

STERLING BANK PLC

**THE UNAUDITED RESULTS FOR THE
PERIOD ENDED 31 MARCH 2017**

Condensed Statement of Profit or Loss
For the period ended 31 March 2017

		28,554	12.0%	28,442	25,504
		GROUP		BANK	
<i>In millions of Naira</i>	Notes	March 2017		March 2017	March 2016
Interest income	3	25,322	26.3%	25,210	20,053
Interest expense	4	(11,814)	36.8%	(11,713)	(8,639)
Net interest income		<u>13,508</u>	18.3%	<u>13,497</u>	<u>11,414</u>
Fees and commission income	5	2,723	-25.9%	2,723	3,675
Net Trading income	6	(911)	-159.3%	(911)	1,537
Other operating income	7	1,420	494.1%	1,420	239
Operating income		<u>16,740</u>	-0.7%	<u>16,729</u>	<u>16,865</u>
Impairment charges	8	(2,510)	74.3%	(2,510)	(1,440)
Net operating income after impairment		<u>14,230</u>	-7.7%	<u>14,219</u>	<u>15,425</u>
Personnel expenses	9	(2,878)	1.7%	(2,878)	(2,829)
Other operating expenses	10 (a)	(3,164)	3.6%	(3,164)	(3,053)
General and administrative expenses	10 (b)	(3,519)	-18.8%	(3,519)	(4,333)
Other property, plant and equipment cost	10(c)	(1,567)	13.0%	(1,567)	(1,387)
Depreciation and amortisation	21(b)&21	(1,071)	5.2%	(1,071)	(1,018)
Total expenses		<u>(12,199)</u>	-3.3%	<u>(12,199)</u>	<u>(12,620)</u>
Profit before income tax		2,031	-27.6%	2,020	2,805
Income tax expense	11 (a)	(155)	-41.3%	(155)	(264)
Profit for the period		<u>1,876</u>	-26.2%	<u>1,865</u>	<u>2,541</u>
Earnings per share - basic (in kobo)	12	7k		6k	9k
Earnings per share - diluted (in kobo)	12	7k		6k	9k

Statement of Other comprehensive income

<i>In millions of Naira</i>	Notes	March 2017	March 2017	March 2016
Profit for the period		1,876	1,865	2,541
Items that may be reclassified subsequently to profit or loss:				
Fair value gain/(loss) on available for sale investments		(11,327)	(11,327)	(2,521)
Fair value gain/(loss) on available for sale securities sold included in profit or loss		11,323	11,323	(1,154)
Other comprehensive (loss)/income for the period; net of tax		<u>(4)</u>	<u>(4)</u>	<u>(3,675)</u>
Total comprehensive (loss)/profit for the period		<u><u>1,872</u></u>	<u><u>1,861</u></u>	<u><u>(1,134)</u></u>

Condensed Statement of Financial Position
As at 31 March 2017

In millions of Naira	Notes	GROUP		BANK		
		March 2017	December 2016	March 2017	December 2016	
Assets						
Cash and balances with Central Bank of Nigeria	13	121,124	12.3%	107,859	121,124	107,859
Due from Banks	14	38,977	24.6%	31,289	38,977	31,289
Pledged financial assets	15	106,193	22.3%	86,864	106,193	86,864
Derivative financial assets	16	3	-63.1%	8	3	8
Loans and advances to Customers	17	467,377	-0.2%	468,250	467,377	468,250
Investment securities:						
- Held for trading	18(a)	4,473	170.6%	1,653	4,473	1,653
- Available-for-sale	18(b)	42,832	22.8%	34,867	42,832	34,867
- Held to maturity	18(c)	55,410	-4.7%	58,113	52,211	54,724
Investment in subsidiary	19(c)	-		-	1	1
Other assets	20	31,811	46.8%	21,676	31,811	21,676
Property, plant and equipment	21	14,163	-3.0%	14,604	14,163	14,604
Intangible assets	22	1,941	-4.7%	2,037	1,941	2,037
Deferred tax assets	11(c)	6,971	0.0%	6,971	6,971	6,971
Total Assets		891,275	6.8%	834,190	888,077	830,803
Liabilities						
Deposits from Banks	23	25,472	7.2%	23,769	25,472	23,769
Deposits from Customers	24	570,192	-2.5%	584,734	570,192	584,734
Derivative financial liabilities	16	2	-70.8%	7	2	7
Current income tax liabilities	11(b)	1,069	13.5%	942	1,069	942
Other borrowed funds	25	134,652	63.3%	82,450	134,652	82,450
Debt securities issue	26	15,076	-2.0%	15,382	11,870	11,976
Other liabilities	27	57,281	38.9%	41,245	57,281	41,245
Total Liabilities		803,744	7.4%	748,529	800,538	745,123
Equity						
Share capital	28	14,395	0.0%	14,395	14,395	14,395
Share premium	28	42,759	0.0%	42,759	42,759	42,759
Retained earnings		7,820	25.6%	6,226	7,827	6,242
Equity reserves		22,557	1.2%	22,280	22,558	22,282
Total equity		87,531	2.2%	85,660	87,539	85,679
Total liabilities and equity		891,275	6.8%	834,189	888,077	830,801

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

Yemi Adeola
Managing Director/ Chief Executive Officer
FRC/2013/CIBN/00000001257

Condensed Statement of changes in equity

For the period ended 31 March 2017

Group

	Share capital	Share premium	Other regulatory reserves	Fair value reserves	Regulatory risk reserves	Share capital reserve	SMIEIS reserve	Retained earnings	Total
<i>In millions of Naira</i>									
Balance at 1 January 2017	14,395	42,759	17,409	(11,323)	10,683	5,276	235	6,226	85,660
Comprehensive income for the period	-	-	-	-	-	-	-	1,876	1,876
Other comprehensive income net of tax	-	-	-	(4)	-	-	-	-	(4)
Realised during the period	-	-	-	-	-	-	-	-	-
Transfer to other reserve	-	-	281	-	-	-	-	(281)	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-
Balance at 31 March 2017	14,395	42,759	17,690	(11,327)	10,683	5,276	235	7,820	87,532

Bank

	Share capital	Share premium	Other regulatory reserves	Fair value reserves	Regulatory risk reserves	Share capital reserve	SMIEIS reserve	Retained earnings	Total
<i>In millions of Naira</i>									
Balance at 1 January 2017	14,395	42,759	17,412	(11,323)	10,683	5,276	235	6,242	85,679
Comprehensive income for the period	-	-	-	-	-	-	-	1,865	1,865
Other comprehensive income net of tax	-	-	-	(4)	-	-	-	-	(4)
Realised during the period	-	-	-	-	-	-	-	-	-
Transfer to other reserve	-	-	280	-	-	-	-	(280)	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-
Balance at 31 March 2017	14,395	42,759	17,692	(11,327)	10,683	5,276	235	7,827	87,539

Bank

	Share capital	Share premium	Other regulatory reserves	Fair value reserves	Regulatory risk reserves	Share capital reserve	SMIEIS reserve	Retained earnings	Total
<i>In millions of Naira</i>									
Balance at 1 January 2016	14,395	42,759	16,635	1,154	5,070	5,276	235	10,042	95,566
Comprehensive income for the year	-	-	-	-	-	-	-	2,541	2,541
Other comprehensive income net of tax	-	-	-	(3,675)	-	-	-	-	(3,675)
Realised during the year	-	-	-	-	-	-	-	-	-
Transfer to other reserve	-	-	381	-	-	-	-	(381)	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-
Additions during the year	-	-	-	-	-	-	-	-	-
Share issuance cost	-	-	-	-	-	-	-	-	-
Transfer to regulatory reserves	-	-	-	-	-	-	-	-	-
Balance at 31 March 2016	14,395	42,759	17,016	(2,521)	5,070	5,276	235	12,202	94,432

Condensed Statements of Cash Flow

For the period ended 31 March 2017

In millions of Naira	Notes	GROUP March 2017	BANK March 2017	March 2016
Operating activities				
Profit before tax		2,031	2,020	2,805
Adjustment for:				
Net impairment on loan	8	2,524	2,524	1,635
Impairment loss on other assets	8	(14)	(14)	(195)
Depreciation and amortisation	21 (b)&20	1,071	1,071	1,018
Loss/(Gain) on disposal of property and equipment	7	(19)	(19)	(9)
Movement in debt capital		655	329	146
Dividend received	7	(85)	(85)	(32)
Foreign exchange gain/loss	7&10(a)	35	35	(11)
Derivatives fair value changes		-	-	-
Net gain on investment securities at fair value through profit or loss		277	277	14
Net changes in other comprehensive income		4	4	3,675
		6,478	6,141	9,046
Changes in				
Change in pledged assets		(19,329)	(19,329)	(6,791)
Change in loans and advances to customers		(6,308)	(6,308)	(18,701)
Change in restricted balance with Central bank		9,699	9,699	(20,981)
Change in other assets		(13,607)	(13,270)	3,246
Change in deposits from customers		(14,542)	(14,542)	(25,556)
Change in other liabilities		10,536	10,536	8,774
		(27,073)	(27,073)	(50,963)
Income tax paid	11 (b)	(8)	(8)	-
Net cash flows from operating activities		(27,081)	(27,081)	(50,963)
Investing activities				
Net sale/(purchase) of investment securities		(8,082)	(8,272)	2,043
Purchase of property and equipment	21	(498)	(498)	(638)
Purchase of intangible assets	22	(45)	(45)	-
Proceeds from the sale of property and equipment		28	28	24
Dividend received	7	85	85	32
Net cash flows from/(used in) investing activities		(8,703)	(8,703)	1,461
Financing activities				
Proceeds from borrowing		52,472	52,472	15,299
Repayment of borrowing		(271)	(271)	(5,502)
Net cash flows from/(used in) financing activities		52,201	52,201	9,797
Effect of exchange rate changes on cash and cash equivalents		(11,238)	(11,238)	-
Net increase/(decrease) in cash and cash equivalents		16,418	16,418	(39,704)
Cash and cash equivalents at 1 January		44,666	44,666	100,313
Cash and cash equivalents at 31 March	29	49,846	49,846	60,609
Operational cash flow from Interest				
Interest Received		24,465	24,353	23,289
Interest Paid		(11,556)	(11,455)	(8,668)

3 Interest income

<i>In millions of Naira</i>	GROUP	BANK	
	YEAR TO DATE	YEAR TO DATE	
	March 2017	March 2017	March 2016
Cash and cash equivalent	107	107	113
Loan and advances to customers	19,928	19,928	13,672
Investment securities	5,282	5,170	5,617
Interest on impaired loans	5	5	651
	<u>25,322</u>	<u>25,210</u>	<u>20,053</u>
Interest from Investment securities were derived from:			
Available-for-sale	2,940	2,940	3,594
Held to maturity	2,343	2,230	2,024
	<u>5,282</u>	<u>5,170</u>	<u>5,617</u>

4 Interest Expense

<i>In millions of Naira</i>	March 2017	March 2017	March 2016
Deposits from banks	1,110	1,110	43
Deposits from customers	8,821	8,821	7,385
Debt issued and other borrowed funds	1,883	1,782	1,210
	<u>11,814</u>	<u>11,713</u>	<u>8,639</u>

5 Fees and commission income

<i>In millions of Naira</i>	March 2017	March 2017	March 2016
Facility management fees	265	265	822
Account Maintenance Fee	317	317	379
Commissions and similar income	898	898	1,066
Commission on letter of credit and Off Balance Sheet transactions	177	177	213
Other fees and commission (See note below)	1,066	1,066	1,195
	<u>2,723</u>	<u>2,723</u>	<u>3,675</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.

6 Net trading income

<i>In millions of Naira</i>	March 2017	March 2017	March 2016
Foreign exchange trading	381	381	453
Securities trading	(1,292)	(1,292)	1,085
	<u>(911)</u>	<u>(911)</u>	<u>1,537</u>

7 Other operating income

<i>In millions of Naira</i>	March 2017	March 2017	March 2016
Rental income	25	25	38
Other sundry income	261	261	116
Foreign exchange gain	-	-	11
Dividends on available-for-sale equity securities	85	85	32
Gains on disposal of property, plant and equipment (See note below)	19	19	9
Cash recoveries on previously written off accounts	1,030	1,030	33
	<u>1,420</u>	<u>1,420</u>	<u>239</u>

8 Net impairment

<i>In millions of Naira</i>	March 2017	March 2017	March 2016
Credit losses			
- Specific impairment allowance (see note 17)	2,026	2,026	1,652
- Collective impairment (see note 17)	163	163	3
Bad debt written off	375	375	39
Allowances no longer required	(40)	(40)	(59)
	<u>2,524</u>	<u>2,524</u>	<u>1,635</u>
Other financial asset impairment			
- Impairment charge/(writeback) on other assets (see note 20)	(14)	(14)	(195)
- Impairment reversal on other assets	-	-	-
	<u>2,510</u>	<u>2,510</u>	<u>1,440</u>

9 Personnel expenses

<i>In millions of Naira</i>	March 2017	March 2017	March 2016
Wages and salaries	2,557	2,557	2,550
Defined contribution plan	321	321	278
	<u>2,878</u>	<u>2,878</u>	<u>2,829</u>

10 (a) Other operating expenses

<i>In millions of Naira</i>	March 2017	March 2017	March 2016
AMCON surcharge (see note (i) below)	1,060	1,060	1,012
Contract Services	975	975	942
Insurance	906	906	824
Other Professional Fees	171	171	149
Net foreign exchange loss	35	35	-
Net loss on trading securities	17	17	125
	<u>3,164</u>	<u>3,164</u>	<u>3,053</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 31 March 2017. 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.

(b) General and administrative expenses

<i>In millions of Naira</i>	March 2017	March 2017	March 2016
Administrative expenses	447	447	881
Audit fees	60	60	60
Office expenses	757	757	627
Advertising and business promotion	273	273	1,058
E-business expense	360	360	243
Cash handling and processing expense	328	328	453
Branding expenses	177	177	-
Communication cost	283	283	287
Transport, travel, accomodation	105	105	87
Seminar and conferences	129	129	163
Rents and rates	6	6	26
Security	192	192	82
Other general expenses	175	175	128
Annual general meeting expenses	60	60	60
Stationery and printing	53	53	55
Directors other expenses	65	65	65
Membership and subscription	35	35	43
Fines and penalties	3	3	1
Directors fee	10	10	10
Newspapers and periodicals	1	1	2
	<u>3,519</u>	<u>3,519</u>	<u>4,333</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

<i>In millions of Naira</i>	March 2017	March 2017	March 2016
Income tax	135	135	264
Information Technology levy	20	20	-
Total income tax expense	<u>155</u>	<u>155</u>	<u>264</u>

(b) Current income tax liabilities

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

<i>In millions of Naira</i>	March 2017	March 2017	December 2016
Balance, beginning of the year	942	942	780

Income tax and education tax for the period.	135	135	777
payments during the period	(8)	(8)	(616)
Excess provision no longer required	-	-	-
	1,069	1,069	942

(c) Deferred tax

31 March 2017

<i>In millions of Naira</i>	Balance as at 1 January 2017	Recognised deferred tax liability/(asset)
Accelerated depreciation of property, plant and equipment	2,598	2,598
Unutilised tax credit (capital allowance)	(4,687)	(4,687)
Tax losses	(5,030)	(5,030)
Deductible temporary difference	148	148
	(6,971)	(6,971)

31 December 2016

<i>In millions of Naira</i>	Balance as at 1 January 2016	Recognised deferred tax liability/(asset)
Accelerated depreciation of property, plant and equipment	2,189	2,598
Unutilised tax credit (capital allowance)	(4,192)	(4,687)
Tax losses	(4,927)	(5,030)
Deductible temporary difference	(41)	148
	(6,971)	(6,971)

12 Earning per share (basic and diluted)

The calculation of basic earnings per share as at 31 December 2016 was based on the profit attributable to ordinary shareholders of N5,558,646,000 and weighted average number of ordinary shares outstanding of 28,790,418,124 calculated as follows:

<i>In thousands of Unit</i>	March 2017	March 2017	March 2016
Weighted average number of ordinary shares	28,790	28,790	28,790
	March 2017	March 2017	March 2016
<i>In millions of Naira</i>			
Profit for the period attributable to equity holders of the Bank	1,876	1,865	2,541
Basic earning per share	7k	6k	9k
Diluted earning per share	7k	6k	9k

13 Cash and balances with Central Bank

<i>In millions of Naira</i>	March 2017	March 2017	December 2016
Cash and foreign monies	11,525	11,525	11,780
Unrestricted balances with Central Bank of Nigeria	24,816	24,816	1,598
Deposits with the Central bank of Nigeria	84,783	84,783	94,482
	121,124	121,124	107,859

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

14 Due from banks

<i>In millions of Naira</i>	March 2017	March 2017	December 2016
Balances held with local banks	20,666	20,666	6,937
Balances held with banks outside Nigeria	6,714	6,714	12,807
Money market placements	11,597	11,597	11,545
	38,977	38,977	31,289

15 Pledged Assets

<i>In millions of Naira</i>	March 2017	March 2017	December 2016
Pledged Treasury bills (see note (a) below)	6,165	6,165	10,015
Pledged Bonds - FGN (see note (b) below)	67,540	67,540	50,605
Pledged Bonds - State Government (see note (b) below)	6,309	6,309	-
Pledged Euro Bonds (see note (b) below)	23,424	23,424	23,321
Pledged Corporate Bonds (see note (c) below)	476	476	-
Other pledged assets (see note (d) below)	2,279	2,279	2,923
	106,193	106,193	86,864

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

In millions of Naira

	Fair Value	
	Assets	Liability
31 March 2017		
Non deliverable forward	3	(2)
Derivative assets/(liabilities)	3	(2)

Derivative financial instruments consist of foreign exchange derivatives held for trading purposes and held at fair value. The contracts have intended settlement dates of between 90 days and 180 days.

The Bank's foreign exchange derivatives do not qualify for hedge accounting, therefore all gains and losses from changes in their fair values are recognised immediately in the profit or loss and are reported in 'Net gains/(losses) on financial instruments classified

17 Loan and Advances to Customers

In millions of Naira

	March 2017	March 2017	December 2016
Loans to individuals	22,585	22,585	17,250
Loans to corporate entities and other organizations	455,436	455,436	459,464
	478,021	478,021	476,713
Less:			
Specific impairment allowance	(6,205)	(6,205)	(4,187)
Collective impairment allowance	(4,439)	(4,439)	(4,276)
	467,377	467,377	468,250

Impairment allowance on loans and advances to customers

Specific impairment

In millions of Naira

	March 2017	March 2017	December 2016
Balance, beginning of year	4,187	4,187	11,567
Impairment charge for the period (see note 8)	2,026	2,026	11,329
Reversal for the period	(40)	(40)	(720)
Write-offs	32	32	(17,988)
Balance, end of period	6,205	6,205	4,187

Collective impairment

In millions of Naira

	March 2017	March 2017	December 2016
Balance, beginning of year	4,276	4,276	4,182
Impairment charge for the period (see note 8)	163	163	94
Reversal for the period	-	-	-
Balance, end of period	4,439	4,439	4,276

18 Investment securities:

In millions of Naira

(a) Held for Trading (HFT)

	March 2017	March 2017	December 2016
- Bonds	-	-	-
- Treasury bills	4,473	4,473	1,653
	4,473	4,473	1,653

(b) Available for Sale (AFS)

Government bond	33,675	30,476	22,981
Equity securities	2,846	2,846	2,837
Euro bond	9,713	9,713	8,207
Corporate bonds	-	-	-
Other bonds	-	-	-
Treasury bills	44	44	1,089
	46,278	43,079	35,114
Impairment on AFS instruments (see note 18b (1))	(247)	(247)	(247,096)
	46,031	42,832	(211,982)

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 N2.85 billion (2016: N2.84 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 holder.

Included in the balances of equity securities is the impact of foreign currency translation.

(c) Held to maturity (HTM)

Government bonds	50,006	50,006	51,806
Corporate bonds	2,205	2,205	2,919
Treasury bills	-	-	-
	52,211	52,211	54,724
Total Investment securities	102,715	99,516	(155,605)

(b) Specific allowance for impairment on AFS

<i>In millions of Naira</i>	March 2017	March 2017	December 2016
Balance, beginning of year	247	247	247
Charge for the period	-	-	-
Writeback	-	-	-
Reclassification from other asset	-	-	-
Amounts written off	(0)	(0)	-
Balance, end of period	<u>247</u>	<u>247</u>	<u>247</u>

19 **Investment in Subsidiary**

<i>In millions of Naira</i>	Ownership/Percentage in	March 2017	December 2016
Investment in Sterling SPV	99.90%	1	1
		<u>1</u>	<u>1</u>

Condensed Statement of Profit or loss for the Period ended
31 March 2017

<i>In millions of Naira</i>	Sterling Group	Elimination Entries	Sterling SPV
Interest income	112	(217)	329
Interest expense	(101)	217	(318)
Profit/Loss for the Period	<u>11</u>	<u>-</u>	<u>11</u>

Condensed Statement of financial position as at
31 March 2017

Assets			
Investment in securities	3,199	(4,917)	8,115
	<u>3,199</u>	<u>(4,917)</u>	<u>8,115</u>
Liabilities and Equity			
Debt securities in issue	3,206	(4,917)	8,122
Equity	1		1
Reserve	(19)		(19)
profit for the period	11		11
	<u>3,199</u>	<u>(4,917)</u>	<u>8,115</u>

20 **Other Assets**

Other assets comprise:

<i>In millions of Naira</i>	March 2017	March 2017	December 2016
Accounts receivable	13,440	13,440	6,288
Prepayments (see note (a) below)	15,535	15,535	12,902
Prepaid staff cost	3,093	3,093	2,818
Stock of cheque books and stationery	633	633	547
	<u>32,701</u>	<u>32,701</u>	<u>22,555</u>
Impairment on other assets	(890)	(890)	(880)
	<u>31,811</u>	<u>31,811</u>	<u>21,675</u>

Movement in impairment on other assets

<i>In millions of Naira</i>	March 2017	March 2017	December 2016
Balance, beginning of year	880	880	1,053
impairment on other assets (note 8)	-	-	7
Writeback (note 8)	(14)	(14)	-
Write-offs	24	24	(181)
Balance, end of period	<u>890</u>	<u>890</u>	<u>880</u>

(a) Included in prepayments are mostly Bank premises rent

21 Property, plant and equipment

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

Group and Bank

	Leasehold Land and Building	Capital work-in- progress	Furniture, fittings and equipment	Computer equipment	Motor vehicles	Total
In millions of Naira						
(a) Cost						
Balance as at 1 January, 2016	7,950	2,401	11,878	6,985	5,059	34,273
Additions for the period	135	824	671	973	574	3,176
Disposals	(2)	-	(165)	(10)	(959)	(1,136)
Reclassification	572	(1,093)	444	53	24	(0)
Balance as at 31 December 2016	<u>8,654</u>	<u>2,132</u>	<u>12,827</u>	<u>8,001</u>	<u>4,698</u>	<u>36,312</u>
Balance as at 1 January, 2017	8,654	2,132	12,827	8,001	4,698	36,312
Additions for the period	10	208	114	79	88	498
Disposals	0	-	(86)	(2)	(136)	(223)
Adjustment	-	-	0	(0)	-	(0)
Reclassification	1	(65)	47	4	13	-
Balance as at 31 March 2017	<u>8,666</u>	<u>2,275</u>	<u>12,902</u>	<u>8,081</u>	<u>4,663</u>	<u>36,587</u>
(b) Depreciation and impairment losses						
Balance as at 1 January, 2016	2,996	-	6,891	6,047	3,081	19,015
Charge for the period	446	-	1,634	753	884	3,717
Audit Journal	-	-	-	-	-	-
Disposals	(2)	-	(97)	(10)	(915)	(1,023)
Balance as at 31 December 2016	<u>3,440</u>	<u>-</u>	<u>8,428</u>	<u>6,790</u>	<u>3,051</u>	<u>21,708</u>
Balance as at 1 January, 2017	3,440	-	8,428	6,790	3,051	21,709
Charge for the period	107	-	421	181	221	930
Adjustment	-	-	0	(0)	-	0
Disposals	-	-	(85)	(2)	(128)	(215)
Balance as at 31 March 2017	<u>3,547</u>	<u>-</u>	<u>8,764</u>	<u>6,969</u>	<u>3,145</u>	<u>22,424</u>
Carrying amounts						
Balance as at 31 March 2017	<u>5,120</u>	<u>2,275</u>	<u>4,138</u>	<u>1,112</u>	<u>1,518</u>	<u>14,163</u>
Balance as at 31 December 2016	<u>5,214</u>	<u>2,132</u>	<u>4,400</u>	<u>1,211</u>	<u>1,647</u>	<u>14,604</u>
Balance as at 1 January, 2016	<u>4,953</u>	<u>2,401</u>	<u>4,988</u>	<u>938</u>	<u>1,977</u>	<u>15,259</u>

The gross carrying amount of fully depreciated property, plant and equipment that is still in use is N13.76billion (2016: N11.22billion).

22	Intangible asset	GROUP		BANK	
		March 2017	December 2016	March 2017	December 2016
	Purchased Software				
	<i>In millions of Naira</i>				
	Cost				
	Beginning of year	3,871	2,356	3,871	2,356
	Additions	45	1,515	45	1,515
	Disposals	-	-	-	-
	Balance end of period	<u>3,916</u>	<u>3,871</u>	<u>3,916</u>	<u>3,871</u>
	Amortisation and impairment losses				
	Beginning of year	1,834	1,356	1,834	1,356
	Amortisation for the period	141	479	141	479
	Disposals	-	-	-	-
	Balance end of period	<u>1,975</u>	<u>1,834</u>	<u>1,975</u>	<u>1,834</u>
	Carrying amounts	<u>1,941</u>	<u>2,037</u>	<u>1,941</u>	<u>2,037</u>
23	Deposits from Banks	March 2017	December 2016	March 2017	December 2016
	Money Market Deposits	25,472	23,769	25,472	23,769
		<u>25,472</u>	<u>23,769</u>	<u>25,472</u>	<u>23,769</u>
24	Deposits from customers	March 2017	December 2016	March 2017	December 2016
	<i>In millions of Naira</i>				
	Current accounts	329,174	322,278	329,174	322,278
	Savings accounts	53,752	52,357	53,752	52,357
	Term deposits	179,742	201,845	179,742	201,845
	Pledged deposits	7,523	8,254	7,523	8,254
		<u>570,192</u>	<u>584,734</u>	<u>570,192</u>	<u>584,734</u>
25	Other borrowed Funds	March 2017	December 2016	March 2017	December 2016
	<i>In millions of Naira</i>				
	Foreign Funds				
	Due to Citibank (See (i) below)	15,423	15,268	15,423	15,268
	Due to Standard Chartered Bank (See (ii) below)	24,538	24,458	24,538	24,458
	Due to Islamic Corporation Development Bank (See (iii) below)	13,751	9,283	13,751	9,283
		<u>53,712</u>	<u>49,009</u>	<u>53,712</u>	<u>49,009</u>
	Local Funds				
	Due to BOI (see (iv) below)	2,439	2,618	2,439	2,618
	Due to CBN-Agric-Fund (See (v) below)	45,119	18,396	45,119	18,396
	Due to CBN - MSME Fund (See (vi) below)	927	1,006	927	1,006
	Due to Nigeria Mortgage Refinance Company (See (vii) below)	1,646	1,660	1,646	1,660
	Due to Excess CrudeAccount (See (viii) below)	14,709	9,761	14,709	9,761
	Due to FBN Merchant Bank	16,100	-	16,100	-
		<u>80,939</u>	<u>33,441</u>	<u>80,939</u>	<u>33,441</u>
		<u>134,652</u>	<u>82,450</u>	<u>134,652</u>	<u>82,450</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 short-term finance facility obtained from Standard Chartered Bank, London. Three loans were granted during the year 2016 for the purpose of providing dollar liquidity for the Bank. The rate of interest on the loans is the aggregate of the applicable margin (Margin and Libor). The principal and interest on the loans are fully payable upon maturity.
- (iii) This represents a \$45 million Murabaha financing facility granted by Islamic Corporation for the development of the private sector for a period of 5 years 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. Profit plus the principal shall be payable at maturity.
- (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) Central Bank of Nigeria (CBN) in collaboration with the Federal Government of Nigeria (FGN) represented by the Federal Ministry of Agriculture and Water Resources (FMA & WR) established a Commercial Agricultural Credit Scheme, (CACs) to promote commercial agricultural enterprise in Nigeria. The Bank obtained the loan on behalf of the customer at zero (0) percent to lend to the customer at 7% - 9% inclusive of management and processing fee. Repayment proceeds from CACS projects shall be repatriated to CBN on quarterly basis, all loans under the agriculture scheme is expected to terminate on 30 September 2025.

- (vi) This represents facility introduced by Central Bank of Nigeria in respect of Micro, Small and Medium Enterprises (MSME) for the development of small and medium enterprises. The Fund is accessible to Sterling Bank business customers in Agricultural, Education and Services (hospitality, entertainment) sectors. The facility has interest rate of 2% per annum and the Bank is permitted to avail the facility to customers at an interest rate of 9% per annum. The facility has a tenor of 5 years.
- (vii) This represents a loan agreement between the Bank and Nigeria Mortgage Refinance Company PLC (NMRC) for NMRC to refinance from time to time Mortgage Loans Originated by the Bank with full recourse to the Bank on the terms and conditions stated in the agreement. The facility was obtained during the year 2016 at an interest rate of 15.5% per annum to mature 7 September 2031.
- (viii) This is a facility granted as a result of the decision made during the June 2015 National Economic Council (NEC) meeting for deposit money banks to extend concessionary loans to state governments using the balance in the Excess Crude Account (ECA) as collateral. Osun & Kwara State Government indicated its willingness to work with Sterling Bank Plc on the transaction. The Osun State Government applied for a N10billion while Kwara State Government applied for N5billion. The facility was approved at the June 2015 National Economic Council meeting. The purpose of the loan is for developmental and infrastructure projects in the states. CBN is granting the loan to the the states at 9% annually for 20 years.

26 Debt securities in issue

<i>In millions of Naira</i>	March 2017	December 2016	March 2017	December 2016
Debt securities - Debenture (See (i) below)	4,731	4,575	4,731	4,575
Debt securities - Bond (See (ii) below)	8,122	8,552	4,917	5,146
Debt securities - Commercial Paper (See (iii) below)	2,222	2,254	2,222	2,254
	<u>15,076</u>	<u>15,382</u>	<u>11,870</u>	<u>11,976</u>

- (i) This represents N4.562 billion 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 the 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. The effective interest rate is 13.42% per annum.
- (ii) This represents N4.7billion 7 year 18.86% subordinated unsecured non-convertible debenture stock issued by the Bank and approved on 3 August 2016 and 25 August 2016 by the Securities & Exchange Commission and Central Bank of Nigeria and the respectively. Interest is payable semi-annually on the non-convertible debenture stock due in 2023. The effective interest rate is 19.75% per annum and until the entire stock has been redeemed, the issuer (Sterling Bank Plc) is obliged to pay interest to the Trustee.
- (iii) This represents tranche 1, 2 and 3 of Sterling Bank Commercial Paper trading on FMDQ with maturity dates of 90day, 180days and 270days and discount rates of 20.5%, 20% and 19.75% respectively.

27 Other liabilities

<i>In millions of Naira</i>	March 2017	December 2016	March 2017	December 2016
Creditors and accruals	9,638	8,589	9,638	8,589
Certified cheques	3,955	4,545	3,955	4,545
Defined contribution obligations	0	0	0	0
Customers' deposits for foreign trade	11,863	9,559	11,863	9,559
Provisions	282	296	282	296
Information Technology Levy	20	60	20	60
Other credit balances (See (i) below)	31,522	18,196	31,522	18,196
	<u>57,281</u>	<u>41,245</u>	<u>57,281</u>	<u>41,245</u>

Movement in provisions in other liabilities

<i>In millions of Naira</i>	March 2017	December 2016	March 2017	December 2016
Balance, beginning of year	296	268	296	268
Additions	(13)	27	(13)	27
Payments/transfer				
	<u>282</u>	<u>296</u>	<u>282</u>	<u>296</u>

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

28 Capital and reserves

(a) Share capital

<i>In millions of Naira</i>	March 2017	December 2016	March 2017	December 2016
Authorised:				
32,000,000,000 Ordinary shares of 50k each	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>
Issued and fully-paid:				
28.79 billion (2014: 28.79 billion) Ordinary shares of 50k each	<u>14,395</u>	<u>14,395</u>	<u>14,395</u>	<u>14,395</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	GROUP		BANK	
	March 2017	December 2016	March 2017	December 2016
<i>In millions of Naira</i>				
Share premium	42,759	42,759	42,759	42,759

(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 millions of Naira</i>	Group	Bank	
	March 2017	March 2017	March 2016
Cash and foreign monies (See note 13)	11,525	11,525	16,907
Unrestricted balances with Central Bank of Nigeria (See note 13)	24,816	24,816	24,428
Balances held with local banks (See note 14)	20,666	20,666	4,355
Balances held with banks outside Nigeria (See note 14)	6,714	6,714	12,892
Money market placements (See note 14)	11,597	11,597	14,526
Balances due to local banks (See note 22)	-	-	-
Money Market Deposits (See note 23)	(25,472)	(25,472)	(12,498)
	<u>49,846</u>	<u>49,846</u>	<u>60,609</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 millions of Naira</i>	March 2017	December 2016	March 2017	December 2016
Bonds, guarantees and indemnities	50,588	59,647	50,588	59,647
Letters of credit	15,453	18,233	15,453	18,233
Others	72,964	33,379	72,964	33,379
	<u>139,005</u>	<u>111,260</u>	<u>139,005</u>	<u>111,260</u>

