

Sterling Bank Plc

**Unaudited IFRS Interim Financial Statements for the
Period ended 30 September 2016**

Condensed Statement of Profit or Loss
For the period ended 30 September 2016

<i>In thousands of Naira</i>	Notes	YEAR TO DATE		QUARTER	
		September 2016	September 2015	Quarter 3 2016	Quarter 3 2015
Interest income	3	68,893,213	61,293,771	27,352,299	21,459,529
Interest expense	4	(27,374,728)	(31,124,069)	(11,464,688)	(10,716,801)
Net interest income		41,518,485	30,169,702	15,887,611	10,742,728
Fees and commission income	5	8,228,785	12,782,290	2,220,725	3,771,505
Net Trading income	6	1,391,444	5,154,690	(341,920)	1,297,322
Other operating income	7	1,138,645	2,580,825	365,958	241,080
Operating income		52,277,359	50,687,507	18,132,374	16,052,635
Impairment charges	8	(7,198,590)	(5,237,873)	(3,533,813)	(835,532)
Net operating income after impairment		45,078,769	45,449,634	14,598,561	15,217,103
Personnel expenses	9	(8,693,930)	(8,722,390)	(3,012,006)	(3,009,896)
Other operating expenses	10 (a)	(10,441,818)	(8,939,116)	(2,873,154)	(3,101,932)
General and administrative expenses	10 (b)	(12,931,325)	(12,393,396)	(4,574,915)	(4,333,266)
Other property, plant and equipment cost	10(c)	(3,844,163)	(4,229,181)	(1,372,703)	(1,552,778)
Depreciation and amortisation	20(b)&20	(3,096,447)	(2,861,417)	(1,075,445)	(970,719)
Total expenses		(39,007,683)	(37,145,500)	(12,908,223)	(12,968,591)
Profit before income tax		6,071,086	8,304,134	1,690,338	2,248,512
Income tax expense	11 (a)	(534,383)	(756,542)	(174,394)	(126,423)
Profit for the period		5,536,703	7,547,592	1,515,944	2,122,089
Earnings per share - basic (in kobo)	12	19k	26k		
Earnings per share - diluted (in kobo)	12	19k	26k		

Statement of Other comprehensive income

<i>In thousands of Naira</i>	Notes	September 2016	September 2015	Quarter 3 2016	Quarter 3 2015
Profit for the period		5,536,703	7,547,592	1,515,944	2,122,089
Items that may be reclassified subsequently to profit or loss:					
Fair value gain/(loss) on available for sale investments		(15,105,393)	(3,464,786)	(3,389,352)	(2,330,561)
Fair value gain/(loss) on available for sale securities sold included in profit or loss		(1,153,571)	1,131,739	-	-
Other comprehensive (loss)/income for the period; net of tax		(16,258,964)	(2,333,047)	(3,389,352)	(2,330,561)
Total comprehensive (loss)/profit for the period		(10,722,261)	5,214,545	(1,873,408)	(208,472)

Condensed Statement of Financial Position
As at 30 September 2016

<i>In thousands of Naira</i>	Notes	September 2016	December 2015
Assets			
Cash and balances with Central Bank of Nigeria	13	110,514,335	115,924,016
Due from Banks	14	24,557,044	68,798,839
Pledged financial assets	15	125,771,250	69,338,406
Derivative financial assets	16	8,994	-
Loans and advances to Customers	17	495,284,278	338,726,271
Investment securities:			
- Held for trading	18(a)	2,034,847	4,692,636
- Available-for-sale	18(b)	64,503,474	119,478,644
- Held to maturity	18(c)	27,186,838	45,360,372
Other assets	19	16,475,141	13,902,609
Property, plant and equipment	20	15,106,910	15,258,217
Intangible assets	21	1,881,929	1,000,262
Deferred tax assets	11(c)	6,971,145	6,971,145
Total Assets		<u>890,296,186</u>	<u>799,451,417</u>
Liabilities			
Due to Banks	22	20,404,124	-
Deposits from Banks	23	50,571,902	-
Deposits from Customers	24	595,085,468	590,889,216
Derivative financial liabilities	16	8,816	-
Current income tax liabilities	11(b)	638,934	780,232
Other borrowed funds	25	72,509,424	60,285,736
Debt securities issue	26	9,306,719	4,563,568
Other liabilities	27	59,518,453	47,366,918
Total Liabilities		<u>808,043,840</u>	<u>703,885,670</u>
Equity			
Share capital	28	14,395,209	14,395,209
Share premium	28	42,759,214	42,759,214
Retained earnings		12,157,139	10,042,079
Equity reserves		12,940,787	28,369,245
<i>Total equity</i>		<u>82,252,349</u>	<u>95,565,747</u>
Total liabilities and equity		<u>890,296,189</u>	<u>799,451,417</u>

Signed on behalf of the Board of Directors by:

Adebimpe Olambiwonnu
Finance Controller
FRC/2013/ICAN/00000001253

Abubakar Suleiman
ED, Finance and Strategy
FRC/2013/CIBN/00000001275

Lanre Adesanya
ED, Commercial and Institutional Banking
FRC/2013/CIBN/00000001260

Condensed Statement of changes in equity

For the period ended 30 September 2016

	Share capital	Share premium	Other regulatory reserves	Fair value reserves	Regulatory risk reserves	Share capital reserve	SMIEIS reserve	Revaluation reserve	Retained earnings	Total
<i>In thousands of Naira</i>										
Balance at 1 January 2016	14,395,209	42,759,214	16,634,733	1,153,571	5,070,015	5,276,423	234,503	-	10,042,079	95,565,747
Comprehensive income for the period	-	-	-	-	-	-	-	-	5,536,703	5,536,703
Other comprehensive income net of tax	-	-	-	(16,258,964)	-	-	-	-	-	(16,258,964)
Realised during the period	-	-	-	-	-	-	-	-	-	-
Transfer to other reserve	-	-	830,505	-	-	-	-	-	(830,505)	-
Dividends to equity holders	-	-	-	-	-	-	-	-	(2,591,138)	(2,591,138)
Balance at 30 September 2016	14,395,209	42,759,214	17,465,238	(15,105,393)	5,070,015	5,276,423	234,503	-	12,157,139	82,252,349

	Share capital	Share premium	Other regulatory reserves	Fair value reserves	Regulatory risk reserves	Share capital reserve	SMIEIS reserve	Revaluation reserve	Retained earnings	Total
<i>In thousands of Naira</i>										
Balance at 1 January 2015	14,395,209	42,759,214	13,546,960	(1,131,739)	3,880,738	5,276,423	234,503	-	5,753,977	84,715,285
Comprehensive income for the year	-	-	-	-	-	-	-	-	7,547,592	7,547,592
Other comprehensive income net of tax	-	-	-	(2,333,047)	-	-	-	-	-	(2,333,047)
Realised during the year	-	-	-	-	-	-	-	-	-	-
Transfer to other reserve	-	-	2,264,278	-	-	-	-	-	(2,264,278)	-
Dividends to equity holders	-	-	-	-	-	-	-	-	(1,727,425)	(1,727,425)
Additions during the year	-	-	-	-	-	-	-	-	-	-
Share issuance cost	-	-	-	-	-	-	-	-	-	-
Transfer to regulatory reserves	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2015	14,395,209	42,759,214	15,811,238	(3,464,786)	3,880,738	5,276,423	234,503	-	9,309,866	88,202,405

Condensed Statements of Cash Flow

For the period ended 30 September 2016

<i>In thousands of Naira</i>	Notes	September 2016	September 2015
Operating activities			
Profit before tax		6,071,086	8,304,134
Adjustment for:			
Net impairment on loan	8	7,040,900	5,217,103
Impairment loss on other assets	8	157,690	21,186
Depreciation and amortisation	20(b)&20	3,096,447	2,861,417
Net impairment on investment securities	8	-	(416)
Loss/(Gain) on disposal of property and equipment	7	(25,893)	(1,300,826)
Gain on sale of investment	7	(149)	(64,506)
Movement in debt capital		219,571	145,538
Dividend received	7	(93,221)	(56,737)
Foreign exchange gain/loss		872,849	(5,189)
Derivatives fair value changes		(178)	-
Net gain on investment securities at fair value through profit or loss		215,153	(3,247)
Net changes in other comprehensive income		16,258,964	2,333,047
		33,813,219	17,451,504
Changes in			
Change in pledged assets		(56,432,844)	(8,146,751)
Change in loans and advances to customers		(158,426,447)	49,049,508
Change in due from Central Bank of Nigeria		-	-
Change in restricted balance with Central bank		(13,073,753)	11,092,010
Change in other assets		(4,244,685)	(2,709,596)
Change in deposits from customers		4,196,252	(73,312,319)
Change in other liabilities		12,151,535	31,025,305
		(182,016,723)	24,449,661
Income tax paid	11(b)	(615,571)	(1,496,261)
Net cash flows from operating activities		(182,632,294)	22,953,400
Investing activities			
Net sale/(purchase) of investment securities		54,547,527	(57,574,893)
Purchase of property and equipment	20	(2,658,432)	(3,765,142)
Purchase of intangible assets	21	(1,198,656)	(470,383)
Proceeds from the sale of property and equipment		56,172	1,438,340
Dividend received	7	93,221	56,737
Net cash flows from/(used in) investing activities		50,839,832	(60,315,341)
Financing activities			
Proceeds from borrowing		44,922,004	10,967,072
Repayment of borrowing		(32,698,317)	(3,563,793)
Proceed from Debt Securities		4,525,148	-
Dividends paid to equity holders		(2,591,138)	(1,727,425)
Net cash flows from/(used in) financing activities		14,157,698	5,675,854
Effect of exchange rate changes on cash and cash equivalents		(16,066,492)	(1,353,615)
Net increase/(decrease) in cash and cash equivalents		(117,634,764)	(31,686,087)
Cash and cash equivalents at 1 January		100,312,904	108,769,104
Cash and cash equivalents at 30 June	29	(33,388,352)	75,729,402
Operational cash flow from Interest			
Interest Received		68,721,322	57,673,583
Interest Paid		(27,147,873)	(30,431,870)

Notes to the Financial Statements
For the period ended 30 September 2016

1 Corporate information

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

The Bank is engaged in retail, commercial and corporate banking, and also licenced to operate in the Non Interest banking window.

2 Accounting policies

2.1 (a) Basis of preparation

The condensed financial statements for the nine months ended 30 September, 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

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

(b) Seasonality of operations

The impact of seasonality or cyclical operation is not regarded as significant to the condensed interim financial statement. The operation of the Bank are expected to be even within the financial year.

(c) Changes in accounting estimates

There were no changes to the accounting estimates applied by the Bank. The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in the business for the next 12 months from issuance of this report. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern. Therefore the financial statement continues to be prepared on a going concern basis.

(d) Issuance, repurchase and repayment of debts and equity securities

During the period under review, there was issuance of debt that resulted in an external inflow into the Bank.

(e) Dividends

The dividend declared on the audited results of the Bank for the year ended December 31, 2015 was approved by the Shareholders, and paid. However, the Directors did not recommend the payment of any dividend for the Bank's interim results to 30 September 2016.

(f) Significant events after the end of the reporting period

There were no significant events that occurred after 30 September 2016 that would necessitate a disclosure and/or adjustment to the interim results presented herein.

2.2 Summary of significant accounting policies

The accounting policies applied by the Bank in these condensed interim financial statements are the same as those applied by the bank in its financial statements as at year ended 31 December 2015. Overleaf are the significant accounting policies.

(a) Interest Income and Expense

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

The calculation of the effective interest rate takes into account contractual terms which includes prepayment options, claw-back, contractual fees and points paid or received, transaction costs, and discounts or 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; and
 - interest on available-for-sale investment securities calculated on an effective interest basis.
- Interest income and expense on all trading assets and liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

(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 and unrealised fair value changes and foreign exchange differences.

(d) Financial assets and liabilities

(i) Initial recognition

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

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

(ii) Subsequent measurement

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

(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.

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

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

(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
- the group of financial assets is managed and its performance evaluated on a fair value basis.

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

Interest earned 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 advances

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.

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 price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The 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 reporting 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 setting price.

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

(i) Assets carried at amortised cost

The Bank assesses at each reporting 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 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 reporting date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. Where an available-for-sale asset, which has been 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.

2.3 Standards issued but not yet effective

Standards and improvement that are issued but not yet effective up to the period ended 30 September 2016 are disclosed below. The Bank intends to adopt the standards and improvements below, if applicable when it becomes effective.

IFRS 15: Revenue from Contract with Customers

IFRS 15 - Revenue from Contract with Customers replaces IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations. IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods and services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets, such as property of equipment.

IFRS 9: Financial Instrument: Classification and Measurement

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

IFRS 16 Leases

The International Accounting Standards Board (IASB or Board) issued IFRS 16 Leases on 13 January 2016. The new standard requires lessees to recognise assets and liabilities for most leases. For lessors there is little change to the existing accounting in IAS 17 Leases. The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16. It is not expected that this amendment would be relevant to the Bank.

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

The amendments to IAS 12 clarifies how to account for deferred tax assets related to debt instruments measured at fair value. The amendment was issued 19 January 2016, the standard clarifies the requirements on recognition of deferred tax assets for unrealised losses. Entities are required to apply the amendments for annual periods beginning on or after 1 January 2017. Earlier application is permitted. Management is assessing what the likely impact will be on the Bank.

Improvement to IFRSs

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

IFRS 5, Non current Asset Held for Sale and Discontinued operations

IFRS 7 Financial Instruments: Disclosures

IAS 19 Employee Benefits

2.4 Segment Information

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

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

(b) Reportable segment

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

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

- o Commercial and Corporate Banking provides banking solutions to corporate and commercial enterprises.
- o Retail Banking provides banking solutions to individuals, small businesses and partnerships among others.
- o Treasury conducts the Bank's financial advisory and securities trading activities.
- o Non Interest Banking provides specialised banking services that are Sharia compliant.

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

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

Segment Information continued

In thousands of Naira

For the period ended 30 September 2016

	Retail Banking	Commercial & Institutional	Corporate & Investment	Non-Interest Banking	Total
Interest income and NIB income	8,049,296	23,899,251	36,609,072	335,594	68,893,213
Interest expenses and NIB expense	(4,908,545)	(8,908,188)	(13,433,351)	(124,644)	(27,374,728)
Net interest income/NIB margin	3,140,751	14,991,063	23,175,721	210,950	41,518,485
Fees and Commission income	1,745,787	2,436,126	4,217,892	8,810	8,408,616
Depreciation of property & Equipment IMPAIRMENT	(405,749) (581,807)	(1,557,210) (3,736,261)	(1,101,215) (2,853,156)	(32,274) (27,366)	(3,096,447) (7,198,590)
Segment Profit (loss)	405,334	2,507,187	3,101,464	(3,011)	6,010,974

For the period ended 30 September 2016

Assets:

Capital expenditure					
Property, plant and equipment/Intangible	1,972,313	495,751	190,186	182	2,658,432
Intangible segment assets	1,198,656	-	-	-	1,198,656
Total Assets	241,778,151	260,272,102	380,113,223	8,132,710	890,296,186
Total Liabilities	237,182,429	201,508,175	362,220,526	7,132,710	808,043,840

In thousands of Naira

For the period ended 30 September 2015

	Retail Banking & Commercial Banking	Corporate Banking	Treasury	Non-Interest Banking	Total
Interest income and NIB income	33,383,540	17,809,514	9,930,745	169,972	61,293,771
Interest expenses and NIB expense	(21,194,967)	(2,879,598)	(6,965,379)	(84,125)	(31,124,069)
Net interest income NIB margin	12,188,573	14,929,916	2,965,366	85,847	30,169,702
Fees and Commission income	8,363,485	3,079,312	1,325,957	13,536	12,782,290
Depreciation of property & Equipment IMPAIRMENT	(2,815,378) (3,044,432)	(20,765) (1,878,296)	(5,583) (315,145)	(19,691) -	(2,861,417) (5,237,873)
Segment Profit (loss)	1,051,510	3,373,421	3,894,517	(15,314)	8,304,134

For the period ended 30 September 2015

Assets:

Capital expenditure					
Property, plant and equipment	3,519,590	29,634	14,157	201,761	3,765,142
Intangible segment assets	470,383	-	-	-	470,383
Total Assets	272,449,501	210,698,502	305,734,918	3,665,710	792,548,631
Total Liabilities	401,221,022	220,368,296	80,474,900	2,282,008	704,346,226

For the period ended 31 December 2015

Assets:

	Retail Banking	Commercial & Institutional	Corporate & Investment	Non-Interest Banking	Total
Capital expenditure					
Property, plant and equipment/Intangible	4,084,569	897,208	43,791	11,084	5,036,652
Intangible segment assets	470,383	-	-	-	470,383
Total Assets	126,137,094	128,115,185	540,196,981	5,002,157	799,451,417
Total Liabilities	127,965,813	128,115,185	443,721,613	4,083,058	703,885,669

3 Interest income

<i>In thousands of Naira</i>	September 2016	September 2015	Quarter 3 2016	Quarter 3 2015
Cash and cash equivalent	279,407	1,056,610	49,159	282,067
Loan and advances to customers	50,485,141	45,255,710	20,498,171	15,435,977
Investment securities	16,787,750	13,960,069	6,222,146	5,360,614
Interest on impaired loans	1,340,915	1,021,382	582,823	380,871
	<u>68,893,213</u>	<u>61,293,771</u>	<u>27,352,299</u>	<u>21,459,529</u>
Interest from Investment securities were derived from:				
Available-for-sale	7,929,323	5,030,192	2,351,858	1,986,617
Held to maturity	8,858,427	8,929,877	3,870,288	3,373,997
	<u>16,787,750</u>	<u>13,960,069</u>	<u>6,222,146</u>	<u>5,360,614</u>

4 Interest expense

<i>In thousands of Naira</i>	September 2016	September 2015	Quarter 3 2016	Quarter 3 2015
Deposits from banks	4,838,464	262,821	3,819,363	(213,050)
Deposits from customers	20,266,119	28,575,796	6,679,051	9,856,884
Debt issued and other borrowed funds	2,270,145	2,285,452	966,274	1,072,967
	<u>27,374,728</u>	<u>31,124,069</u>	<u>11,464,688</u>	<u>10,716,801</u>

5 Fees and commission income

<i>In thousands of Naira</i>	September 2016	September 2015	Quarter 3 2016	Quarter 3 2015
Facility management fees	1,782,681	1,914,634	646,345	960,780
Account Maintenance Fee	937,604	1,061,920	244,756	335,750
Commissions and similar income	2,492,184	4,325,339	891,342	2,250,524
Commission on letter of credit and Off Balance Sheet transactions	625,217	984,027	212,506	223,077
Other fees and commission (See note below)	2,391,099	4,496,370	225,776	1,374
	<u>8,228,785</u>	<u>12,782,290</u>	<u>2,220,725</u>	<u>3,771,505</u>

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

Included in other fees and commission above is advisory fees.

6 Net trading income

<i>In thousands of Naira</i>	September 2016	September 2015	Quarter 3 2016	Quarter 3 2015
Foreign exchange trading	1,754,194	4,328,368	108,697	1,072,219
Securities trading	(362,750)	826,322	(450,617)	225,103
	<u>1,391,444</u>	<u>5,154,690</u>	<u>(341,920)</u>	<u>1,297,322</u>

7 Other operating income

<i>In thousands of Naira</i>	September 2016	September 2015	Quarter 3 2016	Quarter 3 2015
Rental income	138,613	147,628	57,271	46,057
Other sundry income	581,835	411,195	145,608	102,585
Foreign exchange gain	-	5,189	-	5,189
Net gain on trading instruments	75	-	75	-
Dividends on available-for-sale equity securities	93,221	56,737	54,897	-
Gains on disposal of property, plant and equipment (See note below)	25,893	1,300,826	15,212	2,067
Gain on sale of investment securities	149	64,506	149	-
Cash recoveries on previously written off accounts	298,681	594,744	92,568	85,182
Mark to market gains on trading investments (NDF)	178	-	178	-
	<u>1,138,645</u>	<u>2,580,825</u>	<u>365,958</u>	<u>241,080</u>

The huge difference/variance in gain on disposal of property, plant and equipment relates to sale of Abuja Land in 2015.

8 Net impairment

<i>In thousands of Naira</i>	September 2016	September 2015	Quarter 3 2016	Quarter 3 2015
Credit losses				
- Specific impairment allowance (see note 17)	6,811,599	6,450,849	2,875,340	2,649,787
- Collective impairment (see note 17)	364,434	822,353	355,852	50,000
Bad debt written off	164,247	26,656	111,863	22,046
Allowances no longer required	(299,380)	(2,082,755)	(123,358)	(1,987,352)
	<u>7,040,900</u>	<u>5,217,103</u>	<u>3,219,697</u>	<u>734,481</u>
Other financial asset impairment				
- Impairment charge/(writeback) on other assets (see note 19)	157,690	(416)	314,116	79,865
- Impairment reversal on other assets	-	21,186	-	21,186
	<u>7,198,590</u>	<u>5,237,873</u>	<u>3,533,813</u>	<u>835,532</u>

9 Personnel expenses

<i>In thousands of Naira</i>	September 2016	September 2015	Quarter 3 2016	Quarter 3 2015
Wages and salaries	7,759,222	7,763,402	2,653,804	2,720,322
Defined contribution plan	934,708	958,988	358,202	289,574
	<u>8,693,930</u>	<u>8,722,390</u>	<u>3,012,006</u>	<u>3,009,896</u>

10 (a) Other operating expenses

<i>In thousands of Naira</i>	September 2016	September 2015	Quarter 3 2016	Quarter 3 2015
AMCON surcharge (see note (i) below)	3,023,066	3,093,789	1,005,335	1,029,858
Contract Services	3,084,878	1,809,019	1,061,430	620,515
Insurance	2,605,879	2,723,211	888,204	933,063
Other Professional Fees	627,523	829,581	180,931	370,854
Net foreign exchange loss (see note (ii) below)	872,849	-	(345,950)	(6,780)
Non-interest banking operation	11	-	-	-
Net loss on trading securities	227,612	483,516	83,204	154,422
	<u>10,441,818</u>	<u>8,939,116</u>	<u>2,873,154</u>	<u>3,101,932</u>

AMCON surcharge

(i) This represents the Bank's contribution to a fund established by Asset Management Corporation of Nigeria (AMCON) for the period ended 30 September 2016. Effective 1 January 2013, the Bank is required to contribute an equivalent of 0.5% (2015 : 0.5%) of its total assets plus 33.3% of off-financial position assets (loan-related) as at the preceding year end to AMCON's sinking fund in line with existing guidelines.

(ii) The huge loss on foreign exchange is as a result the devaluation of the Naira against other currencies.

(b) General and administrative expenses

<i>In thousands of Naira</i>	September 2016	September 2015	Quarter 3 2016	Quarter 3 2015
Administrative expenses	2,250,548	2,486,995	688,780	916,676
Audit fees	180,000	155,000	60,000	55,000
Office expenses	2,015,065	2,024,717	696,824	671,275
Advertising and business promotion	2,243,010	2,190,571	940,745	774,339
E-business expense	868,241	915,767	500,236	297,315
Cash handling and processing expense	1,215,331	1,267,323	639,402	505,735
Branding expenses	135,946	189,387	41,064	189,387
Communication cost	927,239	934,561	324,154	310,513
Transport, travel, accomodation	294,477	365,622	84,109	116,745
Seminar and conferences	442,878	383,048	134,895	167,155
Rents and rates	67,624	125,730	18,108	36,465
Security	275,502	239,483	102,880	85,572
Other general expenses	1,332,158	427,503	113,849	(5,147)
Annual general meeting expenses	180,000	180,000	60,000	60,000
Stationery and printing	155,957	152,128	51,413	66,393
Directors other expenses	193,745	132,575	64,753	38,400
Membership and subscription	108,515	93,292	40,075	26,716
Fines and penalties	10,951	92,463	2,756	8,047
Directors fee	30,750	30,750	10,250	10,250
Newspapers and periodicals	3,388	6,481	622	2,430
	<u>12,931,325</u>	<u>12,393,396</u>	<u>4,574,915</u>	<u>4,333,266</u>

(c) Other property, plant and equipment cost

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

11 Income tax expense

In thousands of Naira

	September 2016	September 2015	Quarter 3 2016	Quarter 3 2015
(a) Income tax	474,273	756,542	158,091	243,753
Education tax	-	-	-	(56,774)
Capital gains tax	-	-	-	-
Information Technology levy	60,110	-	16,303	(60,556)
Total income tax expense	<u>534,383</u>	<u>756,542</u>	<u>174,394</u>	<u>126,423</u>

(b) Current income tax liabilities

The movement on this account during the period was as follows:

In thousands of Naira

	September 2016	December 2015
Balance, beginning of the year	780,232	1,802,189
Income tax and education tax for the period.	474,273	613,561
payments during the period	(615,571)	(1,635,518)
	<u>638,934</u>	<u>780,232</u>

(c) Deferred tax

30 September 2016

In thousands of Naira

	Balance as at 1 January 2016	Recognised in profit or loss	Recognised deferred tax liability/(asset)
Accelerated depreciation of property, plant and equipment	2,188,824		2,188,824
Unutilised tax credit (capital allowance)	(4,192,037)		(4,192,037)
Tax losses	(4,926,576)		(4,926,576)
Deductible temporary difference	(41,356)		(41,356)
	<u>(6,971,145)</u>	<u>-</u>	<u>(6,971,145)</u>

31 December 2015

In thousands of Naira

	Balance as at 1 January 2014	Recognised in profit or loss	Recognised deferred tax liability/(asset)
Accelerated depreciation of property, plant and equipment	1,299,207	889,617	2,188,824
Unutilised tax credit (capital allowance)	(3,811,478)	(380,559)	(4,192,037)
Tax losses	(4,225,436)	(701,140)	(4,926,576)
Deductible temporary difference	(233,438)	192,082	(41,356)
	<u>(6,971,145)</u>	<u>-</u>	<u>(6,971,145)</u>

12 Earning per share (basic and diluted)

The calculation of basic earnings per share as at 30 September 2016 was based on the profit attributable to ordinary shareholders of N4064,566,000 and weighted average number of ordinary shares outstanding of 28,790,418,124 calculated as follows:

In thousands of Unit

	September 2016	September 2015
Weighted average number of ordinary shares	<u>28,790,418</u>	<u>28,790,418</u>

In thousands of Naira

	September 2016	September 2015
Profit for the period attributable to equity holders of the Bank	5,536,703	7,547,592
Basic earning per share	19k	26k
Diluted earning per share	19k	26k

13 Cash and balances with Central Bank

<i>In thousands of Naira</i>	September 2016	December 2015
Cash and foreign monies	9,309,798	16,232,082
Unrestricted balances with Central Bank of Nigeria	3,720,833	15,281,983
Deposits with the Central bank of Nigeria	97,483,704	84,409,951
	110,514,335	115,924,016

Deposits with the Central Bank of Nigeria represent mandatory reserve deposits and are not available for use in the bank's day-to-day operations.

14 Due from banks

<i>In thousands of Naira</i>	September 2016	December 2015
Balances held with local banks	6,165,779	20,736,098
Balances held with banks outside Nigeria	6,502,880	29,488,213
Money market placements	11,888,385	18,574,528
	24,557,044	68,798,839

15 Pledged Assets

<i>In thousands of Naira</i>	September 2016	December 2015
Pledged Treasury bills (see note (a) below)	8,615,000	4,569,601
Pledged Bonds - FGN (see note (b) below)	76,566,145	30,581,082
Pledged Bonds - State Government (see note (b) below)	10,332,844	-
Pledged Euro Bonds (see note (b) below)	23,826,868	29,011,422
Pledged Corporate Bonds (see note (c) below)	338,713	-
Other pledged assets (see note (d) below)	6,091,680	5,176,301
	125,771,250	69,338,406

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

- (a) Pledged for clearing activities, as collection bank for government taxes and Interswitch electronic card transactions.
- (b) Pledged as security for long term loan from Citibank International, clearing activities with First Bank Plc.
- (c) Pledged as security to counter parties on Repurchased Agreement (REPO) transactions
- (d) Included in other pledged assets are cash collateral for letters of credit and visa card through Zenith Bank Plc. The deposit are not part of the fund used by the bank for day to day activities.

16 Foreign Exchange Derivatives

<i>In thousands of Naira</i>	Notional Contract Amount	Fair Value	
30 September 2016		Assets	Liability
Non deliverable forward	204,254	8,994	(8,816)
Derivative assets/(liabilities)	204,254	8,994	(8,816)

17 Loan and Advances to Customers

<i>In thousands of Naira</i>	September 2016	December 2015
Loans to individuals	151,529,925	40,357,710
Loans to corporate entities and other organizations	357,871,378	314,117,146
	509,401,303	354,474,856
Less:		
Specific impairment allowance	(9,570,688)	(11,566,682)
Collective impairment allowance	(4,546,337)	(4,181,903)
	495,284,278	338,726,271

Impairment allowance on loans and advances to customers

Specific impairment

<i>In thousands of Naira</i>	September 2016	December 2015
Balance, beginning of year	11,566,682	6,531,453
Impairment charge for the period (see note 8)	6,811,599	9,972,473
Reversal for the period	(299,380)	(2,784,247)
Write-offs	(8,508,213)	(2,152,997)
Balance, end of period	9,570,688	11,566,682

Collective impairment

In thousands of Naira

	September 2016	December 2015
Balance, beginning of year	4,181,903	3,146,674
Impairment charge for the period (see note 8)	364,434	1,035,229
Balance, end of period	<u>4,546,337</u>	<u>4,181,903</u>

18 Investment securities:

In thousands of Naira

September 2016 December 2015

(a) Held for Trading (HFT)

- Bonds	-	-
- Treasury bills	2,034,847	4,692,636
	<u>2,034,847</u>	<u>4,692,636</u>

(b) Available for Sale (AFS)

Government bond	43,038,190	88,796,811
Equity securities	2,877,434	2,062,751
Euro bond	15,910,247	6,420,787
Corporate bonds	-	2,166,647
Treasury bills	2,924,699	20,278,744
	<u>64,750,570</u>	<u>119,725,740</u>
Impairment on AFS instruments (see note 18b (1))	(247,096)	(247,096)
	<u>64,503,474</u>	<u>119,478,644</u>

Unquoted available for sale equity securities are carried at cost, their fair value cannot be measured reliably. These are investments in small and medium scale enterprises with a carrying cost of N2.87 billion (2015: N2.1 billion). There is no similar investment that the price can be reliably benchmarked because there is no active market. These investments are recouped through redemption or disposal to existing equity holders.

(c) Held to maturity (HTM)

Government bonds	24,783,029	44,056,582
Corporate bonds	2,403,809	1,303,790
	<u>27,186,838</u>	<u>45,360,372</u>

Total Investment securities

93,725,159 169,531,652

(b) 1 Specific allowance for impairment on AFS

In thousands of Naira

September 2016 December 2015

Balance, beginning of year	247,096	387,715
Charge for the period	-	-
Writeback	-	-
Amounts written off	-	(140,619)
Balance, end of period	<u>247,096</u>	<u>247,096</u>

19 Other Assets

Other assets comprise:

In thousands of Naira

September 2016 December 2015

Accounts receivable	1,166,581	1,297,193
Prepayments (see note (a) below)	12,762,472	10,535,917
Prepaid staff cost	3,019,078	2,386,358
Stock of cheque books and stationery	592,720	736,450
	<u>17,540,851</u>	<u>14,955,918</u>
Impairment on other assets	(1,065,710)	(1,053,309)
	<u>16,475,141</u>	<u>13,902,609</u>

Movement in impairment on other assets

In thousands of Naira

September 2016 December 2015

Balance, beginning of year	1,053,309	4,377,760
impairment on other assets (note 8)	-	-
Writeback (note 8)	157,690	(124,319)
Write-offs	(145,289)	(3,200,132)
Balance, end of period	<u>1,065,710</u>	<u>1,053,309</u>

(a) Included in prepayments are mostly Bank premises rent, NDIC insurance premium and AMCON surcharge.

20 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, 2015	6,598,403	2,667,477	10,035,461	6,480,610	4,668,356	30,450,307
Additions for the period	701,736	1,287,990	1,562,822	486,813	997,293	5,036,653
Disposals	(178,896)	-	(408,913)	(6,144)	(620,125)	(1,214,078)
Reclassification	828,438	(1,553,997)	688,673	23,761	13,125	-
Balance as at 31 December 2015	<u>7,949,681</u>	<u>2,401,470</u>	<u>11,878,042</u>	<u>6,985,040</u>	<u>5,058,649</u>	<u>34,272,882</u>
Balance as at 1 January, 2016	7,949,681	2,401,471	11,878,042	6,985,040	5,058,649	34,272,882
Additions for the period	128,150	678,944	530,407	911,833	409,098	2,658,432
Disposals	0	-	(81,972)	(8,826)	(605,728)	(696,526)
Adjustment	(4,203)	-	4,203	-	-	-
Reclassification	572,086	(755,676)	120,786	38,653	24,150	(0)
Balance as at 30 September 2016	<u>8,645,715</u>	<u>2,324,739</u>	<u>12,451,466</u>	<u>7,926,700</u>	<u>4,886,169</u>	<u>36,234,788</u>
(b) Depreciation and impairment losses						
Balance as at 1 January, 2015	2,610,760	-	5,820,570	5,260,192	2,806,759	16,498,281
Charge for the period	455,728	-	1,468,506	792,107	856,748	3,573,089
Audit Journal	-	-	-	-	-	-
Disposals	(70,117)	-	(398,325)	(5,643)	(582,619)	(1,056,703)
Balance as at 31 December 2015	<u>2,996,371</u>	<u>-</u>	<u>6,890,751</u>	<u>6,046,656</u>	<u>3,080,889</u>	<u>19,014,667</u>
Balance as at 1 January, 2016	2,996,370	-	6,890,751	6,046,657	3,080,887	19,014,666
Charge for the period	337,204	-	1,215,107	569,338	657,810	2,779,459
Adjustment	(133)	-	133	-	-	-
Disposals	-	-	(81,492)	(8,575)	(576,179)	(666,246)
Balance as at 30 September 2016	<u>3,333,442</u>	<u>-</u>	<u>8,024,499</u>	<u>6,607,420</u>	<u>3,162,518</u>	<u>21,127,878</u>
Carrying amounts						
Balance as at 30 September 2016	<u>5,312,273</u>	<u>2,324,739</u>	<u>4,426,967</u>	<u>1,319,280</u>	<u>1,723,651</u>	<u>15,106,910</u>
Balance as at 31 December 2015	<u>4,953,310</u>	<u>2,401,470</u>	<u>4,987,292</u>	<u>938,384</u>	<u>1,977,761</u>	<u>15,258,217</u>
Balance as at 1 January, 2015	<u>3,987,643</u>	<u>2,667,477</u>	<u>4,214,892</u>	<u>1,220,418</u>	<u>1,861,596</u>	<u>13,952,027</u>

The gross carrying amount of fully depreciated property, plant and equipment that is still in use is N13.158billion (2015: N11.22billion).

21	Intangible asset		
	Purchased Software		
	<i>In thousands of Naira</i>	September 2016	December 2015
	Cost		
	Beginning of year	2,355,998	1,885,615
	Additions	1,198,656	470,383
	Disposals	-	-
	Balance end of period	<u>3,554,654</u>	<u>2,355,998</u>
	Amortisation and impairment losses		
	Beginning of year	1,355,736	1,064,158
	Amortisation for the period	316,988	291,578
	Disposals	-	-
	Balance end of period	<u>1,672,724</u>	<u>1,355,736</u>
	Carrying amounts	<u>1,881,929</u>	<u>1,000,262</u>
22	Due to Banks	September 2016	December 2013
	<i>In thousands of Naira</i>		
	Balances due to local banks (See (i) below)	20,404,124	-
		<u>20,404,124</u>	<u>-</u>
	(i) This represents clearing position with local Banks		
23	Deposits from Banks	September 2016	December 2015
	Money Market Deposits	50,571,902	-
		<u>50,571,902</u>	<u>-</u>
24	Deposits from customers		
	<i>In thousands of Naira</i>	September 2016	December 2015
	Current accounts	364,152,359	361,705,580
	Savings accounts	47,321,294	41,728,342
	Term deposits	181,132,782	186,614,792
	Pledged deposits	2,479,033	840,502
		<u>595,085,468</u>	<u>590,889,216</u>
25	Other borrowed Funds		
	<i>In thousands of Naira</i>	September 2016	December 2015
	Foreign Funds		
	Due to Citibank (See (i) below)	15,593,374	19,137,956
	Due to Standard Chartered Bank	-	4,866,773
	Due to African Export/Import Bank	-	2,965,845
	Due to Goldman Sachs Int'l	-	8,261,331
	Due to Islamic Corporation Development Bank (See (ii) below)	9,912,402	5,971,500
	Due to State Bank of India (See (iii) below)	10,913,368	-
		<u>36,419,145</u>	<u>41,203,405</u>
	Local Funds		
	Due to BOI (see (iv) below)	2,401,427	4,197,045
	Due to CBN-Agric-Fund (See (v) below)	3,485,871	14,750,039
	Due to CBN - MSME Fund (See (vi) below)	30,202,981	135,247
		<u>36,090,279</u>	<u>19,082,331</u>
		<u>72,509,424</u>	<u>60,285,736</u>

- (i) This represents the Naira equivalent of a USD50,000,000 outstanding of the USD95,000,000 credit facility granted to the Bank by Citibank International Plc payable in 4 years commencing October 2008 and interest is payable quarterly at LIBOR plus a margin of 475 basis point. The facility was renegotiated in 2013 to mature in September 2017 at a fixed rate of 6.2% annually. The loan is secured with pledged financial assets as indicated in Note 15. The effective interest rate of the loan is 6.9% per annum.
- (ii) This represents \$30 million Murabaha financing facility granted by Islamic Corporation for the Development of the Private Sector (ICD) for a period of 365 days commencing 12 October 2015. The profit on the facility shall be the aggregate of the cost price multiplied by 3 months USD Libor + 600 per annum multiplied by deferred period (in days) divided by 360 days.
- (iii) This represents the Naira equivalent of a \$40 million short term credit facility from State Bank of India for a period of 178 days commencing 5th of April, 2016 to mature 30th September, 2016. The rate of interest on the loan is the aggregate of applicable margin (4% + 3 months USD Libor). Interest on the loan is payable quarterly.
- (iv) This is a facility from Bank of Industry under Central Bank of Nigeria N200billion intervention fund for refinancing and restructuring of the Bank's existing loan portfolio to Nigeria SME/Manufacturing sector and N500billion Power and Aviation intervention fund for financing projects in the Power and Aviation sectors of the economy.

The facility is administered at an all-in interest rate/charge of 7% per annum payable on quarterly basis. Specifically, the managing agent (BOI) is 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 one year with provision for roll over.

- (v) 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 Credit Scheme (CACs) to promote commercial agricultural enterprise in Nigeria. All facilities approved by the participating banks under the scheme are for a maximum period of seven years while overdraft facilities approved are for a period of one year. The loans are at all-in-interest rate of 9% per annum.
- 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 banks at commercial rate, and the Customer enjoys an interest rebate of 35% - 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.
- (vi) This is a fund initiated by the Central Bank of Nigeria to support, promote and deepen access to finance for Micro, Small and Medium Enterprises (MSME). The fund is administered at an all in rate of 9% (fees inclusive).

26 Debt securities in issue

<i>In thousands of Naira</i>	September 2016	December 2015
Debt securities - Debenture (See (i) below)	4,781,571	4,563,568
Debt securities - Bond (See (ii) below)	<u>4,525,148</u>	<u>-</u>
	<u>9,306,719</u>	<u>4,563,568</u>

- (i) This represents N4.56billion seven year 13% subordinated unsecured non-convertible debenture stock issued in year 2011 to be redeemed in year 2018.
- (ii) This represents N4.779billion seven year 18.86% fixed rate senior unsecured bond issued in year 2016 to be redeemed in year 2023

27 Other liabilities

<i>In thousands of Naira</i>	September 2016	December 2015
Creditors and accruals	7,401,097	7,554,859
Certified cheques	4,281,888	5,841,190
Defined contribution obligations	172	149
Customers' deposits for foreign trade	9,119,072	3,065,623
Provisions	264,369	268,211
Information Technology Levy	60,110	110,163
Other credit balances (See (i) below)	<u>38,391,746</u>	<u>30,526,723</u>
	<u>59,518,453</u>	<u>47,366,918</u>

- (i) Included in other credit balances are customer deposits secured with bonds.

28 Capital and reserves

(a) Share capital

<i>In thousands of Naira</i>	September 2016	December 2015
Authorised:		
32,000,000,000 Ordinary shares of 50k each	<u>16,000,000</u>	<u>16,000,000</u>
Issued and fully-paid:		
28.79 billion (2014: 28.79 billion) Ordinary shares of 50k each	<u>14,395,209</u>	<u>14,395,209</u>

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

(b) Share premium

<i>In thousands of Naira</i>	September 2016	December 2015
Share premium	<u>42,759,214</u>	<u>42,759,214</u>

(c) Other regulatory reserves

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

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

(i) Prudential impairment allowance is greater than IFRS impairment allowance: transfer the difference from the retained earnings to a non-distributable regulatory risk reserve.

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

(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.

29 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.

<i>In thousands of Naira</i>	September 2016	December 2015
Cash and foreign monies (See note 13)	9,309,798	16,232,082
Unrestricted balances with Central Bank of Nigeria (See note 13)	3,720,833	15,281,983
Balances held with local banks (See note 14)	6,165,779	20,736,098
Balances held with banks outside Nigeria (See note 14)	6,502,880	29,488,213
Money market placements (See note 14)	11,888,385	18,574,528
Balances due to local banks (See note 22)	(20,404,124)	-
Money Market Deposits (See note 23)	<u>(50,571,902)</u>	<u>-</u>
	<u>(33,388,352)</u>	<u>100,312,904</u>

30 Contingent Liabilities and commitments

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

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

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

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

<i>In thousands of Naira</i>	September 2016	December 2015
Bonds, guarantees and indemnities	112,094,064	85,081,762
Letters of credit	20,126,003	58,238,001
Others	33,407,768	22,925,485
	<u>165,627,835</u>	<u>166,245,248</u>