STERLING BANK PLC
UNAUDITED FINANCIAL STATEMENT
AS AT 31ST MARCH 2013

Condensed Statement of Comprehensive Income
For the period ended 31 March 2013

In thousands of Naira	Notes	March 2013	March 2012
Interest income	3	14,290,515	13,576,862
Interest expense	4	(7,800,274)	(7,306,237)
Net interest income		6,490,241	6,270,625
Fees and commission income	5	3,317,842	2,259,116
Net fee and commission		3,317,842	2,259,116
Trading income	6	1,761,393	147,908
Other operating income	7	474,577	225,851
Operating income		12,044,053	8,903,500
Net impairment charges	8	(334,496)	177,697
Net operating income after impairment loss		11,709,557	9,081,197
Personnel expenses	9	(2,246,975)	(2,212,179)
Depreciation and amortisation	19(b)	(633,125)	(821,164)
Other operating expenses	10	(5,809,329)	(4,415,276)
Total expenses		(8,689,429)	(7,448,619)
Profit before income tax		3,020,128	1,632,578
Income tax expense	11(a)	(296,929)	(243,140)
Profit after tax		2,723,199	1,389,438
Other comprehensive income			
Fair value loss on available for sale investments		(61,873)	-
Other comprehensive income for the period net of tax		(61,873)	-
Total comprehensive income		2,661,326	1,389,438
Earnings per share - basic (in kobo)	12	0.17k	0.09k
Earnings per share - diluted (in kobo)	12	0.17k	0.09k

Condensed Statement of Financial Position

As at 31 March 2013

In thousands of Naira	Notes	March 2013	December 2012
ASSETS			
Cash and balances with Central Bank	13	61,476,326	63,622,016
Due from banks	14	52,880,249	33,878,671
Pledged assets	15	58,790,603	57,412,053
Loans and advances to Customers	16	247,597,859	229,420,874
Investment in securities:			
- Held for Trading	17(a)	8,134,338	1,998,860
- Available for Sale	17(b)	56,897,109	16,857,561
- Held to Maturity	17(c)	128,960,955	155,935,974
Other assets	18	15,349,839	6,132,005
Property, plant and equipment	19	7,764,758	7,793,316
Intangible assets	20	251,340	203,464
Deferred tax assets	21	6,971,145	6,971,145
TOTAL ASSETS		645,074,521	580,225,940
LIABILITIES			
Deposits from Banks	22	1,588,912	3,118,775
Deposits from Customers	23	526,513,084	463,726,325
Current income tax liabilities	11(b)	1,100,351	803,422
Other borrowed funds	24	31,987,895	30,356,039
Debt securities in issue	25	4,711,852	4,563,612
Other liabilities	26	29,868,706	31,015,373
TOTAL LIABILITIES		595,770,800	533,583,546
EQUITY			
Share capital	27	7,851,931	7,851,931
Share premium	27	18,689,788	18,689,788
Retained earnings	27	7,925,318	6,019,078
Other components of equity	27	14,836,684	14,081,597
Attributable to equity holders of the Bank		49,303,720	46,642,394
TOTAL LIABILITIES AND EQUITY		645,074,521	580,225,940

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Abubakar Suleiman	Yemi Adeola
Chief Financial Officer	MD/CEO
FRC/2013/CIBN/00000001275	FRC/2013/CIBN/00000001257

Condensed Statement of Changes in Equity

For the period ended 31 March 2013

In thousands of Naira	Share capital	Share premium	Translation reserve	Other regulatory reserves	Fair value reserves	Regulatory risk reserves	Share capital reserve	SMIEIS reserve	Revaluation reserve	Retained earnings	Total
Balance at 1 January 2013	7,851,931	18,689,788	-	7,877,009	148,935	58,727	5,276,423	234,503	486,000	6,019,078	46,642,394
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	2,723,199	2,723,199
Other comprehensive income net of tax	-	-	-	-	(61,873)	-	-	-	-	-	(61,873)
Realised during the year	-	-	-	-	-	-	-	-	-	-	-
Transfer to other reserve	-	-	-	816,960	-	-	-	-	-	(816,960)	-
Balance at 31 March 2013	**7,851,931**	**18,689,788**	**-**	**8,693,969**	**87,062**	**58,727**	**5,276,423**	**234,503**	**486,000**	**7,925,318**	**49,303,720**

In thousands of Naira	Share capital	Share premium	Translation reserve	Other regulatory reserves	Fair value reserves	Regulatory risk reserves	Share capital reserve	SMIEIS reserve	Revaluation reserve	Retained earnings	Total
Balance at 1 January 2012	7,851,931	18,689,788	45,744	5,790,947	(98,714)	-	5,276,423	234,503	486,000	2,780,714	41,057,337
Comprehensive income for the year										1,389,438	1,389,438
Other comprehensive income net of tax											-
Transfer to other reserve					416,831					(416,831)	-
Balance at 31 March 2012	**7,851,931**	**18,689,788**	**113,427**	**6,090,851**	**453,584**	**1,061,178**	**5,276,423**		**486,000**	**2,974,654**	**42,997,836**

Condensed Statements of Cash Flow

For the period ended 31 March 2013

In thousands of Naira	Notes	March 2013	March 2012
Operating activities			
Profit for the period		2,723,199	1,389,438
Adjustment for:			
Depreciation and amortisation		633,125	821,164
Net impairment on investment securities		62,000	-
Impairment loss on other assets		45,500	726,722
Net impairment on loan		226,996	(904,418)
Gain on disposal of property and equipment		(5,934)	(1,581)
Loss on sale of investment		(486)	(36,750)
Income tax expense		296,929	243,140
Dividend received		-	(4,732)
Foreign exchange gain		(298,682)	(200,091)
Net interest income		(6,490,241)	(6,270,625)
Net gain on investment securities at fair value through profit or loss		(166,608)	-
Net changes in other comprehensive income		(210,808)	98,714
		(3,185,010)	**(4,139,020)**
Changes in			
Change in pledged assets		(1,378,550)	(1,652,253)
Change in loans and advances to customers		(18,317,915)	(9,975,536)
Change in restricted balance with Central bank		(3,558,712)	(4,237,184)
Change in other assets		(9,263,334)	4,796,608
Change in deposits from banks		(1,529,863)	3,150,770
Change in deposits from customers		62,786,759	21,744,700
Change in other liabilities		(1,146,667)	(11,574,016)
		24,406,708	**(1,885,930)**
Interest received		15,043,753	13,020,805
Interest paid		(7,876,624)	(7,129,116)
Dividend received		-	(4,732)
		31,573,838	**4,001,026**
Income tax paid		-	(103,686)
Vat paid		-	-
Net cash flows from operating activities		**31,573,838**	**3,897,340**
Investing activities			
Net sale/(purchase) of investment securities		(19,262,008)	(1,673,538)
Purchase of property and equipment		(590,532)	(665,148)
Proceeds from the sale of property and equipment		13,740	5,161
Purchase of intangible assets		(69,718)	(72,628)
Net cash flows from/(used in) investing activities		**(19,908,518)**	**(2,406,152)**
Financing activities			
Proceeds from borrowing		2,563,554	2,434,871
Repayment of long term borrowing		(931,698)	-
Issuance of debenture stock		-	
Dividends paid to equity holders		-	
Net cash flows from/(used in) financing activities		**1,631,856**	**2,434,871**
Net increase/(decrease) in cash and cash equivalents		13,297,176	3,926,058
Cash and cash equivalents at 1 January		49,193,566	25,665,507
Cash and cash equivalents at 31 March	28	**62,490,742**	**29,591,565**

Notes to the Financial Statements
For the period ended 31 March 2013

1 General information

The Bank is a public limited liability company incorporated and domiciled in Nigeria. The Bank shares are listed and traded on the floor of the Nigerian Stock Exchange. The registered office is located at Sterling Towers, 20 Marina, Lagos, Nigeria.

The Bank is principally engaged in investment, corporate, commercial and retail banking.

2 Accouning policies

2.1 Basis of preparation
The condensed financial statements have been prepared in accordance with International Financial Reporting Standard 34 Interim Financial Reporting

2.2 Summary of significant accounting policies
The accounting policies applied by the Bank in these condensed interim financial statement are the same as those applied by the bank in its financial statement as at year ended 31 December 2012. Below are the significant accounting policies

(a) Interest

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

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

Interest income and expense presented in the statement of comprehensive income include:
- interest on financial assets and liabilities measured at amortised cost calculated on an effective interest rate basis.
- interest on available-for-sale investment securities calculated on an effective interest basis

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

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

(b) Fees and commission

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

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

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

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

(d) Net income from other financial instruments at fair value through profit or loss

Net income from other financial instruments at fair value through profit or loss relates to derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through profit or loss, and include all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

(e) Financial assets and liabilities

(i) Recognition

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

(ii) Subsequent measurement

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

(a) Held-to-maturity

Held-to-maturity investments are non-derivative assets with fixed determinable payments and fixed maturities that the Bank has the positive intent and ability to hold to maturity, and which were not designated as at fair value through profit or loss or as available for sale.

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

- sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;

- sales or reclassifications after the Bank has collected substantially all of the asset's original principal; and
- sales or reclassifications attributable to non-recurring isolated events beyond the Bank's control that could not have been reasonably anticipated.

(b) Financial assets held at fair value through profit and loss

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

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

- The designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on different basis; or

- A group of financial assets is managed and its performance evaluated on a fair value basis; or

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

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

(c) Available-for-sale

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

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in the profit or loss when the Bank becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss.

Other fair value changes are recognised in other comprehensive income until the investment is sold or impaired, whereupon the cumulative gains and losses previously recognised in other comprehensive income are reclassified to profit or loss as a reclassification adjustment.

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

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

When the Bank is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease and recognised and presented within loans and receivables.

When the Bank purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date ("reverse repo or stock borrowing"), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Bank's financial statements.

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

(iii) Amortised cost measurement

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

(iv) Fair value measurement

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

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

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

Available for sale unquoted equity securities are measured at cost because their fair value could not be realiably measured.

(e) Impairment of financial assets

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience

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

- whether the customer is more than 90 days past due;
- the Bank consents to a restructuring of the obligation, resulting in a diminished financial obligation, demonstrated by a material forgiveness of debt or postponement of scheduled payments; or
- there is an observable data indicating that there is a measurable decrease in the estimated future cash flows of a group of financial assets, although the decrease cannot yet be identified with specific individual financial assets.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

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

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

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

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

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

(ii) Available-for-sale financial assets

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

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

(f) Cash and cash equivalents

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

Interest income

In thousands of Naira	March 2013		March 2012
Cash and cash equivalent	405,473	218%	127,402
Loan and advances to customers	8,833,220	15%	7,670,251
Investment securities	4,742,180	-18%	5,753,371
Interest on impaired loans	309,642	1098%	25,839
	14,290,515	5%	13,576,862

Interest expense

In thousands of Naira	March 2013	1%	March 2012
Deposits from banks	232,521	26%	184,773
Deposits from customers	7,108,756	7%	6,629,333
Debt issued and other borrowed funds	458,997	-7%	492,131
	7,800,274	7%	7,306,237

Fees and commission income

In thousands of Naira	March 2013	1%	March 2012
Facility management fees	1,174,510	281%	308,627
Commission on turnover	937,747	96%	478,103
Commissions and similar income	679,744	-42%	1,176,617
Commission on letter of credit and Off Balance Sheet transactions	412,203	64%	251,317
Other fees and commission	113,638	156%	44,452
	3,317,842	47%	2,259,116

Credit related fees and commissions above excludes amounts included in determining effective inte
on financial assets that are not at fair value through profit or loss.

Net trading income

In thousands of Naira	March 2013		March 2012
Foreign exchange trading	357,099	170%	132,408
Bonds	1,182,581	7529%	15,501
Treasury bills	221,713		-
	1,761,393	1091%	147,908

Other operating income

In thousands of Naira	March 2013	1%	March 2012
Rental income	42,379	-34%	64,543
Other sundry income	104,593	169%	38,818
Foreign exchange gain/(loss)	(58,417)	-186%	67,683
Advisory fees	-		-
Revaluation on trading securties	166,608		-
Dividends on available-for-sale equity securities	-	-100%	4,732
Gains on disposal of property, plant and equipme	5,934	275%	1,581
Profit/loss on sale of investment	486	-99%	36,750
Cash recoveries on previously written off accoun	212,994	1714%	11,743
	474,577	110%	225,851

Net impairment

In thousands of Naira	March 2013	1%	March 2012
Credit losses			
- Specific impairment allowance	262,696	112%	123,724
- Collective impairment	-		-
Bad debt written off	180	-97%	6,391
Allowances no longer required	(35,880)	-97%	(1,034,534)
	226,996	-125%	(904,418)
Other financial asset impairment			
- Impairment charge on investment securities	62,000		-
- Impairment on other assets	45,500	-94%	726,722
	334,496	-288%	(177,697)

Personnel expenses

In thousands of Naira	March 2013	1%	March 2012
Wages and salaries	2,144,311	3%	2,087,101
Defined contribution plan	102,664	-18%	125,078
	2,246,975	2%	2,212,179

Other operating expenses

In thousands of Naira	March 2013	1%	March 2012
Other premises and equipment costs	1,170,413	122%	527,648
Audit fees	37,500	25%	30,000
Other Professional Fees	42,593	-28%	59,391
AMCON surcharge (see note below)	723,888	193%	247,159
Contract Services	382,138	90%	200,662
Insurance Cost	733,968	24%	589,557
General and administrative expenses	2,718,829	-2%	2,760,859
	5,809,329	32%	4,415,276

AMCON surcharge

This represents the bank's contribution to a fund established by Asset Management Corporation of (AMCON) for the period ended 31 March 2013. Effective 1 January 2013, the Bank is required to contribute an equivalent of 0.5% (2012 : 0.3%) of its total assets as at the period preceding period (December 2012) to AMCON's sinking fund in line with existing guidelines.

Income tax expense

In thousands of Naira	March 2013	March 2012
Income tax	296,929	243,141
Deferred tax expense:		
Origination of temporary differences		
Total income tax expense	296,929	243,141

Current income tax liabilities

The movement on this accunt during the year was as follows:

In thousands of Naira	March 2013	December 2012
Balance, beginning of the year	803,422	677,926
Estimated charge for the period	296,929	471,116
payments during the period	0	(345,619)
	1,100,351	803,422

Earning per share (basic and diluted)

The calculation of basic earnings per share as at 31 March 2013 was based on the profit attril ordinary shareholders of N2,723,199,000 and weighted average number of ordinary shares outst 15,703,863,000, calculated as follows:

In thousands of Unit	March 2013	March 2012
Weighted average number of ordinary shares	15,703,863	15,703,863

In thousands of Naira	March 2013	March 2012
Profit for the year attributable to equity holders o	2,723,199	1,389,438
Basic earning per share	0.17k	0.09k
Diluted earning per share	0.17k	0.09k

Cash and balances with Central Bank

In thousands of Naira	March 2013	December 2012
Cash and foreign monies	5,740,667	7,982,952
Unrestricted balances with Central Bank of Nigeria	3,869,826	7,331,943
Deposits with the Central bank of Nigeria	51,865,833	48,307,121
	61,476,326	63,622,016

Deposits with the Central Bankof Nigeria represent mandatory reserve deposits and are not availat in the bank's day-to-day operations.

Due from banks

In thousands of Naira	March 2013	December 2012
Balances held with local banks	8,282,837	7,862,084
Balances held with banks outside Nigeria	35,386,094	16,817,941
Money market placements	9,211,318	9198646
	52,880,249	33,878,671

Pledged Assets

In thousands of Naira	March 2013	December 2012
Pledged Treasury bills	6,140,000	-
Pledged Bonds	48,032,545	47,662,159
Other pledged assets	4,618,058	9,749,894
	58,790,603	57,412,053

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

Pledged for clearing activities, as collection bank for governmnet taxes and Interswitch electr transactions

Pledged as security for long term loan from Citibank International, clearing activities with First Ba and loan facility from Bank of Industry.

Included in other pledged assets are cash collateral for letters of credit and visa card through Zenitl Plc. The deposit are not part of the fund used by the bank for day to day activities.

Loan and Advances to Customers

In thousands of Naira	March 2013		December 2012
Loans to individuals	29,244,582	4%	28,125,950
Loans to corporate entities and other organization	225,204,605	8%	208,005,322
	254,449,187	8%	236,131,272
Less:			
Specific impairment allowance	(5,975,032)	2%	(5,834,100)
Collective impairment allowance	(876,296)	0%	(876,298)
	247,597,859	8%	229,420,874
	9,338,285.16	4%	8,972,988.34

Impairment allowance on loans and advances to customers
Specific impairment

In thousands of Naira	March 2013	0%	December 2012
Balance, beginning of year	5,834,100	10%	5,319,677
Impairment loss for the period	262,696	-94%	4,260,231
Reversal for the period	(35,880)	-98%	(1,438,219)
Write-offs	(85,884)	-96%	(2,307,589)
Balance, end of period	5,975,032	2%	5,834,100
	2.3%	-5%	2.5%

Portfolio impairment

In thousands of Naira	March 2013	0%	December 2012
Balance, beginning of year	876,298	-79%	4,084,444
Impairment loss for the period	-		-
Reversal for the period	-	-100%	(3,208,146)
Balance, end of period	876,298	0%	876,298

Investment securities:

In thousands of Naira	March 2013	0%	December 2012
Held for Trading (HFT)			
- Bonds	1,212,344	-39%	1,998,860
- Treasury bills	6,921,994		-
	8,134,338	307%	1,998,860
Available for Sale (AFS)			
Government bond	8,149,759	-9%	8,979,265
Equity securities	1,943,096	-1%	1,955,974
Euro bond	725,785	-84%	4,604,456
Treasury bills	46,995,405	2063%	2,172,801
	57,814,045		17,712,496
Impairment on AFS instruments	(916,936)		(854,935)
	56,897,109		16,857,561

Fair value of unqoted equity securities has not been disclosed, their fair value cannot be measured These are investments in small and medium scale enterprises with a carrying cost of N1 (2012:N1.9billion). There is no similar investment that the price can be reliably benchmarked there is no active market. These investments are recouped through redemption rather than disposal.

Held to maturity (HTM)		
Government bonds	121,440,994	149,995,434
Corporate bonds	2,114,050	2,125,929
Treasury bills	5,405,911	3,814,611
	128,960,955	155,935,974
Total Investment securities	193,992,402	174,792,395

Specific allowance for impairment on AFS

In thousands of Naira	March 2013	December 2012
Balance, beginning of year	854,935	542,278
Charge for the year	62,000	312,657
Amounts written off		-
Balance, end of period	916,936	854,935

Other Assets

Other assets comprise:

In thousands of Naira	March 2013	December 2012
Accounts receivable	2,586,938	2,287,681
Prepayments and other receivables	13,784,288	4,839,039
Employee Benefit	671,962	657,986
Stock of cheque books and admin	200,451	195,599
	17,243,639	7,980,305
Impairment on other assets	(1,893,800)	(1,848,300)
	15,349,839	6,132,005

Movement in impairment on other assets

In thousands of Naira	March 2013	December 2012
Balance, beginning of year	1,848,300	1,511,788
impairment on other assets (note 8)	45,500	(255,783)
Reclassification	-	592,295
Balance, end of period	1,893,800	1,848,300

19 Property, plant and equipment

The movement on these accounts during the period was as follows:

	Leasehold Land and Building	Capital work-in-progress	Furniture, fittings and equipment	Computer equipment	Motor vehicles	Total
In thousands of Naira						
(a) **Cost**						
Balance as at 1 January, 2012	6,290,403	1,678,021	8,225,301	6,118,410	4,493,435	26,805,570
Additions for the period	50,811	928,318	960,103	520,957	734,796	3,194,985
Disposals	(292,139)	-	(736,760)	(836,372)	(1,063,947)	(2,929,218)
Reclassification	425,821	(2,232,664)	958,342	815,647	32,854	-
Balance as at 31 December 2012	6,474,898	373,674	9,406,986	6,618,643	4,197,138	27,071,338
Beginning at 1 January 2013	6,474,898	373,674	9,406,986	6,618,643	4,197,138	27,071,338
Additions	18,778	150,027	316,154	42,981	62,592	590,532
Disposals	(1,281)	-	(11,761)	(2,617)	(171,397)	(187,056)
Reclassification	44,719	(68,344)	16,020	7,493	112	-
Balance at 31 March 2013	6,537,114	455,357	9,727,399	6,666,500	4,088,446	27,474,814
(b) **Depreciation and impairment losses**						
Balance as at 1 January, 2012	2,960,517	-	5,917,903	5,513,198	3,483,139	17,874,757
Charge for the period	377,828	-	1,107,102	445,642	559,978	2,490,550
Impairment Losses	-	-	-	-	-	-
Disposals	(7,846)	-	(79,637)	(66,537)	(933,263)	(1,087,283)
Balance at 31 December 2012	3,330,499	-	6,945,368	5,892,303	3,109,853	19,278,023
Beginning at 1 January 2013	3,330,499	-	6,945,368	5,892,303	3,109,853	19,278,023
Charge for the year	90,543	-	283,570	110,407	126,764	611,284
Impairment losses	-	-	-	-	-	-
Disposals/Reclassification	(11)	-	(11,620)	(2,607)	(165,012)	(179,250)
Balance at 31 March 2013	3,421,031	-	7,217,317	6,000,103	3,071,605	19,710,056
Carrying amounts						
Balance at 31 March 2013	3,116,083	455,357	2,510,082	666,397	1,016,841	7,764,758
Balance at 31 December 2012	3,144,399	373,674	2,461,618	726,340	1,087,285	7,793,316
Balance at 1 January 2012	3,329,886	1,678,021	2,307,398	605,212	1,010,296	8,930,813

The gross carrying amount of fully depreciated property, plant and equipment that is still in use is N13,943,787,306 (2012: N13,649,207,174)

20 Intangible asset

Purchased Software

In thousands of Naira	March 2013	December 2012
Cost		
Beginning of year	1,445,084	1,307,415
Additions	69,718	137,669
Transfers	-	-
Balance end of period	1,514,802	1,445,084
Amortisation and impairment losses		
Beginning of year	1,241,620	1,164,300
Amortisation for the year	21,842	77,320
Impairment losses	-	-
Transfers	-	-
Balance end of period	1,263,462	1,241,620
Carrying amounts	251,340	203,464

21 Deferred tax assets and liabilities

March 2013	Balance at 1 January 2013	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 March 2013
In thousands of Naira				
Property, plant and equipment	1,833,346	-	-	1,833,346
Tax loss carry forward	3,807,077	-	-	3,807,077
Allowances for loan losses	1,330,722		-	1,330,722
Net tax assets/(liabilities)	6,971,145	-	-	6,971,145

December 2012	Balance at 1 January 2012	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December 2012
In thousands of Naira				
Property, plant and equipment	1,833,346	-	-	1,833,346
Tax loss carry forward	3,807,077	-	-	3,807,077
Allowances for loan losses	1,330,722		-	1,330,722
Net tax assets/(liabilities)	6,971,145	-	-	6,971,145

22 Deposits from Banks

In thousands of Naira	March 2013	December 2012
Money Market	1,588,912	3,118,775
	1,588,912	3,118,775

23 Deposits from customers

In thousands of Naira	March 2013	December 2012
Current accounts	315,238,633	284,103,953
Savings accounts	20,752,094	20,698,460
Term deposits	190,522,357	158,923,912
	526,513,084	463,726,325

24 Other borrowed Funds

In thousands of Naira	March 2013	December 2012
Due to Citibank (See (i) below)	14,941,943	14,672,844
Due to BOI (see (ii) below)	7,725,322	8,657,020
Due to CBN-Agric-Fund (See (iii) below)	8,912,688	7,026,175
Due to NEXIM	407,942	-
	31,987,895	30,356,039

(i) This represents the Naira equivalent of a USD95,000,000 facility granted to the Bank by Citibank International Plc payable in 4 years commencing October 2008 and interest is payable quarterly at a LIBOR plus a margin of 475 basis point. The facility was renegotiated to mature in September 2014 at a fixed rate of 7.5% annually. The loan is secured with pledged assets as indicated in Note 15.

(ii) This is a facility from Bank of Industry under Central Bank of Nigeria N200billion intervention fund for refinancing and restructuring of banks' existing loan portfolios to Nigeria SME/Manufacturing sector. The facility is administered at an all-in interest rate/charge of 7% per annum payable on quarterly basis. Specifically, the managing agent (BOI) shall be entitled to a 1% management fee and the Bank a 6% spread. Loans shall have a maximum tenor of 15 years and/or working capital facility of 1 year with provision for roll over.

(iii) This represents a facility granted by the Central Bank of Nigeria (CBN) in Ref DFD/PMO/GEN/001/273. This was granted in collaboration with the Federal Government of Nigeria (FGN) represented by the Federal Ministry of Agriculture and Water Resources (FMA &WR) by establishing a Commercial Agricultural Scheme (CACS) to promote commercial agricultural enterprise in Nigeria. All facilities approved by the participating banks under the scheme is for a maximum period of 7 years while overdraft facilities approved are for a period of 1 year. The loans are at all-in-interest rate of 9%.

(iv) Also included therein are facilities granted by the Bank, under The Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL) scheme. This is an initiative of the Central Bank of Nigeria (CBN), the Bankers Committee (BC) and the Federal Ministry of Agriculture & Rural Development (FMA&RD). Facilities are approved by the participating Bank at commercial rate, and the Customer enjoys an interest rebate of 35% to 50% on the rate depending on the category of the project. NIRSAL also sells Credit Risk Guarantee, at a cost of 3% of the facility amount, to give coverage of 40%-75% of the facility amount depending on the category of the project.

25 Debt securities in issue

In thousands of Naira	March 2013	December 2012
Debt securities carried at amortised cost	4,711,852	4,563,612
	4,711,852	4,563,612

This represents N4.711billion (1 January 2011:4.562billion) 7 year 13% subordinated unsecured non-convertible debenture stock issued by the Bank and approved on 19 December 2011 and 30 December 2011 by the Central Bank of Nigeria and Securities Exchange Commission respectively. The Bank is obliged to pay the Trustee (Skye Bank Plc) interest semi-annually on the non convertible debenture stock due 2018 until all the entire stock have been redeemed.

26 Other liabilities

In thousands of Naira	March 2013	December 2012
Creditors and accruals	3,605,208	2,615,062
Certified cheques	11,239,989	10,602,333
Defined contribution obligations	97,662	98,759
Customers' deposits for foreign trade	8,627,424	13,066,151
Provisions	987,590	2,339,275
Information Technology Levy	74,997	74,997
Other credit balances	5,235,837	2,218,796
	29,868,706	31,015,373

27 Capital and reserves

(a) *Share capital*

In thousands of Naira	March 2013	December 2012
Authorised:		
24,000,000,000 Ordinary shares of 50k each	12,000,000	12,000,000
Issued and fully-paid:		
15.704 billion (2011: 15.704 billion) Ordinary shares of 50k each	7,851,931	7,851,931

The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to vote at meeting of the Bank. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the bank

(b) Share premium

In thousands of Naira	March 2013	December 2012
Share premium	18,689,788	18,689,788

(c) Other regulatory reserves

(i) Fair value reserve

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

(ii) Regulatory risk reserve

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

(iii) Other reserves

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

(d) Retained earnings

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

28 Cash and cash equivalents

For the purpose of cash flow, cash and cash equivalents include cash and foreign monies, unrestricted balances with Central Bank of Nigeria, balances held with local Banks, balances held with bank outside Nigeria and money market placements

In thousands of Naira	March 2013	December 2012
Cash and foreign monies	5,740,667	7,982,952
Unrestricted balances with Central Bank of Nigeria	3,869,826	7,331,943
Balances held with local banks	8,282,837	7,862,084
Balances held with banks outside Nigeria	35,386,094	16,817,941
Money market placements	9,211,318	9,198,646
	62,490,742	49,193,566