
₦100,000,000,000

Multicurrency Commercial Paper Issuance Programme

Stanbic IBTC Bank PLC (“**Stanbic IBTC Bank**” or the “**Issuer**”), a public limited liability company incorporated under the laws of the Federal Republic of Nigeria has established this ₦100,000,000,000 Multicurrency Commercial Paper Issuance Programme (the “**CP Programme**”), under which Stanbic IBTC Bank may from time to time issue Commercial Paper Notes (“**CP Notes**” or “**Notes**”) denominated in Nigerian Naira (“**NGN**”) or United States Dollars (“**USD**”) or in such other currency as may be agreed between the Arranger and the Issuer, in separate series or tranches subject to the terms and conditions (“**Terms and Conditions**”) contained in this Programme Memorandum.

Each Series and each Tranche (as defined under the Terms and Conditions) will be issued in such amounts, and will have such discounts, period of maturity and other terms and conditions as set out in the Pricing Supplement applicable to such series or tranche (the “**Applicable Pricing Supplement**”). The maximum aggregate nominal amount of all CPs from time to time outstanding under the CP Programme shall not exceed ₦100,000,000,000 or its equivalent in USD or in any other currency.

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

The CP Notes issued under this Programme shall be issued in dematerialised form, registered, quoted and traded over the counter via the FMDQ Exchange platform in accordance with the rules, guidelines and such other regulation as may be prescribed by FMDQ Securities Exchange Limited (“**FMDQ Exchange**”) from time to time, or any other recognised trading platform as approved by the Central Bank of Nigeria (“**CBN**”). The Notes will settle via the central securities depository (“**CSD**”) registered with the Securities and Exchange Commission and appointed by the Issuer, acting as Registrar and Clearing Agent for the Notes.

This Programme Memorandum and the Applicable Pricing Supplement shall be the sole concern of the Issuer and the party to whom this Programme Memorandum and the Applicable Pricing Supplement is delivered (the “**Recipient**”) and shall not be capable of distribution and should not be distributed by the Recipient to any other parties nor shall any offer made on behalf of the Issuer to the Recipient be capable of renunciation and assignment by the Recipient in favour of any other party.

In the event of any occurrence of a significant factor, material mistake or inaccuracy relating to the information included in the Programme Memorandum, the Issuer will prepare a supplement to this Programme Memorandum or publish a new Programme Memorandum for use in connection with any subsequent issue of CP Notes.

This Programme memorandum has been prepared in accordance with the Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers issued by the CBN dated September 11, 2019 and the Commercial Paper Registration and Quotation Rules, August 2019 issued by the FMDQ Exchange which are in force as at the date thereof. This document is important and should be read carefully. If any recipient is in any doubt about its contents or the actions to be taken, such recipient should please consult his/her Banker, Stockbroker, Accountant, Solicitor any other professional adviser for guidance immediately.

Arranger / Dealer

Stanbic IBTC Capital Limited
RC 1031358

Issuing, Calculation and Paying Agent:

Stanbic IBTC Bank PLC
RC 125097

(Acting through its Global Markets Operations Unit)

THIS PROGRAMME MEMORANDUM IS DATED 26 JUNE 2020

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DEFINITIONS AND INTERPRETATIONS

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

“Agent”, “Issuing, Calculation and Paying Agent” or “ICPA”	Stanbic IBTC Bank PLC (acting through its Global Markets Operations Unit) as issuing, calculation and paying agent and any successor issuing, calculation and paying agent appointed in connection with the Programme.
“Applicable Pricing Supplement”	The Pricing Supplement applicable to a Series or Tranche.
“Arranger”	Stanbic IBTC Capital Limited.
“Board” or “Directors”	Board of Directors of Stanbic IBTC Bank PLC.
“Business Day”	Any day other than a Saturday, Sunday or a public holiday declared by the Federal Government of Nigeria on which commercial banks are open for general business in Lagos, Nigeria.
“Business Hours”	8.00 am to 5.00 pm Nigerian time on any Business Day.
“CAMA”	Companies and Allied Matters Act Chapter C20, LFN 2004.
“CBN”	Central Bank of Nigeria.
“CBN Guidelines”	Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Paper issued by the CBN dated 11 September 2019 and the CBN letter to all deposit money banks and discount houses dated 12 July 2016 on Mandatory Registration and Listing of Commercial Papers, as amended or supplemented from time to time.
“CGT”	Capital Gains Tax as provided for under the Capital Gains Tax Act Chapter C1, LFN 2004 (as amended by the Finance Act, 2019).
“CITA”	Companies Income Tax Act Chapter C21, LFN 2004 (as amended by the Companies Income Tax Act No 11 of 2007 and the Finance Act, 2019).
“Commercial Paper”, “CP” or “Notes”	Unsecured, commercial paper notes to be issued by the Issuer in form of zero-coupon notes under the CP Programme.
“Conditions” or “Terms and Conditions”	Terms and conditions, in accordance with which the Notes will be issued, set out in the section headed “Terms and Conditions of the Notes” in this Programme Memorandum and as contained in the ICPA Deed of Undertaking dated on or about the date of this Programme Memorandum.
“CP Programme” or “Programme”	The CP Programme described in this Programme Memorandum pursuant to which the Issuer may issue several separate Series of Notes from time to time with varying maturities and discount rates provided, however, that the aggregate Face Value of Notes in issue does not exceed ₦100,000,000,000 or its equivalent in USD or any other specified currency.

“Central Securities Depository” or “CSD”	Any duly licensed central securities depository registered or recognised by the SEC and appointed by the Issuer, as may be specified in the Applicable Pricing Supplement.
“Day Count Fraction”	Such method of calculating the discount as specified in the Applicable Pricing Supplement.
“Eligible Investor” or “EI”	An investor that is not a Qualified Institutional Investor as defined by the as defined by the FMDQ Exchange Commercial Paper Registration and Quotation Rules, that has executed a declaration attesting to his or her eligibility in the manner prescribed in the FMDQ Exchange Rules.
“Face Value”	The par value of the Notes.
“FGN”	Federal Government of Nigeria.
“FIRS”	Federal Inland Revenue Service.
“FMDQ Exchange” or the “Exchange”	FMDQ Securities Exchange Limited, a securities exchange and self-regulatory organisation licensed by the SEC to provide a platform for, inter alia, the listing, quotation, registration and trading of securities.
“FMDQ Exchange Rules” or “Rules”	The FMDQ Commercial Paper Quotation Rules, August 2019 (as may be amended, from time to time) and such other regulations with respect to the issuance, registration and quotation of commercial papers as may be prescribed by FMDQ Exchange from time to time.
“Force Majeure”	Any event or circumstance (or combination of events or circumstances) that is beyond the control of the Issuer which materially and adversely affects its ability to perform its obligations as stated in the Conditions which could not have been reasonably foreseen, including without limitation, nationwide strikes, national emergency, riot, war, embargo, legislation, acts of God, epidemics, pandemics, lockdowns, acts of terrorism and industrial unrest.
“FRCN”	Financial Reporting Council of Nigeria.
“Implied Yield”	The yield accruing on the Issue Price of a Note, as specified in the Applicable Pricing Supplement.
“Issuer”	Stanbic IBTC Bank PLC.
“Issue Date”	The date upon which the relevant Series/Tranche of the Notes is issued as specified in the Applicable Pricing Supplement.
“Issue Price”	The price at which the relevant Series/Tranche is issued, as specified in the Applicable Pricing Supplement.
“LFN”	Laws of the Federation of Nigeria.
“Maturity Date”	The date as specified in each Applicable Pricing Supplement on which the Principal Amount is due.
“Naira” or “₦” or “NGN”	The Nigerian Naira, the lawful currency of Nigeria.
“Nigeria”	The Federal Republic of Nigeria and “Nigerian” shall be construed accordingly.
“Noteholder” or “Holder”	The holder of a Note as recorded in the Register kept by the Issue, Calculation and Paying Agent in accordance with the Terms and Conditions.

“OTC”	Over-the-Counter.
“Payment Business Day”	A day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in both Nigeria and the principal financial centre of the country of that currency or, if the relevant currency is Euro, a day which is a TARGET Business Day.
“Principal Amount”	The nominal amount of each Note, as specified in the Applicable Pricing Supplement.
“PITA”	Personal Income Tax Act (Chapter P8) LFN 2004 (as amended by the Personal Income Tax (Amendment) Act of 2011 and the Finance Act 2019).
“Programme Memorandum”	This information memorandum dated 26 June 2020, which details the aggregate size and broad terms and conditions of the CP Programme.
“Qualified Institutional Investors” or “QIIs”	include banks, fund managers, pension fund administrators, insurance companies, investment/unit trusts, multilateral and bilateral institutions, registered private equity funds, registered hedge funds, market makers, staff schemes, trustees/custodians, stockbroking firms and any other category of investors as may be determined by the SEC from time to time.
“Register”	The register of Noteholders, maintained by the Issuing, Calculation and Paying Agent.
“Relevant Date”	The payment date of any obligation due on the Notes.
“Relevant Last Date”	The date stipulated by CSD and specified in the Applicable Pricing Supplement, after which transfer of the Notes will not be registered.
“SEC”	The Securities and Exchange Commission of Nigeria
“Series”	A Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects except for their respective Issue Dates, and/or Issue Prices.
“SINL”	Stanbic IBTC Nominees Limited.
“Stanbic IBTC Bank”	Stanbic IBTC Bank PLC.
“TARGET Business Day”	A day on which the Trans-European Automated Real-Time Gross Settlement Express (TARGET) System, or any successor thereto, is operating credit transfer instructions in respect of payments in Euro.
“Tranche”	In relation to a Series, those Notes of that Series that are issued on the same date and at the same issue price and which are identical in all respects.
“USD”	United States Dollars.
“VAT”	Value Added Tax as provided for in the Value Added Tax Act, CAP VI, LFN 2004 (as amended by the Value Added Tax Act No 12 of 2007 and the Finance Act, 2019.
“WHT”	Withholding Tax as provided for in section 78(2) of CITA and the Finance Act 2019.
“Zero Coupon Note”	A Note which will be offered and sold at a discount to its Face Value and which will not bear interest, other than in the case of late payment.

IMPORTANT NOTICES

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

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

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

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

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

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

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

The delivery of this Programme Memorandum does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof. Investors should review, among other things, the most recent audited annual financial statements of the Issuer prior to taking any investment decision. Notes issued under the Programme shall be restricted to Qualified Institutional Investors and Eligible Individual Investors who meet the qualification criteria prescribed by FMDQ Exchange from time to time. All currency risks, to the extent applicable, assumed by investors upon purchase of the Notes are borne by the individual investors.

FMDQ SECURITIES EXCHANGE LIMITED TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROGRAMME MEMORANDUM NOR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THIS CP PROGRAMME, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROGRAMME MEMORANDUM.

INCORPORATION OF DOCUMENTS BY REFERENCE

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

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

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

The Issuer may for so long as any Note remains outstanding, publish an amended and restated Programme Memorandum or a supplement to the Programme Memorandum on the occasion of any subsequent issue of Notes, where there has been:

- (a) a material change in the condition (financial or otherwise) of the Issuer which is not then reflected in the Programme Memorandum or any supplement to the Programme Memorandum; or
- (b) any modification of the terms of the Programme, which would then make the Programme materially inaccurate or misleading.

Any such new Programme Memorandum or Programme Memorandum as supplemented and/or modified shall be deemed to have been substituted for the previous Programme Memorandum or to have modified the previous Programme Memorandum from the date of its issue.

The Issuer will provide free of charge to each prospective investor upon request, a copy (which includes an electronic copy at the Issuer's option) of any of the documents deemed to be incorporated herein by reference, unless such documents have been modified or superseded. Requests for such documents shall be directed to the Issuer at its specified office(s) as set out in this Programme Memorandum.

SUMMARY OF THE PROGRAMME

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

1. **ISSUER:** Stanbic IBTC Bank PLC.
2. **PROGRAMME DESCRIPTION:** Commercial Paper Issuance Programme.
3. **SIZE OF PROGRAMME:** ₦100,000,000,000 aggregate principal amount of Notes, or its equivalent in USD or any other specified currency, outstanding at any point in time.
4. **ARRANGER:** Stanbic IBTC Capital Limited.
5. **ISSUING, CALCULATION AND PAYING AGENT:** Stanbic IBTC Bank PLC (acting through its Global Markets Operations Unit).
6. **AUDITORS:** KPMG Professional Services.
7. **CSD:** Central Securities Clearing System Plc ("**CSCS**"), FMDQ Depository Limited, or any other CSD as may be specified in the Applicable Pricing Supplement.
8. **SOLICITORS** Banwo & Ighodalo.
9. **ISSUANCE IN SERIES:** The Notes will be issued in Series, and each Series may comprise one or more Tranches issued on different dates. The Notes in each Series, each a Tranche, will have the same maturity date and identical terms (except that the Issue Dates and Issue Price may be different). Details applicable to each Series and Tranche will be specified in the Applicable Pricing Supplement.
10. **USE OF PROCEEDS:** Unless otherwise stated in the Applicable Pricing Supplement, the net proceeds from each issue of Notes under the Programme will be used solely to support the Issuer's short-term funding requirements.
11. **METHOD OF ISSUE:** The Notes may be offered and sold to Eligible Investors or QILs by way of a fixed price offer for subscription or through a book building process and/or any other methods as described in the Applicable Pricing Supplement, within Nigeria or otherwise, in each case as specified in the Applicable Pricing Supplement.
12. **MATURITY DATE:** As specified in the Applicable Pricing Supplement, subject to a minimum tenor of 15 days and a maximum of 270 days, including roll-over from the date of issue.
13. **INTEREST PAYMENTS:** Notes issued will be in the form of Zero Coupon Notes, and will not pay interest prior to final maturity.
14. **ISSUE PRICE:** The Notes shall be issued at a discount. The effective rate of interest will be calculated on the basis of such Day Count Fraction specified in the Applicable Pricing Supplement.

- 15. ISSUE SIZE:** As specified in the Applicable Pricing Supplement, subject to a minimum value of ₦100,000,000 (or its equivalent in USD or any other specified currency) thereafter.
- 16. DEFAULT RATE** Interest rate equivalent to the daily overnight Nigerian Inter-bank Offered Rate (“NIBOR”) +5% per annum or issue rate +5% per annum (whichever is higher).
- 17. CURRENCY OF ISSUE:** The Notes issued under this Programme may be denominated in NGN and/or USD or in such other currency as may be agreed between the Arranger and the Issuer and specified in the Applicable Pricing Supplement.
- 18. DENOMINATION:** The Notes will be issued in such denominations as may be agreed between the Issuer and the Arranger and as specified in the Applicable Pricing Supplement.
- 19. REDEMPTION:** As stated in the Applicable Pricing Supplement, subject to the CBN Guidelines and the Rules.
- 20. RATING:** The Issuer has been assigned a long-term foreign currency rating of “B”, a long-term national rating of “AAA” from Fitch Ratings, and a long term national rating of “AA” from Global Credit Rating Company Limited.
- Pursuant to the CBN Guidelines, either the issuer of a CP or the specific issue itself shall be rated by a rating agency registered in Nigeria or any international rating agency acceptable to the CBN.
- A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.
- 21. STATUS OF THE NOTES:** Each Note constitutes a direct, unconditional, unsubordinated and unsecured obligation of the Issuer and the Notes rank *pari passu* among themselves and, save for certain payment obligations preferred by law, *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer outstanding from time to time.
- 22. TAXATION:** Refer to the section of this Programme Memorandum headed “*Tax Considerations*”.
- 23. GOVERNING LAW:** The Notes issued under the Programme and all related contractual documentation will be governed by, and construed in accordance with Nigerian law.
- 24. QUOTATION:** The Issuer will quote all Series or Tranches on the FMDQ Exchange platform or any other recognised trading platform. All secondary market trading of the Notes shall be done in accordance with the Rules in relation to the quotation or listing of the Series or Tranche quoted or listed on the relevant trading platform.

25. SETTLEMENT PROCEDURES:

The Notes will be settled via Real Time Gross Settlement (“**RTGS**”), National Electronic Funds Transfer (“**NEFT**”), Nigeria Inter-Bank Settlement System (“**NIBSS**”), direct debit or any other transfer mode agreed by the Transaction Parties and recognised by the CBN.

26. SOURCE OF REPAYMENT

Issuer’s cash flows, unless otherwise specified in the Applicable Pricing Supplement.

USE OF PROCEEDS

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

BACKGROUND

In July 2009, CBN suspended the use of Commercial Papers and Bankers Acceptances as off-balance-sheet instruments by banks and discount houses, citing concerns over abuse of their use as financing instruments. The ban was subsequently lifted on 16 November 2009. On 18 November 2009, the CBN issued a new circular titled "Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers" (the "**Guidelines**"), in an attempt to facilitate the effective and efficient functioning of the Nigerian money market and provide a regulatory framework for issuance of CPs and BAs in Nigeria. On 11 September 2019, the CBN issued updated Guidelines.

REGULATORY FRAMEWORK

Issuance of and investment in CPs by Banks and Discount Houses in Nigeria is subject to the provisions of the CBN Guidelines and the FMDQ Exchange Rules. The provisions applicable to CPs are as highlighted below:

QUALIFICATION

A CP qualifies as a financing vehicle if:

- i. The issuer has three (3) years audited financial statements, the most current not exceeding eighteen (18) months from the last financial year end; and
- ii. The issuer has an approved credit line with a Nigerian bank acting as an issuing and paying agent, where the bank guarantees the issue.

SIZE AND TENOR

CPs shall be issued at the primary market for a minimum value of ₦100,000,000 and multiples of ₦50,000,000 or as otherwise determined by the FMDQ Exchange. Furthermore, they shall be issued for maturities of between 15 days and 270 days, from the date of issue. The interest or discount element on maturing CPs may not be capitalised and rolled over.

RATING

Either the issuer of a CP or the specific issue shall have an investment grade rating (minimum of BBB-) by a rating agency registered in Nigeria or any international rating agency acceptable by the CBN.

An indicative rating should have been obtained prior to the submission of declarations and information to the CSD.

INVESTORS IN BANKERS ACCEPTANCES AND COMMERCIAL PAPERS

CPs may be issued to and held by individuals who meet the eligibility criteria set out by the FMDQ Exchange, deposit money banks, other corporate bodies registered or incorporated in Nigeria and unincorporated bodies, non-resident Nigerians and foreign institutional investors.

FORMS OF MAINTAINING CPs

Issuers and investors in CPs may do so in dematerialized or physical form. Issuers and investors are encouraged to issue and hold CPs in a dematerialized form.

ISSUING AND PAYING AGENT

Only a deposit money bank and discount house may act as an issuing and paying agent (“**IPA**”) for issuance of CP.

GENERAL REQUIREMENTS

- i. CPs are only redeemable at maturity and as such cannot be pre-liquidated.
- ii. The investors may rediscount the paper with the Issuer before maturity at new market terms if the Issuer is willing to purchase the risk.
- iii. Any proposed issue of CPs shall be completed within the period of ten(10) business days from the date of opening of the issue for subscription.
- iv. All CPs issued in Nigeria shall be registered with the CSD, which shall serve as the custodian of all issues and central depository for all dematerialised instruments.

COMPLIANCE WITH SECURITIES REGULATIONS

There is no obligation for the Issuer to register the Notes with the SEC. This is in line with Rule 8 of the SEC Rules, which exempts short-term securities (including notes) with maturity dates not exceeding nine months from the date of issuance, from registration with SEC.

MODE OF PAYMENT AND ISSUANCE OF CPs

The initial investor in a CP may pay the discounted value of the CP through the issuing and placing agent (where applicable). However, when the CP is held in dematerialized form, the holder shall have it redeemed through a licensed Securities Depository and receive payment from the IPA.

MANDATORY REGISTRATION AND QUOTATION OF CPs

CPs are required by law to be registered and quoted on authorised securities exchanges. Accordingly, banks are prohibited from transacting in CPs that are not quoted or intended for quotation on an authorised securities exchange, in any capacity whatsoever, including to act as issuer, guarantor, issuing, placing, paying and collecting agent.

The CBN has cleared FMDQ Exchange for the registration and quotation of CPs in Nigeria.

COMPLIANCE WITH THE CBN GUIDELINES AND FMDQ EXCHANGE RULES

The Issuer has complied with all applicable provisions as stated in the CBN Guidelines and FMDQ Rules. A legal opinion confirming adherence to the CBN Guidelines and FMDQ Rules is incorporated on page pages 41 to 53 of this Programme Memorandum.

The following is the text of the terms and conditions of the Notes which, subject to amendment and as completed, modified, supplemented, varied or replaced, in whole or in part, by the final terms which are contained in the Applicable Pricing Supplement (the "Final Terms"), will govern the Notes to be issued under the Programme.

The provisions of these Terms and Conditions of the Notes (the "Conditions") which are applicable to the Notes issued under the Programme shall be deemed to be completed by the information contained in the relevant Final Terms. Any provision of the Final Terms modifying, supplementing or replacing, in whole or in part, the provisions of these Conditions shall be deemed to so modify, supplement or replace, in whole or in part, the provisions of these Conditions.

1. CURRENCY, FORM, TITLE AND DENOMINATION

1.1. Issue and Currency

- 1.1.1. The Notes may be issued from time to time by the Issuer in Tranches pursuant to the Programme. A Tranche may, together with a further Tranche or Tranches, form a Series of Notes issued, provided that the aggregate Principal Amount of all Notes Outstanding under the Programme at any one point in time does not exceed the Programme size. The Applicable Pricing Supplement for each Tranche/Series is (to the extent relevant) incorporated herein for the purposes of those Notes and supplements these Conditions. The Applicable Pricing Supplement may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of those Notes.
- 1.1.2. The Noteholders are by virtue of their subscription to, or purchase of, the Notes deemed to have notice of, and are entitled to the benefit of and are subject to all the provisions of the Applicable Pricing Supplement and the Deed of Covenant.
- 1.1.3. The Notes shall be registered electronically and serially numbered.
- 1.1.4. Notes issued under the Programme will be Zero-coupon Notes.
- 1.1.5. The Notes may be issued in the Relevant Currency.

1.2. Form and Title

- 1.2.1. The Notes will be issued in uncertificated (dematerialised or book entry) form, which shall be registered with a separate securities identification code with the CSD.
- 1.2.2. Title to the Notes passes upon credit to the CSD account of the Noteholder. The CSD statement of account shall be conclusive and binding for all purposes save in the case of manifest error and such Noteholder shall be treated by the Issuer and the Issuing, Calculation and Paying Agent as the legal and beneficial owner of such aggregate number of Notes for all purposes and no person will be liable for so treating the Noteholder.

1.3. Denomination

1.3.1. The aggregate Principal Amount of the Notes will be as specified in the Applicable Pricing Supplement, subject to a minimum value as also described in the Applicable Pricing Supplement; and will be sold at such discount from their face amounts as shall be agreed upon by the Dealer and the Issuer; and shall have a maturity not exceeding two hundred and seventy (270) days, including any rollover from the Issue Date.

1.4. Closed Periods

No Noteholder may require the transfer of the Notes (i) during the period of ten (10) days ending on the relevant Redemption Date; (ii) following the issuance of default notice to the Issuer pursuant to Condition 9 (*Events of Default*); or (iii) following the Relevant Last Day.

2. STATUS OF THE NOTES

2.1 Each Note constitutes a direct, unconditional, senior and unsecured obligation of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Notes shall, save for such obligations as may be mandatorily preferred by applicable legislation relating to creditor's rights, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

3. REDEMPTION

3.1 Unless previously redeemed or purchased and cancelled as specified below, the Notes will be redeemed at the Redemption Amount, specified in or determined in the manner specified in the Applicable Pricing Supplement, on the Redemption Date subject to the provisions contained in Condition 4 (*Payments*).

4. PAYMENTS

4.1 Only Noteholders named in the Register as at the close of business on the Relevant Last Day shall be entitled to payment of amounts due and payable in respect of Notes. The Noteholder shall be the only person entitled to receive payments in respect of Notes and the Issuer will be discharged by payment to, or to the order of, the Noteholder in respect of each amount so paid.

4.2 Payments of any outstanding obligation regarding the Notes will be made in the Relevant Currency by credit/electronic funds transfer to the specified bank account of the Noteholder.

4.3 In the case of joint Noteholders, payment by electronic transfers will be made to the account of the first-named Noteholder in the Register. Payment by electronic transfer to the first-named Noteholder in the Register shall discharge the Issuer of its relevant payment obligations under the Notes.

4.4 In the case of nominees, the nominee shall be paid as the registered Noteholder, which payee shall in turn transfer such funds to the holders of the beneficial interest

- 4.5 If the Issuer is prevented or restricted directly or indirectly from making any payment by electronic funds transfer, by reason of a Force Majeure event, the Issuer shall make such payment by cheque (or by such number of cheques as may be required in accordance with Applicable Law and practice) of any such amounts made payable to the relevant Noteholder. Such payments by cheque shall be sent by post to the address of the Noteholder of registered Notes as set forth in the Register on the Relevant Last Day or, in the case of joint Noteholders of registered Notes, the address set forth in the Register of that one of them who is first named in the Register in respect of that Note. Cheques shall be posted by registered post, provided that the Issuer shall not be responsible for any loss in transmission and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this Condition 4.4.
- 4.6 Where the Issuer is unable to make payment by electronic funds transfer or cheques due to the occurrence of a Force Majeure event, the Issuer or Agent shall: (i) hold such funds for payments of amount due in respect of the Notes in trust for the Noteholders; and no interest shall accrue on such funds held by the Issuer or Agent until such time as the Issuer is able to make payment; and (ii) notify Noteholders (to the extent possible) of its inability to make payment.
- 4.7 Where the Issuer fails to redeem the Notes on the Redemption Date (and only in this event), provided such failure is not as a result of a Force Majeure event, interest shall begin to accrue on the Redemption Amount at the Default Rate from the Redemption Date until the date on which all amounts due in respect of such Note have been paid.
- 4.8 If the Redemption Date is not a Business Day, then the Noteholder thereof shall not be entitled to payment of the Redemption Amount until the next Business Day, and the Noteholder shall not be entitled to any interest, return or other payment in respect of any such delay.
- 4.9 On the Redemption Date, payment shall only be made to the Noteholders if the Issuer has made funds available to the Issuing, Calculation and Paying Agent.
- 4.10 In respect of payments relating to Notes under a Tranche, (notwithstanding that such Notes may have the same Issue Date), where the total Discount Amount payable by a Noteholder in respect of the said Notes has not been received by the relevant Issue Date, but is at the discretion of the Issuer accepted within 5 (five) Business Days thereof, the Discount Amount payable by the Noteholder in respect of such Notes shall be adjusted to reflect the reduced tenor of the investment as applicable.

5. TRANSFER OF NOTES

- 5.1 All Notes issued under the Programme in dematerialized or immobilized (book entry) form may be transferred only in accordance with the applicable rules and regulations of the CSD.
- 5.2 Transfer of the Notes will only occur by way of electronic book entry in the CSD accounts of the Noteholders in accordance with the rules and regulations of the CSD.

6. REGISTER

- 6.1 The Register shall be maintained by the CSD. The Register shall reflect the number of Notes issued and shall contain the name, address, and bank account details of the registered Noteholders. The Register shall set out the aggregate Principal Amount of the Notes held by each Noteholder and the Issue Date.

- 6.2 Statements issued by the CSD as to the aggregate number of Notes standing to the CSD account of any Noteholder shall be conclusive and binding for all purposes save in the case of manifest error and such person shall be treated by the Issuer and Agent as the legal and beneficial owner of such aggregate number of Notes for all purposes.
- 6.3 The Register shall be open for inspection during the normal business hours of the Registrar to any Noteholder or any person authorised by the Noteholder.
- 6.4 Each Tranche or Series shall be registered in the applicable Register.
- 6.5 The Registrar shall alter the Register in respect of any change of name, address or bank account number of any of the registered Noteholders of which it is notified in accordance with these Conditions.

7. TAXATION

- 7.1 The Notes issued under the Programme will be Zero-coupon Notes and as such, will be offered and sold at a discount to Face Value. The Notes will thus not bear interest (save for any default interest payable on late payments) and the Issuer will not be required to withhold or deduct tax from payments in respect of the Notes to the Noteholders. However, the discount on the Notes may be construed as income and taxed in accordance with applicable Nigerian tax laws.

8. PRESCRIPTION

- 8.1 The Notes will become void unless presented for payment in respect of the Redemption Amount within 3 (three) years from the appropriate Relevant Date.

9. EVENTS OF DEFAULT

Upon the happening of any of the following events ("**Events of Default**") which is continuing, any Noteholder may, by written notice to the Issuer at its specified office(s), effective upon the date of receipt thereof by the Issuer declare the Notes held by that Noteholder to be forthwith due and payable, provided that no such action shall be taken if it is as a result of Force Majeure or the Issuer withholds or refuses to make any payment in order to comply with any law or regulation of Nigeria or to comply with any order of a court of competent jurisdiction. In addition, the Noteholders shall have the right to exercise all other remedies available to them under the laws of the Federal Republic of Nigeria.

Upon the occurrence of an Event of Default, the Issuer shall pay Noteholders interest at the Default Rate until the debt obligations to the Noteholders have been settled in full.

- 9.1 **Non-Payment or Part-Payment:** the Issuer fails to make payment or makes part-payment by the Redemption Date in respect of any Tranche or Series of Notes, and such failure continues for a period of seven (7) Business Days; or
- 9.2 **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Notes which default is incapable of remedy or where capable of remedy, is not remedied within thirty (30) days after written notice of such default shall have been given to the Issuer at its specified office.; or

- 9.3 **Breach of Representation:** any representation, warranty or undertaking made in connection with any documentation supplied by the Issuer pursuant to the Programme is in the reasonable opinion of the Arranger, materially incorrect or misleading; or
- 9.4 **Winding-up:** an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer, or the Issuer applies or petitions for a winding-up or administration order in respect of itself or ceases or through an official action of its board of directors threatens to cease to carry on all or a substantial part of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Noteholders; or
- 9.5 **Insolvency:** the Issuer is, or is deemed by law or a court to be insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer; or
- 9.6 **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out, on or against a material or substantial part of the property, assets or revenues of the Issuer, and such distress, attachment, execution or other legal process is not discharged or stayed within 90 (ninety) days; or
- 9.7 **Failure to take action:** any action, condition or thing (including the obtaining of any consent or approval) now or hereafter necessary to enable the Issuer to comply with its obligations under the Programme for the issuance of the Notes is not taken, fulfilled or done, or any such consent, or approval is revoked, modified, withdrawn or withheld or ceases to remain in full force and effect, resulting in the Issuer being unable to perform any of its payment or other obligations in terms of the Notes or the Programme for the issuance of the Notes.

10. NOTICES

10.1 Notices to the Noteholders

- 10.1.1 All notices to the Noteholders will be valid if mailed to them at their respective addresses of record in the relevant Register. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the FMDQ Rules, CBN Guidelines, the rules and regulations of the CSD or such other regulatory authority as may be applicable to the Notes.
- 10.1.2 Any notice shall be deemed to have been given on the second day after being so mailed or on the date of publication in national newspapers, or if published more than once or on different dates, on the date of the first publication.

10.2 Notices from the Noteholders

- 10.2.1 Notices to be given by any Noteholder to the Issuer shall be in writing and given by lodging the same, with the Issuing, Calculation and Paying Agent.

11. APPOINTMENT OR CHANGE OF THE ISSUING, CALCULATION AND PAYING AGENT

11.1 The Issuer is entitled to appoint additional agents or to not discharge the role of an Issuing, Calculation and Paying Agent and appoint other agents and/or approve the Specified Office through which any agent acts, provided that there will at all times during the subsistence of the Programme, be an agent with Specified Offices.

12. MODIFICATION

12.1 The Dealer may agree with the Issuer, without the consent of the Noteholders to any modification of any of these Conditions which is in the opinion of the Dealer of a minor or technical nature or is made to correct a manifest error, or to comply with the mandatory provisions of any Applicable Law and which, in the opinion of the Dealer, is not materially prejudicial to the interests of the Noteholders.

12.2 Save as provided in Condition 12.1 above, no amendment of the Conditions may be effected unless;

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

12.3 Any such modification, authorisation or waiver shall be binding on the Noteholders and, shall be notified to the Noteholders, as soon as practicable in accordance with Condition 10 (Notices).

13. MEETING OF NOTEHOLDERS

13.1 The Issuer may at any time convene a meeting of all Noteholders upon at least twenty one (21) days prior written notice to such Noteholders. The notice is required to be given in accordance with Condition 10 (*Notices*). Such Notice shall specify the date, place and time of the meeting to be held, which place shall be in Nigeria.

13.2 Any Noteholder may attend and participate in a meeting of the Noteholders by telephone or such other communication facilities that ensure that all persons participating in the meeting are able to hear and to talk to one another.

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

13.4 Two (2) or more Noteholders holding or representing by proxy a simple majority of the Principal Amount of the Notes that are Outstanding for the time being, shall be able to request the Issuer to convene a meeting of Noteholders. Should the Issuer fail to requisition such a meeting within ten

- (10) days of such a request being received by the Issuer, the Noteholders requesting the meeting may convene such a meeting.
- 13.5 A Noteholder may by an instrument in writing (a **"Form of Proxy"**) signed by the holder or, in the case of a corporation executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, appoint any person (a **"Proxy"**) to act on his or its behalf in connection with any meeting or proposed meeting of the Noteholders.
- 13.6 Any Noteholder, which is a corporation, may by resolution of its directors or other governing body, authorise any person to act as its representative (a **"Representative"**) in connection with any meeting or proposed meeting of the Noteholders.
- 13.7 Any Proxy or Representative so appointed shall, so long as the appointment remains in force, be deemed for all purposes in connection with any meeting or proposed meeting of the Noteholder specified in the appointment, to be the holder of the Notes to which the appointment relates and the holder of the Notes shall be deemed for such purposes not to be the holder.
- 13.8 The chairman of the meeting of the Noteholders shall be appointed by a majority of Noteholders present in person or proxy. The procedures to be followed at the meeting shall be as determined by the chairman subject to the remaining provisions of this Condition 13.
- 13.9 At any such meeting, two (2) or more Noteholders present in person, by representative or by proxy, holding in aggregate not less than one-third (1/3) of the Principal Amount of Notes shall form a quorum. On a poll, each Noteholder present in person or by proxy at the time of the meeting shall have the number of votes equal to the number of Notes, by denomination held by the Noteholder.
- 13.10 If within thirty (30) minutes after the time appointed for any such meeting, a quorum is not formed, the meeting shall, if convened upon the requisition of Noteholders, be dissolved. In any other case, it shall be adjourned to such date and time not being less than fourteen (14) days nor more than twenty-one (21) days thereafter and at the same time and place. At such adjourned meeting, one or more Noteholders present or represented by proxy shall form a quorum and shall have power to pass any Special Resolution and to decide upon all matters which could properly have been dealt with at the original meeting had the requisite quorum been present.
- 13.11 A resolution in writing duly signed by 75% (seventy-five percent) of the Noteholders for the time being Outstanding, shall be as effective for all purposes as a Special Resolution duly passed at a meeting of the Noteholders, provided that the resolution was sent to all the Noteholders entitled to receive notice of a meeting of Noteholders. Such resolution may be contained in one document or in several documents of identical form duly signed by or on behalf of all of the Noteholders.

14. FURTHER ISSUES

- 14.1 The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further Notes (the **"Additional Notes"**) having terms and conditions which are identical to any of the other Notes already issued under the Programme (the **"Existing Notes"**) or the same in all respects save for their respective issue prices, issue dates and aggregate Principal Amounts, so that the Additional Notes shall be consolidated by the Issuer to form a single Series with the Existing Notes.

15. GOVERNING LAW

- 15.1 The provisions of these Conditions and the Notes are governed by, and shall be construed in accordance with, the laws of the Federal Republic of Nigeria.

TAX CONSIDERATIONS

The tax consequences of investments in the Notes are broadly summarised below. The summary is not intended and should not be construed, to be tax advice to any particular subscriber. Any prospective investor who is in any doubt as to his/her tax position or who is subject to taxation in any jurisdiction other than Nigeria should consult his/her own professional advisers without delay as to the consequences of an investment in the Notes in view of his/her own personal circumstances. Neither the Issuer nor its advisers shall be liable to any investor in any manner for placing reliance upon the contents of this section.

The Companies Income Tax (Exemption of Bonds and Short-Term Government Securities) Order 2012 (the “Order”), grants exemption to income and interest earned, by corporate bodies for a period of 10 years with effect from the commencement date of January 2, 2012. By virtue of the Order, income and interest earned, by corporate bodies liable to tax under the CITA, on corporate bonds from January 2, 2012 to January 1, 2022 are exempt from tax. The Order applies to all categories of bonds, but in relation to short-term securities, the Order refers only to FGN short term securities and, therefore, it is not clear whether it extends to those issued by corporates.

In addition to the waivers granted under the Order, amendments to the PITA include an exemption on all forms of taxes on income earned from investment made by individuals in, among other things, corporate bonds. In contrast to the Order in respect of companies that invest in corporate bonds, no limitation period applies with respect to the exemption from income tax, which has been granted pursuant to the PITA in connection with interest or income earned on corporate bonds by any individual or other bodies liable to tax under the PITA. The exemption in the PITA applies to all categories of corporate bonds and short term securities issued by corporates.

The Notes, being discounted instruments, no interest will be paid on the Notes and accordingly, the Notes will not be subject to withholding of tax. This is based on section 78 of the CITA and section 70 of the PITA, which require companies to withhold tax only on interest payments. However, the discount on the Notes may be construed as income and taxed in accordance with applicable Nigerian tax laws.

The foregoing general summary is not intended to be and should not be construed to be tax advice to any particular subscriber. Any actual or prospective purchaser of the Notes who intends to ascertain his/her tax position should seek professional advice from his/her preferred professional advisers as to the tax consequences arising from subscribing to or purchasing the Notes, bearing in mind his/her peculiarities. Tax considerations that may be relevant to a decision to acquire, hold or dispose of Notes issued under the Programme and the tax consequences applicable to each actual or prospective purchaser of the Notes may vary.

Neither the Issuer nor its advisers shall be liable to any investor in any manner for placing reliance upon the contents of this section.

RISK FACTORS

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

Investors should also seek professional advice before making investment decisions in respect of the Notes.

General Fixed Income Related Risks

There may not be an active two way quote trading market for the CPs when issued, and thus the liquidity of the CPs may be limited. Therefore, Investors may not be able to sell their CPs in a transparent and efficient system. However, a vibrant OTC market exists for Treasury Bills and other fixed income securities, and the continuous development and deepening of the fixed income market will help ensure increased liquidity of the CPs.

Operational Risk

The Issuer defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events such as third party fraud. This definition includes legal risk but excludes strategic and reputational risks. The Issuer's operational processes capture the following major types of losses: fraud (internal and external); fines, penalties or expenses incurred as a result of regulatory infractions; losses arising from litigation processes including out of court settlements. The Issuer recognises the significance of operational risk. Any lapse due to operational risks that could result in losses by the Issuer or its subsidiaries could affect the Issuer's ability to perform its obligations under the Programme.

Regulatory and Compliance Risk

The banking and financial services industry in which the Issuer and the Issuer's subsidiaries operate is highly regulated. The Banks and Other Financial Institutions Act, Chapter B3, LFN, 2004 (as amended) ("**BOFIA**") various CBN Guidelines (including the CBN Prudential Guidelines), rules and regulations of the SEC, 2013 (as amended), the FRCN rules and regulations, the National Code of Corporate Governance, 2018 and other codes, guidelines and rules, are some of the laws the Issuer is required to adhere to, failing which the Issuer risks sanction by regulators. Non-compliance by the Issuer with the provisions of the BOFIA and/or guidelines and regulations issued by the CBN may result in the revocation of the Issuer's banking licence. Should the Issuer lose its banking licence, it may be unable to meet its obligations under the Programme.

Market Risk

Market risk is the risk arising from adverse changes in underlying market factors such as interest rates, foreign exchange rates, equity prices, commodity prices and other relevant factors such as market volatility. The Issuer's financial condition and operating results could be affected by market risks that are outside the Issuer's control. The Issuer undertakes trading and investment activities in fixed income securities such as notes, treasury bills, interbank takings and placements, as well as foreign exchange trading, all of which give rise to market risk exposure (i.e. the risk that the fair value or future cash flows of the Issuer's trading and investment positions or other financial instruments may fluctuate because of changes in market prices).

Interest Rate Risk

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

Credit risk

Credit risk arises primarily from the failure of an obligor or counterparty to perform in accordance with agreed terms or where the counterparty's ability to meet such contractual obligation is impaired. There is the risk of loss to the Issuer as a result of failure by a counterparty to meet its financial and/or contractual obligations to the Issuer. A single exposure or group of exposures large enough can lead to credit losses which threaten the Issuer's capital adequacy or ability to maintain its core operations. There also exists settlement risk which is the risk of loss to the Issuer from a transaction settlement, where value is exchanged and counter value is not received in whole or part.

Global and Domestic Health risk

The Bank may be susceptible to operational challenges as a result of outbreaks of infectious diseases or pandemics in its chosen markets of operation (e.g. Western Africa, where incidences included Ebola haemorrhagic fever, Lassa fever and other health epidemics, or pandemics such as the coronavirus (COVID-19).

The COVID-19 pandemic has significant adverse effects on businesses globally, and also negatively impacts national and regional economies, including Nigeria. According to the International Monetary Fund, Nigeria's economy will contract by 3.4% in 2020, but rebound with a projected 2.4% growth rate in 2021. More specifically, in Nigeria as of June 12, 2020, the number of confirmed cases stood at 15,181. The Federal Government issued a directive restricting movement in Lagos State, Ogun State and the Federal Capital Territory, Abuja for an initial period of two weeks commencing on March 30, 2020. It may be difficult or impossible for the Issuer to optimally perform its operations to full capacity and these adverse consequences could ultimately have a material adverse effect on the Issuer's financial condition, results of operations and prospects.

Regulatory and Political Risk

The Issuer operates in a sector that undergoes frequent and significant regulatory changes though the issuance of policy documents, guidelines and regulations to govern banking business, financial inclusion, payment service sector and financial technology generally. Regulatory and political decisions of the Federal Government and regulators of the Issuer will continue to affect the operations of the Issuer, the banking sector in Nigeria and the payment service industry.

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

CLEARING SYSTEM

The Notes will be issued in dematerialised form and will not be represented by any certificate or written instrument. As stipulated by the CBN Guidelines, each Series or Tranche of Notes will be held in custody by the CSD, either in the name of the beneficial owner or Nominee.

All transactions in the Notes shall be cleared and settled electronically in accordance with the rules and operating procedures of the CSD. Subject as aforesaid, each Tranche of Notes will be issued, cleared and transferred in accordance with the Terms and Conditions and will be settled through Authorised Participants who will follow the electronic settlement procedures prescribed by the CSD.

AUTHORISED PARTICIPANTS

The CSD will maintain a central securities account for the Issuer, the Agent and Dealing Members (**Authorised Participants**) and each beneficial owner of the Notes is required to have a sub-account under the Authorised Participants. Noteholders may exercise their rights in respect of the Notes held in the custody of the CSD only through the Authorised Participants.

For purposes of Notes issued under this Programme, the Authorised Participant is Stanbic IBTC Bank PLC, acting through its Global Markets Operations Unit and any other Bank or Discount House appointed by the Issuer to act as a dealer.

The CSD and procedure for securities settlement will be specified in the Applicable Pricing Supplement

ONBOARDING

All Authorised Participants are required to register on the CSD in line with applicable onboarding requirements for the appointed CSD for the notes

LODGMET

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

REDEMPTION

- i. No transactions or trades may be effected for any CPs ten (10) Business Days prior to its maturity date as the register closes ten (10) Business Days before the Maturity Date.
- ii. CSD shall expunge (knock-off) matured CPs on the Maturity Date or redemption date of the CP.
- iii. The Maturity Date shall be on a Payment Business Day.

ROLL-OVER

- i. All CPs shall not exceed 270 days (tenor) from the date of issue.
- ii. Every roll-over/renewal shall be treated or classified as a new CP issue.
- iii. CSD shall expunge the existing CP Symbol and International Securities Identification Number (**ISIN**) Codes from the system and replace with the new codes.

DEFAULT

- i. Where the Issuer is unable to repay the Noteholders and the CP will be in default status, the Authorised Participant shall notify CSD, FMDQ Exchange, immediately it is identified that a default is imminent or there is a strong possibility of default. FMDQ Exchange shall make public the default status to the market accordingly
- ii. In case of (i) above, the CP holdings must remain with the CSD until the ICPA pays off the Noteholders and notifies CSD and the FMDQ Exchange (if applicable, in the event of a quoted CP) with written evidence of such payment.
- iii. In the event of any default, the ICPA is under no obligation to seek recovery or initiate any action against the Issuer/Promoter either on its own or on behalf of the investors.

SECONDARY MARKET TRADING GUIDELINES

- i. Dealers (Banks) submit CP transaction instructions/details in a specified format through Exchange/Clearing System for onward transmission to the CSD.
- ii. Dealers are to state the respective account numbers where the CP(s) should be traded from or deposited into the investors account.
- iii. Flexible settlement cycle applies (T + 2, T + 1, T + 0 ...) subject to Exchange market conventions.

REPORTING

- i. CSD will effect the transfer of CPs on settlement date as advised.
- ii. The CSD will advise the Authorised Participant or the FMDQ for onward communication to the Authorised Participant, as applicable, of successful and failed transactions on each settlement day.

TRANSFER OF NOTES

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

CASH SETTLEMENT

Transaction parties will be responsible for effecting the payment transfers either via RTGS, NEFT, NIBSS, approvals to initiate direct debits or any other transfer mode agreed by the Transaction Parties and recognised by the CBN.



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

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum, dated 26 June 2020, prepared by Stanbic IBTC Bank PLC in connection with its ₦100,000,000,000 Multicurrency Commercial Paper Issuance Programme, as amended and/or supplemented from time to time (“the Programme Memorandum”).

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

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

Arranger / Dealer

Stanbic IBTC Capital Limited

RC 1031358

Issue, Paying and Calculation Agent:

Stanbic IBTC Bank PLC

RC 125097

(Acting through its Global Markets Operations Unit)

THIS PRICING SUPPLEMENT IS DATED [.] , 2020

PARTIES	
1. ISSUER	Stanbic IBTC Bank PLC
2. ARRANGER	Stanbic IBTC Capital Limited
3. ISSUING, CALCULATION AND PAYING AGENT	Stanbic IBTC Bank PLC (acting through its Global Markets Operations Unit)
4. AUDITOR(S)	[●]
5. CSD / DEPOSITORY	[●]
PROVISIONS RELATING TO THE NOTES	
6. SERIES NUMBER	[●]
7. TRANCHE	[●]
8. (a) PROGRAMME SIZE	₦100,000,000,000
(b) ISSUED AND OUTSTANDING AT THE DATE OF THE PRICING SUPPLEMENT	[●]
9. AGGREGATE NOMINAL AMOUNT	[●]
10. FACE VALUE	[●]
11. DISCOUNTED VALUE	[●]
12. NOMINAL AMOUNT PER NOTE	[●]
13. ISSUE PRICE	[●]
14. TENOR	[●]
15. ISSUE DATE	[●]
16. MATURITY DATE	[●]
17. FINAL REDEMPTION AMOUNT	[●]
18. SPECIFIED DENOMINATION	[●]
19. SPECIFIED CURRENCY	[●]
20. STATUS OF NOTES	[●]
21. FORM OF NOTES	[●]
22. LISTING	[●]
23. TAXATION	[●]
24. METHOD OF OFFER	[●]
25. BOOK CLOSED PERIOD	The Register will be closed from [] to [] until the Maturity Date
ZERO COUPON NOTES	
26. (a) DISCOUNT RATE ("DR")	[●]
(b) IMPLIED YIELD	[●]
(c) ANY OTHER FORMULA OR BASIS FOR DETERMINING AMOUNT(S) PAYABLE	[●]
27. DAY COUNT FRACTION	[●]
28. BUSINESS DAY CONVENTION	[●]
PROVISIONS REGARDING REDEMPTION	
29. REDEMPTION/PAYMENT BASIS	[Redemption at par] [other (specify)]

30. ISSUER'S EARLY REDEMPTION	[Applicable/Not applicable]
31. ISSUER'S OPTIONAL REDEMPTION	[Applicable/Not applicable]
32. OTHER TERMS APPLICABLE ON REDEMPTION	[•]
GENERAL	
33. OFFER OPENS	[•]
34. OFFER CLOSES	[•]
35. ALLOTMENT DATE	[•]
36. NOTIFICATION OF ALLOTMENT	All applicants will be notified through an email and/or telephone of their allotment by no later than [•]
37. SETTLEMENT DATE	[•]
38. DETAILS OF BANK ACCOUNT(S) TO WHICH PAYMENTS ARE TO BE MADE IN RESPECT OF THE NOTES	[•]
39. SETTLEMENT PROCEDURES AND SETTLEMENT INSTRUCTIONS	[•]
40. DELIVERY DATE	[•]

[MATERIAL ADVERSE CHANGE STATEMENT]

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

RESPONSIBILITY

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

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

For and on behalf of
Stanbic IBTC Bank PLC

Name
Capacity: Director
Who warrants his / her authority hereto

Name
Capacity: Director
Who warrants his / her authority hereto

1. BACKGROUND INFORMATION

Stanbic IBTC Bank emerged from the merger of Stanbic Bank Nigeria Limited with IBTC Chartered Bank PLC in September 2007. Investment Banking & Trust Company Limited (“IBTC”) was a private limited liability company incorporated on 02 February 1989. IBTC was granted a merchant banking licence in February 1989 and commenced operations on 01 March 1989. Its merchant banking licence was converted into a Universal Banking Licence in January 2002, pursuant to the universal banking framework of the CBN. In 2005, IBTC became a public company and its shares were listed on The Nigerian Stock Exchange (“The NSE”).

In December 2005 IBTC merged with Chartered Bank PLC and Regent Bank PLC. IBTC changed its name to IBTC Chartered Bank Plc on 25 January 2006. On 24 September 2007, IBTC Chartered merged with Stanbic Bank Nigeria Limited, a wholly owned subsidiary of Stanbic Africa Holdings Limited (“SAHL”). SAHL is a subsidiary of Standard Bank Group Limited of South Africa (“SBG”). As part of the transaction between IBTC Chartered Bank and Stanbic Bank Nigeria, SAHL acquired a majority shareholding (50.75%) in the enlarged bank. The merger resulted in a new entity known as Stanbic IBTC Bank PLC which comprised of the bank and six subsidiaries. Services provided by the group included, corporate and investment banking, stockbroking, asset management, pension fund administration, personal and business banking services.

In September 2010, the CBN issued the regulation on the scope of Banking Activities & Ancillary Matters, No.3 2010 (the “Regulation”), which repealed the universal banking license and specified three permissible categories of licenses i.e. commercial banking, merchant banking or specialised banking.

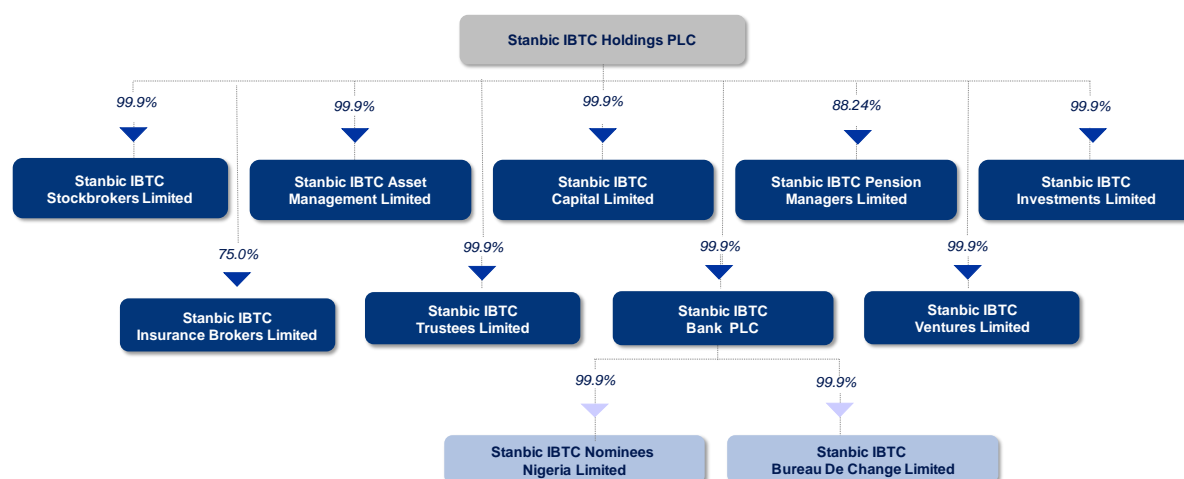
Pursuant to the Regulation, Stanbic IBTC Bank PLC applied for a commercial banking license and was reorganised under a holding company structure via a Scheme of Arrangement (“the Scheme”) which became effective on 08 November 2012. This entailed the creation of a non-operating holding company (“Stanbic IBTC Holdings PLC”) to hold the shares of Stanbic IBTC Bank Plc and five of its subsidiaries, as well as two new companies, Stanbic IBTC Capital Limited and Stanbic IBTC Investments Limited which were incorporated to continue some of the existing lines of business previously conducted by the Bank. Stanbic IBTC Nominees Nigeria Limited and Stanbic IBTC Bureau de Change Limited are the only subsidiaries of Stanbic IBTC Bank. A new subsidiary, Stanbic IBTC Insurance Brokers Limited, was incorporated on 29 December 2014 as a subsidiary of Stanbic IBTC Holdings PLC.

Figure 1: Structure Pre Scheme of Arrangement¹



¹ Source: Scheme document between Stanbic IBTC Bank and holders of its ordinary shares, 2012

Figure 2: Current Shareholding Structure²



2. BUSINESS SEGMENTS

Stanbic IBTC Bank operates in two core business segments: Personal and Business Banking, Corporate and Transactional Banking.

Personal and Business Banking

Personal and Business Banking (“PBB”) is the retail arm of the Bank’s business. PBB provides services to individual customers, High Net-worth Individuals (“HNIs”), commercial and small and medium scale enterprises. Personal and Business Banking supports everyday banking needs of individuals and businesses – receiving, saving and making payments through a network of branches and self-service digital channels. Overlaying this, is a strong relationship management focus to ensure differentiated customer experience for customers.

PBB is focused on providing appropriate, affordable, convenient and accessible financial solutions to customers, through passionate and customer focused employees nationwide. It offers the following products; vehicle and asset finance, unsecured and secured personal and business loans, mortgage loans, a range of trade finance products and various current, savings and investment offerings.

PBB is divided into two business lines for effective service delivery. These are Personal Banking and Business Banking. Personal Banking focuses on banking services to individuals through lifecycle management and offering bespoke services to HNIs by handling their wealth portfolio needs both locally and abroad. It provides solutions that meet individual needs as these needs change. Business Banking focuses on legal and corporate entities in two segments – small and medium scale enterprises and commercial enterprises, providing them with tailored business solutions to support their growing business needs.

Corporate and Transactional Banking

The Corporate and Transactional Banking division (“CTB”) of the Group is responsible for all aspects of corporate and transactional banking services to governments, parastatals, large

² Source: Stanbic IBTC Holdings Audited Financial Statements 2019

corporates, financial institutions and international counterparties. CTB comprises two business units:

- **Global Markets**

This unit comprises sales and trading teams with varying specialisation in equities, fixed income, foreign exchange, money markets and structuring a wide range of financial hedging solutions.

- **Transactional and Lending Products**

Transactions in products associated with the various points of contact channels such as ATMs, internet, telephone banking and branches. This includes deposit taking activities, electronic banking, cheque accounts and other lending products coupled with debit card facilities to both personal and business market customers.

The Corporate and Transactional Banking business continues to make great strides in Nigeria's challenging and complex economic and regulatory environment in pursuit of its goal of being the clear leader in corporate and transactional banking in and for Nigeria.

3. **SUBSIDIARIES AND ASSOCIATED COMPANIES**

As at the date of this Programme Memorandum, Stanbic IBTC Bank had 2 subsidiaries and no associated company. The subsidiaries are described below:

Stanbic IBTC Nominees Limited

Stanbic IBTC Nominees Limited was incorporated on 6 March 2000. SINL acts in a nominee capacity for clients' transactions in securities and other investments. It is Nigeria's biggest non-pension asset custodian of assets.

Stanbic IBTC Bureau De Change Limited

Stanbic IBTC Bureau De Change Limited was licensed on 20 September 2014 to carry on the business of buying, selling, supply, exchange and dealing in all foreign currencies and in travellers' cheques where available and providing all services lawful for a bureau de change to provide in Nigeria.



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INDEPENDENT AUDITOR’S REPORT ON THE SUMMARY FINANCIAL INFORMATION

To the Directors of Stanbic IBTC Bank Plc

Report on the Summary Financial Information

Opinion

The summary financial information included in the Programme Memorandum for the N100,000,000,000 Multi Currency Commercial Paper Issuance Programme dated 26 June 2020 (the "Programme Memorandum") on pages 35 to 37 which comprise the separate statements of financial position as at 31 December, 2019, 2018 and 2017, and the separate statements of profit or loss and other comprehensive income, and the separate statements of cash flows for the respective years then ended are derived from the audited financial statements of Stanbic IBTC Bank Plc for the years ended 31 December 2019, 2018 and 2017 (the "Audited Financial Statements").

In our opinion, the accompanying summary financial information are consistent, in all material respects, with the audited financial statements, in accordance with the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Banks and Other Financial Institutions Act, Cap B.3, Laws of the Federation of Nigeria 2004.

Summary Financial Information

The summary financial information does not contain all the disclosures required by the International Financial Reporting Standards, the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, the Financial Reporting Council of Nigeria Act, 2011 and the Banks and Other Financial Institutions Act, Cap B.3, Laws of the Federation of Nigeria 2004 and other relevant Central Bank of Nigeria guidelines and circulars. The Summary Financial Information was solely prepared and presented in the Programme Memorandum to provide a summary of the financial position, financial performance and cash flows of Stanbic IBTC Bank Plc. Reading the Summary Financial Information and the auditor's report thereon, therefore, is not a substitute for reading the Audited Financial Statements and the auditor's reports thereon. The Summary Financial Information and the Audited Financial Statements do not reflect the effects of events that occurred subsequent to the dates of our reports on the Audited Financial Statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements for the years ended 31 December 2019, 31 December 2018 and 31 December 2017 in our reports dated 11 February 2020, 7 February 2019 and 12 February 2018 respectively.

Directors’ Responsibility for the Summary Financial Information

The Directors are responsible for the preparation of the summary financial information for the years ended 31 December 2019, 31 December 2018 and 31 December 2017 in our reports dated 11 February 2020, 7 February 2019 and 12 February 2018 respectively.

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Partners:

Adebisi O. Lamikanra	Adagoke A. Oyelami	Adedunle A. Eloroute	Aderoto P. Adeyemi
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Ayodele A. Soyinka	Ayodele H. Othihwa	Cibbezor N. Anyarwedu	Chrisma B. Nwagbo
Ejorh O. Olatunmbayo	Goolius C. Ode	Idiommi M. Adajolu	Ijeoma T. Eneze-Edebo
Joseph O. Tejiba	Kaby O. Okunola	Lawrence C. Amedi	Mohammed M. Adina
Nneka C. Ekuma	Oguniayo I. Ogunberro	Olabapo S. Afelase	Oludunni I. Saludean
Chasika I. James	Olunlade O. Olayinka	Olusegun A. Sowande	Olunmiyi I. Ogunlowe
Oluwatemi G. Awotayo	Oluwatoyin A. Gbagli	Temitope A. Onisi	Tolupe A. Odutale
Victor U. Onyenkpa			



Key Audit Matters

Our report on the audited financial statements for the years ended 31 December 2019, 31 December 2018 and 31 December 2017, dated 11 February 2020, 7 February 2019 and 12 February 2018 respectively, also include the communication of key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the applicable period.

Auditor's Responsibility

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

Awotoye

Oluwafemi O. Awotoye, FCA
FRC/2013/ICAN/00000001182
For: KPMG Professional Services
Chartered Accountants
26 June 2020
Lagos, Nigeria





Historical Financial Information

The financial information set out on pages 35 to 37 of the Programme Memorandum is specific and limited to Stanbic IBTC Bank PLC separate financial statements, which was extracted from the audited annual financial statements of Stanbic IBTC Bank PLC and is available at the specified office(s) of the Issuer. This section should be read and construed in conjunction with the audited financial statements for the years ended 31 December 2019, 31 December 2018, 31 December 2017 and with any audited interim financial statements published subsequently, for the financial years prior to each issue of Notes under this Programme.

Statements of profit or loss for the years ended 31 December

N'm	2019	2018	2017
Interest income	113,056	112,438	116,433
Interest expense	(43,224)	(40,747)	(38,433)
Net interest income	69,832	71,691	78,000
Fee and commission revenue	27,169	24,608	20,596
Fee and commission expense	(4,745)	(1,374)	(341)
Net fee and commission revenue	22,424	23,234	20,255
Trading revenue	36,357	31,091	28,617
Other revenue	2,246	1,070	656
Income before credit impairment charges	130,859	127,086	127,528
Credit impairment (charges)/reversals	(1,664)	2,988	(25,577)
Income after credit impairment (charges)/reversals	129,195	130,074	101,951
Staff costs	(29,701)	(31,750)	(27,805)
Other operating expenses	(42,511)	(46,266)	(44,772)
Operating expenses	(72,212)	(78,016)	(72,577)
Profit before tax	56,983	52,058	29,374
Income tax	(4,696)	(2,146)	(1,218)
Profit for the year	52,287	49,912	28,156
Profit attributable to			
Equity holders of the parent	52,287	49,912	28,156
Profit for the year	52,287	49,912	28,156
Basic and diluted earnings per share (kobo)	1,394	1,331	751



Statements of financial position as at 31 December

N'm	2019	2018	2017
Assets			
Cash and cash equivalents	446,551	451,666	400,838
Pledged assets	231,972	142,543	43,240
Trading assets	248,909	84,276	151,479
Derivative assets	32,871	30,286	11,052
Financial investments	99,101	357,456	276,425
Loans and advances to banks	3,046	8,548	9,234
Loans and advances to customers	532,124	432,713	372,089
Other assets	155,741	64,516	40,743
Investment in Subsidiaries	100	100	100
Property and equipment	23,985	18,001	18,597
Right of use assets	2,500	-	-
Intangible assets	5,232	819	605
Deferred tax assets	10,188	8,321	8,321
Total assets	1,792,320	1,599,245	1,332,723
Equity			
Ordinary share capital	1,875	1,875	1,875
Share premium and reserves	199,465	168,466	136,024
	201,340	170,341	137,899
Liabilities			
Trading liabilities	250,203	125,684	62,449
Derivative liabilities	4,343	4,152	2,592
Current tax liabilities	7,390	2,866	2,114
Deposits from banks	248,902	160,272	61,721
Deposits from customers	647,884	839,709	775,890
Other borrowings	92,165	69,918	74,892
Debt Securities Issued	106,658	60,595	29,046
Provisions and Other liabilities	233,435	165,708	186,120
Total liabilities	1,590,980	1,428,904	1,194,824
Total equity and liabilities	1,792,320	1,599,245	1,332,723


Statements of cash flows for the years ended 31 December

	2019	2018	2017
Profit before tax	56,983	52,058	29,374
<i>Adjusted for :</i>			
Credit impairment charges on loans and advances	1,664	(2,988)	25,577
Depreciation of property and equipment	4,191	3,650	3,425
Amortisation of intangible assets	246	45	46
Amortisation of right of use assets	1,190	-	-
Dividend income	(887)	(161)	(112)
Items of Intangible assets written off/expensed	-	-	62
Equity settled share-based payments	-	23	(15)
Unobservable Valuation difference in derivatives	(7,801)	(8,827)	(9,598)
Fair value adjustment for derivatives	5,407	(8,847)	3,667
Non-cash flow movement in other borrowings	491	6,068	1,088
Non-cash flow movement in subordinated debt	46,063	31,549	1,082
Interest expense	43,224	40,747	38,433
Interest income	(113,056)	(112,438)	(116,433)
Gains on disposal of property and equipment	(24)	(27)	(207)
	<u>(19,292)</u>	<u>(51,206)</u>	<u>(52,985)</u>
Opening transition adjustment of Right of use assets	(2,406)	-	-
(Increase)/decrease in loans and other assets	(456,134)	(180,770)	(261,238)
Increase/(decrease) in deposits and other liabilities	88,666	203,010	309,480
Dividends received	798	145	101
Interest paid	(44,102)	(41,739)	(35,868)
Interest received	98,617	123,152	114,607
Direct taxation paid	(2,020)	(1,194)	(926)
Net cash flows from/(used) in operating activities	<u>188,646</u>	<u>(7,945)</u>	<u>102,545</u>
Investing activities			
Capital expenditure on - property	(2,795)	(1,187)	(139)
- equipment, furniture and vehicles	(1,531)	(4,116)	(2,610)
- intangibles	(4,676)	(259)	-
Change in contract assets under cashflows used in operations	(1,284)	-	-
Proceeds from sale of property, equipment, furniture and vehicles	35	41	599
(Purchase)/sale of financial investments	259,229	(93,524)	(54,952)
Net cash flows from/(used) in investing activities	<u>243,102</u>	<u>(97,027)</u>	<u>(57,102)</u>
Financing activities			
Proceeds from addition to other borrowings	39,509	13,158	25,278
Repayment of other borrowings	(17,753)	(24,200)	(31,107)
Dividends paid	(22,162)	(5,000)	(3,000)
Net cash flows from/(used) in financing activities	<u>(406)</u>	<u>(16,042)</u>	<u>(8,829)</u>
Net increase/(decrease) in cash and cash equivalents	(36,194)	(9,613)	36,614
Effect of exchange rate changes on cash and cash equivalents	1,263	3,208	13,163
Cash and cash equivalents at beginning of the year	223,094	229,499	179,722
Cash and cash equivalents at end of the year	<u>188,163</u>	<u>223,094</u>	<u>229,499</u>

The following information is an extract from the rating report prepared by **Fitch Ratings**.



Stanbic IBTC Holdings PLC

Key Rating Drivers

Institutional Support Drives Ratings: Stanbic IBTC Holdings PLC's (Stanbic IBTC) National Ratings are based on potential support from its parent, South Africa's Standard Bank Group Limited (SBG; BB/Negative), which owns 65.9% of Stanbic IBTC. Fitch Ratings' view of institutional support considers Stanbic IBTC's important role in the group, as SBG's main operations in west Africa, the ownership size, and high operational integration.

Strategic Importance to SBG: Nigeria is one of Africa's largest economies and remains an important growth market for SBG's Africa Regions business. Stanbic IBTC is strategically important to the group as the holding company for SBG's Nigerian operations. Its main operating entity is Stanbic IBTC Bank PLC (Stanbic IBTC Bank), a mid-tier commercial bank, which forms 96% of the holding company's consolidated assets. Fitch believes that support from SBG, if needed, would extend equally to Stanbic IBTC and Stanbic IBTC Bank.

Highly Integrated Operations: Stanbic IBTC is highly integrated with SBG's risk-management framework. High levels of operational and strategic integration with SBG provide significant competitive advantages relative to peers, including connectivity to the SBG network and the ability to serve large domestic and multinational companies. Stanbic IBTC also benefits from intra-group liquidity support and access to wider wholesale funding sources.

Fragile Operating Environment: Like its peers, Stanbic IBTC will face increased pressures from a weaker operating environment. This is in the context of the oil price crash, the potential further devaluation of the Nigerian naira, the impact of the coronavirus on individuals and businesses, and regulatory intervention.

Reasonable Asset Quality: Stanbic IBTC's impaired loans ratio was stable at 3.9% at end-2019 but increased to 4.2% at end-1Q20. Despite the forbearance measures announced by the Central Bank of Nigeria (CBN), we believe that Stanbic IBTC's asset quality will deteriorate during the year due to the prevailing economic climate.

Strong Revenue Generation: Stanbic IBTC's healthy profitability is underpinned by diversified income streams. Wealth management is a key ancillary business for Stanbic IBTC, providing a sizeable proportion of earnings in the form of non-interest income. We expect declining earnings and profitability given higher loan impairment charges, declining yields on loans and investments, and regulation-induced transactional and asset management fee reductions.

Modest Pressure on Capital Buffers: Stanbic IBTC's Fitch Core Capital (FCC)/risk-weighted assets ratio of 23% at end-1Q20 compares favourably with peers' and supports its loss absorption capacity. However, internal capital generation will be moderately pressured by weaker earnings in 2020.

National Ratings: Stanbic IBTC's National Ratings are the highest in Nigeria, reflecting Stanbic IBTC's superior credit profile (based on institutional support) relative to peers.

Rating Sensitivities

Upside Potential: A rating upgrade is not possible as the rating is AAA (nga).

Downside Potential: Stanbic IBTC's and Stanbic IBTC Bank's National Ratings could withstand a downgrade of up to two notches of SBG's 'BB' Long-Term Foreign-Currency Issuer Default Rating (IDR) before they would be affected. Downside risk to the ratings could also stem from a decline in SBG's willingness to provide support, or from a change in SBG's stake, resulting in a loss of control.

Banks
Universal Commercial Banks
Nigeria

Ratings

National	
Stanbic IBTC Holdings PLC	
National Long-Term Rating	AAA(nga)
National Short-Term Rating	F1+(nga)
Stanbic IBTC Bank PLC	
National Long-Term Rating	AAA(nga)
National Short-Term Rating	F1+(nga)

Sovereign Risk

Long-Term Foreign-Currency IDR	B
Long-Term Local-Currency IDR	B
Country Ceiling	B

Outlooks

Sovereign Long-Term Foreign-Currency IDR	Negative
Sovereign Long-Term Local-Currency IDR	Negative

Applicable Criteria

Bank Rating Criteria (February 2020)
National Scale Ratings Criteria (July 2018)

Related Research

Fitch Downgrades Nigeria to 'B'; Outlook Negative (April 2020)
Nigeria (April 2020)
Fitch Downgrades 3 Nigerian Banks to 'B', Places All 10 Banks on Negative Watch (March 2020)

Analysts

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Debt Ratings

Stanbic IBTC Bank PLC

Rating level	Rating
Senior unsecured debt	AAA(nga)/F1+(nga)

Source: Fitch Ratings

The ratings of senior unsecured obligations are in line with the bank's National Long and Short-Term Ratings. We view the likelihood of default on Stanbic IBTC Bank's senior unsecured obligations as the same as the likelihood of default of the bank. Default on any material class of senior unsecured obligations would be treated as a default of Stanbic IBTC Bank.

Institutional Support Assessment

Stanbic IBTC's and Stanbic IBTC Bank's National Ratings are based on potential support from SBG, which owns 65.9% of Stanbic IBTC (which in turn owns 100% of Stanbic IBTC Bank).

The ability to support considers SBG's Long-Term IDR of 'BB'/Negative as well as Nigeria's Country Ceiling of 'B'. The ability to support also reflects Stanbic IBTC's limited size relative to SBG (representing 3.8% of SBG's assets at end-2019), which indicates that support would be manageable for the group.

Fitch believes that SBG's willingness to support its Nigerian subsidiaries is high. Factors considered included Stanbic IBTC/Stanbic IBTC Bank's role in the group as SBG's largest subsidiary outside South Africa, its controlling stake and strong operational integration. Fitch believes that SBG's support, if needed, would extend equally to the bank and to the holding company.

Country risks are high in Nigeria as reflected by the sovereign rating of 'B'/Negative. Nigeria's Country Ceiling of 'B', which captures transfer and convertibility risk, is a constraint on SBG's ability to provide support.

Institutional Support			
Support Factors (negative)	Equalised	1 Notch	2+ Notches
Parent ability to support and subsidiary ability to use support			
Parent/group regulation		✓	
Relative size	✓		
Country risks			✓
Parent Propensity to Support			
Role in group		✓	
Potential for disposal		✓	
Implication of subsidiary default		✓	
Integration		✓	
Size of ownership stake		✓	
Support track record		✓	
Subsidiary performance and prospects	✓		
Branding		✓	
Legal commitments		✓	
Cross-default clauses			✓

Bar Chart Legend	
■	Higher influence
■	Moderate influence
■	Lower influence

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

Stanbic IBTC Bank PLC

Nigeria Bank Analysis

May 2020

Rating class	Rating scale	Rating	Rating outlook	Expiry date
Long-term	National	AA _(NG)	Stable	May 2021
Short-term	National	A ⁺ _(NG)		

Financial data:

(USDm comparative) †	31/12/18	31/12/19
NGN/USD (avg.)	305.6	306.4
NGN/USD (close)	306.5	306.5
Total assets	5,139.2	5,785.7
Primary capital	561.2	663.1
Secondary capital	99.2	99.4
Net advances	1,411.8	1,736.1
Liquid assets	2,863.9	2,539.6
Operating income	416.1	425.2
Profit after tax	166.2	171.4

Market cap.* N376.1bn USD1.0bn

Market share** 4.4%

*Central Bank of Nigeria's ("CBN") exchange rate

**For Stanbic IBTC Holdings PLC at 27 May 2020.

†Based on industry assets at 31 December 2019.

Rating history:

Initial rating (December 2006)

Long-term: AA_(NG)

Short-term: A1⁺_(NG)

Rating outlook: Stable

Last rating (June 2019)

Long-term: AA_(NG)

Short-term: A1⁺_(NG)

Rating outlook: Stable

Related methodologies/research:

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

Stanbic IBTC rating reports (2006-19)

Glossary of Terms Ratios, February 2016

GCR contacts:

Primary Analyst

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Committee Chairperson

Dave King

Analysts location: Lagos, Nigeria

Tel: +234 1 904-9462

Website: www.globalratings.com.ng

Summary rating rationale

- Stanbic IBTC Bank PLC ("Stanbic IBTC" or "the bank") is wholly owned by Stanbic IBTC Holdings PLC ("the Holdco" or "the group"), which is a member of the Standard Bank Group ("SBG"). Key rating strength is derived from the implied financial and technical support from its ultimate parent, SBG (the largest banking group in Africa in terms of balance sheet size and earnings), as well as its strong capitalisation, liquidity, profitability and asset quality metrics on a stand-alone basis.
- Stanbic IBTC's capitalisation is considered satisfactory for its current risk level. The bank's risk weighted capital adequacy ratio ("CAR") stood at 19.4% at FY19 (albeit ended slightly lower at 17.4% at 1Q FY20), compared to the 16% statutory minimum requirement. Shareholders' funds grew by 18.1% to N203.2bn at FY19 on account of strong internal capital generation. The robust capital base provides adequate headroom for absorption of credit losses that may stem from the challenging operating environment.
- The bank's gross non-performing loans ("NPL") increased by 21.9% to N21.6bn at FY19 and expanded to N26.7bn at 1Q FY20, with the agricultural, and oil and gas sectors reflecting higher pressure. However, the impact of the elevated NPL was overshadowed by a more rapid growth in loans and advances. As such, gross NPL ratio remained relatively flat at 3.9% at FY19 and rose to 4.2% at 1Q FY20, albeit remaining within CBN's tolerable limit of 5%. Also, total loan loss provision coverage of impaired loans remains adequate at 112.5% at FY19 (FY18: 135%). Going forward, Global Credit Rating Company Limited ("GCR") expects the bank to witness some asset quality pressures, given the challenging operating conditions combined with its significant (29.5%) exposures to the highly challenged oil and gas sector.
- Stanbic IBTC's liquidity profile appears strong, with the statutory liquidity ratio ranging between 62.2% and 132.2% throughout FY19, significantly surpassing the 30% regulatory minimum. Specifically, the ratio of liquid and trading assets to total short-term funding is considered strong at 54.8% at FY19 (FY18: 63.7%), comparing favourably with peers' average. During FY19, the bank raised a sum of N45.8bn through the issuance of two tranches of commercial papers ("CPs"), which partly supported the strong liquidity position.
- The bank's performance was mainly supported by non-interest income (particularly trading income) and effective cost management in FY19, as net interest income declined 2.6% to N69.8bn. Non-interest income increased by 9%, underpinning the recorded 2.5% growth in total operating income to N130.3bn. Operating expenses moderated by 7.7% to N70.9bn, translating to an improved cost-to-income ratio of 54.4% in FY19 (FY18: 60.4%). Consequently, pre-tax profit grew year-on-year by 8.3% to N57.7bn, although translated to a relatively lower return on average equity and assets ("ROaE" and "ROaA") of 28.0% and 3.1% (FY18: 32.7% and 3.6%) respectively due to enlarged capital and asset base. Unaudited results in 1Q FY20 reflects a pre-tax profit of N14.7bn, representing a slight decline from the corresponding period in 2019.

Factors that could trigger a rating action may include:

Positive change: Positive rating action could follow a satisfactory/significant improvement in the bank's key profitability, in addition to maintaining strong, capitalisation, liquidity and asset quality metrics.

Negative change: A downward rating movement could be triggered by a material deterioration in asset quality, constrained earnings capacity as well as significant erosion of the bank's capital base.



June 26, 2020

Stanbic IBTC Capital Limited
I.B.T.C. Place
Walter Carrington Crescent
Victoria Island
Lagos State
Nigeria

Dear *Sirs*,

RE: ESTABLISHMENT OF THE ₦100,000,000,000 (ONE HUNDRED BILLION NAIRA) MULTICURRENCY COMMERCIAL PAPER ISSUANCE PROGRAMME BY STANBIC IBTC BANK PLC

1. INTRODUCTION

1.1 **Basis of Instructions**

We have acted as Transaction Counsel in connection with (a) the establishment of the ₦100,000,000,000 (One Hundred Billion Naira) Multicurrency Commercial Paper Issuance Programme by Stanbic IBTC Bank PLC (the “**Issuer**”) (the “**Transaction**”); and (b) the preparation, review, negotiation, execution and delivery of the documents listed in paragraph 1.2.2 below (collectively, the “**Transaction Documents**”) and all transactions contemplated thereunder.

This opinion is rendered pursuant to clause 6.1 (*Conditions Precedent*) of the Dealer Agreement dated June 26, 2020 and entered into by and between the Issuer and Stanbic IBTC Capital Limited as Arranger and Dealer (the “**Dealer Agreement**”).

Words and expressions used in this opinion and not otherwise defined herein shall have the meanings attributed to same in the Programme Memorandum for the Transaction dated June 26, 2020 (the “**Programme Memorandum**”).

1.2 **Documents**

1.2.1 We have reviewed the Programme Memorandum in connection with the Transaction; which incorporates a sample form of the Pricing Supplement (that sets out the terms and conditions applicable to any series or tranche of Notes that will be issued under the Transaction).

1.2.2 We have prepared the following documents in connection with the Transaction:

- (a) The Dealer Agreement;

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- (b) The Issuing, Calculation and Paying Agency Deed of Undertaking dated June 26, 2020 entered into by Stanbic IBTC Bank PLC as Agent and Issuer (the “**ICPA Deed of Undertaking**”); and
- (c) The Deed of Covenant dated June 26, 2020, entered into by the Issuer in favour of all Noteholders (the “**Deed of Covenant**”).

1.2.3 We have examined the following documents in connection with the Transaction:

- (a) a copy of the Certificate of Incorporation of the Issuer dated January 23, 2008;
- (b) a copy of the memorandum and Articles of Association of the Issuer dated February 2, 1989, as amended and certified as a true copy by the Corporate Affairs Commission (“**CAC**”) in June 2015 (“**MemArts**”);
- (c) a certified true copy of the Issuer’s Form CAC 7A (*Notice of Change of Directors, or in the Name, Residential Address or Postal Address of Director*) dated November 8, 2019 and certified by the CAC on November 21, 2019;
- (d) a certified true copy of the Issuer’s Form CAC 2A (*Return of Allotment (Post Incorporation)*) certified by the CAC on July 24, 2015;
- (e) a certified true copy of the Issuer’s Form CAC 10A (*Annual Return for a Company having Shares other than a Small Company*) dated August 14, 2019; and certified by the CAC on August 16, 2019;
- (f) a copy of the Shareholders’ Resolution of the Issuer duly extracted on May 8, 2012 and passed at the Annual General Meeting of the Issuer held on June 8, 2011, authorising the Board of Directors to establish a Debt Issuance Programme of an amount up to ₦250,000,000,000 (Two Hundred and Fifty Billion Naira);
- (g) a copy of the resolution of the Board of Directors of the Issuer dated September 2, 2019 authorising the establishment of the Programme and entry into the Transaction Documents; and
- (h) such other documents and records as we have deemed necessary in order for us to render this opinion, including the material contracts set out in Schedule One herein.

Assumptions

For the purpose of this opinion, we have assumed, without our own independent verification, each of the following:

- 1.3.1 the authenticity or genuineness of all seals and signatures on all documents and the completeness and conformity to original documents of all copies of the documents made



available to us in physical or electronic form and that any document submitted to us continues to be in full force and effect;

- 1.3.2 save for contracts provided to us for review and in respect of which we have satisfied ourselves that there are no contractual restrictions, there are no contractual or similar restrictions binding on the Issuer which would affect the conclusions arrived at in this opinion, affect the Issuer's ability to establish the Programme and to issue the Notes and there are no contractual or similar restrictions contained in any agreement or arrangement (other than those in the Transaction Documents) that are binding on any party to such Transaction Document which would affect the opinions expressed herein;
- 1.3.3 each of the material contracts we reviewed, set out in the Schedule to this Opinion:
- 1.3.3.1 where same is supplied as a copy, conforms in all respects with its original version;
 - 1.3.3.2 is complete and authentic;
 - 1.3.3.3 is in full force and effect, incorporates all amendments that have been made to it, and has not been terminated; and
 - 1.3.3.4 has been validly executed and is valid and binding on each of the parties to it and each of the parties has complied and continues to comply (to the extent that same is still in force), with the relevant provisions of such document.
- 1.3.4 that the Shareholders' Resolution referred to in paragraph 1.2.3 (f) was duly passed by the Shareholders of the Issuer and remains in full force and effect without modification;
- 1.3.5 that the Board of Directors' resolution referred to in paragraph 1.2.3 (g) was duly passed by the Directors concerned in good faith and in the interests of the Issuer and remains in full force and effect without modification;
- 1.3.6 other than the Issuer, each person which is expressed to be party to the Transaction Documents:
- (i) is duly incorporated and is validly existing;
 - (ii) is not the subject of any insolvency proceedings (which includes those relating to bankruptcy, liquidation, administration, administrative receivership and reorganisation) in any jurisdiction;
 - (iii) has the capacity to execute each Transaction Document to which it is expressed to be a party and to perform the obligations it is expressed to assume under it;



- (iv) has taken all necessary corporate actions to authorise it to execute each Transaction Document to which it is expressed to be a party and to perform the obligations it is expressed to assume under it; and
 - (v) has duly executed each Transaction Document to which it is expressed to be a party.
- 1.3.7 the accuracy of all the representations and warranties as to factual matters contained in, and made by the Issuer under the Transaction Documents;
- 1.3.8 there are no other facts relevant to this opinion that are not contained in the documents referred to in paragraph 1.2 (*Documents*);
- 1.3.9 the lack of bad faith and absence of fraud, coercion, duress or undue influence on the part of any of the parties to the Transaction Documents, their respective directors, officers, employees, agents and advisers, and none of the Parties to the Transaction Documents have executed same on the basis of mistake of fact or law or believing it to be fundamentally different in substance or in kind;
- 1.3.10 no Notes will be issued with a tenor of more than two hundred and seventy (270) days (inclusive of any rollover); and
- 1.3.11 that there is no other information known to the Issuer which has not been disclosed to us which would affect the opinions expressed below.

Scope and Purpose of the Opinion

- 1.4.1 This opinion is given on the basis of the assumptions set out in paragraph 1.3 (*Assumptions*) above and is subject to the qualifications set out in paragraph 3 (*Qualifications*) below.
- 1.4.2 This opinion is confined to matters of Nigerian law as at the date hereof and we have no duty to keep you informed of subsequent developments which might affect this opinion.
- 1.4.3 We express no opinion, and have taken no account of the laws of any jurisdiction other than Nigeria.
- 1.4.4 We express no opinion on matters of fact.
- 1.4.5 Our opinion is limited to the matters expressly stated in paragraph 2 (*Opinion*) below and it is not extended by implication. In particular, we express no opinion on the accuracy of the assumptions contained in paragraph 1.3 (*Assumptions*). A statement in the said paragraph which has the effect of limiting our opinion is independent of any other statement and is not to be impliedly restricted by it. As far as we are aware, none of our assumptions are incorrect.



2. OPINION

Based on the foregoing, and having regard to such legal considerations as we deem relevant, we are of the following opinion:

2.1 Status, Power, Authority and Legal Validity

2.1.1 The Issuer: (a) is a public limited liability company, duly incorporated under the laws of the Federal Republic of Nigeria ("**Nigeria**"); (b) is validly existing and duly authorised to carry on its business as currently conducted, under the laws of Nigeria; (c) has the capacity and power to issue the Notes, enter into the Transaction Documents to which it is a party and to exercise its rights and perform its obligations thereunder; and (d) has perpetual corporate existence and can sue and be sued in its own name.

2.1.2 All corporate actions required to authorise the establishment of the Programme, the issuance of the Notes, the execution by the Issuer of the Transaction Documents to which it is a party, the exercise by the Issuer of its rights and the performance by it of its obligations under the Notes and the Transaction Documents have been duly taken.

2.1.3 The Transaction Documents and the Notes (when issued) constitute valid, legal, binding and enforceable obligations of the Issuer and are enforceable against it in accordance with the terms thereof.

2.2 Insolvency

To the best of our knowledge, the Issuer is not in liquidation, administration, receivership or administrative receivership; and no winding-up petition, dissolution or similar procedure has been presented against the Issuer. Subject to insolvency laws generally applicable to Nigerian companies, if insolvency proceedings involving the Issuer were to be instituted, the obligations of the Issuer under the Transaction Documents will remain valid, binding and enforceable.

2.3 Immunity

Neither the Issuer, nor any of its assets, is entitled to any right of immunity on the grounds of sovereignty or otherwise from any legal action or proceeding that may be brought in Nigerian courts arising out of or relating to the Transaction Documents (which shall include, without limitation, suit, attachment, judgment, execution or other legal process).

2.4 Due Execution

The Transaction Documents to which the Issuer is a party have been duly executed by the Issuer.



2.5 Legal, valid, binding and enforceable obligations

- 2.5.1. The issuance of the Notes in dematerialised form is valid and legal under the laws of Nigeria.
- 2.5.2. The obligations expressed to be assumed by the Issuer under the Notes and the Transaction Documents to which it is a party constitute its legal, valid, binding and enforceable obligations and are enforceable against the Issuer in accordance with their terms.
- 2.5.3. The Noteholders shall be entitled, severally to enforce the Deed of Covenant against the Issuer.

2.6 No Conflict and Compliance with Laws

- 2.6.1 The issuance of the Notes, the execution and the delivery of the Transaction Documents and/or performance of the obligations of the Issuer under the Transaction Documents does not conflict with or will not conflict with:
 - (a) any term of the MemArts; or
 - (b) to the best of our knowledge, any agreement or instrument binding on it or its assets or constitute a default or termination event (however described) under any such agreement or instrument, save for where a default in payment of the Notes as at the Redemption Date by the Issuer and any applicable grace period would constitute a cross default under such agreements¹;
 - (c) any present law and regulation in Nigeria and applying generally to companies or the issuance of commercial papers.
- 2.6.2 Specifically, the Notes will be issued and the Transaction Documents have been executed and delivered in compliance with the Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers issued by the Central Bank of Nigeria on September 11, 2019 ("**CBN Guidelines**") and the Commercial Paper Registration and Quotation Rules of the FMDQ Securities Exchange Limited of August 2019 ("**FMDQ Rules**").
- 2.6.3 The Issuer has obtained a valid and subsisting national and foreign currency credit rating² from a credit rating agency registered or recognised by the Securities and Exchange Commission ("**SEC**"), in accordance with applicable law.

2.7 Registration of the Notes

Save for the registration of the Notes with the Central Securities Depository (the "**CSD**"), which shall serve as the custodian and registrar of the Notes and the registration of the Notes on FMDQ

¹ An event of default under the Transaction Documents, which accrues to the indebtedness of the Issuer in respect of the Notes shall be considered a cross-default in respect of the agreements contained in items (1); (3); (5) and (6) of Schedule 1.

² As at December 2019, the Issuer exceeded the minimum of investment grade credit rating stipulated by the CBN.



Securities Exchange Limited, securities exchange for quotation, the Notes are not required to be registered with the SEC under the Investments and Securities Act No. 29 of 2007 ("ISA"). Pursuant to section 313(1)(h) of the ISA, which provides that the SEC may make rules and regulations prescribing that the provisions of the ISA shall not apply or shall apply with such modification, if any, as may be specified in the regulations to any person, or any securities, or to any transaction, the SEC has, based on this, established a threshold for the registrability of the Notes. Accordingly, rule 8 of the Rules and Regulations of the SEC 2013, as amended ("SEC Rules") provides that the provisions of the ISA and the SEC Rules requiring registration shall not apply to, among other things, any note, bill of exchange or banker's acceptance which arises out of a current transaction, or the proceeds of which have been or are to be used for current transaction, and which has a maturity, at the time of issuance, not exceeding nine (9) months exclusive of days of grace, or the maturity of which is likewise limited. Thus, commercial papers with a maturity of two hundred and seventy (270) days or less (such as the Notes) are not required to be registered with the SEC.

2.8 Regulatory Approvals

Save as provided in paragraph 2.7 (*Registration of the Notes*) and paragraph 2.9 (*Stamp Duties*) of this opinion, under Nigerian law it is not necessary that the Notes or the Transaction Documents be filed, recorded, registered or enrolled with any court or other governmental or regulatory authority or other public body, or that any consent, approval or authorisation be obtained from any such governmental or regulatory authority (including the CBN and SEC), by the Issuer to ensure their legality, enforceability, validity or admissibility in evidence or to enable the Issuer lawfully enter into, exercise its rights or perform its obligations under the Notes and the Transaction Documents to which it is a party.

2.9 Stamp Duties

2.9.1 Section 22(4) of the Stamp Duties Act, Cap S8 Laws of the Federation of Nigeria ("LFN") 2004 (as amended) ("**Stamp Duties Act**")³ requires instruments executed in Nigeria, or relating, wheresoever executed, to any property situate or to any matter or thing done or to be done in Nigeria to be stamped and the appropriate stamp duty paid in respect of the said instrument in order for same to be admissible in evidence before Nigerian courts and to be enforceable by the said courts. Stamp duty is payable in Nigeria either at a flat rate or an *ad valorem* rate. Unstamped or insufficiently stamped instruments are not admissible in evidence (except in criminal proceedings) in the courts in Nigeria. Thus, the Transaction Documents will be liable to stamp duty; and are required to be stamped within forty (40) days from the date they are first executed, or if such Transaction Document is subject to *ad valorem* rate, within thirty (30) days after they are first executed, or within thirty (30) days after they have been received in Nigeria, if executed outside Nigeria, in order to render same enforceable and admissible in evidence in Nigerian courts.

2.9.2 Historically, the Transaction Documents have each attracted a nominal stamp duty of ₦500.00 (Five Hundred Naira) for the original and ₦50.00 (Fifty Naira) for each counterpart.

³ The Finance Act 2019 amended the Stamp Duties Act amongst other tax legislations



The Transaction Documents will be assessed and stamped at the prevailing stamp duties rate as of the time of stamping.

- 2.9.3 Stamp duty is payable in Nigeria either at a *flat* rate or an *ad valorem* rate. The Notes will be issued in dematerialised form and as book entries in the register of the CSD. Historically, the Notes did not attract stamp duty as it was not in certificated form. However, the Finance Act (2019) has amended the definition of stamp to include an “electronic stamp” or an “electronic acknowledgment for denoting any duty or fee”. Thus, the Notes may attract stamp duty at a rate of 0.1%.
- 2.9.4 Save for the payment of the aforementioned stamp duty which is assessed and payable in respect of the Transaction Documents (other than the Programme Memorandum and/or Pricing Supplement), and the Notes (where so assessed as noted in paragraph 2.9.3 above), to the Commissioner for Stamp Duties, no other stamp duty is payable in Nigeria in connection with the execution, delivery, performance, enforcement of any of the Notes or the Transaction Documents.

2.10 Withholding Tax

Under Nigerian law, interest payments on debt obligations are subject to withholding tax. Section 78 of the Companies Income Tax Act, Cap C21, LFN 2004 (as amended) and section 70 of the Personal Income Tax Act, Cap P8, LFN 2004 (as amended), require companies to withhold tax on interest payments.

Given that interest is not payable on the Notes save for any default interest payable on late payments as at the Redemption Date, the Issuer is not required by any law or regulation or any relevant taxing authority in Nigeria to make any withholding or deduction from any payment due to the Noteholders under the Notes or any Transaction Document to which the Issuer is a party. However, the discount on the Notes may be construed as income and will be taxed in accordance with applicable Nigerian tax laws.

The section titled “*Tax Considerations*” provided on Page 16 of the Programme Memorandum is a fair summary of Nigerian law applicable to such Notes and Transaction Documents.

2.11 Foreign Exchange Control

- 2.11.1 Pursuant to section 15 of the Foreign Exchange (Monitoring and Miscellaneous Provisions) Act, Chapter F34 LFN 2004, any person may invest in a Nigerian enterprise with foreign currency imported into Nigeria through an authorised dealer (usually a Nigerian bank licensed to deal in foreign exchange). The relevant authorised dealer is then required to issue a Certificate of Capital Importation (“CCI”), evidencing receipt of such investment capital within twenty-four (24) hours of receipt of imported funds. Foreign currency imported



into Nigeria and evidenced by a CCI is guaranteed unconditional transferability or remittance through an authorised dealer in freely convertible currency.

2.11.2 Non-residents who bring funds into Nigeria through an authorised dealer for the purpose of purchasing the Notes and obtaining CCIs may, upon maturity or liquidation of their investments, fully repatriate the proceeds of said investments, upon presentation of their CCIs.

2.11.3 Save for the foregoing, there are no foreign exchange control consents, licenses or approvals that are required for the entry into and performance by the Issuer of its obligations under the Transaction Documents or the Notes.

2.12 **Pari passu ranking**

The Notes are unsecured and no security interests have been created in favour of the Noteholders by any Transaction Documents. The obligations of the Issuer under the Transaction Documents to which it is a party and the Notes (when issued) will rank at least *pari passu* with all present and future unsecured and unsubordinated obligations of the Issuer, other than those claims which are mandatorily preferred by any bankruptcy, insolvency, liquidation or other similar laws of general application.

2.13 **Domicile/license to carry on business**

It is not necessary under the laws of Nigeria (i) in order to enable Noteholders to enforce their respective rights under the Notes, or (ii) by reason only of the holding of the Notes, that any of the Noteholders should be licensed, qualified or entitled to carry on business in Nigeria or prior to enforcement, be required to comply with any requirement as to foreign registration or qualification in Nigeria or be required to make any filing with any court or other agency in the Federal Republic of Nigeria, prior to the commencement of any enforcement action under the Transaction Documents (including the Notes). Noteholders that are not resident or domiciled in Nigeria will not be deemed to be resident, domiciled or carrying on business by reason only of their holding of the Notes.

The due performance by any party of any of its rights, duties, obligations or representations under the Transaction Documents (including the Notes), subject to complying with applicable Nigerian securities law, the CBN Guidelines and the FMDQ Rules, will not violate any existing applicable law or regulation in the Federal Republic of Nigeria (subject to the requirements of such party's constitutional documents (other than the Issuer).

2.14 **Choice of Law and Jurisdiction**

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



2.15 **Dispute Resolution**

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

3. QUALIFICATIONS

This opinion is subject to the following qualifications and limitations:

- 3.1 The validity and enforceability of rights and remedies under the Transaction Documents may be subject to limitations imposed by applicable Nigerian bankruptcy, insolvency, reorganisation, administration, moratorium, limitation, prescription and time-bar or other laws affecting the rights of creditors in general and to any provision generally applicable under Nigerian law regarding the invalidation or revision of unfair contract terms. In particular, equitable remedies such as injunctions and specific performance are discretionary, and are not generally available in circumstances where damages are considered by the courts in Nigeria to be an adequate remedy.
- 3.2 This opinion relates only to the laws of Nigeria as of the date first written above and as will likely be applied by Nigerian courts; and is given on the basis that it will be governed by and construed according to the said laws of Nigeria.
- 3.3 Save for paragraphs 2.9 and 2.10 above, we express no opinion as to the tax treatment or consequences of the Transaction Documents or the transactions contemplated therein.
- 3.4 This opinion is expressly limited to the matters set forth above and we render no opinion whether by implication or otherwise as to any other matters.
- 3.5 We assume no obligation to update or supplement any opinion contained herein to reflect any fact or circumstance that may hereafter come to our attention or any changes in law that may hereafter occur or become effective.

4. BENEFIT

This opinion is provided in connection with the satisfaction of the conditions precedent under the Dealer Agreement and is given solely for the benefit of the Dealer in connection with the Transaction, and cannot be relied upon or disclosed by the Dealer for any other purpose, or relied upon by any other person without our prior written consent, save that our opinion may be disclosed without such consent (provided that in doing so, it is acknowledged that we shall not owe any duty, nor assume any liability to any such person in relation to it, and that in preparing this opinion we only had regard to the interests of the Dealer):

- 4.1 to any persons seeking to invest in the Notes;



- 4.2 to professional advisers in connection with the Transaction;
- 4.3 to any additional dealers appointed under the Dealer Agreement;
- 4.4 to any person to whom disclosure is required to be made by applicable law, or court order, or arbitral award, or pursuant to the rules or regulations of any supervisory or regulatory body, or the rules of any applicable stock exchange or any rating agency or in connection with any judicial or arbitral proceedings;
- 4.5 to the affiliates, officers, employees, auditors, regulators and professional advisers of the Dealer;
- 4.6 in connection with any actual or potential dispute or claim to which the Dealer is a party in relation to the Transaction;

on the basis that such disclosure is made solely to enable any such person to be informed that an opinion has been given and to be made aware of its terms but not for the purposes of reliance.

Yours faithfully,

A handwritten signature in black ink, appearing to read "A. Muse-Sadiq", is written over a horizontal line.

AZEEZAH MUSE-SADIQ
PARTNER
BANWO & IGHODALO



SCHEDULE ONE

LIST OF MATERIAL CONTRACTS REVIEWED

1. US\$50 Million One-Year Revolving Facility Letter dated August 23, 2019, issued by Standard Bank of South Africa Limited to Stanbic IBTC Bank PLC;
2. Facility Letter dated November 24, 2019, issued to Stanbic IBTC Bank PLC by Standard Chartered Bank Nigeria Limited;
3. Master Refinance, Purchase and Servicing Agreement dated 2015 between Stanbic IBTC Bank PLC and Nigeria Mortgage Refinance Company PLC; and the Addendum dated 2018 thereto;
4. Term Subordinated Loan Facility Agreement dated April 30, 2013, between Stanbic IBTC Bank PLC and Standard Bank of South Africa Limited;
5. Master Lending Agreement dated 2017 between Development Bank of Nigeria and Stanbic IBTC Bank PLC; and
6. Line of Credit Agreement dated June 9, 2015 between African Development Bank and Stanbic IBTC Bank PLC.

Authorisation

The establishment of this CP Programme and issuance of Notes thereunder was approved by the resolution of the Shareholders of the Issuer dated May 2, 2012 and Board of Directors of Stanbic IBTC Bank PLC dated 2 September 2019.

Going Concern

The Issuer is at the date hereof, a going concern and can in all circumstances be reasonably expected to meet all of its commitments as and when they fall due. If any event occurs as a result of which the above statement is no longer true and accurate, the Issuer will give notice thereof to the Noteholders in accordance with Condition 10.

Commercial Paper Outstanding

The Issuer has ₦25bn and US\$76.52m commercial paper outstanding as at the date of this Programme Memorandum.

Auditors

PricewaterhouseCoopers acted as auditors of the annual financial statements of the Issuer for the financial years ended 31 December 2008, 2009 and 2010, while KPMG acted as auditors for the financial year ended 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018 and 2019. Both auditors have in respect of those years for which they were responsible for the audit, issued unmodified reports.

Litigation

The Issuer is, in its ordinary course of business, presently involved in Two Hundred and Eighty-Two (282) cases.

In the context of the contemplated transaction, we have set a materiality threshold at Two Hundred and Fifty Million Naira (N250,000,000.00) (the "Materiality Threshold). We reviewed Thirty-Three (33) cases that fall within the Materiality Threshold. The total value of claims against the Issuer in the said Thirty-Three cases is approximately Forty-One Billion, Three Hundred and Seventy-Nine Million, One Hundred and Sixty-Seven Thousand, Five Hundred and Seventy-Six Naira, Sixty Kobo (N41,379,167,576.60) and Two Hundred and Fifty Thousand United States Dollars (US\$250,000.00), excluding interests and costs, which may be awarded by the courts after the final resolution of each matter.

Based on our assessment of the information contained in the case files provided for our review, our experience in litigations matters, our discountenancing frivolous and exaggerated claims and our understanding of the disposition of Nigerian courts in the award of damages and other claims, we believe that the contingent liability that would arise from the cases, where same are diligently defended, would not have a material adverse effect on the proposed Transaction.

The Directors of the Issuer are also of the opinion that none of the aforementioned cases is likely to have any material adverse effect on the proposed Transaction and are not aware of any other pending and/or threatened claim or litigation within the aforementioned category involving the Issuer.

Based on the information made available to Solicitors to the Transaction, the Solicitors confirm that they are not aware of any claim or litigation pending against the Issuer or threatened which (i) materially or adversely affects the Issuer's ability to fulfil its obligations under the Transaction; and/or; (ii) affects the validity of the Transaction or restricts the proceedings or actions of the Issuer with respect to the Transaction.

Material Contracts

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

- i. An Issuing, Calculation and Paying Agency Deed of Undertaking dated on about the date hereof, by the Issuer in favour of the Noteholders;
- ii. A Dealer Agreement dated on or about the date hereof between the Issuer and the Arranger and the Dealer as may be amended from time to time; and
- iii. A Deed of Covenant dated on or about the date hereof executed by the Issuer as a deed poll in favour of the Noteholders;
- iv. US\$50 Million One-Year Revolving Facility Letter dated August 23, 2019, issued by Standard Bank of South Africa Limited to Stanbic IBTC Bank PLC;
- v. Facility Letter dated November 24, 2019, issued to Stanbic IBTC Bank PLC by Standard Chartered Bank Nigeria Limited;
- vi. Master Refinance, Purchase and Servicing Agreement dated 2015 between Stanbic IBTC Bank PLC and Nigeria Mortgage Refinance Company PLC; and the Addendum dated 2018 thereto;
- vii. Term Subordinated Loan Facility Agreement dated April 30, 2013, between Stanbic IBTC Bank PLC and Standard Bank of South Africa Limited;
- viii. Master Lending Agreement dated 2017 between Development Bank of Nigeria and Stanbic IBTC Bank PLC; and
- ix. Line of Credit Agreement dated June 9, 2015 between African Development Bank and Stanbic IBTC Bank PLC.

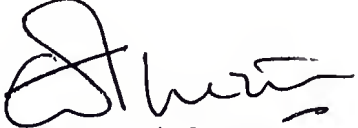
Other material contracts in respect of any issuance of Notes under the Programme will be disclosed in the Applicable Pricing Supplement issued in respect of that Series or Tranche.

Ultimate Borrower

The Issuer is the borrower in respect of the Notes.

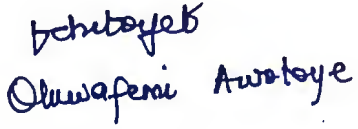
ISSUER

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CHIDI OKAZI

AUDITORS TO THE ISSUER

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Oluwafemi Awotoye

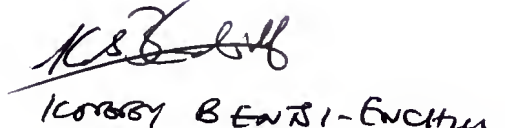
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Kobay Benti-Enchun

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Stanbic IBTC Bank