residual values are reviewed at each financial year-end and adjusted if appropriate.

1.2.12 Leased assets

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

Leases in terms of which the Bank transfers substantially all the risks and rewards incidental to ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases and, except for investment property, the leased assets are not recognised in the Bank's statement of financial position. Investment property held under an operating lease is recognised in the Bank's statement of financial position at its fair value.

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

1.2.13 Impairment of non-financial assets

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

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

1.2.14 Provisions

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

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

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

1.2.15 Financial guarantee contracts

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

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

1.2.16 Employee Benefits

a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value at the reporting date.

The Bank operates a funded defined contribution retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2004. The employer and the employee contributions are 7.5% each of the qualifying employee's salary. Obligations in respect of the Bank's contributions to the scheme are recognised as an expense in the profit or loss account on an annual basis. Group Life Insurance Policy is also secured on all the staff of the Bank in line with the Pension Reform Act 2004.

(b) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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

1.2.17 Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred, except to those that are directly attributable to the acquisition, construction or production of a qualifying asset which are capitalised as part of the cost of that asset.

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The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the Bank's borrowings that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalised during a period shall not exceed the amount of borrowing costs incurred during that period.

1.2.18 Contingencies

(a) Contingent asset

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

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

(b) Contingent Liability

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

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

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

1.2.19 Share capital and reserves

(i) Share issue costs

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

(ii) Dividend on ordinary shares

Dividends on the Bank's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Bank's shareholders.

(iii) Treasury shares

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

1.2.20 Earnings per share

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

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

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1.2.21 Segment reporting

An operating segment is a component of the Bank that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Bank's other components, whose operating results are reviewed regularly by the Bank Management Committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

1.2.22 Business combinations and goodwill

Business combinations are accounted for using the purchase method of accounting. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities but excluding future restructuring) of the acquired business at fair value. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the fair values of the identifiable net assets acquired, the discount on acquisition is recognised directly in the income statement in the year of acquisition.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Bank's cash-generating units (CGUs) or group of CGUs, which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit to which the goodwill is allocated represents the lowest level within the Bank at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment in accordance with IFRS 8 Operating Segments.

Where goodwill has been allocated to a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognised in the income statement.

1.2.23 'Day 1' profit or loss

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

1.2.24 First-time adoption of IFRS

These financial statements, for the year ended 31 December 2012, are the first the Bank has prepared in accordance with IFRS. For periods up to and including the year ended 31 December

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2011, the Bank prepared its financial statements in accordance with local generally accepted accounting principle (Local GAAP).

Accordingly, the Bank has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2012, together with the comparative period data as at and for the year ended 31 December 2011, as described in the summary of significant accounting policies. In preparing these financial statements, the Bank's opening statement of financial position was prepared as at 1 January 2011, the Bank's date of transition to IFRS

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The Bank has applied the following exemptions:

The Bank has applied the business Combinations exemption in IFRS 1. It has not restated business combination that took place prior to the 1 January 2011 transition date.

Freehold land and buildings were carried in the statement of financial position prepared in accordance with local GAAP. The Bank has elected to regard those values as deemed cost.

Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2011.

The Bank has applied the transitional provision in IFRIC 4 Determining whether an Arrangement Contains a Lease and has assessed all arrangements based upon the conditions in place as at the date of transition.

The Bank has designated unquoted equity instruments held at 1 January 2011 as available-for-sale investments.

Estimates

The estimates at 1 January 2011 and at 31 December, 2011 are consistent with those made for the same dates in accordance with local GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Local GAAP did not require estimation:

Pensions and other post-employment benefits

Share-based payment transactions

Available-for-sale financial assets – unquoted equity shares

The estimates used by the Bank to present these amounts in accordance with IFRS reflect conditions at 1 January 2011, the date of transition to IFRS and as of 31 December, 2011

2. Significant account judgements, estimates and assumptions

Management discusses with the Audit Committee the development, selection and disclosure of the Bank's critical accounting policies and estimates, and the application of these policies and estimates.

These disclosures supplement the commentary on financial risk management .

(a) Key sources of estimation uncertainty

(i) Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 1.2.8.

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counter party's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Committee.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans with similar economic characteristics when there is objective evidence to suggest that they contain impaired loans, but the individual impaired items cannot yet be identified. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimate of future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances are made.

(ii) Determining fair values: The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of techniques as described in accounting policy 1.2.8. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(b) Critical accounting judgements in applying the Bank's accounting policies

Critical accounting judgements made in applying the Bank's accounting policies include:

(i) **Valuation of financial instruments:** the Bank's accounting policy on fair value measurements is discussed under note 1.2.8. The Bank measures fair values using the following fair value hierarchy that reflects the nature and process used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

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- Level 3: Valuation techniques using inputs that are not based on observable market data, i.e., unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments. The table below analyses financial instruments measured at fair value into the fair value hierarchy at the end of the reporting period:

31 December 2012	Level 1	Level 2	Level 3	Total
Investment securities	17,755,382	-	1,101,039	18,856,421
	=====	===	=====	=====
31 December 2011				
Investment securities	1,717,259	-	1,515,995	3,233,254
	=====	===	=====	=====
1 January 2011				
Investment securities	4,204,576	-	5,003,584	9,208,160
	=====	===	=====	=====

ii. Financial assets and liabilities classification

The Bank's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

Details of the Bank's classification of financial assets and liabilities are given under the accounting policies in note 1.2.7.

(iii) Depreciation and carrying value of property, plant and equipment

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

(iv) Determination of impairment of property, plant and equipment, and intangible assets, excluding goodwill

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

3. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 31 December 2012, and have not been applied in preparing these financial statements. The Bank intends to adopt the standards below when they become effective.

(i) IFRS 9: Financial Instrument: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2015. In subsequent phases, the IASB is addressing impairment and hedge accounting. Exposure drafts have been issued. The completion of these projects is expected in 2012. The Bank is currently assessing the impact of both the first phase and the second phase on its financial statements.

(ii) IFRS 13: Fair Value Measurement

IFRS 13 defines fair value, provides guidance on its determination and introduces consistent requirements for disclosure on fair value measurements. It is applicable for all assets and liabilities that require a fair value based on IFRS. Disclosures for fair values are extended. The Bank will assess whether this new standard has any impact on existing fair value policies and disclosures. IFRS 13 is effective for the annual periods beginning on or after 1 January 2013 with early adoption permitted. The Bank has not early adopted IFRS 13.

(iii) IAS 1: Presentation of Financial Statements

IAS 1 addresses changes in the presentation of other Comprehensive Income. The amended standard emphasizes that profit or loss and other comprehensive income should be grouped together, i.e. either as a single "statement of profit or loss and comprehensive income", or as a separate "statement of profit or loss" and a "statement of comprehensive income". The former option is the existing practice of the Bank. The Bank will assess if it will continue this practice or convert to the other option included in the amended IAS 1. This standard is applicable for annual periods beginning on or after 1 July 2012, with early adoption permitted.

(iv) IFRS 7: Financial Instruments: Disclosures

In October 2010 IFRS 7 Financial Instrument: Disclosures has been amended to enhance the disclosure requirements for offsetting financial assets and financial liabilities. This amendment is effective for periods beginning on or after 1 January 2013. The Bank expects no significant impact from the adoption of the amendments on its financial position or performance.

(v) IFRS10: Consolidated Financial Statements

IFRS 10 replaced all of the consolidation guidance of IAS 27: Consolidated and Separate Financial Statements and SIC 12: Consolidation-Specific Purpose Entities. Consolidation is required when there is control that is defined as a combination of power, exposure to variability in returns and a link between the two. IFRS 10 is effective for annual periods beginning on or after 1 January 2013. This standard is not applicable to the Bank.

(vi) IFRS11: Joint Venture Arrangements

IFRS 11 Overhauls the accounting for joint ventures and replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities. It uses the principles of control in IFRS 10 in defining joint control and whether joint control exists may change. The standard is effective for annual periods beginning or after 1 January 2013. The new standard does not allow proportional consolidation of joint entities and no impact is expected as the Bank does not have joint arrangements

(vii) IFRS12: Disclosures of Interest in Other Entities

IFRS 12 includes all of the disclosure requirements for subsidiaries, joint arrangements, associated and structured entities. Changes include the requirement to disclose the judgements made to determine whether it controls another entity. IFRS 12 is effective in annual period beginning on or after 1 January 2013. Early adoption of IFRS 10, 11 and 12 is permitted but is required to take place simultaneously. Only IFRS 12 can be early adopted without IFRS 10 and 11. IFRS 12 is not applicable to the Bank.

(viii) IAS 12 Income Taxes

The amendments to IAS 12 provides a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40; Investment Property. The amendment introduces a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. This standard is applicable for annual periods beginning on or after 1 January 2013, with early adoption permitted. This is not applicable to the Bank.

(viii) IAS 19: Employee Benefits

The amendments to IAS 19 remove the option to defer the recognition of actuarial gains and losses, i.e., the corridor mechanism. All changes in the value of defined benefit plans will be recognised in profit or loss and other comprehensive income. The effective date of the standard is 1 January 2013. The adoption of these amendments will require the Bank to recognise:

- A service cost and a net interest income or expense in profit or loss
- The re-measurements of the pension assets and liabilities, i.e., actuarial gains and losses in the other comprehensive income.

Improvement to IFRSs

Amendments resulting from improvements to IFRSs to the following standards did not have a material impact on the accounting policies, financial position or performance of Sterling Bank Plc during this financial year.

- IAS 1: Presentation of Financial Statements
- IFRS 1: Low interest government loans
- IFRS 7: Financial Instrument: Disclosures
- IFRS 7: Off-setting of financial assets and liabilities
- IFRS 10, 11, & 12: Transition guidance
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 20: Stripping costs
- IAS 27 Consolidated and Separate Financial Statements
- IAS 27: Consequential amendments
- IAS 28: Consequential amendments

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4 Operating segments

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

(a) All non-current assets are located in the country of domicile and revenues earned are within same country.

(b) *Reportable segment*

The Bank has three reportable segments, as described below, which are the Bank's strategic business units. The strategic business units offer different products and services, and are managed separately based on the Bank's management and internal reporting structure. For each of the strategic business units, the Executive Management Committee reviews internal management reports on a monthly basis.

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

- Corporate and retail banking provides banking solutions to commercial enterprises and individuals.
- Treasury conducts the Bank's financial advisory and securities trading activities.

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

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

(i) 31 December 2012	Retail Banking N'000	Corporate Banking N'000	Treasury N'000	Total N'000
Interest and similar income	22,038,120	12,628,454	18,875,420	53,541,994
Interest and similar expense	(18,941,848)	(3,835,584)	(6,870,607)	(29,648,039)
Net interest income (expense)	3,096,272	8,792,870	12,004,813	23,893,955
Net fees and commission income	6,391,340	1,933,042	1,633,296	9,957,678
Depreciation of property & Equipment	(2,542,988)	(18,676)	(6,206)	(2,567,870)
Segment profit (loss)	672,033	5,862,164	965,455	7,499,651
Assets				
Capital expenditure				
Property, plant and equipment	3,136,664	44,834	13,488	3,194,986
Other intangible assets	137,669	-	-	137,669
Total Assets	244,593,206	115,209,170	220,423,564	580,225,940
Total Liabilities	429,097,726	86,582,121	17,903,700	533,583,546

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2. STATEMENT OF FINANCIAL POSITION

Sterling Bank Plc
Five Year Financial Information
Statement of Financial Position

		IFRS	GAAP			
Notes		31 Dec 2012	31 Dec 2011	31 Dec 2010	31 Dec 2009	30 Sep 2008
<i>In thousands of Naira</i>						
ASSETS						
Cash in hand and balances with CBN	17	63,622,016	36,022,138	6,660,320	8,573,234	-
Cash and short term funds		-	-	-	-	96,997,408
Due from other banks	18	33,878,671	56,039,889	21,832,593	56,592,146	-
Pledge assets	19	57,412,053	-	-	-	-
Treasury bills		-	12,932,270	6,023,587	9,607,738	21,378,831
Short term investments		-	7,286,732	-	-	-
Loans and advances to customers	20	229,420,874	159,734,616	99,312,070	78,140,098	65,787,520
Other facilities		-	200,000	-	350,000	-
Advances under finance lease		-	3,604,937	2,624,572	3,917,488	3,362,144
Investment in securities:						
- Held for Trading	21(a)	1,998,860	-	-	-	-
- Available for Sale	21(b)	16,857,561	-	-	-	-
- Held to Maturity	21(c)	155,935,974	-	-	-	-
Longterm Investments	21	-	194,785,083	96,593,620	25,738,514	31,683,741
Investment in subsidiaries		-	-	2,467,622	2,467,622	1,550,405
Investment in associates		-	-	260,093	260,093	-
Investment in properties		-	-	-	60,000	154,276
Other assets	22	6,132,005	18,515,433	14,628,832	10,762,879	9,207,117
Property, plant and equipment	23	7,793,316	8,930,814	4,416,723	5,089,200	5,217,665
Intangible Assets	24	203,465	143,115	-	-	-
Deferred tax assets	25	6,971,145	6,232,710	4,759,491	4,081,815	1,163,816
TOTAL ASSETS		580,225,940	504,427,737	259,579,523	205,640,827	236,502,923
LIABILITIES						
Deposits from banks	26	3,118,775	2,337,210	-	150,000	-
Deposits from Customers	27	463,726,325	406,515,735	199,274,284	160,470,381	184,730,209
Current income tax payable	15(b)	803,422	677,926	368,489	393,405	1,157,102
Other borrowed fund / Long-term borrowing	28	30,356,039	27,212,742	25,058,101	14,201,550	11,073,200
Debt securities in issue	29	4,563,612	4,562,000	-	-	-
Other liabilities	30	31,015,373	21,905,155	8,507,091	7,878,686	9,303,534
Other facilities		-	200,000	-	350,000	-
Defined contribution obligations		-	63,854	51,071	54,811	-
TOTAL LIABILITIES		533,583,546	463,474,622	233,259,036	183,498,833	206,264,045
NET ASSETS		46,642,394	40,953,115	26,320,487	22,141,994	30,238,878
CAPITAL AND RESERVES						
Share capital	31	7,851,931	7,851,931	6,281,545	6,281,545	6,281,545
Share premium	32	18,689,788	18,689,788	12,314,019	12,314,019	12,314,019
Share reserve		-	5,276,423	5,276,423	5,276,423	5,276,423
Retained earnings		6,019,078	2,644,416	(2,036,115)	(6,214,608)	-
Other component of equity		14,081,597	6,490,557	4,484,615	4,484,615	6,366,891
Attributable to equity holders of the bank / Shareholders' funds		46,642,394	40,953,115	26,320,487	22,141,994	30,238,878
TOTAL LIABILITIES AND EQUITY		580,225,940	504,427,737	259,579,523	205,640,827	236,502,923
Other Commitments and Contingents.		-	78,673,415	48,908,173	25,198,318	91,180,933

FIVE- YEAR FINANCIAL INFORMATION

3. STATEMENT OF COMPREHENSIVE INCOME

Sterling Bank Plc

Five Year Financial Information

Statement of Comprehensive Income

In thousands of Naira

	Notes	IFRS	GAAP			
		12 Months Ended 31 Dec 2012	12 Months Ended 31 Dec 2011	12 Months Ended 31 Dec 2010	15 Months Ended 31 Dec 2009	12 Months Ended 30 Sep 2008
GROSS EARNINGS		68,856,815	45,173,436	30,386,957	43,464,716	32,950,915
Interest and similar income	6	53,541,994	30,171,154	24,471,489	32,587,287	21,700,019
Lease Finance income		-	-	-	-	477,909
Interest and similar expenses	7	(29,648,039)	(15,612,445)	(10,002,583)	(20,134,503)	(10,457,211)
Interest margin		23,893,955	14,558,709	14,468,906	12,452,784	11,720,717
Allowance for risk		-	-	-	-	(2,134,555)
Interest margin		23,893,955	14,558,709	14,468,906	12,452,784	9,586,162
Diminution in value of other risk assets		-	-	-	-	(122,661)
Fees and commission income	8	9,957,659	6,441,793	4,406,501	5,599,130	-
Trading income	9	1,552,685	-	-	-	-
Other operating income	10	3,804,477	5,236,341	1,130,307	-	-
Foreign exchange earnings /loss		-	536,459	(11,804)	994,697	-
Income from Investments		-	191,591	390,464	2,071,836	-
Other income		-	-	-	2,211,766	10,772,987
Net operating income		39,208,776	26,964,893	20,384,374	23,330,213	20,236,488
Net impairment charge	11	242,732	-	-	-	-
Net operating income after impairment loss		39,451,508	26,964,893	20,384,374	23,330,213	20,236,488
Personnel expenses	13	(9,392,577)	-	-	-	-
Depreciation and amortisation		(2,567,870)	-	-	-	-
Operating expenses	14	(19,991,410)	(20,442,336)	(15,162,982)	(19,434,227)	(14,139,503)
Loan loss expense		-	(3,272,892)	(1,759,721)	(11,513,630)	-
Diminution in value of other risk assets		-	(343,766)	226,580	(1,455,264)	-
Total expenses		(31,951,857)	(24,058,994)		(32,403,121)	
PROFIT/LOSS BEFORE TAXATION & EXCEPTIONAL ITEMS		7,499,651	2,905,899	3,688,251	(9,072,908)	6,096,985
Exceptional income		-	553,845	-	-	4,774,732
Exceptional charge		-	-	-	-	(3,081,993)
PROFIT/LOSS BEFORE TAXATION		7,499,651	3,459,744	3,688,251	(9,072,908)	7,789,724
Taxation	15(a)	(546,112)	1,184,476	490,242	2,412,502	(1,266,571)
PROFIT/LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		6,953,539	4,644,220	4,178,493	(6,660,406)	6,523,153
Extraordinary income- Gain on discontinued operations			2,042,253	-	-	-
PROFIT/LOSS ON ORDINARY ACTIVITIES AFTER TAXATION & EXTRAORDINARY INCOME		6,953,539	6,686,473	4,178,493	(6,660,406)	6,523,153
OTHER COMPREHENSIVE INCOME						
Fair value loss on available for sale investment		148,935	-	-	-	-
Reclassification adjustment for gain included in the income statement		98,714	-	-	-	-
Other comprehensive income for the year net of tax		247,649	-	-	-	-
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		6,953,539	6,686,473	4,178,493	(6,660,406)	6,523,153
Total comprehensive income		7,201,188	-	-	-	-
APPROPRIATIONS						
Transfer to statutory reserve			2,005,942	-	-	1,956,946
Transfer to SMEIS			-	-	-	-
Transfer to general reserve			4,680,531	4,178,493	(6,660,406)	4,566,207
		-	6,686,473	4,178,493	(6,660,406)	6,523,153
Earnings per share (kobo) - Basic	16	44k	35k	33k	(53)k	52k
Earnings per share (kobo) - Diluted		44k				52k

FIVE- YEAR FINANCIAL INFORMATION

4. STATEMENT OF CHANGES IN EQUITY

Statement of Changes in Equity											
	Share capital	Share premium	Transition reserve	Other regulatory reserves	Fair value reserves	Regulatory risk reserves	Share capital reserve	SMIS reserve	Revaluation reserve	Retained earnings	Total
In thousands of Naira											
Balance at 1 January 2012	7,851,931	18,689,788	45,744	5,790,947	(98,714)	-	5,276,423	234,503	486,000	2,780,714	41,057,337
Comprehensive income for the year:											
Profit for the year	-	-	-	-	-	-	-	-	-	6,953,539	6,953,539
Transfer for the year	-	-	(45,744)	2,086,062	-	58,727	-	-	-	(2,144,789)	(45,744)
Other comprehensive income net of tax											
Gain on the revaluation of property and equipment	-	-	-	-	-	-	-	-	-	-	-
Opening balance IFRS adjustment	-	-	-	-	-	-	-	-	-	-	-
Foreign currency revaluation	-	-	-	-	-	-	-	-	-	-	-
Net changes in fair value of AFS financial assets	-	-	-	-	247,649	-	-	-	-	-	247,649
Total other comprehensive income for the year	-	-	-	-	247,649	-	-	-	-	-	247,649
Total comprehensive income for the year											
	7,851,931	18,689,788	-	7,877,009	148,935	58,727	5,276,423	234,503	486,000	7,589,464	48,212,780
Transactions with equity holders, recorded directly in equity:											
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	(1,570,386)	(1,570,386)
Total contribution and distributions to equity holders											
	-	-	-	-	-	-	-	-	-	(1,570,386)	(1,570,386)
Balance at 31 December 2012	7,851,931	18,689,788	-	7,877,009	148,935	58,727	5,276,423	234,503	486,000	6,019,078	46,442,394

FIVE- YEAR FINANCIAL INFORMATION

5. STATEMENT OF CASHFLOWS

Sterling Bank Plc
Five Year Financial Information
Statements of Cashflow

Notes	IFRS	GAAP			
	31 December 2012	31 December 2011	31 December 2010	15 Months Ended 31 December 2009	12 Months Ended 30 September 2008
<i>In thousands of Naira</i>					
OPERATING ACTIVITIES					
OPERATING ACTIVITIES	(14,233,090)	11,753,052	20,347,019	(43,406,468)	-
Net Cash flow from Operating					
Activities before changes in					
operating assets	-	-	-	-	7,710,962
Changes in operating assets	-	-	-	-	42,990,894
Income tax paid	15(a) (345,619)	(194,469)	(175,833)	(1,207,789)	(157,352)
VAT paid	(300,313)	(184,191)	(102,954)	-	-
Net cash flow from operating activities	(14,879,023)	11,374,392	20,068,232	(44,614,257)	50,544,504
INVESTING ACTIVITIES					
Proceeds from disposal of property , plant					
and equipments	1,952,775	118,468	54,427	87,351	376,503
Purchase of property and equipment	(3,194,986)	(1,633,381)	(623,623)	(1,575,822)	(1,656,453)
Acquisition of intangible assets	(137,669)	-	-	-	-
Dividend received	-	63,759	133,149	-	1,670,544
Additions to quoted bonds and equities	(2,629,137)	(1,764,338)	(70,962,110)	5,150,414	(12,969,866)
Disposal of unquoted equities & SMEIS	-	-	-	(138,555)	(12,952)
Redemption of investments	-	10,533	80,876	-	-
Purchase of investment in unquoted equities	-	-	(14,836)	-	-
Proceeds from disposal of investment/					
trading properties	-	-	787,529	193,017	3,157,887
Additions to investment properties	-	-	(723,000)	-	-
Proceeds from disposal of investment	-	1,582,491	-	(60,000)	-
Purchase of short term investment	-	(7,286,732)	-	-	120,000
Redemption of promissory notes	-	-	-	193,259	60,252
Purchase of additional investment in					
subsidiary	-	-	-	(1,000,000)	-
Proceeds from disposal of subsidiary	-	4,742,375	-	93,600	-
Cash acquired from business combination	-	32,444,922	-	-	-
Net cash flows from investing activities	(4,009,017)	28,278,097	(71,267,587)	2,943,264	(9,254,086)
FINANCING ACTIVITIES					
Proceeds from long term borrowings	4,530,525	2,154,641	10,856,551	-	11,073,200
Repayment of longterm borrowing	(1,475,863)	-	-	-	-
Dividend paid during the period	(1,570,386)	-	-	(1,256,309)	-
Issuance of debenture stock	-	4,562,000	-	-	-
Net cash flows from financing activities	1,484,274	6,716,641	10,856,551	(1,256,309)	11,073,200
Net increase in cash and short-term funds	(17,403,765)	46,369,130	(40,342,804)	(42,927,302)	52,363,618
Cash and short term funds, beginning of year	66,597,331	33,168,011	73,510,815	116,438,117	44,633,790
Cash and short term funds, end of year	49,193,566	79,537,141	33,168,011	73,510,815	96,997,408

FIVE- YEAR FINANCIAL INFORMATION

6. NOTES TO THE FINANCIAL STATEMENTS

	IFRS	GAAP			
	Dec. 2012 12 months	Dec. 2011 12 months	Dec. 2010 12 months	Dec. 2009 15 months	Sept. 2008 12 months
6 Interest and similar income					
<i>In thousands of Naira</i>					
Cash and cash equivalent	839,889	-	-	-	-
Placement	-	87,748	1,155,585	1,428,038	1,066,192
Loan and advances to customers	32,729,465	15,221,376	14,477,110	17,943,262	11,756,147
Investment securities	19,658,138	14,620,885	8,569,889	12,574,860	8,877,680
Interest on impaired loans	314,502	-	-	-	-
Advance under finance lease	-	241,145	268,905	641,127	-
	53,541,994	30,171,154	24,471,489	32,587,287	21,700,019
7 Interest and similar expenses					
<i>In thousands of Naira</i>					
Current account	-	583,756	286,620	567,352	-
Savings accounts	-	373,530	325,660	374,702	-
Time deposits	-	10,212,686	6,827,044	14,533,873	-
Deposits from banks	655,903	-	-	-	-
Interbank takings/borrowings	-	2,416,752	1,297,794	3,122,982	-
Borrowed funds	2,169,502	2,025,721	1,265,465	1,535,594	-
Deposit from other customer	26,822,634	-	-	-	-
Bank depositors					9,824,586
Borrowing from non-bank depositors					632,625
	29,648,039	15,612,445	10,002,583	20,134,503	10,457,211
<i>In thousands of Naira</i>					
8 Fees and commission income					
Facility management fees	2,248,316	1,744,468	1,012,307	1,192,774	-
Commission on turnover	3,770,748	1,417,044	1,142,643	1,671,033	-
Commissions and similar income	2,336,291	1,515,811	1,401,497	1,788,235	-
Commission on letter of credit and Off Balance	1,165,070	947,200	558,648	613,705	-
Other fees and commission	437,234	817,270	291,405	333,383	-
	9,957,659	6,441,793	4,406,501	5,599,130	-
	-	-	(0)	-	-
Other banking income					
Fees	-	-	-	-	2,454,246
Foreign exchange earnings	-	-	-	-	564,830
Commissions and similar income	-	-	-	-	5,242,160
Profit on disposal of investment	-	-	-	-	100,001
Profit on disposal of fixed assets	-	-	-	-	173,070
Dividend income from subsidiaries	-	-	-	-	1,670,544
Dividend-others	-	-	-	-	273,856
Others	-	-	-	-	294,280
	-	-	-	-	10,772,987
9 Net trading income					
Foreign exchange trading	1,169,656	-	-	-	-
Bonds	358,912	-	-	-	-
Treasury bills	24,117	-	-	-	-
	1,552,685	-	-	-	-

FIVE- YEAR FINANCIAL INFORMATION

	IFRS	GAAP			
	Dec. 2012 12 months	Dec. 2011 12 months	Dec. 2010 12 months	Dec. 2009 15 months	Sept. 2008 12 months
10 Other operating income					
Rental income	267,954	684,510	133,060		
Other sundry income	939,318	987,783	444,915	-	-
Foreign exchange gain/(loss)	(48,976)				
Advisory fees	-	1,278,958	150,000		
Negative goodwill arising from business combinatic	-	-	-	-	-
Revaluation on Bond - Trading	18,690	-	-	-	-
Dividends on available-for-sale equity securities	24,704	-	-	-	-
Gains on disposal of property, plant and equipmen	110,841	-	-	-	-
Profit/loss on sale of investment	(4,073)				
Cash recoveries on previously written off account:	2,496,019	2,284,989	268,660		
Fraud recovery	-	101	133,672		
FX revaluation position	-	-	-	-	-
Revaluation on Bond - Trading	-	-	-	-	-
	<u>3,804,477</u>	<u>5,236,341</u>	<u>1,130,307</u>	<u>-</u>	<u>-</u>
	-	-	-	-	-
Foreign exchange earnings /gain	-	536,459	(11,804)	994,697	-
	<u>-</u>	<u>536,459</u>	<u>(11,804)</u>	<u>994,697</u>	<u>-</u>
Income from investments					
Profit on disposal of government bonds		99,208	252,786	1,864,562	-
Profit on disposal investment properties		-	4,529	146,297	-
Dividend income from subsidiaries		-	121,500		-
Dividend others		63,759	11,649	60,977	-
other investments		28,624	-		-
	-	-	-	-	-
	<u>-</u>	<u>191,591</u>	<u>390,464</u>	<u>2,071,836</u>	<u>-</u>
11 Net impairment					
<i>In thousands of Naira</i>	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
Credit losses					
- Specific impairment allowance (note 20)	4,260,231	-	-	-	-
- Collective impairment (note 20)	(3,208,146)	-	-	-	-
Write back	-	-	-	-	-
Bad debt written off	86,528	-	-	-	-
Allowances no longer required	(1,438,219)	-	-	-	-
	<u>(299,606)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Impairment charge/reversal on investment securities	312,657				
Impairment on other assets (note 22)	(255,783)				
	<u>56,874</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(242,732)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-	-

FIVE- YEAR FINANCIAL INFORMATION

	IFRS	GAAP			
	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
	12 months	12 months	12 months	15 months	12 months
13 Personnel expenses					
Wages and salaries	8,778,263				
Defined contribution plan	614,314				
Other staff costs					
	9,392,577	-	-	-	-
	-	-	-	-	-
14 Operating expenses					
<i>In thousands of Naira</i>					
Wages, salaries & related staff cost	-	6,527,161	4,386,680	5,857,029	5,222,986
Pension contribution	-	-	-	-	361,331
Director's remuneration and expenses	-	89,778	63,314	73,680	41,103
Other premises and equipment costs	4,269,506	2,248,785	1,202,185	1,417,464	957,893
Depreciation on property and equipment	-	1,524,837	1,270,574	1,655,707	1,099,744
Depreciation on equipment on lease	-	-	-	-	30,053
Audit fees	120,000	80,000	68,000	75,500	65,000
AMCON surcharge (see note below)	1,513,267	778,739	-	-	-
Profit on disposal of fixed assets	-	(76,884)	(28,901)	(38,771)	-
Rent and rates	-	520,600	511,048	597,095	-
Insurance cost	2,678,737	1,329,220	1,200,703	1,043,419	727,879
Information technology levy	-	-	-	-	81,584
Business combination expenses	-	-	-	-	264,730
Other professional fee	900,179	381,047	157,655	8,500	-
Contract service	1,367,394	671,136	387,711	455,867	-
Revaluation loss on long term borrowing	-	888,322	1,103,284	1,196,134	-
Revaluation loss on on securities	-	66,767	-	-	-
Advertising and business promotion	-	482,833	330,946	1,236,598	-
General administrative expenses	9,142,327	4,929,995	4,509,783	5,856,005	5,287,200
	19,991,410	20,442,336	15,162,982	19,434,227	14,139,503
	-	-	-	-	-
Loan loss expenses					
<i>In thousands of Naira</i>					
- General allowance					
Writeback		-	-	-	-
Charge		1,586,583	-	(668,061)	-
- Specific allowance (Note 20)					
Charge		9,069,672	2,956,331	16,398,875	-
-Allowance no longer required		(15,847,840)	(10,896,393)	(4,486,839)	-
-Amounts written off		8,428,063	9,699,782	303,616	-
	-	3,236,478	1,759,721	11,547,591	-
Advance under finance lease					
General allowance - Charge	-	36,414	-	-	-
General allowance - write back	-	-	-	(33,961)	-
		3,272,892	1,759,721	11,513,630	-
Diminution in value of other risk assets					
<i>In thousands of Naira</i>					
Specific allowance on long-term investments	-	(126,898)	40,964	507,609	34,524
Specific allowance on bank balances	-	296,390	-	-	-
Specific allowance on other assets	-	174,274	-	947,655	88,137
Specific allowance on other assets/writeback			(267,544)		
Allowances no longer required	-	343,766	(226,580)	1,455,264	122,661

FIVE- YEAR FINANCIAL INFORMATION

	IFRS	GAAP			
	Dec. 2012 12 months	Dec. 2011 12 months	Dec. 2010 12 months	Dec. 2009 15 months	Sept. 2008 12 months
15 (a) Taxation					
Tax charge					
The tax charge for the period comprise:					
<i>In thousands of Naira</i>					
Company income tax	471,116	252,628	150,917	365,834	178,181
Education tax	-	-	-	-	69,629
Capital gains tax	-	1,867	-	10,748	477,473
Information technology levy	74,997	-	-	-	-
NIIDA	-	34,248	36,517	-	-
	546,112	288,743	187,434	376,582	725,283
Prior year additional charge	-	-	-	67,510	-
Deferred tax (credit)/charge	-	(1,473,219)	(677,676)	(2,856,594)	541,288
	546,112	(1,184,476)	(490,242)	(2,412,502)	1,266,571
b Current income tax liabilities					
Balance, beginning of the year	677,926	368,489	393,405	1,157,102	606,413
Acquired from business combination	-	249,411			
Estimated charge for the year (see (a) above)	471,116	254,495	150,917	376,582	725,283
Prior year underprovision				67,510	
Payments during the year	(345,619)	(194,469)	(175,833)	(1,207,789)	(157,352)
Reclassification to other liabilities					(17,242)
Balance end of the year	803,422	677,926	368,489	393,405	1,157,102
16 Earning per share (basic and diluted)					
The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.					
	Dec. 2012 12 months	Dec. 2011 12 months	Dec. 2010 12 months	Dec. 2009 15 months	Sept. 2008 12 months
<i>Unit In thousands</i>					
a Issued ordinary shares as at 1 January	15,703,863	12,563,090	12,563,090	12,563,090	12,563,090
Effect of share issued from acquisition		523,462			
Weighted average number of ordinary shares	15,703,863	13,086,552	12,563,090	12,563,090	12,563,090
Profit for the year attributable to equity holders of					
b the Bank	6,953,539	6,686,473	4,178,493	(6,660,406)	6,523,153
Basic earning per share	44k	35k	33k	(53)k	52k
Discontinued operations		16k			

FIVE- YEAR FINANCIAL INFORMATION

17	Cash and balances with Central Bank	IFRS	GAAP			
		Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
	<i>In thousands of Naira</i>					
	Cash and foreign monies	7,982,952	7,981,473	3,373,704	3,046,243	
	Unrestricted balances with Central Bank of Nigeria	7,331,943	4,920,719	1,938,127	4,414,688	
	Deposits with the Central bank of Nigeria	48,307,121	23,908,258	1,348,489	1,112,303	
		63,622,016	36,810,450	6,660,320	8,573,234	-
	Provision for doubtful bank balance	-	(788,312)	-	-	-
		63,622,016	36,022,138	6,660,320	8,573,234	-
		-	-	-	-	-
		Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
	<i>In thousands of Naira</i>					
	Cash and shortterm funds					
	Cash and foreign monies	-	-	-	-	2,569,628
	Balance with Central Bank of Nigeria (CBN)	-	-	-	-	2,092,998
	Mandatory reserve deposits with CBN	-	-	-	-	1,938,122
	Balance held with other local banks	-	-	-	-	74,297,293
	Balances held with banks outside Nigeria	-	-	-	-	16,099,367
		-	-	-	-	96,997,408
		-	-	-	-	-
		Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
	<i>In thousands of Naira</i>					
	Balances held with local banks	7,862,084	7,591,267	266,706	8,522,891	-
	Money market placements	9,198,646	18,850,000	3,230,050	35,693,842	-
	Balances held with banks outside Nigeria	16,817,941	29,598,622	18,335,837	12,375,413	-
		33,878,671	56,039,889	21,832,593	56,592,146	-
		-	-	-	-	-
		Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
	<i>In thousands of Naira</i>					
	Government bonds	47,662,159	-	-	-	-
	Other pledged assets	9,749,894	-	-	-	-
		57,412,053	-	-	-	-
		-	-	-	-	-
		Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
	<i>In thousands of Naira</i>					
	Treasury bills	-	13,351,507	6,357,559	9,764,933	21,378,831
	Banker's acceptance/Commercial papers	-	-	-	-	-
	CBN special instrument	-	-	-	-	-
	Unearned interest on treasury bills	-	(419,237)	(333,972)	(157,195)	-
	other short term investments	-	7,286,732	-	-	-
		-	20,219,002	6,023,587	9,607,738	21,378,831
		-	-	-	-	-

FIVE- YEAR FINANCIAL INFORMATION

		IFRS	GAAP			
		Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
20	Loans & Advances					
(a)	Classification of loans and advances to Customers					
	<i>In thousands of Naira</i>					
	Loans to individual	28,125,950				
	Loans to corporate entities and other organisation	208,005,322				
	Overdraft	-	45,093,256	27,596,798	41,936,063	-
	Term loans	-	88,960,152	59,696,834	37,826,091	-
	Others	-	32,832,144	21,699,832	16,054,732	-
		236,131,272	166,885,551	108,993,464	95,816,886	-
	<i>Loan impairments/Loan loss allowance</i>					
	- Specific	(5,834,100)	(4,535,182)	(7,321,085)	(15,703,009)	-
	- General	(876,298)	(1,586,583)	-	-	-
	- Interest -in- suspense	-	(1,029,170)	(2,360,309)	(1,973,779)	-
		(6,710,398)	(7,150,935)	(9,681,394)	(17,676,788)	-
		229,420,874	159,734,616	99,312,070	78,140,098	-
(b)	Classification of Loans and advances by security type					
	<i>In thousands of Naira</i>					
	Cash	10,577,683	-			
	Secured against real estate	110,780,090	65,125,257	55,610,948	36,959,008	19,435,545
	Stock/shares	7,989,386	-	-	-	-
	Margin lending	-	417,768	2,764,417	16,172,933	14,708,872
	Otherwise secured	106,784,113	101,326,078	50,615,306	42,683,850	39,196,152
	Unsecured	-	16,449	2,793	1,095	1,825
		236,131,272	166,885,551	108,993,464	95,816,886	73,342,394
	<i>Loan impairments/Loan loss allowance</i>					
	- Specific	-	-	-	-	(5,800,986)
	- General	-	-	-	-	(668,061)
	- Interest -in- suspense	-	-	-	-	(1,085,827)
						(7,554,874)
		236,131,272	166,885,551	108,993,464	95,816,886	65,787,520
	Classification of Loans and Advances by category					
	<i>In thousands of Naira</i>					
	Collectively impaired / Performing	227,088,230	158,658,311	97,353,488	73,527,804	66,145,828
	Past due not impaired	2,026,231	-	-	-	-
	Non-performing					
	Individually Impaired	7,016,811	-	-	-	-
	Sub-standard	-	950,715	1,191,318	2,085,534	49,480
	Doubtful	-	3,749,216	2,160,990	10,131,846	640,746
	Lost	-	3,527,309	8,287,667	10,071,702	6,506,340
		236,131,272	166,885,551	108,993,464	95,816,886	73,342,394
	Other facilities					
	<i>In thousands of Naira</i>					
	Gross	-	200,000	-	350,000	-
	Allowance	-	-	-	-	-
		-	200,000	-	350,000	-

FIVE- YEAR FINANCIAL INFORMATION

	IFRS	GAAP			
	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
Analysis of performance					
<i>In thousands of Naira</i>					
Performing	-	200,000	-	350,000	-
Non-performing	-	-	-	-	-
	-	200,000	-	350,000	-
The advances under finance lease					
	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
<i>In thousands of Naira</i>					
Gross investment in leases		4,655,642	3,295,903	5,085,487	4,191,596
Less: unearned income		(1,014,291)	(671,331)	(1,167,999)	(795,491)
		3,641,351	2,624,572	3,917,488	3,396,105
Less: general allowance		(36,414)	-	-	(33,961)
		3,604,937	2,624,572	3,917,488	3,362,144
The net value of advances under finance lease by performance					
Performing	-	3,641,351	2,624,572	3,917,488	3,396,105
	-	3,641,351	2,624,572	3,917,488	3,396,105
Investments					
	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
<i>In thousands of Naira</i>					
Quoted:					
Held for trading - Govt bond	1,998,860	-	-	-	-
Available for sale:					
-Government Bond	8,979,265	-	-	-	-
-Equities securities	1,955,974	-	-	-	-
-Eurobond	4,604,456	-	-	-	-
-Treasury bills	2,172,801	-	-	-	-
Held to maturity:					
-Government Bond	149,995,434	-	-	-	-
-Treasury bills	3,814,611	-	-	-	-
-Corporate bonds	2,125,929	-	-	-	-
Equities	-	569,631	569,631	569,631	485,404
Government Bond	-	193,269,089	94,317,751	23,355,641	28,590,282
Unquoted:					
Equities	-	1,060,377	373,438	358,602	144,577
Equities in small and medium scale	-	428,265	464,836	474,758	342,568
Joint ventures	-	-	1,592,779	1,592,779	1,592,779
Nigeria Sovereign Debt Instrument	-	-	-	70,954	264,213
Investment in associates	-	-	-	-	440,160
	175,647,330	195,327,361	97,318,435	26,422,365	31,859,983
Impairment on AFS	(854,935)	-	-	-	-
Allowance made on longterm investments	-	(542,278)	(724,815)	(683,851)	(176,242)
	174,792,395	194,785,083	96,593,620	25,738,514	31,683,741
	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
<i>In thousands of Naira</i>					
Investment in subsidiaries	-	-	2,467,622	2,467,622	1,550,405
Investment in associates	-	-	260,093	260,093	-
Investment properties	-	-	-	60,000	154,276

FIVE- YEAR FINANCIAL INFORMATION

	IFRS	GAAP			
	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
22 Other assets					
<i>In thousands of Naira</i>					
Prepayments	4,839,039	2,700,691	1,969,803	2,270,799	1,905,360
Prepaid interest	-	305,875	54,975	-	-
Interest receivable	-	3,802,683	2,832,323	866,222	734,316
Stock of cheque books and admin	195,599	222,684	124,791	159,409	86,132
Deferred exchange difference	-	-	750,192	1,932,216	-
Open buy back	-	-	2,700,000	-	-
Pledged bonds	-	-	-	-	1,500,000
Intercompany receivable	-	111,760	219,761	-	1,272,521
Receivable from AMCON	-	-	1,720,581	-	-
Receivable from escrow	-	1,697,190	-	-	-
Other receivable accounts	2,287,681	11,186,338	5,295,372	6,840,743	4,067,643
Employee benefit	657,986	-	-	-	-
	7,980,305	20,027,221	15,667,798	12,069,389	9,565,972
Impairment on other assets	(1,848,300)	-	-	-	-
Allowance for other assets	-	(1,511,788)	(1,038,966)	(1,306,510)	(358,855)
	6,132,005	18,515,433	14,628,832	10,762,879	9,207,117
23 Property, plant and equipment					
<i>In thousands of Naira</i>					
Cost					
Leasehold Land and Building	6,474,898	6,290,403	3,234,256	3,099,163	2,967,792
Capital work-in-progress	373,674	1,678,021	156,023	241,474	276,938
Furniture, fitting and equipment	9,406,986	8,225,301	3,628,999	3,444,246	2,992,456
Computer software and equipment	6,618,643	6,118,411	3,548,132	3,337,636	2,856,667
Motor vehicles	4,197,138	4,493,435	2,003,983	2,034,822	1,838,287
	27,071,338	26,805,571	12,571,393	12,157,341	10,932,140
Accumulated depreciation / impairment					
Leasehold Land and Building	3,330,499	2,960,517	993,825	889,515	736,550
Capital work-in-progress	-	-	-	-	-
Furniture, fitting and equipment	6,945,368	5,917,903	2,605,294	2,222,449	1,774,038
Computer software and equipment	5,892,303	5,513,198	3,116,607	2,761,108	2,200,549
Motor vehicles	3,109,853	3,483,139	1,438,944	1,195,069	1,003,338
End of the period	19,278,023	17,874,758	8,154,670	7,068,141	5,714,475
Net book value	7,793,316	8,930,814	4,416,723	5,089,200	5,217,665
	0	0	0	0	0

FIVE- YEAR FINANCIAL INFORMATION

	IFRS	GAAP			
	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
24 Intangible Assets					
<i>In thousands of Naira</i>					
Cost software	1,307,415	874,577	-	-	-
Arising from business combination	-	508,242	-	-	-
Additions	137,669	15,690			
Reclasifications		(91,094)			
Balance, end of period	1,445,084	1,307,415	-	-	-
Amortisation and impairment losses					
Balance, beginning of period	1,164,300	725,311	-	-	-
Arising from business combination	-	357,929	-	-	-
Amortisation for the year	77,320	97,228			
Reclasifications	-	(16,168)			
Balance, end of period	1,241,620	1,164,300	-	-	-
Carrying amounts	203,465	143,115	-	-	-
25 Deferred tax					
	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
<i>In thousands of Naira</i>					
Deferred tax liability	-	-	-	-	-
Deferred tax asset	6,971,145	6,232,710	4,759,491	4,081,815	1,163,816
	6,971,145	6,232,710	4,759,491	4,081,815	1,163,816
26 Deposits from banks					
	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
<i>In thousands of Naira</i>					
Money market	3,118,775	2,337,210	-		
Borrowings	-	-	-	150,000	-
	3,118,775	2,337,210	-	150,000	-
27 Deposits from Customers					
	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
<i>In thousands of Naira</i>					
Term	158,923,912	194,146,665	67,931,188	84,982,537	50,646,153
Savings	20,698,460	29,176,776	9,580,480	6,931,309	5,691,384
Demand	284,103,953	132,669,054	67,062,957	47,990,763	114,783,832
Domiciliary	-	35,265,438	15,734,665	7,591,272	3,872,290
Interbank takings	-	15,257,802	38,964,994	12,974,500	9,736,550
	463,726,325	406,515,735	199,274,284	160,470,381	184,730,209
28 Other borrowed funds/Long term borrowing					
	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
<i>In thousands of Naira</i>					
Due to Citi Bank Int'l Plc	14,672,844	14,839,000	14,123,650	14,201,550	11,073,200
Due to Bank of Industry	8,657,020	9,878,092	10,934,451	-	-
Due to CBN - Agric fund	7,026,175	2,495,650	-	-	-
	30,356,039	27,212,742	25,058,101	14,201,550	11,073,200

FIVE- YEAR FINANCIAL INFORMATION

	IFRS	GAAP			
	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
29 Debt securities in issue					
<i>In thousands of Naira</i>					
Debt securities carried at amortised cost	4,563,612	4,562,000	-	-	-
30 Other liabilities					
<i>In thousands of Naira</i>					
	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
Creditors and accruals	2,615,062	1,977,875	214,032	-	-
Certified cheques	10,602,333	9,499,811	1,462,674	3,281,370	1,624,289
Defined contribution obligations	98,759	-	-	-	-
Customers' deposits for foreign trade	13,066,151	2,027,256	2,243,481	1,073,437	1,267,626
Provisions	2,339,275	-	-	-	-
AMCON sinking fund provision	-	1,159,193	-	-	-
Provision for off balance sheet items	-	282,688	-	-	-
Provision of staff terminal benefit	-	1,435,759	-	-	-
Information technology levy	74,997	74,452	36,518	-	88,850
Interest payable	-	958,575	672,606	871,566	827,634
Dividend payable	-	14	110,466	110,305	21,449
Unearned income	-	693,112	122,687	95,069	1,569,369
Other credit balances	2,218,796	1,117,327	641,975	1,194,810	2,093,202
Intercompany balances	-	783,138	521,210	649,678	727,850
Deposit for debenture stock	-	-	2,000,000	-	-
Other account payable	-	1,895,955	481,442	602,451	1,083,265
	31,015,373	21,905,155	8,507,091	7,878,686	9,303,534
	0	0	0	0	0
Other facilities					
<i>In thousands of Naira</i>					
	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
Managed fund from NEXM	-	200,000	-	350,000	-
	-	200,000	-	350,000	-
Defined contribution obligations					
<i>In thousands of Naira</i>					
	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
Balance, beginning of the period	-	51,071	54,811	66,739	-
Charge for the year	-	709,564	597,811	723,212	-
Contribution remitted	-	(696,781)	(601,551)	(735,140)	-
Balance, end of the period	-	63,854	51,071	54,811	-
	-	-	-	-	-

FIVE- YEAR FINANCIAL INFORMATION

	IFRS	GAAP			
31 Share Capital					
Authorised:	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
<i>In thousands of Naira</i>					
Ordinary shares of 50k each	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Issued and fully-paid:	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
Ordinary shares of 50k each	7,851,931	7,851,931	6,281,545	6,281,545	6,281,545
Movement in issued and fully paid share capital	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
<i>In thousands of Naira</i>					
Balance, beginning of period/year	7,851,931	6,281,545	6,281,545	6,281,545	5,276,423
Arising from Business combination	-	1,570,386			
Share exchange	-	-	-	-	-
Transfer from share premium for share compensation	-	-	-	-	6,658,513
Transfer to share premium from share reconstruction	-	-	-	-	(5,653,391)
Transfer to share reserves	-	-	-	-	-
Balance, end of period/year	7,851,931	7,851,931	6,281,545	6,281,545	6,281,545
Movement in nominal share capital	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
<i>In thousands of Naira</i>					
Beginning of period/year	15,703,863	12,563,090	12,563,090	12,563,090	10,552,846
Arising from Business combination	-	3,140,773			
Share exchange in business combination	-	-	-	-	-
Issue of compensation shares	-	-	-	-	13,317,026
Eliminated from share reconstruction	-	-	-	-	(11,306,782)
Balance, end of period/year	15,703,863	15,703,863	12,563,090	12,563,090	12,563,090
32 The movement on the account during the year	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
<i>In thousands of Naira</i>					
Balance, beginning of period/year	18,689,788	12,314,019	12,314,019	12,314,019	13,319,141
Arising from Business combination	-	6,375,769			
Premium from share issue	-	-	-	-	-
Transfer from share premium for share compensation	-	-	-	-	(6,658,513)
Transfer to share premium from share reconstruction	-	-	-	-	5,653,391
Balance, end of period/year	18,689,788	18,689,788	12,314,019	12,314,019	12,314,019
Share reserves	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
<i>In thousands of Naira</i>					
	-	5,276,423	5,276,423	5,276,423	5,276,423

FIVE- YEAR FINANCIAL INFORMATION

33 Other regulatory reserves/Changes in Equity

The other regulatory reserves includes movements in the statutory reserves. Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of Nigeria, an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital.

a Fair value reserve

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

b Regulatory risk reserve

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

c Other reserves

The other reserves includes movements in the Small and Medium Scale Industries Reserve (SMEEIS).

The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. In prior year, 10% of profit after taxation was transferred to SMEEIS reserves in accordance with Small and Medium Enterprise Equity Investment Scheme as revised in April 2005. The Bank has suspended further appropriation to SMEEIS (now known as Microcredit Fund) reserve account in line with the decision reached at the Banker's Committee meeting and

d Retained earnings

Retained earnings are the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

	Represented in Change in Equity	Represented in Other Reserves			
	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
<i>In thousands of Naira</i>					
Balance at beginning of period	2,780,714	(2,036,115)	(6,214,608)	1,702,107	-
Comprehensive income for the					
Profit for the year	6,953,539				
Transfer for the year	(2,144,789)	4,680,531	4,178,493	(6,660,406)	-
of tax					
Gain on the revaluation of					
property and equipment	-				
Opening balance IFRS adjustment					
Foreign currency revaluation	-				
Net changes in fair value of AFS					
financial assets	-	-	-	-	-
Total other comprehensive income					
for the year	-				
Total comprehensive income for the					
year	7,589,465	2,644,416	(2,036,115)	(4,958,299)	-
Transactions with equity holders,					
recorded directly in equity:					
Transfer to statutory reserve	-				
Dividends to equity holders	(1,570,386)	-	-	(1,256,309)	-
Total contribution and distributions					
to equity holders	(1,570,386)	-	-	(1,256,309)	-
Balance at end of period	6,019,078	2,644,416	(2,036,115)	(6,214,608)	-
	0	-	-	-	-

FIVE- YEAR FINANCIAL INFORMATION

33 Other component of equity /Other reserves

	Represented in Change in Equity	Represented in Other Reserves			
	IFRS	GAAP			
	Dec. 2012	'Dec. 2011	'Dec. 2010	Dec. 2009	Sept 2008
<i>In thousands of Naira</i>					
Other regulatory reserves	7,877,009	-	-	-	-
Fair value reserves	148,935	-	-	-	-
Regulatory risk reserves	58,727	-	-	-	-
Share capital reserve	5,276,423	-	-	-	-
SMIEIS reserve	234,503	234,503	234,503	234,503	234,503
Revaluation reserve	486,000	486,000	486,000	486,000	534,092
Statutory reserves	-	5,724,310	3,718,368	3,718,368	3,718,368
Translation reserves	-	45,744	45,744	45,744	177,821
General reserves	-	-	-	-	1,702,107
	14,081,597	6,490,557	4,484,615	4,484,615	6,366,891
	0	-	-	-	-

34 Contingent liabilities and commitments

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

	Dec. 2012	Dec. 2011	Dec. 2010	Dec. 2009	Sept. 2008
<i>In thousands of Naira</i>					
Bonds, guarantees and indemnities	74,187,001	36,570,698	35,347,605	19,433,968	27,598,600
Letters of credit	47,003,744	42,086,995	13,531,899	5,753,562	12,819,190
Bankers Acceptance	-	-	-	-	39,749,558
Forward purchase	-	-	-	-	11,012,060
Others	6,759,130	15,722	28,669	10,788	1,525
	127,949,875	78,673,415	48,908,173	25,198,318	91,180,933

Above balances represent contingents liabilities for which the customers have not defaulted to give rise to the bank being liable to settle the counter party. As stated in note 1.2.15, any portion that is due for which the bank has become liable are recognised in the Other Liabilities.

THE PROFIT FORECAST

1. LETTER FROM THE ISSUING HOUSE ON THE PROFIT FORECAST



Sterling Capital Markets Limited RC 499243

Plot 1B, Frajend Close, Osborne Foreshore Estate, Ikoyi, Lagos
Telephone: +234 1 2802226-7, E-mail: sci@sterlingbankng.com
www.sterlingcapitalng.com

May 3, 2013

The Directors
Sterling Bank Plc
20, Marina
Lagos

Dear Sirs,

RIGHTS ISSUE OF 5,888,949,162 ORDINARY SHARES OF 50K EACH IN STERLING BANK PLC AT N2.12 PER SHARE

We write further to the Rights Circular issued in respect of the Rights Issue of 5,888,949,162 Ordinary Shares of 50 kobo each at N2.12 in Sterling Bank Plc, which contains forecasts of the profits of the Bank for the years ended 31 December 2013, 2014, 2015 and 2016.

We have discussed the basis and assumptions upon which the forecasts were made with you and have reviewed your calculations, and we confirm that the forecasts (for which the Directors are solely responsible) have been made by you after due and careful enquiry.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Gaventa Otono".

Gaventa Otono
Managing Director
Sterling Capital Markets Limited

THE PROFIT FORECAST

2. LETTER FROM THE DIRECTORS ON THE PROFIT FORECAST



RC 2392

May 3, 2013

The Directors
Sterling Capital Markets Limited
Plot 1B, Frajend Close
Osborne Foreshore Estate
Ikoyi
Lagos

Dear Sir,

REPORT ON PROFIT FORECAST

The Directors of Sterling Bank Plc hereby present the Profit Forecast of Sterling Bank for the years ended 31st December 2013, 2014, 2015 and 2016. The Directors are of the opinion that barring unforeseen circumstances and based on the stated assumptions of page 55 of the Rights Circular, the Bank's profit before tax will be as presented herein.

The Directors confirm that the Bank's profit forecasts, so far as accounting policies are concerned, have been properly compiled based on the assumptions made by the Board and is presented on a basis consistent with the accounting policies normally adopted by the Bank.

We accept responsibility accordingly.

Yours Faithfully,

Company Secretary
JUSTINA LEWA

Director
YEMI ADEOLA

THE PROFIT FORECAST

3. PROFIT FORECAST

The Directors are of the opinion that subject to unforeseen circumstances and based on the assumptions below, the profit after taxation for the years ending 31st December 2013, 2014, 2015 and 2016 will be ₦11,857,000,000.00, ₦15,096,000,000.00, ₦22,283,000,000.00 and ₦35,193,000,000.00 respectively. If these estimates are achieved, the appropriations thereof will be approximately as follows:

INCOME STATEMENT (N in Millions)	2013E	2014E	2015E	2016E
GROSS EARNINGS	87,221	115,233	147,199	188,824
Interest and similar income	69,299	90,793	115,459	146,025
Interest and similar expenses	(33,320)	(44,392)	(55,199)	(64,769)
Net interest margin	35,979	46,401	60,260	81,256
Fee and commission income	10,127	13,810	17,935	24,184
Fee and commission expenses	-	-	-	-
Net fee and commission income	10,127	13,810	17,935	24,184
Other income	7,795	10,630	13,805	18,615
Operating income	53,900	70,842	92,000	124,055
Operating expenses	(41,382)	(52,906)	(65,902)	(82,759)
Loan loss expenses	122	(1,843)	(2,341)	(3,777)
Diminution in value of other risk assets	-	-	-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES	12,641	16,094	23,757	37,519
Taxation	(784)	(998)	(1,473)	(2,326)
PROFIT/(LOSS) AFTER TAXATION	11,857	15,096	22,283	35,193

OFFER STATISTICS	2013E	2014E	2015E	2016E
EPS	0.55	0.70	1.03	1.63
Earnings yield	26%	33%	49%	77%
DPS	0.11	0.14	0.21	0.33
Dividend yield	5%	7%	10%	15%
Dividend cover times	5.00	5.00	5.00	5.00
PE Ratio @ offer price	3.86%	3.03%	2.05%	1.30%

APPROPRIATION (N in Millions)	2013E	2014E	2015E	2016E
PROFIT/(LOSS) AFTER TAXATION	11,857	15,096	22,283	35,193
Statutory Reserve	3,557	4,529	6,685	10,558
Dividend	2,371	3,019	4,457	7,039
Retained Earnings	5,929	7,548	11,142	17,596
Total	11,857	15,096	22,283	35,193

THE PROFIT FORECAST

4. BASES AND ASSUMPTIONS

4.1 BASES AND ASSUMPTIONS

The bases and principal assumptions used by the Directors in the preparation of the projected financial statements for the years ending 2013 to 2016 are set out below:

Bases

The projected financial statements have been prepared under historical cost convention and in accordance with the bank's normal accounting policies. Previous years actual performance have been reviewed against budget as the basis for measuring the reasonableness of the forecasts.

General Assumptions

- Changes in the political and economic climate are not expected to adversely affect the operations of the bank and there will be no significant changes in the Federal Government Monetary and Fiscal Policies that will adversely affect the bank during the forecast period.
- We expect the on-going reforms in the power, agriculture and transportation sectors to have positive impacts on the Nigerian economy.
- We expect that the Central Bank of Nigeria will relax its tight monetary policy in view of the relatively stable naira and single digit inflation outlook
- The Bank's revamped retail strategy will deliver the desired results in terms of customer acquisition and low-cost deposit generation
- There shall be no curtailment in the Bank's operations during the financial period.
- The bank will continue to enjoy the goodwill and confidence of present and potential customers.
- The quality of the bank's management will be sustained during the forecast period.
- There will be no litigation with adverse material consequence to the bank.
- The share being issued will be fully subscribed and the proceeds will be utilized as planned.

SPECIFIC ASSUMPTIONS: FINANCIAL PROJECTIONS

1. Gross Earnings

The Bank's gross earnings will be N87.2Billion, N115.2Billion, N147.2Billion and N188.8 Billion for 2013, 2014, 2015 and 2016 respectively.

2. Deposits

Deposits will grow at an average growth rate of 30% during the forecast periods.

3. Cost to Income

The cost-to-income ratio of 77%, 75%, 72% and 67% has been projected for the forecast periods respectively.

4. Earnings Per Share

Projected Earnings per share (EPS) has been projected at 55kobo, 70kobo, 103kobo and 163kobo for the forecast periods respectively. This is based on the effective number of shares in issue at the end of each financial period. 30% of the profit attributable to the shareholders will be transferred to statutory reserves.

5. Loans and Advances

Loans and advances will grow at an average growth rate of 27% during the forecast periods.

6. Tax

Company income tax is expected to be 6.2% during the forecast period.

7. Dividend

Dividend payout is projected at 20% for the forecast periods

THE PROFIT FORECAST

WORKING CAPITAL

WORKING CAPITAL (N in Millions)	2013E	2014E	2015E	2016E
ASSETS				
Cash in hand and balances with CBN	100,706	133,336	182,077	243,887
Treasury bills	90,403	113,216	146,195	185,113
Due from other banks	57,555	77,666	107,955	147,021
Loans and advances	122,660	164,435	205,662	264,816
Investment securities	89,806	114,768	151,353	195,894
CURRENT ASSETS	461,130	603,421	793,242	1,036,731
LIABILITIES				
Customers' deposits	643,996	844,870	1,060,931	1,334,322
Due to other banks	-	-	-	-
Current income tax payable	1,170	1,561	2,224	3,397
Other liabilities	81,651	104,155	170,496	256,820
CURRENT LIABILITY	726,818	950,587	1,233,651	1,594,539
WORKING CAPITAL	(265,688)	(347,166)	(440,410)	(557,807)

FUTURE PLANS

We would pursue our objective of achieving a minimum of 5% market share by assets in 2016 by broadening our revenue and funding sources. The Bank will seek to expand its business operations using both brick and mortar (particularly low-cost branches) and alternative delivery channels to effectively compete and remain relevant in the evolving and dynamic financial services landscape. We will continue to streamline and standardize our processes; drive low-cost funding through our retail business; strengthen our risk management processes; grow an efficient balance sheet as well as ensure a customer-centric approach in our entire interface with customers.

Overall, our long term goal is to become a globally competitive financial services franchise and systemically important operator with fully scaled business model and institutionalized processes beyond the stewardship of current owners and managers

STATUTORY AND GENERAL INFORMATION

1. INCORPORATION AND SHARE CAPITAL HISTORY

Sterling Bank was originally incorporated as Nigerian Acceptances Limited on 25th November 1960 with an authorised and paid-up share capital of ₦500,000.00 as a wholly owned subsidiary of John Holt (Liverpool) Limited to carry on, among other things, the business of banking in Nigeria. It was the first Nigerian financial institution to be licensed as a merchant bank in 1969 and changed its name to NAL Merchant Bank Limited in 1981. NAL Bank was quoted on the Daily Official List of The NSE in 1993 and became the consolidating vehicle for the 5 banks (Indo-Nigerian Bank Limited, Magnum Trust Bank, NAL Bank Plc, NBM Bank Limited, and Trust Bank of Africa Limited) that merged to form Sterling Bank in 2005. Sterling Bank acquired and merged its operations with Equitorial Trust Bank Limited in September 2011.

Its authorised share capital currently stands at ₦12,000,000,000 with an issued and fully paid-up share capital of ₦7,851,932,216.

The changes in the share capital of Sterling Bank since incorporation are summarised below.

Date	Authorised Share Capital		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	Cash
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	797,343,750	Scrip
2003	-	1,500,000,000	34,344,239	831,687,989	Cash
2004	1,000,000,000	2,500,000,000	171,229,880	1,002,917,869	Scrip
2004	-	2,500,000,000	240,375,737	1,243,293,605	Cash
2005	2,000,000,000	4,500,000,000	621,646,803	1,864,940,408	Scrip
2006	5,500,000,000	10,000,000,000	522,045,592	2,386,986,000	Cash
2006	-	10,000,000,000	2,889,437,825	5,276,423,825	Merger
2008	2,000,000,000	12,000,000,000	6,658,513,143	11,934,936,968	Merger Adjustment
2008	-	12,000,000,000	-	6,281,545,772	Reconstruction
2011	-	12,000,000,000	1,570,386,444	7,851,932,216	ETB Merger

STATUTORY AND GENERAL INFORMATION

2. SHAREHOLDING STRUCTURE

Pre-Issue

As at 31st December, 2012, the 15,703,864,432 issued Ordinary Shares of 50 kobo each in the share capital of the Bank were beneficially held as follows:

Name of Shareholder	Number of Shares	% Holding
State Bank of India	1,854,185,474	11.81
SNNL/Asset Management Corporation of Nigeria -Main	1,570,386,444	10.00
Dr. Mike Adenuga, GCON	1,118,115,148	7.12
Ess-ay Investments Limited	983,001,060	6.26
Others	10,177,674,538	64.81
Total	15,703,864,432	100.00

Except as stated above, no other shareholder held more than 5% of the issued share capital of the Bank.

Post-Issue

It is expected that on completion of the Rights Issue, if all the shareholders take up their rights in full, the Bank's paid-up share capital should increase to ₦10,796,406,797 comprising 21,592,813,594 Ordinary Shares of 50 kobo each, to be beneficially held as follows:

Name of Shareholder	Number of Shares	% Holding
State Bank of India	2,550,111,285	11.81
SNNL/Asset Management Corporation of Nigeria -Main	2,159,281,359	10.00
Dr. Mike Adenuga, GCON	1,537,408,328	7.12
Ess-ay Investments Limited	1,351,710,131	6.26
Others	13,994,302,490	64.81
Total	21,592,813,594	100.00

Assuming all the shareholders take up their Rights in full

3. DIRECTORS' BENEFICIAL INTERESTS

As at 31st December, 2012, the beneficial shareholdings of the Directors in the Issued Share Capital of the Bank as recorded in the Registers of Members were as follows:

Name of Director	Representation	Shareholding	
		Direct	Indirect
Alh. (Dr.) S.A Adegunwa OFR	Essay Investments Limited	NIL	983,001,060
Mr. Rajan Srinivasan	State Bank of India	NIL	1,854,185,474
Mr. Yemi Idowu	Eba Odan Ind. & Comm. Co. Ltd; STB Building Society Ltd; Eltees Properties; Rebounds Integrated Services Ltd; L.A Kings Ltd	NIL	934,875,259
Alh. Bashir Borodo OON	Dantata Invst. Ltd	22,401	204,685,534

STATUTORY AND GENERAL INFORMATION

Name of Director	Representation	Shareholding	
		Direct	Indirect
Mr. Yinka Adeola	Concept Features Ltd; Alfanoma Nig. Ltd; Plural Ltd; Reduvita Invst. Ltd.; Quaker Int. Serv. Ltd.	12,723,566	687,337,465
Mr. Yemi Adeola	-	18,571,313	NIL
Mr. Lanre Adesanya	-	5,100,960	NIL
Mr. Devendra Nath Puri	-	NIL	NIL
Mr. Abubakar Danlami Sule	-	1,539,843	NIL
Mr. Rasheed Kolarinwa	-	NIL	NIL
Ms. Olufunmilola Osunsade	-	NIL	1,570,386,444

4. INDEBTEDNESS

As at the date of this Rights Circular, the Bank had long term borrowing of N14.2billion (\$95million). This represents a facility granted to the Bank by Citibank International in October 2008. Interest is payable at a fixed rate of 7.95% p.a. and the principal is due at maturity in September 2014.

The Bank also has a ₦4,562,000,000 7year 13% Subordinated Unsecured Non-Convertible Debenture Stock Due 2018.

Save as disclosed above, the Bank has no other debentures, mortgages, loans, charges, material contingent liabilities or other similar indebtedness, other than in the ordinary course of business.

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the date of this Rights Circular, the Bank had no subsidiary or associated companies.

6. CLAIMS AND LITIGATIONS

"Sterling Bank Plc. (the "Bank"), in the ordinary course of its business, is presently involved in 80 (Eighty) suits. Of the 80 (Eighty) suits, we identified 11 (Eleven) cases involving claims above the materiality threshold of N50,000,000.00 (Fifty Million Naira). The total sum claimed by the Bank, as Claimant, in the 2 (Two) cases instituted by it, as well as its Counter-claim in 3 (Three) out of the 9 (Nine) cases instituted against it is approximately N1,226,230,563.70 (One Billion, Two Hundred and Twenty Six Million, Two Hundred and Thirty Thousand, Five Hundred and Sixty Three Naira, Seventy Kobo) and USD\$19,182.17 (Nineteen Thousand, One Hundred and Eighty Two United States Dollars, Seventeen Cents).

The total monetary claim against the Bank in the 9 (Nine) cases instituted against it by various individuals and organizations, together with the Counter-claims filed against the Bank in the 2 (Two) cases instituted by the Bank is approximately N2,369,605,955.05 (Two Billion, Three Hundred and Sixty Nine Million, Six Hundred and Five Thousand, Nine Hundred and Fifty Five Naira, Five Kobo) and USD\$1,000,000.00 (One Million United States Dollars).

The Solicitors to the Issue, are of the opinion that, the contingent liabilities that may arise from the cases pending against the Bank are not likely to exceed the 3 sum of N115,609,997.97 (One Hundred and Fifteen Million, Six Hundred and Nine Thousand, Nine Hundred and Ninety Seven Naira, Ninety Seven Kobo).

The Directors of the Bank are of the opinion that none of the aforementioned cases is likely to have any material adverse effect on the Bank or the Rights Issue and are not aware of any other pending and or threatened claims or litigation, other than the 80 (Eighty) cases disclosed to the Solicitors to the Issue".

STATUTORY AND GENERAL INFORMATION

7. ESTIMATED COST AND EXPENSE OF THE ISSUE

The costs, charges and expenses of the Issue (including fees payable to the Securities and Exchange Commission, The Nigerian Stock Exchange, Central Securities Clearing System Limited, the Issuing Houses and other Professional Parties, Brokerage commissions, printing, publicity and advertisement and other miscellaneous expenses) estimated at ₦358,297,661.14 or 2.87% of the gross proceeds, are payable by the Bank.

8. MATERIAL CONTRACTS

The following contract has been entered into by the Bank and may be considered material to this Issue:

- A Vending Agreement dated **xxx, 2013** between Sterling Bank Plc on the one hand and Sterling Capital Markets Limited ("Issuing House") on the other hand; under which the Issuing House has agreed to offer by way of a Rights Issue 5,888,949,162 Ordinary Shares of 50 kobo each at **₦2.12** per share on a basis of Three (3) new Ordinary Shares for every Eight (8) Ordinary Shares of 50 kobo each held as at April 12, 2013.

Other than as stated above, the Bank, as at the date of this Rights Circular, did not have any subsisting material contract (in the context of this Rights Issue) other than those entered into in the ordinary course of business.

9. MERGERS AND TAKEOVERS

As at December 31, 2012, there were no known merger or takeover attempts of the Bank's securities by a third party or by the Company in respect of another company's securities.

10. STATUS OF UNCLAIMED / UNPAID DIVIDENDS

The Company has a culture of dividend payment to compensate loyal shareholders. A dividend of 20 kobo per share (final) was paid out by the Bank in 2013. All the sums of unclaimed/unpaid dividends amounting to ₦606,142,070.41 are held with Sterling Registrars Limited.

11. RESEARCH AND DEVELOPMENT

The Company did not engage in any research and development activities in the last three years.

12. RELATIONSHIP BETWEEN THE ISSUER AND ITS PROFESSIONAL ADVISERS

As at the date of the Rights Circular, there was no shareholding relationship between Sterling Bank Plc and its Advisers, their respective directors, major shareholders and principal officers except in the ordinary course of business.

13. OFF-BALANCE SHEET ITEMS

As at December 31, 2012, the date of the last audited accounts, the Bank had no off-balance sheet items or transactions other than in the ordinary course of business. Off balance sheet engagements comprise direct credit substitutes and transaction related contingencies such as guarantees, acceptances, bid bonds and performance guarantees which the Bank is a party to in its normal course of business.

14. RISK AND MITIGATING FACTORS

In formulating the future plans of the Bank, management has taken reasonable steps to identify the potential risks of the business and has devised effective strategies to mitigate the impact of those risks. The following are the risks peculiar to the Bank's business and the attendant strategies to mitigate the controllable risks

STATUTORY AND GENERAL INFORMATION

Business / Company Specific Risks

These are the risks that are peculiar to an organization and are capable of preventing the Bank from achieving its stated strategic objectives. These risks include failure of internal control and accounting processes, policy implementation flaws, human resource crisis and poor customer services etc. There would also be enlarged credit risk, for which increased efforts would have to be made in order to curtail these risks as well as derive maximum value on all investments.

Mitigating Factors: Sterling Bank recognizes these risks and has therefore put in place, a robust risk management framework to mitigate these risks. In addition, the Bank periodically reviews and updates its strategies, policies and procedures in line with the dynamic economic environment. The Bank also deploys cutting edge technology and makes significant investment in manpower.

Industry/Sectorial Specific Risks

The post-AMCON intervention witnessed the emergence of stronger, healthier banks with increased regulation on all participants in the market. The industry is being dominated by fierce competition amongst domestic and international banks aiming to increase their market share and presence.

Mitigating Factors: The Bank is by this Rights Issue, taking a bold step towards strengthening its capital base in order improve its market position and presence. The Bank has laid out plans that would enable it compete professionally and ethically.

Political Risk

There is also the risk that the policies being carried out by the present government may not be continued by the next democratically elected government.

Mitigating Factors: This is totally out of control of Sterling Bank since it is determined by the external drivers and conditions within the polity. The Bank has however been in existence for over 50 years and has passed through several years of changes in government policies. The country has enjoyed stable democracy over the last few years, while the political risk profile has improved following successful elections. The Company plans to mitigate the problem of policy reversal by providing services that meet international standard that will make it compete favourably both locally and internationally.

Currency & Exchange Risk

This is a form of risk that arises from the change in price of one currency against the other. Essentially, it denotes the volatility of the exchange rate of our local currency with other currencies. This has the potential of eroding real returns and values of an enterprise.

Mitigating Factors: The Naira has achieved some stability in recent times, vis-à-vis international currency. This is due to the increasing foreign reserves of Nigeria and other positive fundamental measures being constantly introduced by the CBN and the Nigerian Government. It is expected that these external stabilizing factors would be sustained and the Bank's Treasury has effective internal procedures for monitoring and maintaining its foreign currency risk profile via strategies outlines by the Asset and Liability Committee (ALCO).

Environmental Risk

These are potential losses that can be adduced to natural hazards like earthquakes, tsunamis, volcanoes and floods as well as non-conformity to environmental rules and regulations especially as it relates to insured assets.

Mitigating Factors: Although the chances of occurrence of such natural disasters in Nigeria are very low, specific environmental rules and regulations exist with which Sterling Bank rigidly complies. Sterling Bank is adequately equipped to reduce to the barest minimum the effect of such disasters if they ever occur. In addition, the Bank possesses the financial wherewithal to enhance its recovery from any such environmental threat/incident that may arise in the ordinary course of its business.

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Equity Investment Risk

Investments in the capital market are always subject to general risk. There can be no guarantee of constant trading in Sterling's shares or that the Bank's market price will not fluctuate. The price of Sterling Bank or any other equity may rise or fall depending on a number of factors beyond the control of the Bank.

Mitigating Factor: Shareholders are advised to ensure that they consult their professional advisers who by training and experience are fit to give advice on equity investments before they subscribe to this Issue.

GENERAL RISK DISCLOSURE

Shareholders should consult their advisers if in any doubt as to the nature of this investment and its suitability in the light of their particular circumstances. The value of any securities traded (whether listed or not) are subject to investment risks, which can and do fluctuate, and any individual security may experience upward or downward movements. There is an inherent risk that losses may be incurred rather than a profit made as a result of buying and selling securities. Past performance is not a guide to future performance. Certain types of investments may not be suitable for all investors.

15. RELATED PARTY TRANSACTIONS

NAME OF BORROWERS	REPORTING INSTITUTION	RELATIONSHIP TO NAME OF THE RELATED INTEREST	DATE GRANTED	DATE EXPIRY	AMOUNT GRANTED (N'000)	G CREDIT/ PERFORMING (N'000)	STATUS	PERFECTED SECURITY/NATURE	FACILITY TYPE
TOUCHDOWN TRAVELS LTD	Brother to Director	Yinka Adeola	12/27/2012	1/15/2013	1,446,000	1,299,729	Performing	Equitable Mortgage	Overdraft
UTC NIGERIA PLC	Brother to Director	Yinka Adeola	11/13/2012	2/11/2013	86,000	87,516	Doubtful	Legal Mortgage, Personal Guarantee	Overdraft
CONOIL PLC	Director	Osunsade Olufunmilola	-	-	-	-	Performing	Negative Pledge	Overdraft
CONOIL PLC	Director	Osunsade Olufunmilola	-	-	-	980	Performing	Negative Pledge	Overdraft
CONOIL PLC	Director	Osunsade Olufunmilola	12/28/2012	6/20/2013	8,000,000	7,442,398	Performing	Negative Pledge	Overdraft
CONOIL PLC	Director	Osunsade Olufunmilola	-	-	-	5	Performing	Negative Pledge	Overdraft
ETERNA PLC	Brother to Director	Yinka Adeola	10/16/2012	1/14/2013	400,000	383,176	Performing	Mortgage Debenture on Tank	Overdraft
SAHEL BUREAU DE CHANGE LTD	Director	Osunsade Olufunmilola	7/9/2012	1/3/2013	44,000	38,073	Performing	Legal Mortgage, Personal Guarantee	Overdraft
FIA ASSOCIATES LIMITED	Director	Osunsade Olufunmilola	11/2/2012	5/2/2013	40,000	33,654	Performing	Legal Mortgage	Overdraft
TOUCHPOINTS NIGERIA LIMITED	Brother to Director	Yemi Idowu	12/20/2012	1/4/2013	4,000	4,138	Performing	Legal Mortgage	Overdraft
AIRCOM NIG. LTD	Director	Yemi Idowu	9/28/2012	9/25/2013	900,000	798,781	Performing	Equitable Mortgage	Overdraft
LEKKI SILVER TOUCH LTD	Director	Yemi Idowu	9/28/2012	9/28/2013	900,000	885,315	Performing	Legal Mortgage	Overdraft
TOUCHDOWN TRAVELS LTD	Sister to Director	Yinka Adeola	6/30/2008	6/29/2018	100,000	81,192	Performing	Legal Mortgage	Term Loan
UTC NIGERIA PLC	Brother to Director	Yinka Adeola	7/30/2010	7/29/2015	260,510	156,400	Doubtful	Legal Mortgage, Personal Guarantee	Term Loan
STAFF INVESTMENT TRUST SCHEME	Employees	Employees	-	-	-	437,992	Performing	Lien on Entitlements/Indemnity	Staff Investment Trust Scheme
BARA'ATU BASHIR BORODO	Son to Director	Alh. Bashir Borodo	9/14/2012	3/14/2014	1,000	858	Performing	Personal Guarantee	Term Loan
TOUCHPOINTS NIGERIA LIMITED	Sister to Director	Yemi Idowu	12/30/2011	12/30/2013	3,038	1,694	Performing	Legal Mortgage	Overdraft
OSUNSADE OLUFUNMILOLA	Director	Osunsade Olufunmilola	1/31/2012	12/25/2013	9,022	5,478	Performing	Post Dated Cheques	Term Loan
ADEOLA RILWAN ADEDAYO	Brother to Director	Yinka Adeola	6/29/2011	7/1/2013	50,000	14,472	Performing	Legal Mortgage, Personal Guarantee	Term Loan
SUNCITY PROPERTIES LIMITED	Director	Yemi Idowu	10/31/2012	12/28/2018	200,000	200,000	Performing	Legal Mortgage	Term Loan
SUNCITY PROPERTIES LIMITED	Director	Yemi Idowu	9/27/2012	12/31/2018	60,000	60,000	Performing	Legal Mortgage	Term Loan
SUNCITY PROPERTIES LIMITED	Director	Yemi Idowu	9/28/2012	12/31/2018	35,000	35,000	Performing	Legal Mortgage	Term Loan
SUNCITY PROPERTIES LIMITED	Director	Yemi Idowu	7/4/2012	1/4/2019	160,000	160,000	Performing	Legal Mortgage	Term Loan
SUNCITY PROPERTIES LIMITED	Director	Yemi Idowu	1/31/2012	1/28/2019	200,000	200,000	Performing	Legal Mortgage	Term Loan
SUNCITY PROPERTIES LIMITED	Director	Yemi Idowu	2/2/2012	1/28/2019	1,300,000	1,300,000	Performing	Legal Mortgage	Term Loan
SUNCITY PROPERTIES LIMITED	Director	Yemi Idowu	2/22/2013	1/28/2019	361,000	361,000	Performing	Legal Mortgage	Term Loan
SUNCITY PROPERTIES LIMITED	Director	Yemi Idowu	8/29/2012	1/28/2019	185,000	185,000	Performing	Legal Mortgage	Term Loan
SUNCITY PROPERTIES LIMITED	Director	Yemi Idowu	5/2/2012	2/28/2019	1,200,000	1,200,000	Performing	Legal Mortgage	Term Loan
Commercial Staff Loan	Employees	Employees	7/30/2010	7/29/2015	1,124,404	788,827	Performing	Lien on Entitlements/Indemnity	Term Loan
					17,068,974	16,161,678			

As at the date of this Rights Circular, apart from as stated above, the Bank was not engaged in any related party transactions

16. COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Bank is committed to the principles of good corporate governance and the Code of Best Practices issued by the Central Bank of Nigeria. The Bank recognizes that sound corporate governance practices are

STATUTORY AND GENERAL INFORMATION

necessary for effective management and control of the Bank's business with a view to maximizing the shareholders value and meeting the expectations of other Stakeholders. Sterling Bank is committed to full disclosure and transparency in providing information to all stakeholders.

A regular review of the Bank's processes and practices is carried out periodically to ensure compliance with the legislative and best practice changes in the global corporate governance environment. The Bank continues to comply with its internal Governance Policies and the Code of Corporate Governance for the Public Companies in Nigeria issued by the SEC.

Composition of the Board

The Board of Directors is made up of Eleven (11) members comprising the Managing Director, Three (3) other Executive Directors and Seven (7) non-executive directors. Board members are professionals and entrepreneurs with vast experience and credible track records. To enhance corporate governance, Board sub-committees are constituted to discuss broad policies for the Bank's business and operations, help the Board properly assess management reports, proposals and oversight functions and make recommendations to the main Board. The Board meets regularly (at least 4 times in each financial year).

Chairman and CEO positions

Responsibilities at the top of the Board are well defined and the Board is not dominated by one individual. The position of the Chairman is separate from that of the Managing Director. The Chairman is not involved in the day to day operations of the Bank. There are no members of the same extended family serving as Chairman and CEO or Executive Director at the same time.

The Board functions either as a full board or through any of its committees which are constituted as follows:

Committees

1. Credit Committee

Membership

Mr. Yemi Idowu
Mr. Rasheed Kolarinwa
Mr. Yemi Adeola
Alhaji Bashir M. Borodo OON
Mr Lanre Adesanya
Mr. Davendra Nath Puri
Mr. Abubakar Sule
Mr. Yinka Adeola

2. Finance & General Purpose Committee

Mr. Rasheed Kolarinwa
Alhaji Bashir Borodo OON
Mr. Yinka Adeola
Ms. Olufunmilola Osunsade
Mr. Yemi Adeola
Mr. Lanre Adesanya
Mr. Abubakar Sule

3. Establishment Committee

Alhaji Bashir M. Borodo OON
Mr. Rasheed Kolarinwa
Mr. Yemi Adeola
Mr. Yemi Idowu
Mr. Davendra Nath Puri
Mr. Abubakar Sule
Ms. Olufunmilola Osunsade

4. Audit Committee

Alhaji Mustapha Jinadu
Mr. Idongesit Udoh
Ms. Christie Vincent
Mr. Yemi Idowu
Mr. Yinka Adeola
Alhaji Bashir M. Borodo OON

STATUTORY AND GENERAL INFORMATION

- | | |
|------------------------------|---|
| 5. Risk Management Committee | Ms. Olufunmilola Osunsade
Mr. Yinka Adeola
Mr. Yemi Idowu
Mr. Rasheed Kolarinwa
Mr. Yemi Adeola
Mr. Lanre Adesanya
Mr. Davendra Nath Puri |
|------------------------------|---|

17. DECLARATIONS

Except as otherwise disclosed herein:

- (a) No share of the Bank is under option or agreed conditionally or unconditionally to be put under option.
- (b) There are no long-term service agreements between the Bank and any of the Directors and employees except pension agreements.

The Bank also hereby declares that none of its directors or management staff is subject to any of the following in Nigeria or elsewhere:

- a) A petition brought under any bankruptcy or insolvency proceedings either against his/her person or against any partnership or company of which he or she is a partner, director or key personnel;
- b) A conviction in a criminal proceedings relating to fraud or dishonesty;
- c) A judgement or a ruling by a regulatory body relating to fraud or dishonesty restraining him/her from acting as a director or employee of a financial institution and engaging in any type of business practice or activity.

The Directors also makes the following declarations;

- a) That all reasonable care has been taken to ensure that the information contained in this Rights Circular and any related documentation is to the best of their knowledge and belief in accordance with the facts and contains no omission likely to affect its import.
- b) That there has been no significant change in the financial condition or material adverse change in the prospect of the Issuer as at the date of the Rights Circular.
- c) That the Issuer has not during the Twelve (12) calendar months immediately preceding the date of the application to the Securities & Exchange Commission for registration of the Rights Circular breached any terms and conditions in respect of borrowed money which has resulted in the occurrence of an immediate recall of such borrowed money.

18. CONSENTS OF PARTIES

The following parties have given and not withdrawn their written consent to the issue of this Rights Circular with their names included in the form and context in which they appear:

Directors:	Alhaji (Dr.) S.A Adegunwa, OFR (Chairman) Mr. Yemi Adeola (Managing Director/CEO) Mr. Lanre Adesanya (Executive Director) Mr. Devendra Nath Puri (Indian) Executive Director Mr. Abubakar Sule (Executive Director) Mr. Rajan Srinivasan (Indian) Alhaji Bashir M. Borodo, OON Mr. Yemi Idowu Mr. Yinka Adeola
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STATUTORY AND GENERAL INFORMATION

	Mr. Rasheed Kolarinwa Ms. Olufunmilola Osunsade
Company Secretary:	Ms. Justina Lewa
Issuing House:	Sterling Capital Markets Limited
Auditors:	Ernst & Young
Solicitors to the Issue:	Banwo & Ighodalo
Stockbrokers to the Issue:	CardinalStone Securities Limited
Registrars to the Issue:	Sterling Registrars Limited
Receiving Banker	Skye Bank Plc

19. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the under mentioned documents are available for inspection at the offices of Sterling Capital Markets Limited, Plot 1B, Frajend Close, Osborne Foreshore Estate, Ikoyi, Lagos during normal business hours on any weekday (except public holidays), from Monday xxx,xx, to xx,xxx, 2013;

- i. The Certificate of Incorporation of the Bank;
- ii. The Memorandum and Articles of Association of the Bank;
- iii. The Shareholders' Resolutions authorising the Issue;
- iv. The Board Resolution authorising the Issue;
- v. The Audited Accounts of the Bank for each of the five years ended 31st December, 2008, 2009, 2010, 2011 and 2012
- vi. The Material Contract referred to in (8) above;
- vii. The Profit Forecasts of the Bank for the three years ending 31st December 2013, 2014, 2015 and 2016;
- viii. The written consent of the Parties referred to in (18) above;
- ix. Letter of approval from the Securities & Exchange Commission with respect to the Issue;
- x. Letter from The Nigerian Stock Exchange (NSE) approving the Listing of the shares;
- xi. The List of Claims and Litigations referred to in (6) above;
- xii. The Rights Circular detailing the terms of the Issue.



RC 2932

xxx 30, 2013

Dear Sir/Madam,

RIGHTS ISSUE OF 5,888,949,162 ORDINARY SHARES OF 50 KOBO EACH AT ₦2.12 PER SHARE

1. Provisional Allotment

The Chairman's letter dated May 3, 2013 on page 14 of this Rights Circular contains particulars of the Rights Issue of 5,888,949,162 Ordinary Shares of 50k each (the Shares) being issued at ₦2.12k per share. You have been provisionally allotted the number of Ordinary Shares set out in page 1 of the Acceptance/Renunciation Form, being the proportion of Three (3) new Ordinary Shares for every Eight (8) Ordinary Shares registered in your name at the close of business on April 12, 2013.

You may accept all or any number of the new shares offered to you or renounce your Rights to any or all of them. You may trade any Rights you wish to renounce on the floors of The Nigerian Stock Exchange. You may also apply for additional shares beyond those to which you are entitled under the terms of the Rights Issue, by completing the relevant portion of Box B in the Acceptance/Renunciation Form.

2. Acceptance and Payment:

If you wish to accept this provisional allotment, please complete the Acceptance/Renunciation Form which should be accompanied by a cheque or bank draft drawn on a bank in the same town or city in which the Receiving Agent is located and crossed "**STERLING RIGHTS**" for the full amount payable (including the amount payable for the additional shares beyond those to which you are entitled under the Rights Issue; if any) and lodge it with any of the Receiving Agents or Stockbrokers listed on page 69 of this Rights Circular, not later than xxx,xxx, 2013. Any payment above N10million must be by money transfer to the designated account as stated below.

3. The receipt of any payments with your Acceptance/Renunciation Form will constitute an acceptance of this provisional allotment under the terms of this letter and subject to the Memorandum and Articles of Association of the Company. If payment is not received by the above closure date, the provisional allotment will be deemed to have been declined and will be cancelled. You may participate in the Rights Issue through any of the following methods:

- a) *Full Acceptance:* If you wish to accept this provisional allotment in full, please complete box 'B' of the Acceptance/Renunciation Form. The Acceptance/Renunciation Form together with a cheque or bank draft for the full amount payable must be submitted to any of the Receiving Agents listed on page 69 of this document not later than xxx, 2013. The cheque or draft must be made payable to the Receiving Agent, drawn on a bank in the same town or city in which the Receiving Agent is located and crossed "**STERLING RIGHTS**" with your name, address and daytime telephone number (if any) written on the back of the cheque or draft. All cheques and drafts will be presented for payment upon receipt and all Acceptance/Renunciation Forms in respect of which cheques are returned unpaid for any reason will be rejected and returned through the registered post.
- b) *Applying for Additional Shares:* This may be done by either of the following methods:
 - i. *Purchasing Rights on the floor of The Exchange:* Rights can only be purchased through any of the stockbrokers listed on Page 69 of this document. The stockbroker will guide you regarding payment. Shareholders who purchase Rights on the floor of The Exchange are

PROVISIONAL ALLOTMENT LETTER

guaranteed the number of the Ordinary Shares purchased; they will not be subject to the allotment process in respect of the number of Ordinary Shares so purchased (please refer to item 5 below)

- ii. Completing item (ii) of Box 'B' of the Acceptance/Renunciation Form: Payment should be made in accordance with (a) above. Shareholders who apply for additional shares using the Acceptance/Renunciation Form will be subject to the allotment process and may therefore be allotted less than the number of additional shares applied for (please refer to item 4 below).
- c) *Partial Acceptance*: To accept your provisional allotment partially, please complete item (i) of Box 'C' and submit your Acceptance/Renunciation Form to any of the Receiving Agents or Stockbrokers listed on page 69 of this Rights Circular together with a cheque or bank draft payable to the Receiving Agent for the full amount payable in respect of the number of shares you wish to accept.

If you wish to renounce your provisional allotment partially or in full and to trade all or some of your rights on the floor of The Exchange, please complete item (iii) of box 'B' and submit your Acceptance/Renunciation Form to a Stockbroker (NOT A BANK) of your choice, together with payment for any provisional allotment you are accepting partially. The stockbroker will guide you on the procedure for trading your rights.

4. Allotment of Additional Shares:

Ordinary Shares which are not taken up by xxx, 2013 will be allotted, on a basis to be determined by the Directors of Sterling Bank Plc and cleared by SEC to existing shareholders who have applied and paid for additional Ordinary Shares by completing item (ii) of box B.

5. Trading in Rights

The approval of The Exchange has been obtained for trading in the Rights of the Company. The Rights will be tradable between xxx, 2013 and xxx, 2013 at the share price quoted on The Exchange. If you wish to renounce your Rights partially or in full, you may trade such renounced Rights on the floor of The Exchange between these dates. Please complete item (iii) of box A of the Acceptance/Renunciation Form and contact your stockbroker for assistance. If you wish to purchase renounced Rights, please contact your stockbroker who will guide you regarding payment and the procedure for purchasing renounced Rights. Any purchaser of Rights may also trade those Rights between these dates.

6. E-Allotment/Share Certificates

At the completion of the Issue, the Ordinary Shares will be registered and transferable in units of 50 kobo each. Share certificate in respect of the Ordinary Shares allotted will be sent by registered post at the applicant's risk within 15 (fifteen) working days of allotment. An investor who does not wish his/her share certificate to be posted, should therefore state his/her stockbroker as well as CSCS account number on the space provided on the acceptance form.

7. Surplus Application Monies

If any Rights is not accepted or accepted for fewer shares than the number of shares provisionally allotted; the full amount or the balance (as the case may be) of the amount paid on acceptance will be returned by registered post, at the applicants' risk within 5 (five) working days of allotment.

The relative Acceptance Form must be submitted with the evidence of the transferred amount.

Yours faithfully,

For: **STERLING BANK PLC**



JUSTINA LEWA
COMPANY SECRETARY

RECEIVING AGENTS

The Acceptance/Renunciation Form contained in this Rights Circular should, when completed, be accompanied with bank draft or cash or evidence of amount transferred for the full amount due on acceptance, and submitted to any of the following Agents and Stockbrokers to whom Brokerage will be paid at the rate of 75K per ₦100.00 amount of the Ordinary Shares allotted from the returns which carry their official stamps.

The Issuing House cannot accept responsibility for the conduct of any of the institutions listed below. Investors are therefore advised to conduct their own independent enquiries from The Exchange before choosing an agent to act on their behalf. Evidence of lodgement of funds at any of the Receiving Agents listed below, in the absence of corresponding evidence of receipt by either of the Issuing Houses, cannot give rise to a liability on the part of the Issuing Houses under any circumstance.

BANKS

Access Bank Plc Citibank Nigeria Limited Diamond Bank Plc ECOBANK Nigeria Plc Fidelity Bank Plc First Bank of Nigeria Plc First City Monument Bank Plc Guaranty Trust Bank Plc Enterprise Bank Limited Keystone Bank Limited	Mainstreet Bank Limited Skye Bank Plc Stanbic IBTC Bank Plc Standard Chartered Bank Plc Sterling Bank Plc Union Bank of Nigeria Plc United Bank for Africa Plc Unity Bank Plc Wema Bank Plc Zenith Bank Plc
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STOCKBROKERS AND OTHERS

Adamawa Securities Ltd Afrinvest (West Africa) Limited AHL Securities Limited AMYN Investments Ltd Alangrange Securities Limited Anchora Investment & Securities Ltd APT Securities & Funds Ltd Arian Capital Management Ltd ARM Securities Limited Beachgrove Securities & Invest Co Ltd Bestworth Assets & Trust Ltd BFCL Assets & Securities Ltd BGL Securities Ltd BIC Securities Ltd Bytofel Trust & Securities Ltd Calyx Securities Limited Capital Assets Ltd Capital Bancorp Ltd Capital Express Securities Ltd Capital Trust Brokers Ltd Crashcraft Securities Limited Centre Point Investment Ltd Century Securities Ltd City-Code Trust & Investment Co Ltd City Investment Management Limited Chartwell Securities Limited Chapel Hill Denham Securities Limited Compass Investment & Securities Limited Core Trust & Inv. Co. Cordros Capital Limited Cooper Fleming Stockbrokers Ltd Cowry Asset Management Ltd Crane Securities Limited Crossworld Securities Ltd Crown Capital Limited CSL Stockbrokers Ltd Diamond Securities Ltd De-Canon Securities Ltd Deep Trust Investment Limited Dependable Securities Ltd Dominion Trust Ltd Dynamic Portfolio Ltd EBN Finance and Securities Ltd Emerging Capital Limited Equity Capital Solutions Limited ESS Investment & Trust Limited EMI Capital Resources Limited Euro Comm Securities Ltd EDC Securities Limited EPIC Investment & Trust Limited Excel Securities Limited Express Portfolio Services Limited Express Discount Asset Management Limited FBN Securities Limited F & C Securities Ltd Falcon Securities Ltd First Capital Limited First Inland Securities & Asset Mgt Ltd FSDH Securities Limited	Financial Trust Co Ltd Finmal Finance Company Ltd First Atlantic Securities Ltd First Equity Securities Ltd First Stockbrokers Ltd FIS Securities Ltd Fidelity Finance Co. Limited Fittco Securities Ltd Floodgate Finance & Securities Ltd Forte Financial Ltd Forthright Securities & Investments Ltd Fountain Securities Ltd Future View Securities Ltd Genesis Securities & Inv. Limited Gidauniya Investment & Sec Ltd Global Assets & Management Trust Ltd Golden Securities Ltd Greenwich Trust Ltd GTB Securities Limited GTI Capital Ltd Hedge Securities & Investment Co. Ltd Horizon Stockbrokers Ltd ICMG Securities Ltd IBTC Asset Management Ltd ICON Stockbroker Ltd Imperial Asset Managers Limited Independent Securities Intercontinental Securities Ltd Investment Centre Limited International Standard Securities Ltd Interstate Securities Ltd Investor & Trust Co Ltd Jamkol Investment Ltd Kapital Care Trust & Sec Limited Kakawa Asset Management Limited Kinley Securities Ltd Kofana securities & Investment Ltd Kundila Finance Services Limited Lambeth Trust & Investment Co. Ltd LB Securities Ltd Lead Capital Ltd Lead Securities & Investment Limited Mainland Asset Management Ltd Marina Securities Ltd Marriot Securities Limited Maven Asset Management Limited Maxifund Investments & Securities Ltd Mega Equities Limited Mercov Securities Limited Meristem Securities Limited Midas Stockbrokers Limited Midpoint Capital Ltd Mission Securities Ltd Molten Trust Ltd Mountain Investment & Securities Ltd	Newdevco Finance Securities Ltd Nethworth Securities & Finance Limited Nigerian Stockbrokers Ltd Northbridge Investment & trust Limited Oasis Capital Options Securities Ltd Peace Capital Markets Limited Peninsula Asset Management Limited Perfecta Inv Trust Limited Phronesis Securities Limited Pinefields Inv. Serv. Limited PIPC Securities Limited CardinalStone Securities Limited PML Securities Company Limited Portfolio Advisers Limited Prime Wealth Capital Limited Profund Securities Ltd Pyramid Securities Limited Reading Investments Limited Regency Assets Management Limited Rencap Securities Nigeria Limited Resort Securities & Trust Ltd Reward Investments & Services Ltd Rostrum Investment Securities SanTrust & Securities Ltd Securities Solutions Ltd Security Swaps Ltd Shallom Investment & Securities Ltd Shelong Investment Limited Sigma Securities Ltd Signet Investments Securities Limited Solid-Rock Securities & Investment Ltd Spring Trust & Securities Ltd Springboard Trust & Investment Ltd Stanbic IBTC Stockbrokers Ltd Stanwal Securities Ltd Standard Alliance Capital & Asset Mgt Limited Summit Finance Company Ltd Support Services Ltd Tiddo Securities Ltd Tomil Trust Ltd Tower Securities & Investment Limited Tradelink Securities Ltd Trans Africa Financial Services Limited Trusthouse Investment Ltd TRW Stockbrokers Ltd UBA Capital Limited UNEX Capital Ltd Valmon Securities Ltd Valueline Securities & Investment Ltd Vetiva Securities Limited Vetiva Capital Management Ltd Vision Trust & Inv. Limited WSTC Financial Services Yuderb Investment & Securities Co. Limited Zenith Securities limited
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ACCEPTANCE / RENUNCIATION FORM

1° L. 2015



N° 1, 2015

5,888,848,182 Ordinary Shares of N2.12 per share. On the basis of three(3) new ordinary share of N2.12 each for every eight(8) ordinary share of N2.12 each held as at April 18, 2013.

Bank Name..... Branch.....

[illegible][illegible]

1. Acceptance and/or renunciation must be made on the prescribed form. Photostat or scanned copies of the Acceptance/Renunciation Form will be rejected.
2. Allottees should complete only ONE of the boxes marked A or B on the reverse of this form.
3. Shareholders accepting the provisional allotment in full should complete box B and submit their Acceptance/Renunciation Forms to any of the Receiving agents listed on page 70 of the Rights Circular together with a cheque or bank draft payable to the Receiving agent for the full amount payable on acceptance or evidence of e-payment where the amount payable exceeds N10 million. The cheque or draft must be drawn on a bank in the same town or city in which the Receiving Agent is located and crossed "STERLING BANK PLC RIGHT S" with the name, address and daytime telephone number (if any) of the shareholder written on the back. If payment is not received by _____, 2013, the provisional allotment will be deemed to have been declined and will be cancelled.
4. Shareholders accepting their provisional allotment partially should complete box C and submit their Acceptance/Renunciation Form to any of the Receiving Agents listed on page 70 of the Rights Circular together with a cheque or bank draft made payable to the Receiving Agent for the amount payable for the partial acceptance. Where the amount payable exceed N10 million, payment should be made through the e-payment mode.
5. Shareholders renouncing the provisional allotment partially or in full, should complete box C accordingly. Shareholder renouncing the provisional allotment, partially and full, and who also wish to trade their renounced rights on the floor of The Nigeria Stock Exchange should also complete box A in addition to box C. The shareholder should obtain a Transfer form from their stockbroker, complete it in accordance with stockbrokers instructions and return it to the stockbroker, together with the complete Acceptance/Renunciation Form and a cheque or bank draft made payable to the stockbroker for any partial acceptance for evidence for e-payment (if applicable). If payment is not received by _____, 2013, the provisional allotment will be deemed to have been declined and will be cancelled.
6. Shareholders who wish to acquire additional shares over and above their provisional allotment may purchase renounced rights by completing item(i) of box A and/or apply for additional shares by completing of box B.
7. All cheques and bank drafts will be presented upon receipt and all acceptances in respect of which bank drafts are returned unpaid will be rejected and cancelled. Shareholders are advised to obtain an acknowledgement of the amount paid from the Receiving Agent through which the Acceptance/Renunciation Form is submitted.
8. Joint Allottees must all sign the appropriate box in the Acceptance/Renunciation Form.
9. Acceptance/Renunciation Forms of the corporate allottees must bear the corporate seal, RC Number and be completed under the hand of duly authorized officials who should state their designations.

FOR REGISTRAR'S USE ONLY

Account No

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[illegible]



Additional Shares applied for

[illegible][illegible][illegible]

Stamp of Receiving Agent



ACCEPTANCE / RENUNCIATION FORM

Application List Opens: [..], 2013	 Sterling Bank RC 226	Application List Closes: [..], 2013												
Acceptance/Renunciation Form														
(A) TRADING IN RIGHTS														
I. Shareholders who renounce their Rights partially or in full may trade their Rights on the floor of The Exchange. The renounced Rights will be traded actively on the floor of The Exchange. II. Shareholders who wish to acquire additional shares over and above their provisional allotment may purchase renounced Rights and/or apply for additional shares by completing item (I) of box B below. III. Shareholders who purchase Rights on the floor of The Exchange are guaranteed the number of shares purchased. They will not be subject to the allotment process in respect of shares so purchased. Those that apply for additional shares by completing item (II) of box B will be subject to the allotment process i.e. they may be allotted a smaller number of additional shares than what they applied for. IV. If you wish to purchase renounced Rights please contact your stockbroker who will guide you regarding payment and the procedure for purchasing STERLING BANK PLC Rights.														
DETAILS OF SHAREHOLDER'S PROVISIONAL ALLOTMENT														
PLEASE COMPLETE SECTION B OR C AS APPLICABLE														
(B) FORM OF FULL ACCEPTANCE AND REQUEST FOR ADDITIONAL SHARES														
I. I/We accept this allotment in full as shown above. II. I/We also apply for the following additional shares.														
This section should be completed if you wish to apply for additional shares	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">No. of Additional Shares Applied for</td> <td style="text-align: center;">Additional Amount payable at N2.12 kobo per share</td> </tr> <tr> <td style="text-align: center;">N</td> <td style="text-align: center;">N</td> </tr> </table>	No. of Additional Shares Applied for	Additional Amount payable at N2.12 kobo per share	N	N									
No. of Additional Shares Applied for	Additional Amount payable at N2.12 kobo per share													
N	N													
III. I/We agree to accept the same or smaller number of additional shares in respect of which allotment may be made to me/us in accordance with the Provisional Allotment Letter contained in the Rights Circular. IV. I/We enclose my/our bank draft for N..... being the amount payable as shown above, plus any additional amount payable as shown in item (II) above.														
(C) FORM OF RENUNCIATION OR PARTIAL ACCEPTANCE														
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> </tr> <tr> <td style="text-align: center;">No. of Shares Accepted</td> <td style="text-align: center;">Amount payable at N2.12 kobo per share</td> <td style="text-align: center;">No. of Shares Renounced</td> </tr> <tr> <td style="text-align: center;">N</td> <td></td> <td></td> </tr> </table>	1	2	3	No. of Shares Accepted	Amount payable at N2.12 kobo per share	No. of Shares Renounced	N							
1	2	3												
No. of Shares Accepted	Amount payable at N2.12 kobo per share	No. of Shares Renounced												
N														
i. I/We accept the number of shares as shown in Column (1) above and enclose my/our bank draft for N..... or evidence of payment of N..... (for amounts exceeding N10 million) shown in column (2) above. ii. I/We hereby renounce my/our right to Ordinary Shares shown in Column (3) above being the balance of the Ordinary Shares allotted to me/us. iii. I/We confirm that I/We wish to trade my/our rights to Ordinary Shares being my/our renounced shares as shown in Column (3) above on the floors of The Exchange. I/We shall obtain a Transfer Form from my/our stockbroker, complete it in accordance with his instructions and return it to the stockbroker with the form.														
<div style="display: flex; justify-content: space-between;"> (for either B or C) (For Joint Corporate Allottees) </div> Signature..... 2nd Signature Date..... Next of Kin.....														
Clearing House Number (CHN): <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center;">C</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> </table>			C											
C														
CDSB NO (if you want shares allotted credited to your CDSB AC): <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> </table>														
Name of your Stockbroker: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> </table>														
GB (for SMS): <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> </table>														
 Sterling Registrars	Stamp of Receiving Agent	SEAL OF CORPORATE ALLOTTEE												