STERLING BANK PLC

LAGOS, NIGERIA

REPORTS OF THE DIRECTORS AND STATUTORY AUDIT COMMITTEE AND INTERIM FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2015

STERLING BANK PLC

THE REPORT OF DIRECTORS AND STATUTORY AUDIT COMMITTEE

AND AUDITED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

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STERLING BANK PLC

REPORT OF THE DIRECTORS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

The Directors have pleasure in presenting to the members their report together with the audited interim financial statements for the six months ended 30 June 2015.

CORPORATE STRUCTURE AND BUSINESS

Principal activity and business review

Sterling Bank Plc, (formerly known as NAL Bank Plc) was the pioneer merchant bank in Nigeria, established on 25 November 1960 as a private limited liability company and was converted to a public limited liability company in April 1992.

Sterling Bank Plc (the “Bank”) is engaged in commercial banking with emphasis on consumer banking, trade services, corporate, investment and non-interest banking activities. It also provides wholesale banking services including the granting of loans and advances, letter of credit transactions, equipment leasing, money market operations, electronic banking products and other banking activities.

Legal form

Following the consolidation reforms introduced and driven by the Central Bank of Nigeria (CBN) in 2004, the Bank emerged from the consolidation of NAL Bank Plc, Indo-Nigerian Bank Limited, Magnum Trust Bank Plc, NBM Bank Limited and Trust Bank of Africa Limited. NAL Bank Plc as the surviving bank adopted a new name for the enlarged entity, ‘Sterling Bank Plc’. The enlarged Bank commenced post-merger business operations on 3 January 2006 and the Bank’s shares are currently quoted on the Nigerian Stock Exchange (NSE).

In October 2011, the Bank had a business combination with Equitorial Trust Bank Limited to re-position itself to better compete in the market space. The enlarged entity at integration had an expanded branch network of 194 branches.The Bank has 170 branches as at 30 June 2015.

In compliance with the CBN guidelines on the review of the Universal Banking model, the Bank divested its interest from its four (4) subsidiaries and one associate company on 30 December 2011.

STERLING BANK PLC

REPORT OF THE DIRECTORS - Continued

FOR THE SIX MONTHS ENDED 30 JUNE 2015

OPERATING RESULTS

Highlights of the Bank's operating results for the period are as follows:

	2015 (6 months) N'000	2014 (6 months) N'000
Gross earnings	55,042,140	49,386,784
Profit before income tax	6,055,622	5,970,486
Income tax expense	(630,119)	(896,814)
Profit after income tax	5,425,503	5,073,672
Profit attributable to equity holders	5,425,503	5,073,672
Appropriation:		
Transfer to other regulatory reserve	1,627,651	761,051
Transfer to retained earnings	3,797,852	4,312,621
	5,425,503	5,073,672
Total non-performing loans as % of gross loans	3.5%	3.1%
Earnings per share (kobo) – Basic	19k	23k
Earnings per share (kobo) – Diluted	19k	23k

STERLING BANK PLC

REPORT OF THE DIRECTORS - Continued

FOR THE SIX MONTHS ENDED 30 JUNE 2015

Directors who served during the period

The following Directors served during the period and as at the date of this report:

Name	Designation	Date appointed/retired	Interest represented
Mr. Asue Ighodalo	Chairman		
Mr. Yemi Adeola	Managing Director/CEO		
Mr. Lanre Adesanya	Executive Director		
Mr. Kayode Lawal	Executive Director		
Mr. Abubakar Suleiman	Executive Director		
Mr Yemi Odubiyi	Executive Director	Appointed 05/02/2015	
Mr Grama Narasimhan (Indian)	Executive Director	Appointed 31/03/2015	State Bank of India
Mr. Raghavan Karthikeyan (Indian)	Non-Executive Director	Retired 10/03/2015	State Bank of India
Mr. Yinka Adeola	Non-Executive Director		Concept Features Limited
			Alfanoma Nigeria Limited Plural Limited
			Plural Limited
			Reduvita Investment Limited
			Quaker Intergrated Services Limited
Mrs. Egbichi Akinsanya	Non-Executive Director	Appointed 02/03/2015	Asset Management Corporation of Nigeria (AMCON)
Ms. Olufunmilola Osunsade	Non-Executive Director	Resigned 13/05/2015	Dr. Mike Adenuga
Mr. Olaitan Kajero	Non-Executive Director		Eban Odan Industrial & Commercial Company
			STB Building Society Limited
			Eltees Properties
			Rebounds Integrated Services
			L.A Kings Limited
Mrs. Tairat Tijani	Non-Executive Director		Essay Investments Limited
Mr. Rasheed Kolarinwa	Independent Director		
Ms. Tamarakare Yekwe (MON)	Independent Director		
Dr. (Mrs.) Omolara Akanji	Independent Director		

Going concern

The Directors assess the Bank's future performance and financial position on an ongoing basis and have no reason to believe that the Bank will not be a going concern in the next twelve months from the date of this report. For this reason, these interim financial statements are prepared on a going-concern basis.

Director's interests in shares

Interest of Directors in the issued share capital of the Bank as recorded in the Register of members and/or as notified by them for the purpose of Section 275 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, were as follows:

	30-Jun-15	30-Jun-15	31-Dec-14	31-Dec-14
Names	Direct	Indirect	Direct	Indirect
Mr. Asue Ighodalo	-	60,208,687	-	69,137,500
Mr. Yinka Adeola	17,494,903	1,043,738,342	17,494,903	1,043,738,342
Mr. Rasheed Kolarinwa	-	-	-	-
Ms. Olufunmilola Osunsade	-	1,620,376,969	-	1,620,376,969
Dr. (Mrs.) Omolara Akanji	-	-	-	-
Ms. Tamarakare Yekwe (MON)	-	-	-	-
Mr. Raghavan Karthikeyan	-	2,549,505,026	-	2,549,505,026
Mr. Olaitan Kajero	-	1,485,414,369	-	1,383,753,342
Mrs. Tairat Tijani	-	1,338,029,392	-	1,372,301,560
Mrs. Egbichi Akinsanya	-	1,682,815,136	-	-
Mr. Yemi Adeola	25,535,555	-	25,535,555	-
Mr. Lanre Adesanya	5,304,737	-	5,110,960	-
Mr. Kayode Lawal	3,430,642	-	3,180,642	-
Mr. Abubakar Suleiman	13,121,734	-	16,326,849	-
Mr. Grama Narasimhan	-	-	-	-
Mr. Yemi Odubiyi	5,130,998	-	-	-

Director's interests in contracts

For the purpose of Section 277 of the Company and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, none of the current Directors had direct or indirect interest in contracts or proposed contracts with the Bank during the period.

Beneficial ownership

The Bank is owned by Nigerian citizens, corporate bodies and foreign investors.

STERLING BANK PLC

REPORT OF THE DIRECTORS - Continued

FOR THE SIX MONTHS ENDED 30 JUNE 2015

Analysis of shareholding

The range analysis of the distribution of the shares of the Bank as at 30 June 2015 is as follows:

Range of shares	Number of holders	%	Number of units	%
1 - 1,000	31,723	36.29%	14,390,576	0.05%
1001 - 5,000	26,824	30.69%	60,790,498	0.21%
5,000 - 10,000	9,142	10.46%	61,606,648	0.21%
10,001 - 20,000	7,278	8.33%	98,300,361	0.34%
20,001 - 50,000	5,284	6.05%	165,652,162	0.58%
50,001 - 100,000	3,213	3.68%	220,476,178	0.77%
100,001 - 200,000	1,585	1.81%	228,476,178	0.79%
200,001 - 500,000	1,170	1.34%	367,621,404	1.28%
500,001 - 10,000,000	1,061	1.21%	1,693,923,041	5.88%
Above 10,000,001	123	0.14%	14,707,331,311	51.08%
Foreign shareholding	6	0.01%	11,171,849,767	38.81%
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	87,409	100.00%	28,790,418,124	100.00%
	======	======	===========	======

The following shareholders have shareholdings of 5% and above as at 30 June 2015:

	30 June 2015	31 December 2014
	% holding	% holding
Silverlake Investments Limited	25.00	25.00
State Bank of India	8.86	8.86
SNNL/Asset Management Corporation of Nigeria – Main	5.85	5.84
Dr. Mike Adenuga	5.63	5.63

Donations and Charitable Gifts

The Bank during the six months ended 30 June 2015 donated a total sum of N25,928,000 (for the six months ended 30 June 2014: N24,752,000) to various charitable organizations and education institutions in Nigeria, details of which are shown below. No donation was made to any political organization.

Details of Donation	Purpose	Amount (N'000)
Lagos State Waste Management Authority	Corporate Social Responsibility	15,360
Nigerian Bar Association	Corporate Social Responsibility	5,000
Pinnacle Project Managers	Corporate Social Responsibility	1,500
International Chamber of Commerce	Corporate Social Responsibility	1,500
Lagos State Badminton Association	Corporate Social Responsibility	1,000
Indo Eye Care Foundation	Corporate Social Responsibility	500
Field of Skills and Dreams	Corporate Social Responsibility	505
Orbit Media	Corporate Social Responsibility	250
Caleb Group of Schools	Corporate Social Responsibility	313
		======
		25,928
		======

Gender Analysis of Staff

Analysis of women employed by the Bank during the six months ended 30 June 2015

DESCRIPTION	NUMBER	% TO TOTAL STAFF
Female new hire	101	3.20
Male new hire	158	5.00
	-----	------
Total new hire	259	8.20
	====	====
Total staff	3,160	100
	====	====
Female as at 30 June 2015	1,352	42.78
Male as at 30 June 2015	1,808	57.22

Gender Analysis of Staff – continued

Analysis of top management positions by gender as at 30 June 2015:

GRADE	FEMALE	MALE	NUMBER
Senior Management (AGM –GM)	12	36	48
Middle Management (DM – SM)	63	149	212
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TOTAL	75	185	260
	===	===	===

Analysis of Executive and Non-Executive positions by gender as at 30 June 2015:

GRADE	FEMALE	MALE	NUMBER
Executive Director	-	5	5
Managing Director	-	1	1
Non-Executive Director	5	4	9
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TOTAL	5	10	15
	===	===	===

Acquisition of own shares

The Bank did not acquire any of its shares during the six months ended 30 June 2015 (2014: Nil).

Property, plant and equipment

Information relating to changes in property, plant and equipment is given in Note 22 to the interim financial statements.

Employment and employees

Employment of disabled persons:

The Bank has a non-discriminatory policy on recruitment. Applications would always be welcomed from suitably qualified disabled persons and are reviewed strictly on qualification. The Bank's policy is that the highest qualified and most experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition.

Health, safety and welfare of employees:

Health and safety regulations are in force within the Bank's premises and employees are aware of existing regulations. The Bank provides subsidies to all levels of employees for medical expenses, transportation, housing, lunch, etc.

Employee training and development:

The Bank is committed to keeping employees fully informed as much as possible regarding the Bank's performance and progress and seeking their opinion where practicable on matters which particularly affect them as employees.

Training is carried out at various levels through both in-house and external courses. Incentive schemes designed to encourage the involvement of employees in the Bank's performance are implemented whenever appropriate.

Events after the reporting date

Note 33 to the interim financial statements disclose events after the reporting date. The events have no material effect on the state of affair of the Bank as at 30 June 2015 or the profit for the six months ended on that date.

Auditors

Messrs. Ernst & Young have indicated their willingness to continue in office as auditors of the Bank in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004.

BY ORDER OF THE BOARD:

Justina Lewa
Company Secretary
(FRC/2013/NBA/00000001255)
20 Marina, Lagos, Nigeria
28 July 2015

STERLING BANK PLC

CORPORATE GOVERNANCE REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2015

In line with revised corporate governance guidelines issued by the Central Bank of Nigeria in October 2014, the Board of Directors had constituted the following committees:

Board Composition and Committees

Board of Directors

The Board of Directors (the "Board") is made up of the Non-Executive Chairman, Non-Executive Directors and Executive Directors who oversee the corporate governance of the Bank.

Attendance at Board meetings for the six months ended 30 June 2015 are as follows:

	Director		Attendance	No. of Meetings
1	Mr. Asue Ighodalo	Chairman	1	1
2	Mr. Yinka Adeola	Non-Executive	1	1
3	Mr. Rasheed Kolarinwa	Non-Executive	1	1
4	Ms. Olufunmilola Osunsade	Non-Executive	1	1
5	Dr. (Mrs.) Omolara Akanji	Non-Executive	1	1
6	Ms. Tamarakare Yekwe (MON)	Non-Executive	1	1
7	Mr. Raghavan Karthikeyan (Indian)	Non-Executive	1	1
8	Mr. Olaitan Kajero	Non-Executive	1	1
9	Mrs. Tairat Tijani	Non-Executive	1	1
10	Mrs. Egbichi Akinsanya	Non-Executive	0	0
11	Mr. Yemi Adeola	Managing Director/CEO	1	1
12	Mr. Lanre Adesanya	Executive Director	1	1
13	Mr. Kayode Lawal	Executive Director	1	1
14	Mr. Abubakar Suleiman	Executive Director	1	1
15	Mr. Grama Narasimhan (Indian)	Executive Director	1	1
16	Mr. Yemi Odubiyi	Executive Director	1	1

Board Credit Committee

The Committee acts on behalf of the Board of Directors on credit matters, and reports to the Board for approval/ ratification. The members and respective attendance in committee meetings are as follows:

			Attendance	No. of Meetings
1	Dr. (Mrs.) Omolara Akanji	Chairman	3	3
2	Mr. Yinka Adeola	Member	3	3
3	Mr. Rasheed Kolarinwa	Member	3	3
4	Mr. Olaitan Kajero	Member	3	3
5	Mr. Yemi Adeola	Member	3	3
6	Mr. Lanre Adesanya	Member	3	3
7	Mr. Kayode Lawal	Member	3	3
8	Mr. Grama Narasimhan (Indian)	Member	1	1

Board Finance and General Purpose Committee

The Committee acts on behalf of the Board of Directors on all matters relating to financial management, and reports to the Board for approval/ratification. The members and respective attendance in committee meetings are as follows:

			Attendance	No. of Meetings
1	Mrs. Egbichi Akinsanya	Chairman	1	1
2	Mr. Yinka Adeola	Member	3	3
3	Ms. Tamarakare Yekwe	Member	3	3
4	Mrs. Tairat Tijani	Member	1	1
5	Mr. Yemi Adeola	Member	3	3
6	Mr. Lanre Adesanya	Member	3	3
7	Mr. Abubakar Suleiman	Member	3	3
8	Mr. Yemi Odubiyi	Member	1	1

Board Governance and Nominations Committee

The Committee acts on behalf of the Board of Directors on all matters relating to the workforce. The members and respective attendance in committee meetings are as follows:

			Attendance	No. of Meetings
1	Ms. Tamarakare Yekwe	Chairman	3	3
2	Mr. Rasheed Kolarinwa	Member	3	3
3	Dr. (Mrs) Omolara Akanji	Member	3	3
4	Mr. Olaitan Kajero	Member	3	3
5	Mrs. Egbichi Akinsanya	Member	1	1
6	Mrs. Tairat Tijani	Member	3	3
7	Mr. Yemi Adeola	Member	3	3
8	Mr. Abubakar Suleiman	Member	3	3
9	Mr. Grama Narasimhan	Member	1	1

Board Risk Management Committee

The Committee is responsible for evaluating and handling issues relating to risk management in the Bank. The members and respective attendance in committee meetings are as follows:

			Attendance	No. of Meetings
1	Mr. Olaitan Kajero	Chairman	2	2
2	Mr. Rasheed Kolarinwa	Member	2	2
3	Dr. (Mrs.) Omolara Akanji	Member	2	2
4	Mrs. Tairat Tijani	Member	2	2
5	Mr. Yemi Adeola	Member	2	2
6	Mr. Lanre Adesanya	Member	2	2
7	Mr. Kayode Lawal	Member	2	2
8	Mr. Yemi Odubiyi	Member	2	2

Board Audit Committee

The Committee acts on behalf of the Board of Directors on all audit matters. Decisions and actions of the Committee are presented to the Board for approval/ratification. The members and respective attendance in committee meetings are as follows:

			Attendance	No. of Meetings
1	Mr. Rasheed Kolarinwa	Chairman	2	2
2	Mr. Yinka Adeola	Member	2	2
3	Dr. (Mrs.) Omolara Akanji	Member	2	2
4	Ms. Tamarakare Yekwe (MON)	Member	2	2
5	Mrs. Tairat Tijani	Member	2	2
6	Mrs. Egbichi Akinsanya	Member	1	1

Statutory Audit Committee

The Committee acts on behalf of the Bank on all audit matters. Report and actions of the Committee are presented to the shareholders at the Annual General Meeting. The members and respective attendance in committee meetings are as follows:

			Attendance	No. of Meetings
1	Mr. Idongesit Udoh	Chairman	2	2
2	Alhaji Mustapha Jinadu	Member	2	2
3	Ms. Christie Vincent	Member	2	2
4	Mr. Yinka Adeola	Member	2	2
5	Ms. Tamarakwe Yekwe (MON)	Member	2	2
6	Mr. Olaitan Kajero	Member	2	2

Management Committees

1 Executive Committee (EXCO)

The Committee provides leadership to the management team and ensures the implementation of strategies approved by the Board. It deliberates and takes decisions on the effective and efficient management of the Bank.

2 Assets and Liability Committee (ALCO)

The Committee ensures adequate liquidity and the management of interest rate risk within acceptable parameters. It also reviews the economic outlook and its impact on the Bank’s strategies.

3 Management Credit Committee (MCC)

The Committee approves new credit products and initiatives, minimum/prime lending rate and reviews the credit policy manual. It approves exposures up to its maximum limit and the risk asset acceptance criteria.

4 Management Performance Review Committee (MPR)

The Committee reviews the Bank’s monthly performance on set targets and monitors budget achievement. It also assesses the efficiency of resource deployment in the Bank and re-appraises cost management initiatives.

5 Criticised Assets Committee (CAC)

The Committee reviews the Bank’s credit portfolio and collateral documentation. It reviews the non-performing loans and recovery strategies for bad loans.

6 Computer Steering Committee (CSC)

The Committee establishes the overall technology priorities by identifying projects that support the Bank’s business plan. It provides guidance in effectively utilizing technology resources to meet business and operational needs of the Bank.

7 Management Risk Committee (MRC)

The Committee is responsible for planning, management and control of the Bank's overall risks. It includes setting the Bank's risk philosophy, risk appetite, risk limits and risk policies.

Succession Planning

Sterling Bank Plc has a Succession Planning Policy which was approved by the Board of Directors in 2009. Succession Planning is aligned to the Bank's overall organisational development strategy. In line with this policy, a unit was set-up in the Human Resource Management Group to implement, amongst others, a Succession Plan for the Bank.

Successors are nominated based on experience, skills and competencies through an automated process by current role holders in conjunction with the Human Resource Management Group. Development initiatives have also been put in place to accelerate successors' readiness.

Code of Ethics

Sterling Bank has a Code of Ethics that specifies acceptable behavior of its staff, in the staff handbook. It is a requirement that all staff should sign a confirmation that they have read and understood the document upon employment.

The Bank also has a Sanctions Manual which provides sample offences/violation and prescribes measures to be adopted in various cases. The Head of Human Resource Management is responsible for the implementation and compliance to the "Code of Ethics".

Whistle Blowing Process

The Bank is committed to the highest standards of openness, probity and accountability, hence the need for an effective and efficient whistle blowing process as a key element of good corporate governance and risk management.

Whistle blowing process is a mechanism by which suspected breaches of the Bank's internal policies, processes, procedures and unethical activities by any stakeholder (staff, customers, suppliers and applicants) are reported for necessary actions.

It ensures a sound, clean and high degree of integrity and transparency in order to achieve efficiency and effectiveness in our operations.

The reputation of the Bank is of utmost importance and every staff of the Bank has a responsibility to protect the Bank from any persons or act that might jeopardize its reputation. Staffs are encouraged to speak up when faced with information that would help protect the Bank's reputation.

An essential attribute of the process is the guarantee of confidentiality and protection of the whistle blower's identity and rights. It should be noted that the ultimate aim of this policy is to ensure efficient service to the customer, good corporate image and business continuity in an atmosphere compliant with best industry practice.

The Bank has a Whistle Blowing channel via the Bank's website, dedicated telephone hotlines and e-mail address in compliance with the guidelines for whistle blowing for Banks and Other Financial Institutions issued by the Central Bank of Nigeria (CBN) .

The Bank's Chief Compliance Officer is responsible for monitoring and reporting on whistle blowing.

Further disclosures are stated in note 41 of the interim financial statements.

Compliance Statement on Securities Trading by Interested Parties

The Bank has put in place a Policy on Trading on the Bank's Securities by Directors and other key personnel of the Bank.

During the period under review, the Directors and other key personnel of the Bank complied with the terms of the Policy and the provisions of Section 14 of the Amendment to the Listing Rules of The Nigerian Stock Exchange.

STERLING BANK PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, and Sections 24 and 28 of the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004, the Directors are responsible for the preparation of interim financial statements which present fairly, in all material respects, the financial position of the Bank, and of its financial performance for the period. The responsibilities include ensuring that:

(a) appropriate internal controls are established both to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities;

(b) the Bank keeps accounting records which disclose with reasonable accuracy the financial position and performance of the Bank and which ensure that the interim financial statements comply with the International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004,the Financial Reporting Council Act no. 6 2011, Revised Prudential Guidelines and relevant circulars issued by the Central Bank of Nigeria;

(c) the Bank has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates.

The Directors accept responsibility for the interim financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004, the Financial Reporting Council Act No. 6, 2011 and relevant Central Bank of Nigeria circulars.

The Directors are of the opinion that the interim financial statements present fairly, in all material respects, the financial position and the financial performance of the Bank as of and for the six months ended 30 June 2015.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the interim financial statements, as well as adequate systems of financial control.

Nothing has come to the attention of the Directors to indicate that the Bank will not remain as a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Directors by:

Asue Ighodalo Chairman FRC/2015/NBA/00000010680	Abubakar Suleiman Executive Director, Finance & Strategy FRC/2013/CIBN/00000001275

28 July 2015

STERLING BANK PLC

REPORT OF THE STATUTORY AUDIT COMMITTEE

FOR THE SIX MONTHS ENDED 30 JUNE 2015

TO THE MEMBERS OF STERLING BANK PLC:

In accordance with the provision of Section 359 (6) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the members of the Statutory Audit Committee of Sterling Bank Plc hereby report as follows:

- We are of the opinion that the accounting and reporting policies of the Bank are in accordance with International Financial Reporting Standards and legal requirements and agreed ethical practices.

- We believe that the scope and planning of both the external and internal audits for the six months ended 30 June 2015 were satisfactory and reinforce the Bank's internal control systems.

- We have deliberated with the External Auditors, who have confirmed that necessary co-operation was received from management in the course of their audit and we are satisfied with the management's response to the External Auditor's recommendations on accounting and internal control matters.

- The Internal Control and Internal Audit functions were operating effectively.

- We have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, and acknowledge the co-operation of management and staff in the conduct of these responsibilities.

We are satisfied that the Bank has complied with the provision of the Central Bank of Nigeria Circular BSD/1/2004 dated 18 February 2004 on "Disclosure of Directors' related credits in the financial statements of banks", we reviewed insider-related credits of the Bank and found them to be as analysed in the interim financial statements. The status of performance of these facilities is disclosed in note 32 to the interim financial statements.

Mr. Idongesit Udoh
Chairman, Audit Committee — 24 July 2015

Members of the Audit Committee are:

1.	Mr. Idongesit Udoh	Chairman
2.	Alhaji Mustapha Jinadu	Member
3.	Ms. Christie Vincent	Member
4.	Mr. Yinka Adeola	Member
5.	Ms Tamarakwe Yekwe(MON)	Member
6.	Mr. Olaitan Kajero	Member

In attendance:
Justina Lewa — Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

STERLING BANK PLC

Report on the interim financial statements

We have audited the accompanying interim financial statements of Sterling Bank Plc, which comprise the interim statement of financial position as at 30 June 2015 and the interim statement of profit or loss and other comprehensive income, interim statement of changes in equity and interim statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the interim financial statements

The Directors are responsible for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standards and the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004, the Financial Reporting Council Act No. 6, 2011 and relevant Central Bank of Nigeria circulars and for such internal control as the Directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these interim financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the interim financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the interim financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the interim financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the interim financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the interim financial statements present fairly, in all material respects, the financial position of Sterling Bank Plc as at 30 June 2015, and its financial performance and its cash flows for the six months then ended in accordance with International Financial Reporting Standards, and the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004, the Financial Reporting Council Act No. 6, 2011 and relevant Central Bank of Nigeria circulars.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

STERLING BANK PLC - Continued

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, we confirm that:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) In our opinion, proper books of account have been kept by the Bank, in so far as it appears from our examination of those books;

iii) The Bank's interim statement of financial position and interim statement of profit or loss and other comprehensive income are in agreement with the books of account.

In compliance with the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004 and circulars issued by Central Bank of Nigeria:

i) Related party transactions and balances are disclosed in Note 32 to the interim financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

ii) As disclosed in Note 38 to the interim financial statements, the bank contravened a circular of the Central Bank of Nigeria.

iii) Customer complaints are disclosed in Note 39 to the interim financial statements in compliance with the Central Bank of Nigeria circular FPR/DIR/CIR/01/020.

Dayo Babatunde, FCA, FRC/2013/ICAN/00000000702
For: Ernst & Young
Lagos, Nigeria
6 August 2015

STERLING BANK PLC

INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	NOTES	30 June 2015 (6 months) ₦'000	30 June 2014 (6 months) ₦'000
Interest income	6	39,834,242	37,967,493
Interest expense	7	(20,407,268)	(16,143,646)
Net interest income		19,426,974	21,823,847
Fees and commission income	8	9,010,785	6,702,836
Net trading income	9	3,857,368	3,543,696
Other operating income	10	2,339,745	1,172,759
Operating income		34,634,872	33,243,138
Impairment charges	11	(4,402,341)	(3,199,266)
Net operating income after impairment charge		30,232,531	30,043,872
Personnel expenses	12	(5,712,494)	(5,586,101)
Other operating expenses	13.1	(5,837,184)	(4,941,174)
General and administrative expenses	13.2	(8,060,130)	(9,483,480)
Other premises and equipment costs	13.3	(2,676,403)	(2,602,027)
Depreciation and amortisation	22&23	(1,890,698)	(1,460,604)
Total expenses		(24,176,909)	(24,073,386)
Profit before income tax		6,055,622	5,970,486
Income tax expense	14	(630,119)	(896,814)
Profit after income tax		5,425,503	5,073,672
Other comprehensive income to be reclassified to profit or loss in subsequent period:			
Fair value (loss)/gain on available for sale investments*		(2,486)	237,892
Total comprehensive income for the period, net of tax		5,423,017	5,311,564
Profit attributable to:			
Equity holders of the Bank		5,425,503	5,073,672
Total comprehensive income attributable to:			
Equity holders of the Bank		5,423,017	5,311,564
Earnings per share - basic (in kobo)	15	19k	23k
Earnings per share - diluted (in kobo)	15	19k	23k

*Income from these instruments is exempted from tax.

The accompanying notes in pages 27 to 116 form part of these interim financial statements.

STERLING BANK PLC

INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Notes	30 June 2015 ₦'000	31 December 2014 ₦'000
ASSETS			
Cash and balances with Central Bank of Nigeria	16	161,051,496	174,759,962
Due from banks	17	50,120,562	67,330,073
Pledged assets	18	74,610,392	78,750,860
Loans and advances to customers	19	380,158,555	371,246,273
Investment in securities:			
- Held for trading	20(a)	6,717,791	1,949,460
- Available for sale	20(b)	80,807,037	49,039,378
- Held to maturity	20(c)	40,525,731	45,581,835
Other assets	21	17,892,478	14,136,957
Property, plant and equipment	22	14,185,983	13,952,027
Intangible assets	23	1,008,045	821,456
Deferred tax assets	14(f)	6,971,145	6,971,145
TOTAL ASSETS		834,049,215	824,539,426
LIABILITIES			
Deposits from customers	24	638,332,177	655,944,127
Current income tax liabilities	14(b)	1,276,539	1,802,189
Other borrowed funds	25	50,342,458	45,371,097
Debt securities issued	26	4,561,977	4,563,584
Other liabilities	27	51,125,187	32,143,144
TOTAL LIABILITIES		745,638,338	739,824,141
EQUITY			
Share capital	28	14,395,209	14,395,209
Share premium		42,759,214	42,759,214
Retained earnings		9,407,275	5,753,977
Other components of equity	30	21,849,179	21,806,885
Attributable to equity holders of the Bank		88,410,877	84,715,285
TOTAL LIABILITIES AND EQUITY		834,049,215	824,539,426

The interim financial statements were approved by the Board of Directors on 28 July 2015 and signed on its behalf by:

Abubakar Suleiman
Executive Director, Finance & Strategy
FRC/2013/CIBN/00000001275

Adebimpe Olambiwonnu
Financial Controller
FRC/2013/ICAN/00000001253

Asue Ighodalo
Chairman
FRC/2015/NBA/00000010680

The accompanying notes in pages 27 to 116 form part of these interim financial statements.

STERLING BANK PLC

INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Share capital	Share premium	EQUITY RESERVES						Retained earnings	Total
			Fair value reserves	Share capital reserve	Regulatory risk reserves	SMIEIS reserve	Other regulatory reserves	Total equity reserves		
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000		₦'000	₦'000
Balance at 1 January 2015	14,395,209	42,759,214	(1,131,739)	5,276,423	3,880,738	234,503	13,546,960	21,806,885	5,753,977	84,715,285
Comprehensive income for the period:										
Profit for the period	-	-	-	-	-	-	-	-	5,425,503	5,425,503
Other comprehensive income, net of tax										
Net changes in fair value of available for sales investment securities	-	-	(2,486)	-	-	-	-	(2,486)	-	(2,486)
Transactions with equity holders, recorded directly in equity:										
Dividends to equity holders (note 29a)	-	-	-	-	-	-	-	-	(1,727,425)	(1,727,425)
Additions during the year	-									-
Transfer from regulatory reserves (notes 30a & 30c)	-	-	-	-	(1,582,871)	-	1,627,651	44,780	(44,780)	-
Balance at 30 June 2015	14,395,209	42,759,214	(1,134,225)	5,276,423	2,297,867	234,503	15,174,611	21,849,179	9,407,275	88,410,877

The accompanying notes in pages 27 to 116 form part of these interim financial statements

STERLING BANK PLC

INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2015

			EQUITY RESERVES							
	Share capital	Share premium	Fair value reserves	Share capital reserve	Regulatory risk reserves	SMIEIS reserve	Other regulatory reserves	Total equity reserves	Retained earnings	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000		₦'000	₦'000
Balance at 1 January 2014	10,796,407	27,871,589	(295,931)	5,276,423	943,684	234,503	10,845,468	17,004,147	7,785,753	63,457,896
Comprehensive income for the period:										
Profit for the period	-	-	-	-	-	-	-	-	5,073,672	5,073,672
Other comprehensive income, net of tax										
Net changes in fair value of available for sales investment securities	-	-	237,892	-	-	-	-	237,892	-	237,892
Transactions with equity holders, recorded directly in equity:										
Dividends to equity holders (note 29b)	-	-	-	-	-	-	-	-	(5,398,203)	(5,398,203)
Additions during the year	-									-
Transfer to regulatory reserves (notes 30a & 30c)	-	-	-	-	1,567,252	-	761,051	2,328,303	(2,328,303)	-
Balance at 30 June 2014	10,796,407	27,871,589	(58,039)	5,276,423	2,510,936	234,503	11,606,519	19,570,342	5,132,919	63,371,257

The accompanying notes in pages 27 to 116 form part of these interim financial statements.

STERLING BANK PLC

INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

		30 June 2015 (6 months) ₦'000	30 June 2014 (6 months) ₦'000
Profit before income tax		6,055,622	5,970,486
Adjustments for non cash items:			
Impairment charges on financial assets	11	4,402,341	3,199,266
Depreciation and amortisation	22 & 23	1,890,698	1,460,604
Net movement in other comprehensive income		1,131,739	237,892
Dividend income	10	56,737	(36,219)
Movement in debt securities issued		(1,607)	(1,606)
Profit on disposal of property and equipment		(1,298,759)	(7,740)
Loss on bond held for trading		329,094	-
Profit on sale of investments		(64,506)	(3,870)
Foreign exchange		(8,114,989)	(613,781)
		4,386,370	10,205,032
Changes in operating assets			
Deposits with the Central Bank of Nigeria		7,722,075	(23,723,769)
Pledged assets		4,140,468	(14,143,379)
Due from Central Bank of Nigeria		-	3,000,000
Loans and advances to customers		(13,394,904)	(10,860,023)
Other assets		(3,670,557)	(6,673,599)
		(816,548)	(42,195,738)
Changes in operating liabilities			
Due to customers		(17,611,950)	(5,687,868)
Other liabilities		18,921,487	20,975,766
Cash generated from/(used in) operations		492,989	(26,907,840)
Income tax paid	14b	(1,095,213)	(565,273)
Net cash flows from used in operating activities		(602,224)	(27,473,113)
Investing activities			
Purchase of property and equipment	22	(2,124,715)	(3,153,728)
Purchase of intangible assets	23a	(326,461)	(147,603)
Proceeds from sale of property and equipment		1,438,693	28,212
Proceeds from sale of investment		5,120,610	42,229,736
Purchase of investments securities		(38,003,993)	(31,362,350)
Dividends received	10	(56,737)	36,219
Net cash flows (used in)/from investing activities		(33,952,603)	7,630,486
Financing activities:			
Proceeds from other borrowed funds		10,872,126	16,217,230
Repayment of other borrowed funds		(5,900,765)	(269,209)
Dividends paid	29	(1,727,425)	(5,398,203)
Net cash flows from financing activities		3,243,936	10,549,818
Effect of exchange rate changes on cash and cash equivalents		8,114,989	613,781
Net decrease in cash and cash equivalents		(31,310,891)	(9,292,809)
Cash and cash equivalents at 1 January		108,769,104	97,305,134
Cash and cash equivalents at 30 June	34	85,573,202	88,626,106
Operational cash flows from interest:			
Interest received		38,259,780	37,155,447
Interest paid		(20,372,299)	(17,415,441)

The accompanying notes in pages 27 to 116 form part of these interim financial statements.

STERLING BANK PLC

INTERIM STATEMENT OF PRUDENTIAL ADJUSTMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

The regulatory body, Central Bank of Nigeria/Nigeria Deposit Insurance Corporation, stipulates that impairment charges recognized in the profit or loss account shall be determined based on the requirements of IFRS. The IFRS impairment should be compared with impairment determined under the prudential guidelines and the expected impact/changes in general reserve should be treated as follows:

(i) Prudential Provisions is greater than IFRS provisions; transfer the difference from the general reserve to a non-distributable regulatory reserve.

(ii) Prudential Provisions is less than IFRS provisions; the excess charges resulting should be transferred from the regulatory reserve account to the general reserve to the extent of the non-distributable reserve previously recognized.

Transfer to regulatory risk reserve	Note	As of 30 June 2015 ₦'000	As of 30 June 2014 ₦'000
Prudential provision		20,154,332	14,813,300
Total Prudential provision		20,154,332	14,813,300
IFRS provision			
Individual impairrment allowance for loans & advances	19b	9,052,579	3,965,467
Collective impairment allowance for loans & advances	19c	3,919,027	2,687,152
Allowances for impairment for other assets	21.1	4,213,647	4,205,528
Allowances for impairment for investment securities	20d	392,398	347,995
Other provisions		278,814	1,096,222
		17,856,465	12,302,364
Difference in impairment provision balances		2,297,867	2,510,936

Transfer to/(from) Regulatory risk reserve

Movement in the Regulatory risk reserve	30 June (6 months)	30 June (6 months)
Balance at the beginning of the period	3,880,738	943,684
Transfer (from)/to Regulatory risk reserve	(1,582,871)	1,567,252
	2,297,867	2,510,936

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 investment, corporate, commercial, retail banking and non-interest (Shari'a) banking.

The interim financial statements of Sterling Bank Plc for the six months ended 30 June 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 28 July 2015.

2. Accounting Policies

2.1 Basis of preparation

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). For all periods up to and including the year ended 31 December 2011, the Bank prepared its financial statements in accordance with Nigerian Generally Accepted Accounting Principles (Nigerian GAAP). The financial statements for the year ended 31 December 2012 were the first financial statements the Bank has prepared in accordance with IFRS. This is an interim financial statements for the six months ended 30 June 2015.

The financial statements have been prepared on a historical cost basis, except for available-for-sale investments, financial assets and liabilities held for trading, and financial assets and liabilities designated at fair value through profit or loss, all of which have been measured at fair value.

The financial statements are presented in Nigerian Naira and all values are rounded to the nearest thousand (₦'000) except when otherwise indicated.

(a) Statement of compliance

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

2. Accounting Policies - continued

2.1 Basis of preparation - continued

(b) Presentation of financial statements

The Bank presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 35 to the financial statements.

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

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

2.2 Summary of significant accounting policies

The following are the significant accounting policies applied by the Bank in preparing its financial statements.

2.2.1 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.

2. Accounting Policies - continued

2.2 Summary of significant accounting policies - continued

2.2.1 Interest income and expense - Continued

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

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

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

Sharia income
Included in interest income and expense are sharia income and expense. The Bank's income as a fund manager (mudharib) consists of income and expense from Mudaraba and Hajj transactions, income from profit sharing of sukuk and Mudaraba financing and other operating income.

Mudaraba income by deferred payment or by installment is recognised during the period of the contract based on effective method (annuity).

Profit sharing income from mudharabah is recognised in the period when the rights arise in accordance with agreed sharing ratio, and the recognition based on projection of income is not allowed.

2.2.2 Fees and commission

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

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

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

2. Accounting Policies - continued

2.2 Summary of significant accounting policies - continued

2.2.3 Net trading income

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

2.2.4 Dividend income

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

2.2.5 Lease payments

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

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

2.2.6 Taxes

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

(i) Current tax

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

2. Accounting Policies - continued

2.2 Summary of significant accounting policies - continued

2.2.6 Taxes - continued

(ii) Deferred tax

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

Deferred tax is not recognised for the following temporaray differences:

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Unrecognised deferred tax assets are reviewed at each reporting date and are recognised to the extent that it is probable that future taxable profits will be available against which can be used.

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

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

Tax assessments are recognized when assessed and agreed to by the Bank with the Tax authorities, or when appealed, upon receipt of the results of the appeal.

2.2.7 Financial assets and liabilities

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

2. Accounting Policies - continued

2.2 Summary of significant accounting policies - continued

2.2.7 Financial assets and liabilities - continued

(i) Initial recognition

The Bank initially recognises cash and bank balances, loans and advances, deposits, debt securities issued and liabilities on the date that they are originated. All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

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 net of transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

(ii) Subsequent measurement

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

1. 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 held for trading if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as effective hedging instruments.

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

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

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

Subsequent to initial recognition, the fair values are 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 for financial assets designated at fair value through profit or loss at inception.

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

2. Accounting Policies - continued

2.2 Summary of significant accounting policies - continued

2.2.7 Financial assets and liabilities - continued

(ii) Subsequent measurement - continued

2. 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 on available-for-sale debt instrument 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.

3. Held-to-maturity

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

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

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

2. Accounting Policies - continued

2.2 Summary of significant accounting policies - continued

2.2.7 Financial assets and liabilities - continued

(ii) Subsequent measurement - continued

4. Loans and advances

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

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

Loans and advances include loans granted to customers and corporate entities.

(iii) Amortised cost measurement

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

(iv) 'Day 1' profit or loss

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

(v) Derecognition of financial instruments

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets)is primarily derecognised (i.e. removed from the statement of financial position) when:

The rights to receive cash flows from the asset have expired, or

The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Bank has transferred substantially all the risks and rewards of the asset, or (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Bank continues to recognise the transferred asset to the extent of the Bank's continuing involvement. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

2. Accounting Policies - continued

2.2 Summary of significant accounting policies - continued

2.2.7 Financial assets and liabilities - continued

(v) Derecognition of financial instruments - *continued*

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

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

(vi) Due from banks and loans and advances

Due from banks and loans and advances include non–derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- those that the Bank intends to sell immediately or in the near term and those that the Bank, upon initial recognition, designates as at fair value through profit or loss;
- those that the Bank, upon initial recognition, designates as available-for-sale; and
- those for which the Bank may not recover substantially all of its initial investment, other than because of credit deterioration

After initial measurement, amounts due from banks and loans and advances to customers are subsequently measured at amortised cost using the effective interest rate (EIR), less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in Interest and similar income in the profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in impairment charges.

The Bank may enter into certain lending commitments where the loan, on draw-down, is expected to be classified as held for trading because the intent is to sell the loans in the short term. These commitments to lend are recorded as derivatives and measured at fair value through profit or loss.

Where the loan, on draw-down, is expected to be retained by the Bank, and not sold in the short term, the commitment is recorded only when it is an onerous contract that is likely to give rise to a loss (e.g., due to a counterparty credit event).

2. Accounting Policies - continued

2.2 Summary of significant accounting policies - continued

2.2.7 Financial assets and liabilities - continued

(vii) Debts issued and other borrowed funds

Financial instruments issued by the Bank that are not designated at fair value through profit or loss, are classified as liabilities under debts securities issued and other borrowed funds, where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, debts securities issued and other borrowed funds are subsequently measured at amortised cost using the (EIR). Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

(viii) Securities lending and borrowing

Securities lending and borrowing transactions are usually collateralised by securities or cash. The transfer of the securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability.

Securities borrowed are not recognised on the statement of financial position, unless they are then sold to third parties, in which case the obligation to return the securities is recorded as a trading liability and measured at fair value with any gains or losses included in Net trading income.

Securities borrowed are recognised on the statement of financial position when the bank obtained substantially all of the risks and rewards associated with the security or the bank obtained control of the security. In addition, the obligation to return the security is recognised as trading liability when the security was not recognised, but was sold to a third party.

(ix) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a future date at a fixed price or an amount that is based on a lender's return is not derecognised from the statement of financial position as the Bank retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognised in the consolidated statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within Cash collateral on securities lent and repurchase agreements, reflecting the transaction’s economic substance as a loan to the Bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the EIR. When the counterparty has the right to sell or repledge the securities and the securities are not derecognised by the bank, the bank reclassifies those securities in the statement of financial position to financial assets held for trading pledged as collateral or to financial investments available for sale pledged as collateral as appropriate.

Conversely, securities purchased under agreement to resell the security to the seller at a future date at an amount that is not the fair value at the date of the sale, are not recognised on the statement of financial position.

2. Accounting Policies - continued

2.2 Summary of significant accounting policies - continued

2.2.7 Financial assets and liabilities - continued

(ix) Repurchase and reverse repurchase agreements - continued

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within Cash collateral on securities borrowed and reverse repurchase agreements, reflecting the transaction's economic substance as a loan by the Bank. The difference between the purchase and resale prices is recorded in Net interest income and is accrued over the life of the agreement using the EIR.

If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within financial liabilities held for trading and measured at fair value with any gains or losses included in Net trading income.

2.2.8 Impairment of financial assets

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 37.

(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.

2. Accounting Policies - continued

2.2 Summary of significant accounting policies - continued

2.2.8 Impairment of financial assets

(i) Assets carried at amortised cost - continued

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.

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 there is objective evidence that an impairment loss 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 expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.The interest income is recorded as part of Interest and similar income.

2. Accounting Policies - continued

2.2 Summary of significant accounting policies - continued

2.2.8 Impairment of financial assets

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 would be recognised as other income in the income statement.

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.

2. Accounting Policies - continued

2.2 Summary of significant accounting policies - continued

2.2.8 Impairment of financial assets - continued

(ii) Available-for-sale financial assets - continued

Where an available-for-sale asset, which has been re-measured 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 fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

In the case of equity investments classified as available-for-sale, objective evidence would also include a ‘significant’ or ‘prolonged’ decline in the fair value of the investment below its cost. The Bank treats ‘significant’ as 20% and ‘prolonged’ as greater than twelve months. Where there is evidence of impairment,the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in the fair value after impairment are recognised in other comprehensive income.

(iii) Renegotiated loans

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original effective interest rate (EIR) as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to individual or collective impairment assessment, calculated using the loan’s original EIR.

(iv) Collateral valuation

The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, and other non-financial assets such as netting agreements. The fair value of collateral is generally assessed, at a minimum, at inception and then revalued on periodic basis as deemed necessary, however, some collateral, for example, cash or securities relating to margin requirements, are valued daily.

To the extent possible, the Bank uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, housing price indices, audited financial statements, and other independent sources.

2. Accounting Policies - continued

2.2 Summary of significant accounting policies - continued

2.2.9 Cash and cash equivalents

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

2.2.10 Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

2. Accounting Policies - continued

2.2 Summary of significant accounting policies - continued

2.2.10 Property, plant and equipment - continued

(iii) Depreciation -continued

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

The estimated useful lives for property, plant and equipment are as follows:

Leasehold land	over the lease period
Leasehold buildings	50 years
Computer equipment	3 years
Furniture, fittings & equipment	5 years
Motor vehicles	4 years
Leasehold improvements	10 years

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

(iv) De-recognition

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

2.2.11 Intangible assets

Software

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

2. Accounting Policies - continued

2.2 Summary of significant accounting policies - continued

2.2.11 Intangible assets - continued

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is five years. Amortisation method, useful lives, and residual values are reviewed at each financial year-end and adjusted if appropriate.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Bank can demonstrate:
The technical feasibility of completing the intangible asset so that the asset will be available for use.
-How the asset will generate future economic benefits
-The availability of resources to complete the asset
-The ability to measure reliably the expenditure during development
Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in profit or loss. During the period of development, the asset is tested for impairment annually.

2.2.12 Leased assets

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

Bank as a lessee
Leases that do not transfer to the Bank substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which they are incurred.

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

2.2.13 Impairment of non-financial assets

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

2. Accounting Policies - continued

2.2 Summary of significant accounting policies - continued

2.2.13 Impairment of non-financial assets - continued

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

2.2.14 Provisions

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

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

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

2. Accounting Policies - continued

2.2 Summary of significant accounting policies - continued

2.2.15 Financial guarantee contracts

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

Financial guarantee liabilities are initially recognised at their fair value, which is the amount received, and then amortised over the life of the financial guarantee. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of the present value of any expected payment, when a payment under the guarantee has become probable, and amount initially recognised less when appropriate, cumulative amortisation recognised in accordance with IAS 18. Crystallised financial guarantees are included within Other liabilities.

2.2.16 Employee benefits

(i) Defined contribution plans

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

The Bank operates a funded defined contribution retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2014. The employer and the employee contributions are 10% and 8%, respectively of the qualifying employee’s monthly basic, housing and transport allowance. Obligations in respect of the Bank’s contributions to the scheme are recognised as an expense in the profit or loss account on an annual basis.

(ii) Short-term benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.

2. Accounting Policies - continued

2.2 Summary of significant accounting policies - continued

2.2.16 Employee benefits - continued

(ii) Short-term benefits - continued

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

2.2.17 Contingencies

(i) Contingent asset

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

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

(ii) Contingent liability

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

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

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

2. Accounting Policies - continued

2.2 Summary of significant accounting policies - continued

2.2.18 Share capital

(i) Share issue costs

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

(ii) Share premium

Any excess of the fair value of the consideration received over the par value of shares issued is recognised as share premium.

(iii) Dividend on ordinary shares

Dividends on the Bank's ordinary shares are recognised in equity in the period in which they are approved and declared by the Bank's shareholders.

(iv) Treasury shares

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

2.2.19 Equity reserves

(i) Revaluation reserve

The balance in this reserve has been moved to other regulatory reserves as a result of the Bank's reclassification due to adoption of IFRS.

(ii) 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 derecognized or impaired.

(iii) Share capital reserve

The share capital reserve represents the surplus nominal value of the shares of the Bank which were reconstructed in June 2006.

(iv) Regulatory risk reserve

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

(v) SMEEIS reserve

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.

2. Accounting Policies - continued

2.2 Summary of significant accounting policies - continued

2.2.19 Equity reserves - continued

(vi) Other regulatory reserve

This represents regulatory appropriation to statutory reserves of 30% of profit after tax 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.

2.2.20 Earnings per share

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

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

2.2.21 Segment reporting

An operating segment is a component of the Bank that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Bank's other components, whose operating results are reviewed regularly by the Bank's Management Committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. The Bank segment reporting is based on the following operating segments: Corporate banking, Retail/Commercial banking, Treasury and Non-Interest Banking.

2.2.22 Foreign currency translation

The Bank's functional and presentation currency is Nigerian Naira ("N"). Transactions in foreign currencies are initially recorded at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the spot rate of exchange at the reporting date. Differences arising from translation of monetary items are recognised in other operating income in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

2. Accounting Policies - continued

2.2 Summary of significant accounting policies - continued

2.2.22 Foreign currency translation - continued

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.2.23 Pledged financial assets

Financial assets pledged as collateral are classified separately from other assets when the counterparty has the right to sell or re-pledge the collateral (by custom or contract) and so financial assets held for trading, as available-for-sale and held to maturity are shown separately in the statement of financial position if they can be sold or pledged by the transferee.

Financial investments available for sale pledged as collateral are measured at fair value while financial investments held to maturity are measured at amortised cost.

2.2.24 Fair value definition and measurement

The Bank measures financial instruments at fair value at each statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes:

Disclosures for valuation methods, significant estimates and assumptions are in Note 3.

Quantitative disclosures of fair value measurement hierarchy are in Note 37.

Financial instruments (including those carried at amortised cost) are in Note 37.

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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: In the principal market for the asset or liability and in the absence of a principal market, in the most advantageous market for the asset or liability.

2. Accounting Policies - continued

2.2 Summary of significant accounting policies - continued

2.2.24 Fair value definition and measurement

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.2.25 Non interest banking

Brief explanation for each type of sharia financing is as follows:

Mudharabah financing is a co-operation for certain project between first party (malik, shahibul mal or Subsidiary) as owner of fund and second party (amil, mudharib or debtors) as fund manager whereas the profit will be shared in accordance with percentage as stated in the agreement, meanwhile losses will be borne by the bank except if the second party does negligence, error or violate the agreement. Mudharabah financing is stated at the outstanding financing balance less allowance for possible losses.

2. Accounting Policies - continued

2.2 Summary of significant accounting policies - continued

2.2.25 Non interest banking - continued

Ijarah receivables are the financing on the availability of fund in relation to transferring the right to use and benefit of a good and service based on rental transaction which was not followed by transfer of the goods ownership to the lessee. Ijarah muntahiyah bittamlik is an agreement on the availability of fund in relation to transferring the use right and benefit of a good or service based on rental transaction with an option to transfer the ownership title of goods to the lessee. Ijarah receivables are recognised at due date at the amount of it lease income not yet received and presented at its net realisable value, which is the outstanding balance of the receivables.

Loans are classified as financial assets in loans and receivables. Refer to Note 2.2.7 for the accounting policy of loans and receivables.

(i) Deposit Liabilities

Deposits liabilities on non-interest banking are classified as financial liabilities at amortised cost. Incremental costs directly attributable to acquistion of deposits on non-interest banking are included in the amount of deposits and amortised over the expected life of the deposits. Refer to Note 2.2.7(iii) for the accounting policy for financial liabilities at amortised cost above.

Included in the deposits liabilities are non interest banking deposits in form of *hajj deposits, trust* deposits, and Certificates Mudharabah Investment Bank (SIMA). SIMA is an investment certificate issued by the bank which adopts profit sharing practice and in form of placement. SIMA financing period ranges from 1 - 6 months.

(ii) Income and expense

Included in other operating income and expenses are non interest banking income and expense. The Bank's income as a fund manager (*mudharib*) consists of income and expense from *Mudaraba* and *Hajj* transactions, income from profit sharing of *sukuk* and *Mudaraba* financing and other operating income. *Mudaraba* income by deferred payment or by installment is recognised during the period of the contract based on effective method (annuity).

2.3 New Standards and Improvements

New standards, interpretations and amendments adopted by the Bank

The accounting policies adopted in the preparation of the 2015 interim financial statements are consistent with those followed in the preparation of the Bank’s 2014 financial statements, except for the adoption of new standards or interpretations effective as of 1 January 2015.

There are no new standards/amendment that are effective as of 1 January 2015.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the accompanying disclosure, as well as the disclosure of contingent liability about these assumptions and estimates could result in outcome that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

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

3.1 *Estimates and Assumptions*

The key assumption concerning the future and other key sources of estimation uncertainly at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below. The Bank based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumption about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

(i) Going Concern

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 foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

(ii) Allowances for impairment of loans and advances

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy Note 2.2.8.

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

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

(iii) Fair value of financial instruments

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of techniques as described in accounting policy Note 2.2.24. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

3. Significant accounting judgements, estimates and assumptions - continued

(iv) Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that the future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies. Tax losses can be used indefinitely. See note 14 for further information on judgment and estimates relating to deferred tax assets.

3.2 Judgments

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and Judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be resonable under the circumstances. In the process of applying the Bank's accounting policies, management has made the following judgements, which have significant effect on the amount recognised in the financial statements:

(i) *Depreciation and carrying value of property, plant and equipment*

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

(ii) *Determination of impairment of property, plant and equipment, and intangible assets*

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

(iii) *Determination of collateral value*

Management monitors market value of collateral on a regular basis. Management uses its experienced judgement or independent opinion to adjust the fair value to reflect the current circumstances. The amount and collateral required depend on the assessment of credit risk of the counterparty. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Bank's quarterly reporting schedule, however some collateral, for example, cash or securities relating to margin requirements, is valued daily.To the extent possible, the Bank uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers,housing price indices, audited financial statements, and other independent sources.

(iv) *Deferred tax asset*

Management uses its experienced judgement in not recognizing additional deferred tax assets. The amount of those items that give rise to the unrecognized deferred tax asset are disclosed in note 14 of the financial statements.

4 *New standards and interpretations not yet adopted*

New standards have been issued but are not yet effective for the period ended 30 June 2015; thus, it has not been applied in preparing these financial statements. The Bank intends to adopt the standards below when they become effective:

(i) IFRS 15 - Revenue from Contracts with Customers
IFRS 15 Revenue from Contracts 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 or 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 or equipment. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. This will be effective from 1 January 2018. The Bank is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

(ii) IFRS 14 - Regulatory Deferral Accounts
The International Accounting Standards Board (IASB) issued IFRS 14 Regulatory Deferral Accounts to ease the adoption of International Financial Reporting Standards (IFRS) for rate-regulated entities. The standard allows an entity to continue applying most of its existing accounting policies for regulatory deferral account balances upon adoption of IFRS. This standard provides first-time adopters of IFRS with relief from derecognising rate regulated assets and liabilities until a comprehensive project on accounting for such assets and liabilities is completed by the IASB. Effective date is 1 January 2016. This standard will not have impact on the Bank since is an existing IFRS preparer.

(iii) IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation
The IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets prohibiting the use of revenue-based depreciation methods for fixed assets and limiting the use of revenue-based amortisation methods for intangible assets. The amendments are effective prospectively. Effective date is 1 January 2016. . This amendment will not have impact on the bank.

(iv) IAS 16 and IAS 41 - Accounting for bearer plants
IAS 41 Agriculture currently requires all biological assets related to agricultural activity to be measured at fair value less costs to sell. This is based on the principle that the biological transformation that these assets undergo during their lifespan is best reflected by fair value measurement. However, there is a subset of biological assets, known as bearer plants, which are used solely to grow produce over several periods. At the end of their productive lives they are usually scrapped. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates.

The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16 Property, Plant and Equipment, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. This amendment will not have impact on the Bank.

(v) IFRS 9 - Financial instruments
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.

4 *New standards and interpretations not yet adopted - continued*

(vi) Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. It is not expected that this amendment would be relevant to the Bank , since it does not have defined benefit plan.

(vii) Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Bank.

(viii) Amendments to IAS 27: Equity Method in Separate Financial Statements
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Bank as it is not a parent.

(ix) IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception – Amendments to IFRS*
The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption (in IFRS 10.4) from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

This amendment is effective for annual periods beginning on or after 1 January 2016. It is not expected that this amendment would be relevant to the Bank.

4 *New standards and interpretations not yet adopted - continued*

(x) IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture –
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3 Business Combinations, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

This amendment is effective for annual periods beginning on or after 1 January 2016. It is not expected that this amendment would be relevant to the Bank.

(xi) IAS 1 Disclosure Initiative – Amendments to IAS 1
The amendments to IAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- · That the share of OCI of associates and joint ventures accounted for using the equity method must be

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income.

This amendment is effective for annual periods beginning on or after 1 January 2016. It is not expected that this amendment would be relevant to the Bank.

Improvement to IFRSs

Amendments resulting from annual improvements to IFRSs to the following standards will not have any material impact on the accounting policies, financial position or performance of the bank for the year. The annual improvements have effective date of 1 July 2014.

Annual improvements 2010-2012 Cycle

- IFRS 2 – Share-based Payment
- IFRS 3 – Business Combinations
- IFRS 8 – Operating Segments
- IAS 16 – Property, plant and equipment
- IAS 38 - Intangible Assets
- IAS 24 – Related Parties

Annual improvements 2011-2013 Cycle
- IFRS 3 – Business Combinations
- IFRS 13 - Fair value measurement
- IAS 40 - Investment properties

5 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 four reportable segments; Retail/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:

- Corporate banking provides banking solutions to multinationals companies and other financial institutions.
- Retail/Commercial banking provides banking solutions to individuals, small businesses , partnerships and commercial entities among others.
- Treasury conducts the Bank's financial advisory and securities trading activities.
- Non-Interest banking provides solutions that are consistent with Islamic laws and guided by Islamic economics

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 Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the financial statements.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2015 (2014: none).

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

(i) *30 June 2015*

	Retail / Commercial Banking N'000	Corporate Banking N'000	Treasury N'000	Non-interest Banking N'000	Total N'000
Interest and NIB income	23,175,082	11,068,194	5,513,547	77,419	39,834,242
Interest and NIB expense	(14,903,010)	(1,840,242)	(3,630,280)	(33,736)	(20,407,268)
Net interest and NIB margin	8,272,072	9,227,952	1,883,266	43,683	19,426,974
Net fees and commission income	4,546,851	3,215,902	1,239,518	8,514	9,010,785
Net impairment charge	(3,997,215)	(405,126)		-	(4,402,341)
Depreciation and Amortization	(1,844,659)	(20,765)	(5,583)	(19,691)	(1,890,698)
Segment profit/(loss)	859,050	2,164,595	3,053,240	(21,263)	6,055,622
Assets as at 30 June 2015					
Capital expenditure: Additions during the period					
Property, plant and equipment & Intangible assets	2,035,403	28,115	13,344	47,853	2,124,715
Other intangible assets	326,461	-	-	-	326,461
Total Assets	387,845,752	220,480,221	222,758,275	2,964,967	834,049,215
Total Liabilities	536,422,034	126,459,396	80,474,900	2,282,008	745,638,338

30 June 2014

	Retail Banking N'000	Corporate Banking N'000	Treasury N'000	Non-interest Banking N'000	Total N'000
Interest and NIB income	23,339,827	7,954,786	6,651,054	21,826	37,967,493
Interest and NIB expense	(12,136,481)	(1,964,867)	(2,031,386)	(10,912)	(16,143,646)
Net interest and NIB margin	11,203,346	5,989,919	4,619,668	10,914	21,823,847
Net fees and commission income	3,483,214	1,219,886	1,999,736	-	6,702,836
Net impairment charge	(1,546,381)	(1,337,740)	(315,145)	-	(3,199,266)
Depreciation and Amortization	(1,442,042)	(8,865)	(2,328)	(7,369)	(1,460,604)
Segment profit/ (loss)	1,465,703	2,512,097	2,109,008	(116,322)	5,970,486
Assets as at 31 December 2014					
Capital expenditure: Additions during the period					
Property, plant and equipment	7,787,927	97,551	29,082	47,853	7,962,413
Other intangible assets	397,256	-	-	-	397,256
Total Assets	466,882,625	164,887,691	191,332,728	1,436,382	824,539,426
Total Liabilities	582,025,810	110,900,409	45,790,051	1,107,871	739,824,141

	30 June 2015 6 Months ₦'000	30 June 2014 6 Months ₦'000
6 Interest income		
Loan and advances to customers	29,819,733	28,125,440
Investment securities	8,599,455	8,151,344
Due from banks	774,543	1,659,900
Interest on impaired loans	640,511	30,809
	39,834,242	37,967,493
Interest from investment securities were derived from:		
Available for sale	3,043,575	6,351,248
Held to maturity	5,555,880	1,800,096
	8,599,455	8,151,344
7 Interest expense		
Deposits from customers	18,718,912	14,998,866
Debt securities issued and other borrowed funds	1,212,485	988,927
Deposits from banks	475,871	155,853
	20,407,268	16,143,646
8 Fees and commission income		
Facility management fees	953,854	2,884,561
Commission on turnover	726,170	1,340,874
Commissions and similar income	2,074,815	844,280
Other fees and commissions	4,494,996	837,716
Commissions on letter of credit transactions	760,950	795,405
	9,010,785	6,702,836

Credit related 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.

	30 June 2015 6 Months ₦'000	30 June 2014 6 Months ₦'000
9 Net trading income		
Foreign exchange trading	3,256,149	2,093,274
Bonds	55,394	985,981
Treasury bills	545,825	464,441
	3,857,368	3,543,696
10 Other operating income		
Gains on disposal of property, plant and equipment (note 10.1)	1,298,759	7,740
Cash recoveries on previously written off accounts	509,562	255,927
Other sundry income (note 10.2)	308,610	608,373
Rental income	101,571	245,634
Net gain on sale of investment securities	64,506	3,870
Dividends on available-for-sale equity securities	56,737	36,219
Net foreign exchange gain	-	14,996
	2,339,745	1,172,759

10.1 Included in this amount is the gain on the disposal of an Abuja property sold during the period.

10.2 Other sundry income includes income from cashless policy and funds transfer charges.

		30 June 2015 6 Months ₦'000	30 June 2014 6 Months ₦'000
11	Impairment charges		
(i)	Loan impairment		
	- Individual impairment (note 19b)	3,801,062	3,327,269
	- Collective impairment (note 19c)	772,353	158,022
	Bad debt written off	4,610	40,268
	Allowances no longer required (note 19b)	(95,403)	(372,056)
		4,482,622	3,153,503
(ii)	(Write back)/Impairment charges on other assets (note 21.1)	(80,281)	45,763
		4,402,341	3,199,266
12	Personnel expenses		
	Wages and salaries	5,043,080	5,357,014
	Defined contribution plan	669,414	229,087
		5,712,494	5,586,101
13.1	Other operating expenses		
	Insurance	1,790,148	1,882,976
	AMCON sinking fund contribution (see note (a) below)	2,063,931	1,564,574
	Contract services	1,188,504	1,115,773
	Other professional fees	458,727	246,472
	Loss on bonds held for trading	329,094	131,379
	Foreign exchange loss	6,780	-
		5,837,184	4,941,174

(a) AMCON sinking fund contribution

This represents the Bank's contribution to a fund established by the Asset Management Corporation of Nigeria (AMCON) for the six months ended 30 June 2015. Effective 1 January 2013, the Bank is required to contribute an equivalent of 0.5% (2014: 0.5%) of its total assets plus 0.5% of 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. This contribution is meant to be for the next 10 years from the effective date.

	30 June 2015 6 Months ₦'000	30 June 2014 6 Months ₦'000
13.2 General and administrative expenses		
Administrative expenses	2,950,359	3,959,145
Office expenses	1,353,442	1,866,981
Advertising and business promotion	1,416,232	1,303,375
Communication cost	624,048	921,062
Other general expenses	432,650	106,861
Transport, travel, accomodation	248,877	307,630
Seminar and conferences	215,893	227,880
Security	153,911	135,818
Annual general meeting expenses	120,000	100,000
Audit fees	100,000	110,000
Directors other expenses	94,175	50,015
Rents and rates	89,265	212,589
Stationery and printing	85,735	89,018
Fines and penalties	84,416	25,283
Membership and subscription	66,576	48,340
Directors fee	20,500	15,500
Newspapers and periodicals	4,051	3,983
	8,060,130	9,483,480

13.3 Other premises and equipment cost

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

	30 June 2015 6 Months ₦'000	30 June 2014 6 Months ₦'000
14 Income tax		
a Current income tax expense:		
Income tax (note 14c(i))	512,789	809,730
Education tax (note 14c(ii))	56,774	27,379
	569,563	837,109
Information Technology levy (note 14d)	60,556	59,705
	630,119	896,814
Deferred tax expense:		
Origination of temporary differences (note 14f)	-	-
Total income tax expense	630,119	896,814
b Current income tax liabilities The movement on this account during the year was as follows:		
Balance, beginning of the period	1,802,189	1,112,289
Estimated charge for the period (see (14a) above)	569,563	837,109
Payments during the period	(1,095,213)	(565,273)
Excess provision no longer required	-	(3,400)
Balance, end of the period	1,276,539	1,380,725

		30 June 2015 6 Months ₦'000		30 June 2014 6 Months ₦'000
c Reconciliation of total tax charge				
	%		%	
Profit before income tax	100%	6,055,622	100%	5,970,486
	===	=========	===	=========
Income payable @ statutory tax rate of 30%	30%	1,816,687	30%	1,791,146
Tax effect of:				
Non - deductible expenses	42%	2,566,410	27%	1,610,724
Exempt Income	-58%	(3,531,491)	-50%	(2,991,195)
Education tax	1%	56,774	0%	27,379
Info. Tech. Dev. Levy (NITDA)	1%	60,556	1%	59,705
Minimum tax	8%	512,790	0%	-
Utilisation of unrelieved losses brought forward	-14%	(851,606)	-7%	(410,683)
Tax on dividend paid basis	0%		14%	809,738
	------	----------------	------	----------------
Effective tax rate	10%	630,119	15%	896,814
	===	=========	===	=========

i) The Bank was assessed based on the minimum tax legislation for the six months ended 30 June 2015 , (2014: 30% of 2013 dividend of ₦5,398,203,750 paid in 2014 prorated for six months) in compliance with Section 33(2) of the Company Income Tax Act.

ii) The basis of the Education Tax is 2% charged on the assessable profit of the Bank of N2,688,685,598 as at 30 June 2015 (2014:N1,368,943,558). An Education Tax of 2% of assessable profits is imposed on all companies incorporated in Nigeria. This tax is viewed as a social obligation placed on all companies in ensuring that they contribute their own quota in developing educational facilities in the country.

d The National Information Technology Agency Act (NITDA) 2007 stipulates that specified companies contribute 1% of their profit before tax to National Information Development Agency. In line with the Act, the Bank has provided for Information technology levy at the specified rate.

e The provisions of the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 grants exemption to income from bonds and treasury bills from tax for a period of 10 years.

14 Income tax

f. Deferred tax assets and liabilities

30 June 2015

	Balance at 31 December 2014	Recognised in profit or loss	Balance at 30 June 2015
	₦'000	₦'000	₦'000
Accelerated depreciation of Property, plant and equipment	1,299,207	771,122	2,070,329
Unutilised tax credit (capital allowance)	(3,811,478)	(491,799)	(4,303,277)
Tax loss	(4,225,436)	(244,843)	(4,470,279)
Deductible temporary differences	(233,438)	(34,480)	(267,918)
	(6,971,145)	-	(6,971,145)

30 June 2014

	Balance at 31 December 2013	Recognised in profit or loss	Balance at 30 June 2014
	₦'000	₦'000	₦'000
Accelerated depreciation of Property, plant and equipment	1,350,846	203,202	1,554,048
Unutilised tax credit (capital allowance)	(3,115,934)	(418,905)	(3,534,839)
Tax loss	(4,706,353)	(284,001)	(4,990,354)
Deductible temporary differences	(499,704)	499,704	-
	(6,971,145)	-	(6,971,145)

The Bank has unutilized capital allowance of N8,651,068,894 (2014: ₦8,128,714,884) , unused tax losses carried forward available of N8,986,800,085 (2014: ₦8,657,778,360) and deductible temporary differences of N538,607,709 (2014: ₦497,851,010) to be offset against future taxable profits. However no deferred tax asset has been recognised in respect of these items due to uncertainties regarding the timing and amount of future taxable profits. There is no expiry date for the utilization of these items.

The Bank has been incurring taxable losses primarily because of the tax exemption on income on government securities. The provisions of the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 grants exemption to income from bonds and treasury bills from tax for a period of 10 years. The expiry date of the circular would be in year 2021 and this trend would continue until the expiration of the tax holiday. Thus, the Bank has applied caution by not recognizing additional deferred tax assets which is not considered capable of recovery. The management's judgment is that the deferred tax recognized in the book is recoverable after the expiration of exemption granted on Government securities. The Bank will have taxable profit upon this expiration.

15 Earnings per share (basic and diluted)

The calculation of basic earnings per share as at 30 June 2015 was based on the profit attributable to ordinary shareholders of N5.4billion (2014: ₦5.1 billion) and weighted average number of ordinary shares outstanding calculated as follows:

		30 June 2015	30 June 2014
		Unit ('000)	Unit ('000)
a	Issued ordinary shares as at 1 January	28,790,418	21,592,813
	Weighted average number of ordinary shares	28,790,418	21,592,813
b	Profit for the period attributable to equity holders of the Bank	5,425,503	5,073,672
	Basic earning per share	19k	23k
	Diluted earning per share	19k	23k

		30 June 2015	31 December 2014
		₦'000	₦'000
16	Cash and balances with Central Bank of Nigeria		
	Cash and foreign monies	25,804,640	10,777,660
	Unrestricted balances with Central Bank of Nigeria	9,648,000	30,661,371
	Deposits with the Central Bank of Nigeria	125,598,856	133,320,931
		161,051,496	174,759,962

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, it does not form part of cash and cash equivalents in the cashflow statement.

17	Due from banks		
	Balances held with local banks	(1,585,172)	1,866,518
	Balances held with banks outside Nigeria	20,520,682	35,580,692
	Money market placements	31,185,052	29,882,863
		50,120,562	67,330,073

Included in balances with banks outside Nigeria is the Naira equivalent of foreign currency balances held on behalf of customers in respect of letters of credit. The corresponding liabilities are included in other liabilities (see note 27). These balances are not available for the day to day operations of the Bank.

Money market placements are placement for varying periods between one day to three months, depending on the immediate cash requirements of the Bank and earning interest with the range of 7% to 11% per annum.

18	Pledged assets		
	Treasury bills AFS (see note (a) below)	5,615,000	7,785,977
	Government bonds HTM (see note (b) below)	36,003,545	51,275,405
	Government bonds AFS (see note (b) below)	272,660	-
	Euro Bond AFS	26,984,825	12,930,835
	Other pledged assets (see note (c) below)	5,734,362	6,758,643
		74,610,392	78,750,860

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 governmnet taxes and Interswitch electronic card transactions.

b) Pledged as security for long term loan from Citibank International, Goldman Sachs International, clearing activities with First Bank Plc and loan facility from Bank of Industry.

c) Included in other pledged assets are cash collateral for letters of credit and visa card through Zenith Bank Plc. The deposits are not part of the funds used by the Bank for day to day activities.

		30 June 2015	31 December 2014
19	Loans and advances to customers	₦'000	₦'000
	Loans to individuals	42,219,947	23,070,714
	Loans to corporate entities and other organizations	350,910,214	357,853,686
		393,130,161	380,924,400
	Less:		
	Individual impairment allowance (note 19(b))	(9,052,579)	(6,531,453)
	Collective impairment allowance (note 19(b))	(3,919,027)	(3,146,674)
		380,158,555	371,246,273

The loans and advances are granted at the average interest rate of 22.15% per annum.

19 Loans and advances to customers - continued

		30 June 2015	30 June 2014
		₦'000	₦'000
(b)	Impairment allowance on loans and advances to customers		
	Individual impairment allowance		
	Balance, beginning of period	6,531,453	4,392,026
	Impairment loss for the period (note 11)	3,801,062	3,327,269
	Reversal for the period (note 11)	(95,403)	(372,056)
	Write-offs	(1,184,533)	(3,381,772)
	Balance, end of period	9,052,579	3,965,467
(c)	Collective impairment allowance		
	Balance, beginning of period	3,146,674	2,529,130
	Impairment loss for the period (note 11)	772,353	158,022
	Balance, end of period	3,919,027	2,687,152

(d) Central Bank of Nigeria stipulates that provisions for loans recognized 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 provision is greater than IFRS impairment provision; transfer the difference from the Retained earnings to a non-distributable regulatory risk reserve.

(ii) Prudential impairment provision is less than IFRS impairment provision; the excess charge resulting should be transferred from the Regulatory risk reserve account to the Retained earnings to the extent of the non-distributable reserve previously recognized.

		30 June 2015	31 December 2014
(e)	Classification of loans and advances by category	₦'000	₦'000
	1. Individually Impaired	12,060,059	9,853,890
	2. Past due but not impaired	1,734,447	2,087,098
	3. Collectively impaired	379,335,655	368,983,412
		393,130,161	380,924,400
(f)	Classification of loans and advances by rating		
	Rating		
	RR1-RR2	23,178,344	17,971,465
	RR3-RR4	265,379,128	262,056,240
	RR5-RR6	90,778,184	88,955,707
	RR7	2,689,049	5,658,063
	RR8	4,071,322	1,245,532
	RR9	7,034,134	5,037,393
		393,130,161	380,924,400
(g)	Classification of loans and advances by security		
	Cash	16,802,776	12,752,241
	Real estate	164,806,060	152,821,775
	Stocks/shares	4,472,660	5,486,978
	Debentures	70,743,355	48,023,776
	Other securities	135,362,443	161,413,879
	Unsecured	942,867	425,751
		393,130,161	380,924,400

19 Loans and advances to customers - continued

(h) Classification of loans and advances per performance

30 June 2015

Rating	INDIVIDUALLY IMPAIRED ₦'000	PAST DUE BUT NOT IMPAIRED ₦'000	NEITHER PAST DUE NOR IMPAIRED ₦'000	TOTAL ₦'000
RR1	-	-	16,802,776	16,802,776
RR2	-	-	6,375,568	6,375,568
RR3	-	-	115,977,539	115,977,539
RR4	-	-	149,401,589	149,401,589
RR5	-	-	90,487,852	90,487,852
RR6	-	-	290,331	290,331
RR7	1,480,812	1,208,237	-	2,689,049
RR8	4,071,322	-	-	4,071,322
RR9	6,507,925	526,209	-	7,034,134
	12,060,059	1,734,447	379,335,655	393,130,161

31 December 2014

Rating	INDIVIDUALLY IMPAIRED ₦'000	PAST DUE BUT NOT IMPAIRED ₦'000	NEITHER PAST DUE NOR IMPAIRED ₦'000	TOTAL ₦'000
RR1	-	-	12,011,137	12,011,137
RR2	-	-	5,960,328	5,960,328
RR3	-	-	144,283,886	144,283,886
RR4	-	-	117,772,355	117,772,355
RR5	-	-	72,321,478	72,321,478
RR6	-	-	16,634,229	16,634,229
RR7	4,984,265	673,798	-	5,658,063
RR8	956,818	288,714	-	1,245,532
RR9	3,912,807	1,124,586	-	5,037,393
	9,853,890	2,087,098	368,983,413	380,924,400

		30 June 2015	31 December 2014
(i)	Classification of loans and advances by sector	₦'000	₦'000
	Agriculture	11,030,243	16,122,682
	Capital Market	54,389	303,908
	Communication	20,672,871	12,100,962
	Consumer	4,286,357	7,597
	Education	795,635	1,298,412
	Finance and insurance	13,081,324	16,450,282
	Government	26,573,832	33,980,706
	Manufacturing	13,494,029	14,739,640
	Mining & quarrying	398,125	294,622
	Mortgage	13,644,721	14,789,183
	Oil and gas	151,201,110	131,582,629
	Others	26,993,561	34,691,121
	Power	16,476,659	13,742,944
	Real estate & construction	80,481,770	81,201,775
	Transportation	13,866,400	9,578,428
	Non-interest banking	79,136	39,509
		393,130,161	380,924,400

20	Investment securities:		
(a)	*Held for trading*		
	Government bonds	295,695	288,025
	Treasury bills	6,422,096	1,661,435
		6,717,791	1,949,460
(b)	*Available for sale*		
	Equity securities	1,918,267	1,759,111
	Allowance for impairment on AFS (see (d) below)	(392,398)	(387,715)
		1,525,869	1,371,396
	Treasury bills	47,379,968	39,937,343
	Government bonds	21,205,894	6,654,211
	Euro bonds	5,752,427	1,076,428
	Corporate bonds	2,971,168	-
	Other bonds	1,971,711	-
		80,807,037	49,039,378

Unquoted available for sale equity securities are carried at cost because their fair value cannot be measured reliably. These are investments in small and medium scale enterprises with a carrying cost of N1.9billion (2014:N1.7billion). There is no similar investment that the price can be reliably benchmarked because there is no active market. These investments are recouped through redemption by the investment manager (SME) upon expiration at agreed time or disposal to existing equity holders.

		30 June 2015	31 December 2014
(c)	*Held to maturity*	₦'000	₦'000
	Government bonds	39,035,413	43,914,339
	Corporate bonds	1,490,318	1,667,496
		40,525,731	45,581,835
	Total Investment securities	128,050,559	96,570,673

		30 June 2015	30 June 2014
		₦'000	₦'000
(d)	Allowance for impairment on AFS		
	Balance, beginning of period	387,715	537,995
	Written off during the period	-	(190,000)
	Reclassification from impairment from other assets	4,683	-
	Balance, end of period	392,398	347,995

		30 June 2015	31 December 2014
		₦'000	₦'000
21	Other assets		
	Other assets comprise:		
	Accounts receivable	6,044,961	5,895,670
	Prepayments and other receivables	12,603,069	9,752,773
	Prepaid staff cost	2,459,954	2,520,566
	Stock of cheque books and administrative stationeries	998,141	345,708
		22,106,125	18,514,717
	Impairment on other assets (note 21.1)	(4,213,647)	(4,377,760)
		17,892,478	14,136,957

Included in prepayments are Bank premises rent and insurance.

		30 June 2015	30 June 2014
		₦'000	₦'000
21.1	Movement in impairment on other assets		
	Balance, beginning of period	4,377,760	4,159,765
	(Reversal)/impairment on other assets (note 11)	(80,281)	45,763
	Reclassification to impairment on available for sale	(4,683)	-
	Write off	(79,149)	-
	Balance, end of period	4,213,647	4,205,528

22 Property, plant and equipment

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

30 June 2015	Leasehold land and Buildings	Capital work-in-progress	Furniture, fittings and equipment	Computer equipment	Motor vehicles	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
(a) Cost						
Beginning at 1 January 2015	6,598,403	2,667,477	10,035,461	6,480,610	4,668,356	30,450,307
Additions	192,020	562,859	728,421	200,775	440,641	2,124,715
Reclassifications	682,211	(1,141,249)	425,447	20,466	13,125	-
Disposals	(178,896)	-	(360,360)	(4,561)	(394,272)	(938,090)
Balance at 30 June 2015	7,293,738	2,089,087	10,828,968	6,697,290	4,727,850	31,636,933
(b) Depreciation and impairment charge						
Beginning at 1 January 2015	2,610,760	-	5,820,569	5,260,192	2,806,759	16,498,281
Charge for the period	226,189	-	702,955	404,905	416,776	1,750,825
Disposals	(70,117)	-	(351,231)	(4,291)	(372,516)	(798,156)
Balance at 30 June 2015	2,766,832	-	6,172,293	5,660,806	2,851,019	17,450,950
Net book value						
Balance at 30 June 2015	4,526,906	2,089,087	4,656,676	1,036,485	1,876,831	14,185,983
Balance at 31 December 2014	3,987,643	2,667,477	4,214,892	1,220,418	1,861,596	13,952,027

22 Property, plant and equipment - Continued

30 June 2014	Leasehold land and Buildings	Capital work-in-progress	Furniture, fittings and equipment	Computer equipment	Motor vehicles	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
(a) Cost						
Beginning at 1 January 2014	6,715,076	822,813	10,263,901	7,838,039	4,494,339	30,134,168
Additions	137,245	868,974	1,279,456	325,544	542,509	3,153,728
Reclassifications	254,868	(362,661)	52,052	5,298	-	(50,443)
Disposals	(1,485,886)	-	(3,175,400)	(1,962,608)	(719,232)	(7,343,127)
Balance at 30 June 2014	5,621,303	1,329,126	8,420,009	6,206,273	4,317,616	25,894,326
(b) Depreciation and impairment losses						
Beginning at 1 January 2014	3,697,214	-	7,938,622	6,468,725	2,960,240	21,064,802
Charge for the period	190,806	-	488,464	387,960	313,063	1,380,293
Disposals	(1,485,876)	-	(3,165,292)	(1,962,514)	(708,972)	(7,322,654)
Balance at 30 June 2014	2,402,144	-	5,261,794	4,894,171	2,564,331	15,122,440
Net book value						
Balance at 30 June 2014	3,219,159	1,329,126	3,158,215	1,312,102	1,753,285	10,771,887

The gross carrying amount of fully depreciated property, plant and equipment that is still in use is N10,533,376,397 (2014: N8,673,008,487)

		30 June 2015 ₦'000	30 June 2014 ₦'000
23	Intangible assets		
	Purchased Software		
(a)	Cost		
	Balance of period	1,885,615	1,971,653
	Additions	326,461	147,603
	Write offs	-	(483,295)
	Balance end of period	2,212,076	1,635,961
(b)	Accumulated amortisation and impairment		
	Beginning of period	1,064,158	1,370,262
	Amortisation for the period	139,873	80,310
	Disposals	-	(483,294)
	Balance end of period	1,204,031	967,278
	Balance as at 30 June	1,008,045	668,682
	Balance as at 31 December		821,456

		30 June 2015 ₦'000	31 December 2014 ₦'000
24	Deposits from customers		
	Current accounts	425,724,433	447,636,827
	Savings accounts	36,002,648	32,643,163
	Term deposits	175,473,621	171,456,737
	Pledged deposits	1,131,475	4,207,400
		638,332,177	655,944,127

Pledged deposits represent contracted cash deposits with the Bank that are held as security for loans granted to customers by the Bank.

	30 June 2015	31 December 2014
	₦'000	₦'000
25 Other borrowed funds		
Due to Citibank (see (i) below)	18,918,557	16,549,068
Due to CBN - MSME (see (ii) below)	101,437	-
Due to Goldman Sachs International (see (iii) below)	8,265,900	7,821,749
Due to Bank of Industry power and aviation (see (iv) below)	1,525,224	1,487,072
Due to Bank of Industry - manufacturing (see (v) below)	4,459,850	5,708,190
Due to CBN-Agric-Fund (see (vi) below)	9,152,593	13,396,485
Due to Standard Chartered Bank (see (viii) below)	7,918,897	-
Due to NEXIM (see (vii) below)	-	408,533
	50,342,458	45,371,097

i Due to Citibank International Plc

This represents the Naira equivalent of a 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 18b.The effective interest rate of the loan is 6.9%.

ii Due to Central Bank of Nigeria - Micro, Small and Medium Enterprises (MSME)

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 facilty to customers at an interest rate of 9% per annum. The fund has a tenor of 5 years.

iii Due to Goldman Sachs International

This represents a USD50,000,000 facility granted by Goldman Sachs International, London for a period of two years commencing 4 April 2014 to mature 4 April 2016. Interest is payable quarterly at the rate of 3% per annum. The loan is secured with pledged financial assets as indicated in Note 18b. The effective interest rate of the loan is 3.4% .

iv Due to Bank of Industry - Power and Aviation

This is a facility from Bank of Industry under Central Bank of Nigeria N500billion Intervention fund for refinancing and restructuring of banks' existing loan portfolios to Nigeria Power and Aviation sectors. The facility is administered at an all-in interest rate/charge of 7% per annum payable on quarterly basis. Specifically, the managing agent (BOI) shall be entitled to a 1% management fee and the Bank a 6% spread. Loans shall have a maximum tenor of fifteen years and/or working capital facility of one year with provision for roll over. The tenor of refinancing shall be 15 years not exceeding 31 July 2025.The effective interest rate of the loan is 7.2% .

v Due to Bank of Industry - Manufacturing

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

25 Other borrowed funds - continued

vi Due to CBN-Agric Fund

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.

vii Due to NEXIM

This represents a stocking facility of N400million granted by the Nigerian Export-Import Bank in favour of Armada International Limited. The facility matured on 5 February 2015 and priced at an annual interest rate of 14% with quarterly interest repayment and bullet repayment of principal on maturity. Sterling Bank Plc is the Primary obligor of the facility and upon maturity repaid NEXIM Bank through RTGS system. The effective interest rate of the loan is 14.75% per annum.

viii Due to Standard Chartered Bank

This represents short-term finance facility obtained from Standard Chartered Bank, London. Three loans were granted during 2015 for the purpose of providing dollar liquidity for the Bank. The rate of interest on the loans is the agreggate of the applicable margin (2% and Libor). The principal and interest on the loans are fully payable upon maturity.

	30 June 2015 ₦'000	31 December 2014 ₦'000
26 Debt securities issued		
Debt securities carried at amortised cost	4,561,977	4,563,584

This represents N4.562billion 7-year 13% subordinated unsecured non-convertible debenture stock issued by the Bank and approved on 19 December 2011 and 30 December 2011 by the Central Bank of Nigeria and 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%.

	30 June 2015 ₦'000	31 December 2014 ₦'000
27 Other liabilities		
Other credit balances	34,384,283	9,581,416
Customers' deposits for foreign trade	5,913,244	6,818,572
Certified cheques	5,133,645	7,442,256
Creditors and accruals	5,149,163	7,913,857
Provisions (note 27.1)	278,814	278,814
Defined contribution obligations	98,002	749
Information Technology Levy	168,036	107,480
	51,125,187	32,143,144
27.1 Movement in provisions		
Balance, beginning of year	278,814	1,326,774
Additions	-	15,112
Payments	-	(1,063,072)
	278,814	278,814

27 Other liabilities - continued

(i) Included in the amount of other credit balances are upfront fees on financial guarantee contract such as Advance Payment Guarantee and Bid bond etc. The upfront fees are amortised using the maturity date of the guarantees.

(ii) Provision for litigation: These are litigations and claims against the Bank as at 30 June 2015. These claims arose in the normal course of business and are being contested by the Bank. The Directors, having sought advice of professional counsel, are of the opinion that this provision is adequate for liability that have crystalized from these claims. There is no expected reimbursement in respect of this provision.

		30 June 2015	31 December 2014
28	Capital and reserves	₦'000	₦'000
	Share capital		
(a)	Authorised:		
	32,000,000,000 Ordinary shares of 50k each	16,000,000	16,000,000
(b)	Issued and fully-paid:		
	28.79 billion (2014: 28.79 billion) Ordinary shares of 50k each	14,395,209	14,395,209

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

		30 June 2015	31 December 2014
		₦'000	₦'000
(ii)	Movement in issued and fully paid share capital is as follows:		
	Balance at beginning of the period	14,395,209	10,796,407
	Additions from private placement	-	3,598,802
	Balance at the end of the period	14,395,209	14,395,209

		30 June 2015	31 December 2014
(iii)	Movement in nominal share capital in numbers	Unit'000	Unit'000
	Balance at beginning of the period	28,790,418	21,592,813
	Additions from private placement	-	7,197,605
	Balance at the end of the period	28,790,418	28,790,418

A private placement of 7,197,604,531 Ordinary Shares of 50kobo at ₦2.65k per share issued to Silverlake Investments Limited was duly approved at an extra ordinary general meeting of the Bank held on 11 November 2014, and was approved by the Central Bank of Nigeria and the Nigerian Securities and Exchange Commission on the 30 & 31 December 2014, respectively. The total amount realized from the private placement was ₦19,073,652,007 and an amount of ₦587million was deducted from the share premium as cost of issuance. Increase in share capital of ₦3,598,802,266 and share premium of ₦15,474,625,000 were recognized in 2014.

29 Dividends payable

a) On 30 April 2015, the annual general meeting of shareholders of the Bank declared dividend comprising of 6 kobo per ordinary share based on the 2014 audited financial result. Payment of the total ₦1,727,425,087 was made on the same day.

b) On 30 April 2014, the annual general meeting of shareholders of the Bank declared dividend comprising of 25 kobo per ordinary share based on the 2013 audited financial result. Payment of the total ₦5,398,203,750 was made on 2 May 2014.

30 Other componenets of equity

	Fair value reserve	Share capital reserve	Regulatory risk reserve	SMIEIS reserve	Other regulatory reserves	Total other components of equity
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Balance at 1 January 2015	(1,131,739)	5,276,423	3,880,738	234,503	13,546,960	21,806,885
Comprehensive income for the period:						
Profit for the period	-	-	-	-	-	-
Other comprehensive income net of tax						
Net changes in fair value of AFS financial assets	(2,486)	-	-	-	-	(2,486)
Transfer for the period	-	-	(1,582,871)	-	1,627,651	44,780
30 June 2015	(1,134,225)	5,276,423	2,297,867	234,503	15,174,611	21,849,179
Balance at 1 January 2014	(295,931)	5,276,423	943,684	234,503	10,845,468	17,004,147
Comprehensive income for the period:						
Profit for the period	-	-	-	-	-	-
Other comprehensive income net of tax						
Net changes in fair value of AFS financial assets	237,892	-	-	-	-	237,892
Transfer for the period	-	-	1,567,252	-	761,051	2,328,303
30 June 2014	(58,039)	5,276,423	2,510,936	234,503	11,606,519	19,570,342

a. Other regulatory reserves

The other regulatory reserves include 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.

30 Equity reserves - continued

b. 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. 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.

c. Regulatory Risk Reserve: The Central Bank of Nigeria, the banking regulatory body, stipulates that impairment provisions recognized in the profit or loss account shall be determined based on the requirements of International Financial Reporting Standards ("IFRS"). The IFRS impairment provisions should be compared with provisions determined under prudential guidelines and the expected impact/changes in Retained Earnings should be treated as follows:

- Prudential impairment provision is greater than IFRS impairment provision: transfer the difference from the Retained Earnings to a non-distributable Regulatory Risk Reserve.

- Prudential impairment provision is less than IFRS impairment provision: 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 recognized.

Refer to Note 2.2.19 on accounting policies on fair value and share capital reserve.

31 Commitments and Contingencies

a. Litigations and claims

There are litigations and claims against the Bank as at 30 June 2015. These claims arose in the normal course of business and are being contested by the Bank. The Directors, having sought advice of professional counsels, are of the opinion that no significant liability will crystalise from these claims. Provisions of N278million at 30 June 2015 (2014: ₦278million) have been made in these interim financial statements on crystalised claims.

b Contingent liabilities and commitments

In common with other banks, 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.

31 Commitments and Contingencies - continued

b Contingent liabilities and commitments - continued

Nature of instruments:

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

	30 June 2015	31 December 2014
	₦'000	₦'000
Bonds, guarantees and indemnities	92,011,189	106,304,492
Letters of credit	119,044,915	94,438,715
Others	3,381,486	3,099,759
	214,437,590	203,842,966

Above balances represent contingent liabilities for which the customers have not defaulted to give rise to the Bank being liable to settle the counter party. As stated in note 2.2.15, any portion that is due for which the Bank has become liable are recognised in Other Liabilities (note 27).

32 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes directors and key management personnel among others.

	30 June 2015	31 December 2014
	₦'000	₦'000
(i) Transactions with all related parties of the Bank		
Loans and advances		
a. Secured loans and advances	26,706,745	19,727,617
b. Contingent liabilities	17,650,019	15,919,931

(ii) Transactions with key management personnel

Key management personnel has been defined as the executive directors and non-executive directors of the Bank. Key management personnel and their close family members engaged in the following transactions with the Bank during the period/year:

	30 June 2015	31 December 2014
	₦'000	₦'000
Secured loans and advances	523,154	411,450
Deposit liabilities	42,894,278	35,185,720

(iii) Compensation of key management personnel:

The amounts disclosed in the table below are the amounts recognised as an expense during the reporting period related to key executive directors.

	30 June 2015	30 June 2014
	₦'000	₦'000
Executive compensation	78,183	68,816
Pension contributions	6,446	3,704
	84,629	72,520

(iv) Directors' remuneration below relates to payment made to non-executive directors and charged as expense during the period.

	30 June 2015	30 June 2014
Directors' remuneration	₦'000	₦'000
Fees as directors	20,500	15,500
Other emoluments	94,175	50,000
	114,675	65,500

Terms and conditions of transactions with related parties

The above-mentioned outstanding balances arose from the ordinary course of business. The interest rates charged to and by related parties are at normal commercial rates. Outstanding balances at the period-end are secured. For the period ended 30 June 2015, the related parties facilities are performing and the Bank has not made any provision for impairment on the facilities. (2014: Nil).

32 Related party transactions - Continued

Further disclosure of related party's transactions is reflected below in compliance with Central Bank of Nigeria circular BSD/1/2004.

The Bank granted various credit facilities to related companies of Sterling Bank Plc at rates and terms comparable to other facilities in the Bank's portfolio. An aggregate of N26.7billion (2014: N19.73 billio) relating to the Directors only was outstanding on these facilities at the end of the period/year. Details of these related party loans are:

30 June 2015

NAME OF BORROWERS	RELATIONSHIP TO REPORTING INSTITUTION	NAME OF THE RELATED INTEREST	DATE GRANTED	EXPIRY DATE	AMOUNT GRANTED (N'000)	OUTSTANDING CREDIT/PERFORMING (N'000)	STATUS	PERFECTED SECURITY/NATURE	FACILITY TYPE
AIRCOM NIG.LTD.	Director	Olaitan Kajero	8-May-13	8-May-17	5,165,647,571	4,084,046,860	Performing	Equitable Mortgage,	Term Loan
AMALYA BUREAU DE CHANGE	Director	Osunsade Olufunmilola	31-Dec-14	29-Aug-16	20,000,000	13,887,850	Performing	LEGAL MORTGAGE	Lease
CONOIL PLC	Director	Osunsade Olufunmilola	30-Jun-15	30-Jul-15	6,000,000,000	5,840,354,608	Performing	NEGATIVE PLEDGE	Overdraft
GLOMOBILE LIMITED	Director	Osunsade Olufunmilola	5-Jun-15	5-Jun-18	9,272,828,356	9,272,828,356	Performing	NEGATIVE PLEDGE	Term Loan
FTA ASSOCIATES LIMITED	Director	Osunsade Olufunmilola	29-Jun-15	7-Jul-15	40,000,000	18,523,846	Performing	LEGAL MORTGAGE	Term Loan
LEYLAND BUSAN MOTOR CO. LTD	Director	Olaitan Kajero	7-Apr-15	6-Jul-15	600,000,000	479,116,133	Performing	LEGAL MORTGAGE	International Finance Facility
OSUNSADE OLUFUNMILOLA	Director	Osunsade Olufunmilola	18-Jul-14	31-Jul-17	2,000,000	1,410,067	Performing	NA	VISA Credit Card
RITE FOODS LIMITED	Director	Tairat Tijani	23-Dec-14	15-Sep-15	500,000,000	508,104,963	Performing	LEGAL MORTGAGE	BOI Overdraft
RITE FOODS LIMITED	Director	Tairat Tijani	31-Jul-14	30-Jun-21	1,000,000,000	1,000,000,000	Performing	LEGAL MORTGAGE	BOI Term Loan
SAFETRUST MORTGAGE BANK LTD	Director	Yinka Adeola	28-Jan-13	28-Jan-20	1,500,000,000	1,175,203,446	Performing	Equitable Mortgage	Term Loan
SAFETRUST MORTGAGE BANK LTD	Director	Yinka Adeola	16-Jan-15	3-Oct-15	320,000,000	127,909,544	Performing	Equitable Mortgage	Overdraft
SHEKEL BUREAU DE CHANGE	Sister to Director	Osunsade Olufunmilola	31-Dec-14	29-Aug-16	20,000,000	12,829,466	Performing	LEGAL MORTGAGE	Lease
SMA BUREAU DE CHANGE LIMITED	Sister to Director	Osunsade Olufunmilola	28-Aug-14	29-Aug-16	64,000,000	63,411,314	Performing	LEGAL MORTGAGE; PERSONAL GUARANTEE	Term Loan
SUNCITY PROPERTIES LIMITED	Director	Olaitan Kajero	2-May-12	28-Dec-18	6,883,944,213	3,317,204,538	Performing	LEGAL MORTGAGE	Term Loan
COMMERCIAL STAFF LOAN	Employees	Employees	NA	NA	1,120,791,847	791,914,466	Performing	Lien on entitlements/indemnity	Consumer Loan
	T0TAL				32,509,211,987	26,706,745,456			

32 Related party transactions - Continued

31 December 2014

NAME OF BORROWERS	RELATIONSHIP TO REPORTING INSTITUTION	NAME OF THE RELATED INTEREST	DATE GRANTED	EXPIRY DATE	AMOUNT GRANTED (N'000)	OUTSTANDING CREDIT/PERFORMING (N'000)	STATUS	PERFECTED SECURITY/NATURE	FACILITY TYPE
AIRCOM NIG.LTD.	Shareholder	Olaitan Kajero	8-May-13	8-May-17	5,842,500	4,161,200	Performing	EQUITABLE MORTGAGE	Term Loan
AMALYA BUREAU DE CHANGE	Director	Osunsade Olufunmilola	29-Aug-14	29-Aug-16	20,000	17,290	Performing	LEGAL MORTGAGE	Lease
BANWO & IGHODALO	Director	Ighadalo Asue	11-Mar-14	10-Mar-15	50,000	16,672	Performing	EQUITABLE MORTGAGE	Overdraft
CONOIL PLC	Director	Osunsade Olufunmilola	31-Oct-14	28-Mar-15	11,600,000	9,220,205	Performing	NEGATIVE PLEDGE	Overdraft
FTA ASSOCIATES LIMITED	Director	Osunsade Olufunmilola	29-Dec-14	19-Mar-15	40,000	17,500	Performing	LEGAL MORTGAGE	Term Loan
LEYLAND BUSAN MOTOR CO. LTD	Shareholder	Olaitan Kajero	18-Nov-14	5-Apr-15	600,000	178,407	Performing	LEGAL MORTGAGE	Term Loan
RITE FOODS LIMITED	Shareholder	Tairat Tijani	23-Dec-14	15-Sep-15	500,000	178,902	Performing	LEGAL MORTGAGE	Overdraft
RITE FOODS LIMITED	Shareholder	Tairat Tijani	31-Jul-14	30-Jun-21	1,000,000	1,000,000	Performing	LEGAL MORTGAGE	Term Loan
SAFETRUST MORTGAGE BANK LTD	Director	Yinka Adeola	22-Sep-14	3-Oct-15	320,000	116,344	Performing	LEGAL MORTGAGE	Overdraft
SAFETRUST MORTGAGE BANK LTD	Director	Yinka Adeola	28-Jan-13	28-Jan-20	1,500,000	872,246	Performing	EQUITABLE MORTGAGE	Term Loan
SMA BUREAU DE CHANGE LIMITED	Sister to Director	Osunsade Olufunmilola	28-Aug-14	29-Aug-16	64,000	55,368	Performing	LEGAL MORTGAGE; PERSONAL GUARANTEE	Term Loan
SMA BUREAU DE CHANGE LIMITED	Sister to Director	Osunsade Olufunmilola	24-Dec-14	5-Jan-15	10,000	8,960	Performing	LEGAL MORTGAGE; PERSONAL GUARANTEE	Overdraft
SHEKEL BUREAU DE CHANGE	Sister to Director	Osunsade Olufunmilola	29-Aug-14	29-Aug-16	20,000	17,290	Performing	LEGAL MORTGAGE	Term Loan
SUNCITY PROPERTIES LIMITED	Shareholder	Olaitan Kajero	5-Feb-12	28-Dec-18	4,800,000	3,329,778	Performing	LEGAL MORTGAGE	Term Loan
COMMERCIAL STAFF LOAN	Employees	Employees	NA	NA	951,768	537,456	Performing	LIEN ON ENTITLEMENT/INDEMNITY	Consumer Loan
	TOTAL				27,318,268	19,727,617			

33 Events after reporting date

There were no events after the reporting date which could have a material effect on the financial position of the Bank as at 30 June 2015 and profit attributable to equity holders on that date which have not been adequately adjusted for or disclosed.

34 Cash and cash equivalents	30 June 2015	30 June 2014
	₦'000	₦'000
Cash and foreign monies	25,804,640	10,887,618
Unrestricted balances with Central Bank of Nigeria	9,648,000	9,776,201
Balances held with local banks	(1,585,172)	2,064,457
Balances held with banks outside Nigeria	20,520,682	15,563,243
Money market placements	31,185,052	50,334,587
	85,573,202	88,626,106

35 Financial risk management

(a) Introduction and overview

Risks are inherent in the lending, trading and all other intermediation activities of the Bank. In managing these risks, the Bank has adopted an Enterprise Risk Management philosophy of building a sound, safe and stable financial institution through the efficient management of risks. In achieving this, the Bank has adopted a standard template and common methodology for risk identification, measurement, management and control.

The Bank is exposed to Credit Risk, Liquidity Risk, and Market Risk, both in the trading book and banking book and Operational Risk. The Bank has put in place approved policies, procedures and guidelines for identifying, measuring, management and control of these risks.

(b) Risk Management Structure

The responsibility for management of the total risk exposure of the Bank rests with the Board, this responsibility is delegated to various committees of the Board.

The Board Risk Management Committee (BRMC) is designated with the responsibility of managing the overall risk exposure of the Bank. The Committee reviews and recommends risk management policies and procedures for Board approval.

The Board Credit Committee (BCC) acts on behalf of the Board of Directors on all credit matters. It considers and approves lending exposures, treasury investments exposures, as well as other credit exposures that exceed the mandated approval limit of Management.

The Management Risk Committee (MRC) is responsible for planning, management and control of the Bank's overall risks; including the determination of the Bank's risk philosophy, appetite, limits and policies.

The Management Credit Committee (MCC) is designated with the responsibility of credit policy articulation and credit approval that falls within the mandated approval limit. It reviews and recommends credit policy direction to the BCC.

The Assets and Liability/Market Risk Committee ensures that the Bank has adequate liquidity to meet the funding need of the Bank, and also manages the interest rate and foreign exchange risk of the Bank. The Committee also reviews the economic outlook and its likely impact on the Bank's current and future performance.

The Criticised Assets Committee (CAC) reviews the non-performing loans and recommends strategies for recovery of bad loans. The Committee also reviews the Bank's loan portfolio and ensure the adequacy of collateral documentation.

The Enterprise Risk Management Group is saddled with the responsibility of implementing and supervising all risk management policies, guidelines, and procedures.

35 Financial risk management - continued

(b) Risk Management Structure - continued

The Internal Control Department monitors compliance with risk principles, polices and limits across the Bank. Exceptions are reported on a daily basis, where necessary to management and appropriate action are taken to address the identified weaknesses.

The Internal Audit Department as part of its annual audit programme, examines the adequacy and level of compliance with the procedures. Result of assessments, findings and recommendations are discussed with the relevant departments, and reported to the Board Audit Committee.

(c) Risk measurement and reporting systems

Quantitative and qualitative assessment of credit risks is carried out through a rigorous internal ratings system. The Bank also carries out scenario analysis as stated in the bank's credit policy guide and stress testing to identify potential exposure under stress market situations.

Monitoring and controlling of risk is done by ensuring that limits established are strictly complied with and that such limit reflects both the quantitative and qualitative risk appetite of the Bank. Particular emphasis is placed on the Risk Acceptance Criteria (RAC). Furthermore, the Bank's policy is to measure and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Risk Information compiled from all business activities of the Bank is analysed and processed towards identifying and controlling risks on a timely basis. Risk reports are presented on a timely basis for informed management decision. The Management Risk Committee (MRC) and the Board Risk Management Committee (BRMC) which constitute the supervisory body are updated of the risk profile of the Bank by way of quarterly risk reports.

(d) Risk mitigation

The Bank has in place a set of management actions to prevent or mitigate the impact on earnings of business risks. Business risk monitoring, through regular reports and oversight, results in corrective actions to plans and ensure reductions in exposures where necessary. Credit control and mitigation polices are also in place. Collateral policies are designed to ensure that the Bank`s exposure is secured, and to minimize the risk of credit losses to the Bank in the event of decline in quality or delinquency of assets.

Guidelines for accepting credit collateral are documented and articulated in the Credit Policy Guidelines (CPG). These include;

a. Acceptable collateral for each credit product.
b. Required documentation/perfection of collaterals
c. Conditions for waiver of collateral requirement and approval of collateral waiver.
d. Acceptance of cash and other forms of collateral denominated in foreign currency.

Finally, master netting arrangements for credit facilities collateralised partly with deposits are settled by set-off based on underlying set-off agreement.

(e) Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

35 Financial risk management - continued

(e) Excessive risk concentration - continued

In order to avoid excessive concentrations of risk, credit concentration limits are set and monitored along industries and sectors, geography, collaterals and products. The ultimate objective of managing credit portfolio concentration risk is to ensure proper diversification of the risk assets portfolio. Concentration limits are also in place to manage Investment Portfolio and customer deposit concentration in the management of liquidity risk.

To achieve its risk management objectives, the Bank has a risk management framework that comprises the following elements:

The Internal Audit Department as part of its annual audit programme, examines the adequacy and level of compliance with the procedures. Result of assessments, findings and recommendations are discussed with the relevant departments, and reported to the Board Audit Committee.

- A risk management culture.
- A governance culture.
- Risk management policies.
- A review of risk decisions by independent professionals.
- Independent oversight by the Compliance Department.
- An independent assessment by the Internal Audit Department.

(f) Credit Risk Management

The Bank's credit risk management activities are based on certain fundamental principles.

The effectiveness of risk management process throughout the Bank is based on a simple formal governance structure with regular reporting processes within a well-defined control environment.

The Bank's risk policy allows its personnel take initiatives and responsibility to proactively identify risks in delivering products and services to the market in a value-added manner.

The Bank's risk assets are managed to help provide the liquidity to meet deposit withdrawals, cover all expenses, and still earn sufficient profit to make returns which are competitive with other investments.

Credit risks are examined for all credit-related transactions including investments and trading transactions, in addition to loans and leases. Credit risks are examined and managed for unfunded loan commitments in addition to funded loans and leases.

(g) Risk management architecture

Credit risks are managed such that loan quality and the Bank's reputation are aligned with the Bank's objective of conservative risk appetite, balanced against a desire for reasonable returns.

Guidelines for accepting credit collateral are documented and articulated in the Credit Policy Guidelines (CPG). These include;

a. Acceptable collateral for each credit product.
b. Required documentation/perfection of collaterals
c. Conditions for waiver of collateral requirement and approval of collateral waiver.
d. Acceptance of cash and other forms of collateral denominated in foreign currency.

Finally, master netting arrangements for credit facilities collateralised partly with deposits are settled by set-off based on underlying set-off agreement.

35 Financial risk management - continued

(h) Methodology for risk rating

The Bank has an internal credit rating system for the risk assessment and rating of credit exposures. The Bank's credits are classified into corporate , commercial and retail.

Retail loans:
They are governed by standard credit product programmes and a credit scoring model is used to rate customers.

Corporate Loans:
Corporate customers are classified into Structured and Unstructured. Separate risk rating grids are maintained for structured and unstructured customers.

Credit Scoring System:
The Bank's credit scoring system assigns value to various factors. They are added and averaged to determine a credit score for applications. The scoring system either recommends for approval or decline, or refers the application for further analysis.

The risk rating methodology is based on the following fundamental analyses (financial analysis and non- financial analysis):

- Structured Businesses:

1. Quantitative factors are basically the financial ratios which include:
   a. Leverage ratios
   b. Liquidity ratios
   c. Profitability ratios
   d. Interest Coverage ratios

2. Qualitative factors considered are
   a. Business Industry
      I. Size of the business
      II. Industry growth
      III. Market Competition
      IV. Entry/Exit barriers

   b. Management:
      I. Experience of the management team
      II. Succession Planning
      III. Organizational structure

   c. Security:
      i. Collateral type
      ii. Collateral coverage
      iii. Guarantee i.e. the worth of Personal Guarantee/Corporate Guarantee pledged as support.

   d. Relationship with the Bank:
      i. Account turnover (efficiency ratio)
      ii. Account conduct
      iii. Compliance with covenants/conditions
      iv. Personal deposits with the bank.

35 Financial risk management - continued

(h) Methodology for risk rating - continued

- Unstructured Businesses:

These are customers that rarely keep proper accounting records hence the maximum limit that can be availed to them has been restricted to N20m.

The factors to be considered are:

1. Quantitative factors:
   Relationship:

i) Contract related transactions
   a) Net Profit Margin
   b) Counterparty – Nature/Financial capacity of the Principals

ii) Other Facilities
   a) Account turnover
   b) Repayment history

2. Qualitative factors:

Management:
   i. Experience/Technical competence with evidence
   ii. Succession Planning

Business Industry
   i. Industry growth
   ii. Share of the market
   iii. Regulations: Whether the industry is regulated or not
   iv. Entry/Exit

(v) Character

Fundamental to every credit decision is the honesty and integrity of the individuals to whom the Bank lends directly or who manage the enterprises to which the Bank lends. Character is the single most important factor in the credit decision.

(vi) Capacity

The acceptance of a credit depends upon an objective evaluation of the customer's ability to repay the borrowed funds. To establish this, profitability and liquidity ratios are used as part of the assessment.

(vii) Capital

The borrower must provide capital for anticipated adversity. The index to determine capital should be leverage for overdraft, lease and term loan facilities.

(viii) Cash Collaterised Facilities

Cash collaterised facilities are not to be subjected to this scoring method, unless the character of the customer is questionable, in which case, the application is rejected. For cash collaterised facilities, the key issue is safety margin. Local cash deposits shall provide 110% coverage for the Bank’s exposure. Foreign currency deposits pledged shall provide minimum 120% coverage for the Bank’s exposure.

35 Financial risk management - continued

(h) Methodology for risk rating - continued

(ix) Pricing

The pricing of facilities is done to reflect the inherent risks for accepting the exposure by the Bank. The average score computed often determines the minimum level of interest chargeable. This interest rate determined would be a guide. For the purposes of clarity, a prime rate is determined by Asset and Liability Management Department and other rates are either above or below it. The average score computed often determine the minimum level of interest chargeable. This interest rate determined would be a guide.

(x) Collateral/Security

Collateral often referred to as credit risk mitigant, is an important means of adding assurance of recovery of the Bank's loan. The pledged collateral is documented and continuously reviewed as to its value and marketability.

Collaterals are reviewed and scored based on the following parameters:

- Whether secured or not secured
- If secured, what type of security
- Perfectible legal mortgage
- Equitable mortgage
- Chattel mortgages
- Location of security/collateral
- Loan to value ratio of collateral offered
- Marketability of security/collateral
- Whether collateral is a specialised asset or general purpose-type asset.
- Depreciating or appreciating value over time.

Enterprise risk review

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk score to the financial business and the operational risks are an inevitable consequence of being in business.

The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance. The Bank's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by Enterprise Risk Management Group (ERM) within the policies approved by the Board of Directors. The ERM group identifies, evaluates and manages respective aspects of financial risks in close co-operation with the Bank's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, market risk and operational risk. In addition, the Inspectorate Division is responsible for the independent review of risk management and the control environment. The most important types of risk are Credit risk, Liquidity risk, Market risk and Operational risk. Market risk includes currency risk, interest rate and other price risk.

(i) Credit risk

The Bank manages risk inherent in loans and advances, which is the risk that a counter party will cause a financial loss to the Bank by failing to discharge an obligation. Credit risk is the most important risk inherent in the Bank's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other instruments into the Bank's asset portfolio.

There is also credit risk in off-balance sheet financial instruments. The credit risk is managed by two departments - Credit Risk Assessment and Credit Administration Departments. They report to the MD/Chief Executive Officer who in turn reports to the Board of Directors.

35 Financial risk management - continued

(h) Methodology for risk rating - continued

Enterprise risk review - continued

(ii) Credit risk measurement
Before a sound and prudent credit decision can be taken, the credit risk represented by the borrower or counterparty must be accurately assessed. This assessment is performed at the outset of the credit application process. Each application is analysed and assigned one of 9 (nine) grades using a credit rating system developed by the Bank for all exposures to credit risk. As each grade corresponds to a borrower's or counterparty's probability of default, the credit risk can be determined for the Bank.

(iii) Credit granting process
Credit granting decisions are based first and foremost on the results of the risk assessment. In addition, to the client's solvency, credit granting decisions are also influenced by factors such as available collateral, transaction compliance with policies and standards, procedures and the Bank's overall risk-adjusted returns objective. Each credit granting decision is made by authorities within the risk management teams and management who are independent of the business units and are at a reporting level commensurate with the size of the proposed credit transaction and the associated risk.

a) Loans and advances

In measuring credit risk of loans and advances to customers and to banks at a counterparty level, the Bank reflects the following components:

(i) the character and capacity of the client or counterparty to pay down on its contractual obligations;
(ii) current exposures to the counterparty and its likely future development;
(iii) credit history of the counterparty and ,
(iv) the likely recovery ratio in case of default obligations -using value of collateral and other ways out.

The Bank's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes.

The risk rating scale and the external rating equivalent is detailed below:

Risk Rating	External Rating Equivalent	Score Range	Remarks
RR -1	AAA TO AA-	90-100	Superior
RR -2	A+ TO A-	80-89.99	Strong
RR -3	BBB+ TO BB-	70-79.99	Good
RR -4	BB+ TO BB-	50-69.99	Satisfactory
RR -5	B+ TO B-	40-49.99	High risk
RR -6	CCC+ TO CCC	30-39.99	Watch list
RR -7	CC+ TO C	20-29.99	Substandard
RR -8	D	10-19.99	Doubtful
RR -9	D	<10	Lost

35 Financial risk management - continued

(h) Methodology for risk rating - continued

Enterprise risk review - continued

(b) Debt securities and other bills

For debt securities and other bills, external rating such as Agusto rating or their equivalents are used by Treasury department primarily to manage their liquidity risk exposures.

(iv) Credit Risk Control & Mitigation policy

The Bank manages, limits and controls concentrations of credit risk wherever they are identified, in particular, to individual counterparties and groups, and to sectors and countries.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single borrower, or groups of borrowers (single obligor limits), and to geographical and sectoral segments. Such risks are monitored on a revolving basis. Limits on the level of credit risk by industry sector and by geography are reviewed and approved quarterly by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off financial position exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

The Bank also sets internal credit approval limits for various levels in the credit process and is shown in the table below:

Authority level	Approval limit
Full Board	Above 1,000,000,000
Board, Credit Committee	1,000,000,000
Management Credit Committee	500,000,000
Managing Director	250,000,000
Executive Director	150,000,000

Approval limits are set by the Board of Directors and reviewed from time to time as the circumstances demand. Some other specific control and mitigation measures are outlined below:

(a) Collateral

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

i. Mortgages over residential properties;
ii. Charges over business assets such as premises inventory and accounts receivable;
iii. Charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities as well as individuals are generally secured. In addition, in order to minimise the credit loss, the Bank will seek additional collateral from the counterparty as soon as loss indicators are noticed for the relevant loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset- backed securities and similar instruments, which are secured by portfolios of financial instruments.

The fair value of any collateral and other security enhancements held against loans and advances to customers and banks is shown below:

35 Financial risk management - continued

Enterprise risk review - continued

The following table shows the maximum exposure to credit risk by class of financial asset. It also shows the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk.

	Loans and advances	
	30 June 2015	31 December 2014
	₦'000	₦'000
Against individually impaired	8,208,920	3,322,436
Against Past due but not impaired	3,171,555	5,436,848
Against collectively impaired	343,238,926	312,997,661
Total	354,619,401	321,756,945
Against individually impaired:		
Secured against real estate	7,817,171	2,105,025
Debenture	390,799	169,199
Stocks/shares	950	1,048,212
	8,208,920	3,322,436
Against Past due but not impaired:		
Cash	-	4,604,701
Secured against real estate	3,171,555	750,000
Debenture	-	45,396
Stocks/shares	-	36,750
	3,171,555	5,436,848
Against collectively impaired:		
Cash	20,423,201	13,760,737
Secured against real estate	246,275,380	227,084,395
Debenture	16,178,633	55,496,403
Stocks/shares	60,052,568	16,656,125
Otherwise secured	309,144	-
	343,238,926	312,997,661

(b) Master netting arrangements

The Bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis.

The following gross amounts are subject to a master netting arrangement between the bank and counter parties.

	30 June 2015	31 December 2014
Financial assets:	₦'000	₦'000
Loan and advances	17,756,344	13,252,990
Collaterised deposit	20,423,201	13,760,737

These amounts are currently not presented net on the interim statement of financial position due to the performing status of the facilities; If the items were to be netted, the following net liability will be presented on the statement of financial position:

	30 June 2015	31 December 2014
Net financial liabilities:	₦'000	₦'000
Collaterised deposit	2,666,857	507,747

(c) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit - which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions - are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

(d) Credit concentration

The Bank monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

35 Financial risk management - continued

Enterprise risk review - continued

30 June 2015	Cash and balances ₦'000	Due from banks ₦'000	Pledged assets ₦'000	Loans and advances ₦'000	Investment securities ₦'000
Carrying amount, net of allowance for impairment	135,246,856	50,120,562	74,610,392	380,158,555	126,524,690
Concentration by sector:					
Corporate	-	-	-	-	2,971,168
Agriculture	-	-	-	10,624,433	-
Capital Market	-	-	-	53,181	-
Communication	-	-	-	20,272,466	-
Consumer	-	-	-	4,229,545	-
Education	-	-	-	753,939	-
Finance and Insurance	-	42,620,562	72,023,725	12,706,804	123,553,522
Government	135,246,856	7,500,000	2,472,915	26,286,942	-
Manufacturing	-	-	-	13,036,210	-
Mining & Quarrying	-	-	-	393,910	-
Mortgage	-	-	-	13,397,559	-
Oil & Gas	-	-	-	147,325,464	-
Other Public Utilities	-	-	-	-	-
Others	-	-	113,752	23,307,447	-
Power	-	-	-	16,303,905	-
Real Estate & Construction	-	-	-	77,947,010	-
Transportation	-	-	-	13,519,739	-
Non-Interest Banking	-	-	-	-	-
Foreign Banks	-	-	-	-	-
	135,246,856	50,120,562	74,610,392	380,158,555	126,524,690
Concentration by location:					
Nigeria	135,246,856	9,622,203	74,610,392	380,158,555	124,552,979
America	-	18,501,564	-	-	1,971,711
Europe	-	21,751,829	-	-	-
Africa	-	244,966	-	-	-
	135,246,856	50,120,562	74,610,392	380,158,555	126,524,690

35 Financial risk management - continued

Enterprise risk review - continued

31 December 2014	Cash and balances ₦'000	Due from banks ₦'000	Pledged assets ₦'000	Loans and advances ₦'000	Investment securities ₦'000
Carrying amount, net of allowance for impairment	163,982,302	67,330,073	78,750,860	371,246,273	95,199,276
Concentration by sector:					
Corporate	-	-	-	-	1,667,496
Agriculture	-	-	-	15,750,458	-
Capital Market	-	-	-	63,857	-
Communication	-	-	-	11,783,494	-
Consumer	-	-	-	6,986	-
Education	-	-	-	1,284,633	-
Finance And Insurance	-	67,330,073	78,750,860	15,856,221	-
Government	163,982,302	-	-	33,335,834	93,531,780
Manufacturing	-	-	-	14,573,805	-
Mining & Quarrying	-	-	-	292,018	-
Mortgage	-	-		14,735,982	-
Oil & Gas	-	-	-	128,987,639	-
Other Public Utilities	-	-	-	438	-
Others	-	-	-	31,443,268	-
Power	-	-	-	13,619,593	-
Real Estate & Construction	-	-	-	79,991,059	-
Transportation	-	-	-	9,494,900	-
Non-Interest Banking	-	-	-	26,088	-
Foreign banks	-	-	-	-	-
	163,982,302	67,330,073	78,750,860	371,246,273	95,199,276
Concentration by location:					
Nigeria	163,982,302	9,498,073	72,061,311	371,246,273	95,199,276
America	-	3,035,284	-	-	-
Europe	-	54,711,188	6,689,549	-	-
Africa	-	85,527	-	-	-
	163,982,302	67,330,073	78,750,860	371,246,273	95,199,276

35 Financial risk management - continued

Enterprise risk review - continued

(v) Credit definitions

(i) Impaired loans and securities

Impaired loans and securities are loans and securities for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s). These are loans and securities specifically impaired and are graded 7, 8 and 9 in the Bank's internal credit risk grading system.

(ii) Past due but not impaired loans

Loans and securities where contractual interest or principal payments are past due but the Bank believes that impairment is not appropriate on the basis of the level of security / collateral available and /or the stage of collection of amounts owed to the Bank.

(iii) Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Bank has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

(iv) Allowances for impairment

The Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance, established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

(v) Write-off policy

The Bank writes off a loan / security balance (and any related allowances for impairment losses) when Bank Management Credit Committee determines that the loans / securities are uncollectible. This decision is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions are generally based on a product specific past due status.

35 Financial risk management - continued

Enterprise risk review - continued

All loans and advances are categorised as either: Individually impaired, Past due but not impaired and neither past due nor impaired

The impairment allowance includes allowances against financial assets that have been individually impaired and those subjects to collective impairment.

Exposure to credit risk - Individually impaired

	Loans and advances		Collateral	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	₦'000	₦'000	₦'000	₦'000
Carrying amount, net of allowance for impairment	380,158,555	371,246,273	354,619,401	321,756,945
Assets at amortised cost:				
Individually impaired				
Grade 7: Impaired	1,480,812	4,984,265	1,015,119	2,098,003
Grade 8: Impaired	4,071,322	956,818	1,421,192	405,324
Grade 9: Impaired	6,507,925	3,912,807	5,772,609	819,109
Gross amount	12,060,059	9,853,890	8,208,920	3,322,436
Allowance for impairment	(9,052,579)	(6,531,453)		-
Carrying amount, net of allowance for impairment	3,007,480	3,322,437	8,208,920	3,322,436
Collectively impaired:				
Grade 1-4: Low-fair risk	288,557,472	280,027,705	217,316,747	243,650,061
Grade 5-6: Watch list	90,778,184	88,955,707	125,922,180	69,347,360
Past due but not impaired				
Grade 7	1,208,237	673,798	2,111,400	1,798,021
Grade 8	-	288,714		690,611
Grade 9	526,209	1,124,586	1,060,155	2,948,456
Gross amount	381,070,102	371,070,510	346,410,481	318,434,509
Allowance for impairment	(3,919,027)	(3,146,674)		-
Carrying amount, net of allowance for impairment	377,151,075	367,923,836	346,410,481	318,434,509
Total carrying amount, net of allowance for impairment	380,158,555	371,246,273	354,619,401	321,756,945

35 Financial risk management - continued

Enterprise risk review - continued

Exposure to credit risk - continued
Commitments and guarantees

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are, therefore, part of the overall risk of the Bank.

The table below shows the Bank's maximum credit risk exposure for commitments and guarantees. The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Bank could have to pay if the guarantee is called upon. The maximum exposure to credit risk relating to a loan commitment is the full amount of the commitment. In both cases, the maximum risk exposure is significantly greater than the amount recognised as a liability in the statement of financial position.

	30 June 2015	31 December 2014
	₦'000	₦'000
Bonds, guarantees and indemnities	92,011,189	106,304,492
Letters of credit	119,044,915	94,438,715
Others	3,381,486	3,099,759
	214,437,590	203,842,966

Maturity profile of contingents and commitments

As at 30 June 2015	On demand	Less than 3 months	3-12 months	1-5 years	Over 5 years	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Bonds, guarantees and indemnities	-	26,641,835	34,796,468	28,935,161	1,637,725	92,011,189
Letters of credit	-	119,044,915	-	-	-	119,044,915
Others	41,919	3,339,568	-	-	-	3,381,486
Total undiscounted financial assets (A)	41,919	149,026,318	34,796,468	28,935,161	1,637,725	214,437,590

As at 31 December 2014						
Bonds, guarantees and indemnities	-	106,304,492	-	-	-	106,304,492
Letters of credit	-	18,154,750	42,256,165	34,027,800	-	94,438,715
Others	-	326,552	2,773,207	-	-	3,099,759
Total undiscounted financial assets (A)		124,785,794	45,029,372	34,027,800	-	203,842,966

35 Financial risk management - continued

Enterprise risk review - continued

Exposure to credit risk - continued

CREDIT QUALITY OF FINANCIAL ASSETS

30 June 2015	Neither past due nor Impaired						
				Past due but	Individually		Carrying
	RR1 - RR2	RR3 - RR4	RR5 - RR6	not impaired	Impaired	Total	Amount
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Balances with Central Bank of Nigeria	135,246,856	-	-	-	-	135,246,856	135,246,856
Due from banks	50,120,562	-	-	-	-	50,120,562	50,120,562
Pledged assets	74,610,392	-	-	-	-	74,610,392	74,610,392
Loans and advances	23,178,344	265,379,128	90,778,184	1,734,447	12,060,059	393,130,161	380,158,555
Held for trading	6,717,791	-	-	-	-	6,717,791	6,717,791
Investments securities available for sale	79,281,168		-	-	-	79,281,168	79,281,168
Investments securities held to maturity	40,525,731	-	-	-	-	40,525,731	40,525,731
Other Assets- Account Receivable	-	1,831,314	-	-	4,213,647	6,044,961	1,831,314
Total	409,680,844	267,210,442	90,778,184	1,734,447	16,273,706	785,677,622	768,492,369

31 December 2014	Neither past due nor Impaired			Past due but	Individually		Carrying
	RR1 - RR2	RR3 - RR4	RR5 - RR6	not impaired	Impaired	Total	Amount
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Balances with Central Bank of Nigeria	163,982,302	-	-	-	-	163,982,302	163,982,302
Due from banks	67,330,073	-	-	-	-	67,330,073	67,330,073
Pledged assets	78,750,860	-	-	-	-	78,750,860	78,750,860
Loans and advances	17,971,465	262,056,240	88,955,707	2,087,098	9,853,890	380,924,400	371,246,273
Held for trading	1,949,460	-	-	-	-	1,949,460	1,949,460
Investments securities available for sale	47,667,982	-	-	-	-	47,667,982	47,667,982
Investments securities held to maturity	45,581,835	-	-	-	-	45,581,835	45,581,835
Other Assets- Account Receivable	-	1,517,910	-	-	4,377,760	5,895,670	1,517,910
Total	423,233,977	263,574,150	88,955,707	2,087,098	14,231,650	792,082,582	778,026,695

35 Financial risk management - continued

Enterprise risk review - continued

Age analysis for financial assets that are past due but not impaired:

Past due days	30 June 2015 ₦'000	31 December 2014 ₦'000
1 - 30 days	1,083,584	1,782,673
31 - 60 days	-	26,663
Above 90 days	650,863	277,762
	1,734,447	2,087,098

(e) Liquidity risk

Liquidity risk and funding management: the Bank is exposed to two types of liquidity risk;

1. Market/Trading Liquidity Risk;-inability to conduct transaction at current market price because of the size of the transaction, this type of liquidity risk comes to play when certain assets cannot be liquidated at short notice due to market illiquidity and

2. Funding Liquidity Risk;-inability to access sufficient funds to meet payment obligations in a timely manner. The Management of Liquidity risk arising from funding and trading is very critical to the on- going viability of the Bank. The Board approved Liquidity Risk Management policy framework and the contingency funding plan for liquidity risk under crises condition are the policy documents in place for managing liquidity risk.

   The Asset & Liability Committee (ALCO) is responsible for managing the liquidity of the Bank. This function is delegated to the Asset & Liability Management (ALM) department that manage the day-to-day liquidity requirements of the Bank, and also act as secretariat to ALCO. Liquidity risk is assessed by comparing the expected outflows with expected inflows, and liquidity risk arises when there is a mismatch arising between the inflow and outflow, also when there is unexpected delay in repayment of loans (term liquidity risk) or un expectedly high payment outflow (withdrawal/call risk).

   In line with the Liquidity risk management framework, the liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities, to reflect market conditions. Net liquid assets consist of cash, short–term bank placements and liquid debt securities available for immediate sale, less deposit for banks and other issued securities and borrowings due to mature within the next month.

Presented below is the process used in managing liquidity

a. Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or is borrowed by customers. The Bank maintains an active presence in money markets to enable this to happen;

b. Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

c. Monitoring statement of financial position liquidity ratios against internal and regulatory requirements (in conjunction with Financial and Regulatory Reporting Department).

35 Financial risk management - continued

Enterprise risk review - continued

(e) Liquidity risk

The table below shows the undiscounted cash flows on the Bank's financial liabilities and on the basis of their earliest possible contractual maturity. The gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

30 June 2015	Note	Carrying amount	Gross nominal Inflow/(outflow)	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years
Financial assets		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cash and balances with central bank	16	161,051,496	161,051,496	161,051,496				
Due from banks	17	50,120,562	50,120,562	50,120,562	-	-	-	-
Pledged assets	18	74,610,392	81,204,315	5,734,362	-	5,615,000	69,854,953	-
Loans and advances to customers	19	380,158,555	445,919,131	129,669,334	22,238,283	17,452,698	239,167,084	37,391,732
Investment securities		128,050,559	201,821,712	29,623,949	11,372,503	20,503,241	85,609,564	53,186,586
		793,991,564	940,117,216	376,199,703	33,610,786	43,570,939	394,631,601	90,578,318
Financial liabilities								
Deposits from customers	24	638,332,177	653,870,520	259,104,668	57,935,229	69,587,526	248,695,267	18,547,830
Debt securities issued & other borrowed funds	25&26	54,904,435	61,499,765	779,049	5,743,754	22,842,163	32,134,798	-
Other liabilities - Customers' deposits for foreign trade	27	5,913,244	5,913,244	5,913,244				
Creditors & accruals	27	5,149,163	5,149,163	5,149,163				
		704,299,019	726,432,692	270,946,124	63,678,983	92,429,690	280,830,065	18,547,830
Gap (asset - liabilities)		89,692,545	213,684,524	105,253,579	(30,068,197)	(48,858,751)	113,801,536	72,030,487
Cumulative liquidity gap				105,253,579	75,185,382	26,326,632	140,128,168	212,158,655

35 Financial risk management - continued

Enterprise risk review - continued

(e) Liquidity risk - continued

31 December 2014	Note	Carrying amount	Gross nominal Inflow/(outflow)	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years
Financial assets		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cash and balances with central bank	16	174,759,962	174,759,962	41,439,030	-	-	-	133,320,932
Due from banks	17	67,330,073	67,337,404	67,337,404	-	-	-	-
Pledged assets	18	78,750,860	121,465,080	1,255,850	-	9,246,515	31,100,826	79,861,889
Loans and advances to customers	19	371,246,273	457,847,744	77,174,072	43,609,221	34,104,041	269,440,847	33,519,563
Investment securities	20	96,570,673	111,878,886	1,586,486	7,707,876	38,466,355	31,623,674	32,494,495
		788,657,841	933,289,076	188,792,842	51,317,097	81,816,911	332,165,347	279,196,879
Financial liabilities								
Deposits from customers	24	655,944,127	656,402,076	482,334,334	160,564,344	13,310,318	193,080	-
Debt securities issued & other borrowed funds	25&26	49,934,681	53,370,434	766,282	9,484,503	-	43,119,649	-
Other liabilities - Customers' deposits for foreign trade	27	6,818,972	6,818,972	6,818,972	-	-	-	-
Creditors & accruals	27	7,913,857	7,913,857	7,913,857	-	-	-	-
		720,611,637	724,505,339	497,833,445	170,048,847	13,310,318	43,312,729	-
Gap (asset - liabilities)		68,046,204	208,783,737	(309,040,603)	(118,731,750)	68,506,593	288,852,618	279,196,879
Cumulative liquidity gap				(309,040,603)	(427,772,353)	(359,265,760)	(70,413,142)	208,783,737

While there is a negative cumulative liquidity gap for within one year, it does not reflect the actual liquidity position of the Bank as most of the term deposits from customers maturing within one year are historically being rolled over.

35 Financial risk management - continued

Enterprise risk review - continued

(f) Market risks

Market risk is the risk arising from adverse movements in underlying market factors such as interest rates, equities prices, commodity prices and exchange rates. Interest Rate Risk both in the banking book and trading book, and foreign exchange risk are the major market risks borne by the bank.

Market Risks on the trading portfolio are extensively monitored and managed using the following tools; Counterparty Trading limits, Dealer limits, Net Open Position, Maturity Cap limits and Stop Loss Limits. While market risks on the non-trading position are managed and monitored using sensitivity analysis.

f(i) Interst Rate Risk

Interest rate risk occurs when there is a mismatch between interest sensitive assets and liabilities. The major objective of interest rate risk management is to minimise reduction in net income and reduction in the banks economic value of equity resulting from changes in interest rates.

The Bank is exposed to a considerable level of interest rate risk (I.e the risk that the future cash flows of a finnacial instrument will fluctuate because of changes in market rates.

Interest rate risk is managed using static re-pricing gap cumulative analysis, by ensuring that a balanced re-pricing cumulative gap position is maintained in line with the limits set by the board. Re-pricing Gap reports are prepared to monitor level of compliance, in addition to testing the sensitivity of changes in interest rates to Net Interest Income, while duration analysis is used in measuring and managing interest rate risk in the trading book.

35 Financial risk management - continued

(f) Market risks - continued

f(i) Interst Rate Risk - continued

			Repricing period					
	Notes	Carrying amount ₦'000	Less than 3 months ₦'000	3-6 months ₦'000	6-12 months ₦'000	1 - 5 years ₦'000	More than 5 years ₦'000	Non Interest Bearing ₦'000
(a) 30 June 2015								
Non-derivative assets:								
Cash and balances with central bank	16	161,051,496	-	-	-	-	-	161,051,496
Due from banks	17	50,120,562	16,833,000	-	-	-	-	33,287,562
Pledged non trading assets	18	74,610,392	5,615,000	-	-	39,454,255	23,806,775	5,734,362
Loans and advances to customers	19	380,158,555	111,750,599	19,165,221	15,040,946	201,977,143	32,224,646	-
Investment securities	20	128,050,559	19,537,070	11,430,213	22,130,477	48,661,152	24,765,778	1,525,869
		793,991,564	153,735,669	30,595,434	37,171,423	290,092,550	80,797,199	201,599,289
Non-derivative liabilities:								
Deposits from customers	24	638,332,177	259,104,668	57,935,229	69,587,526	248,695,267	3,009,487	-
Other borrowed fund	25	50,342,458	-	-	16,190,002	34,152,456	-	-
Debt securities issued	26	4,561,977	-	-	-	4,561,977	-	-
		693,236,612	259,104,668	57,935,229	85,777,528	287,409,700	3,009,487	-
Total interest sensitivity gap		100,754,952	(105,368,999)	(27,339,795)	(48,606,105)	2,682,850	77,787,712	201,599,289

35 Financial risk management - continued

(f) Market risks - continued

f(i) Interst Rate Risk - continued

	Notes	Carrying amount ₦'000	Less than 3 months ₦'000	3-6 months ₦'000	6-12 months ₦'000	1 - 5 years ₦'000	More than 5 years ₦'000	Non Interest Bearing ₦'000
			Repricing period					
(b) 31 December 2014								
Non-derivative assets:								
Cash and balances with central bank	16	174,759,962	-	-	-	-	-	174,759,962
Due from banks	17	67,330,073	25,070,946	-	-	42,259,127	-	-
Pledged non trading assets	18	78,750,860	1,255,850	-	4,615,000	72,880,010	-	-
Loans and advances to customers	19	371,246,273	75,947,794	43,609,221	34,104,041	184,065,654	33,519,563	-
Investment securities		96,570,673	1,586,486	7,707,876	38,466,355	14,944,065	32,494,495	1,371,396
		788,657,841	103,861,076	51,317,097	77,185,396	314,148,856	66,014,058	176,131,358
Non-derivative liabilities:								
Deposits from customers	24	655,944,127	32,091,917	160,564,344	13,310,318	193,080	-	449,784,468
Other borrowed fund	25	45,371,097	408,533	-	-	44,962,564	-	-
Debt securities issued	26	4,563,584	-	-	-	4,563,584		
		705,878,808	32,500,450	160,564,344	13,310,318	49,719,228	-	449,784,468
Total interest sensitivity gap		82,779,033	71,360,626	(109,247,247)	63,875,078	264,429,628	66,014,058	(273,653,110)

35 Financial risk management - continued

(f) Market risks - continued

f(i) Interst Rate Risk - continued

The management of interest rate risk against interest rate gaps limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standards and non-standard interest rate scenarios.

Analysis of the Bank's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial position was as follows:

The following table demonstrates the sensitivity to a reasonably possible change in interest rates for the gap between risk sensitive assets and risk sentive liabilities for the different maturity Gaps of the Bank's earning assets and liabilities. The sensitivity of the income statement is the effect of the assumed changes in interest rates on the gap position of the the different maturities mismatch.

35 Financial risk management - continued

(f) Market risks - continued

f(i) Interst Rate Risk - continued

RATE SENSITIVITY OF ASSETS AND LIABILITIES

As at 30 June 2015	On demand	Less than 3 months	3-12 months	1-5 years	Over 5 years	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Financial assets						
Due from other banks	50,120,562					50,120,562
Financial assets held for trading	746,296	2,200,895	3,474,905	295,695		6,717,791
Loans and advances	75,118,422	36,632,177	34,206,167	201,977,143	32,224,646	380,158,555
Investment securities available for sale	8,259,859	9,316,471	29,790,089	24,721,654	7,193,095	79,281,168
Investment securities held to maturity.				23,939,498	16,586,233	40,525,731
Total financial assets (A)	134,245,138	48,149,543	67,471,161	250,933,990	56,003,974	556,803,807
Financial Liabilities						
Due to customers	180,387,813	78,716,855	127,522,755	248,695,267	3,009,487	638,332,177
Debt securities issued and other borrowed funds	-		16,190,002	38,714,433		54,904,435
Total financial Liabilities (B)	180,387,813	78,716,855	143,712,757	287,409,700	3,009,487	693,236,612
Net financial assets/ Liabilities	(46,142,675)	(30,567,312)	(76,241,596)	(36,475,710)	52,994,487	(136,432,805)
Net financial assets/liabilities excluding AFS	(54,402,533)	(39,883,783)	(106,031,685)	(61,197,364)	45,801,392	(215,713,973)

	Increase /Decrease in bp	Net Gap	Cumulative Gap	Sensitivity on Profit (+2%)	Sensitivity on Profit (-2%)	Sensitivity Equity (+2%)	Sensitivity Equity(-2%)	Annualized Period
On Demand	*+/-200bp*	(54,402,533)	(54,402,533)	(92,410)	92,410	14,030	(14,030)	One Month
Less than 3 months	*+/-200bp*	(39,883,783)	(94,286,316)	(196,687)	196,687	45,944	(45,944)	Three month
3-12 Months	*+/-200bp*	(106,031,685)	(200,318,001)	(2,120,634)	2,120,634	595,802	(595,802)	One Year
1-5 Yrs	*+/-200bp*	(61,197,364)	(261,515,365)	(1,223,947)	1,223,947	494,433	(494,433)	
Over 5 Yrs	*+/-200bp*	45,801,392	(215,713,973)	916,028	(916,028)	35,473	(35,473)	

35 Financial risk management - continued

(f) Market risks - continued

f(i) Interst Rate Risk - continued

As at 31 December 2014	On demand	Less than 3 months	3-12 months	1-5 years	Over 5 years	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Financial assets						
Due from other banks	-	67,330,073	-	-	-	67,330,073
Financial assets held for trading	-	768,256	1,167,603	10,083	3,518	1,949,460
Loans and advances	-	75,677,326	74,109,812	187,939,602	33,519,533	371,246,273
Investment securities available for sale	-	1,410,896	20,874,729	1,589,044	23,651,732	47,526,401
Investment securities held to maturity.	-	3,548,500	2,159,371	19,151,450	20,722,514	45,581,835
Total financial assets (A)	-	148,735,051	98,311,515	208,690,179	77,897,297	533,634,042
Financial Liabilities						
Due to customers	278,176,884	33,247,141	110,097,898	220,888,035	13,534,169	655,944,127
Debt securities issued and other borrowed funds	-	-	-	45,371,097	4,563,584	49,934,681
Total financial Liabilities (B)	278,176,884	33,247,141	110,097,898	266,259,132	18,097,753	705,878,808
Net financial assets/(Liabilities)	(278,176,884)	115,487,910	(11,786,383)	(57,568,953)	59,799,544	(172,244,766)
Net financial assets/(liabilities) excluding AFS	(278,176,884)	(31,836,245)	(32,661,112)	(59,157,995)	36,147,811	(219,771,166)

	Increase /Decrease in bp	Net Gap	Cumulative Gap	Sensitivity on Profit (+2%)	Sensitivity on Profit (--2%)	Sensitivity Equity (+2%)	Sensitivity Equity(-2%)	- Annualized Period
On Demand	+/-200bp	(278,176,884)	(278,176,884)	(472,520)	472,520	-	-	One Month
Less than 3 months	+/-200bp	(31,836,245)	(310,013,129)	(157,001)	157,001	6,958	(6,958)	Three month
3-12 Months	+/-200bp	(32,661,112)	(342,674,241)	(653,222)	653,222	31,781	(31,781)	One Year
1-5 Yrs	+/-200bp	(59,157,995)	(401,832,236)	(1,183,160)	1,183,160	473,035	(473,035)	
Over 5 Yrs	+/-200bp	36,147,811	(365,684,425)	722,956	(722,956)	-	-	

35 Financial risk management - continued

f(ii) Foreign currency risk

Foreign currency risk is the risk that changes in foreign exchange rate would affect the value of the financial assets and liabilities as well as off balance sheet items. This also includes positions in local currency that are indexed to foreign exchange rate. Financial Instruments that are exposed to this risk includes; foreign currency denominated loans and advances, foreign currency denominated securities, future cash flows in foreign currencies arising from foreign exchange transactions.

Exposures to currency risk are consistently monitored by limit structures for overnight and intraday spot and forward limits for dealers and the global position. The Net Open Position limit is strictly monitored to ensure strict compliance with regulatory requirements. In order to avoid risk of loss or breaches of the regulatory limits, daily monitoring and reporting of all foreign currency transactions is in place.

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates for the gap between foreign currency denominated balances for the different currency gaps of the Bank's assets and liabilities. The sensitivity of the profit or loss is the effect of the assumed changes in exchange rates on the gap position.

35 Financial risk management - continued

f(ii) Foreign currency risk - continued

(a) Foreign currency concentrations risk as at 30 June 2015

Assets	Naira ₦'000	Dollar ₦'000	GBP ₦'000	Euro ₦'000	Others ₦'000	Total ₦'000
Cash and balance with central bank	134,491,532	15,067,307	702,821	1,141,836	-	151,403,496
add un-restricted balance	9,648,000	-	-	-	-	9,648,000
Due from other Banks	11,254,882	37,881,846	790,761	192,812	261	50,120,562
Financial assets to maturity pledged as colleteral	68,968,086	3,275,130	22,224	2,344,951		74,610,392
Loans and advances to customer	204,331,561	175,686,287	134,644	6,062	-	380,158,555
Financial assets held for trading	6,717,791	-	-	-	-	6,717,791
Financial assets available for sale	43,897,038	36,849,139	-	60,860	-	80,807,037
Financial investment held to maturity	40,525,731	-	-	-	-	40,525,731
Other Assets		3,524,399	412,729	693,780	237	4,631,146
Total undiscounted financial assets (A)	519,834,621	272,284,108	2,063,180	4,440,302	498	798,622,710
Liabilities						
Due to customers	407,339,839	228,311,879	2,029,630	650,828	-	638,332,177
Debt issued and other borrowed funds	28,055,669	26,848,766	-	-	-	54,904,435
Other financial liabilities	42,049,900	6,694,599	33,550	2,347,139	-	51,125,187
Total undiscounted financial liabilities (B)	477,445,408	261,855,244	2,063,180	2,997,967	-	744,361,799
Net Undiscounted financial assets/ (liabilities)	42,389,213	10,428,864	(0)	1,442,335	498	54,260,911

SENSITIVITY ANALYSIS OF FOREIGN CURRENCY BALANCE SHEET

Currency	Dollar N'000	GBP N'000	Euro N'000	Total N'000
Net On Balance Sheet Position	10,428,864	-	1,442,335	11,871,199
Effect of 1% appreciation on Profit	(104,289)	-	(14,423)	(118,712)
Effect of 1% depreciation on Profit	104,289	-	14,423	118,712

35 Financial risk management - continued

f(ii) Foreign currency risk - continued

(b) Foreign currency concentrations risk as at 31 December 2014

Assets	Naira ₦'000	Dollar ₦'000	GBP ₦'000	Euro ₦'000	Others ₦'000	Total ₦'000
Cash and balance with central bank	141,870,819	1,260,900	380,828	586,021	25	144,098,593
add un-restricted balance.	30,661,369	-	-	-	-	30,661,369
Due from other Banks	16,246,247	47,089,402	1,466,404	2,448,033	79,986	67,330,073
Financial assets to maturity pledged as colleteral	59,071,852	19,679,008	-	-	-	78,750,860
Loans and advances to customer	228,428,357	142,677,456	116,507	23,952	-	371,246,273
Financial assets held for trading	1,949,460	-	-	-	-	1,949,460
Financial assets available for sale	47,985,935	1,053,443	-	-	-	49,039,378
Financial investment held to maturity.	45,581,835	-	-	-	-	45,581,835
Other Assets		-	9,513	-	784	10,297
Total undiscounted financial assets (A)	571,795,875	211,760,208	1,973,253	3,058,007	80,795	788,668,138
Liabilities						
Due to customers	475,488,542	178,061,460	1,839,817	553,883	425	655,944,127
Debt issued and other Borrowed funds	25,762,197	24,172,484	-	-	-	49,934,681
Other financial Liabilities	21,306,096	8,111,147	134,969	2,510,498	80,434	32,143,145
Total undiscounted financial Liabilities (B)	522,556,836	210,345,091	1,974,786	3,064,381	80,859	738,021,953
Net Undiscounted financial assets/(Liabilities)	49,239,039	1,415,118	(1,533)	(6,375)	(64)	50,646,185

SENSITIVITY ANALYSIS OF FOREIGN CURRENCY STATEMENT OF FINANCIAL POSITION

Currency	Dollar N'000	GBP N'000	Euro N'000	Total N'000
Net On Balance Sheet Position	1,415,118	(1,533)	(6,375)	1,407,210
Effect of 1% appreciation on Profit	(14,151)	15	63	(14,073)
Effect of 1% depreciation on Profit	14,151	(15)	(63)	14,073

35 Financial risk management - continued

(g) Operational Risk Management

Operational risk in the Sterling Bank context is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risks but excludes strategic and reputational risks

The Bank maintains a dedicated function for managing its operational risks with reporting line to the Executive Management and Board Risk Management Committee through the Chief Risk Officer as part of a robust governance culture. The Management Risk Committee consisting of heads of all business functions review operational risk management reports quarterly and define action plans geared towards managing risks to acceptable levels.

The Operational Risk Management department is open to regular auditing from internal and external auditors, and is taking positive steps towards the implementation of Basel II accord.

The specific objectives of Operational Risk Management in the Bank are as follows:

- Creating a minimal surprise environment in the Bank through the reduction of the frequency and impact of operational risk incidents.
- Instituting a systematic process and approach for identification, assessment and management of operational risks inherent in people, processes, systems and external factors.
- Defining appropriate measurement metrics to monitor potential impact of operational risks in the Bank's activities and profitability.
- Monitoring and managing risks to minimize the Bank's exposure and losses arising from operational risks.
- Ensuring that risk ownership is established and responsibilities for the management of operational risk events is clearly documented.
- Constantly reviewing internal processes, procedures, products and policies to address the root causes of operational events.

The major methodologies employed in the Bank include:

1. Loss data collection and tracking: Internal loss events are captured bank-wide and recorded in a database. This aids in the tracking of events, determining the impact and frequency of risk events and the profitability along business lines.
2. Development & monitoring of key risk indicators: Metrics are set by the Operational Risk Management unit in conjunction with the process owners to monitor key risks in the business units that could prevent the achievement of set goals.
3. Risk and control self-assessments: A periodic self-assessment of risks and controls by process owners is conducted to evaluate the strength of controls in managing identified risks.

35 Financial risk management - continued

(g) Operational Risk Management - continued

Other methodologies employed in the management of risks include the process mapping technique, the use of audit reports, loss history and the administration of questionnaires.

Operational Risk Management conducts its risk management function independently without compromising on industry/regulatory standards. The Bank adopts a bottom-up and a top-down approach to managing operational risks.

(h) Capital management

(i) Regulatory capital

The Bank's lead regulator, the Central Bank of Nigeria, sets and monitors capital requirements for the Bank. The banking operations are directly supervised by the Central Bank of Nigeria. In implementing current capital requirements, the Central Bank of Nigeria requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Bank's regulatory capital is analysed into two tiers:

Tier 1 capital, which includes ordinary share capital, share premium, retained earnings, and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

Tier 2 capital, which includes qualifying subordinated liabilities, allowances and the element of the fair value reserve relating to unrealised gains on equity instruments classified as available-for-sale.

Various limits are applied to elements of the capital base. The qualifying Tier 2 capital cannot exceed Tier 1 capital

Banking operations are categorised mainly as trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets.

The CBN in its circular BSD/DIR/GEN/LAB/07/021 effective 5 August 2014 informs banks on the exclusion of the following reserves in the computation of total qualifying capital:

- Regulatory Risk Reserve created pursuant to Section 12.4 (a) of the Prudential Guidelines
- Collective impairment on loans and receivables and other financial assets
- Other Comprehensive Income (OCI) Reserves will be recognized as part of Tier 2 capital

35 Financial risk management - continued

(h) Capital management - continued

(ii) Capital Adequacy Ratio

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank’s risk weighted asset base. In accordance with Central Bank of Nigeria regulations, a minimum ratio of 10% is to be maintained.

The capital adequacy computation for the period ended 30 June 2015 and 31 December 2014 are In line with Central Bank of Nigeria circular BSD/DIR/GEN/BAS/08/031 and BSD/DIR/CIR/GEN/LAB/06/053 respectively to all Banks and Discount Houses on the implementation of Basel II/III issued 24 June 2015 and 10 December 2013 and guidance notes on the regulatory capital measurement and management for the Nigerian Banking System for the implementation of Basel II/III in Nigeria. The computations are consistent with the requirements of Pillar I of Basel II Accord (International Convergence of Capital Measurement and Capital Standards). Although the guidelines comply with the requirements of the Basel II accords, certain sections were adjusted to reflect the peculiarities of the Nigerian environment.

	Note	30 June 2015 ₦'000	31 December 2014 ₦'000
Tier 1 capital			
Ordinary share capital	29	14,395,209	14,395,209
Share premium		42,759,214	42,759,214
Retained earnings		9,407,275	5,753,977
Other reserves		19,057,887	17,926,147
Total Tier 1		85,619,585	80,834,547
Less:			
Fair value reserve on available-for-sale securities		-	1,131,739
Deferred tax -asset		(6,971,145)	(6,971,145)
Intangible assets		(1,008,045)	-
		77,640,395	74,995,141
Tier 2 capital			
Debt securities issued		3,650,867	4,563,584
Fair value reserve on available-for-sale securities		(1,134,225)	(1,131,739)
Total		2,516,642	3,431,845
Total regulatory capital		80,157,037	78,426,986
Risk-weighted assets		540,853,984	566,686,606
Total tier 1 and tier 2 capital expressed as a percentage of risk-weighted assets		15%	14%

35 Financial risk management - continued

(h) Capital management - continued

(iii) Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Bank’s longer term strategic objectives.

36 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled

As at 30 June 2015

Maturity analysis of assets and liabilities	Maturing within 12 months	Maturing after 12 months	Total
Assets	₦'000	₦'000	₦'000
Cash and balances with Central Bank of Nigeria	161,051,496	-	161,051,496
Due from banks	50,120,562	-	50,120,562
Pledged assets	11,349,362	63,261,030	74,610,392
Loans and advances to Customers	145,956,766	234,201,789	380,158,555
Investment in securities	53,097,760	74,952,799	128,050,559
Other assets	15,432,524	2,459,954	17,892,478
Property, plant and equipment	-	14,185,983	14,185,983
Intangible assets	-	1,008,045	1,008,045
Deferred tax assets	-	6,971,145	6,971,145
Total	437,008,470	397,040,746	834,049,215
Liabilities			
Deposits from customers	386,627,422	251,704,754	638,332,177
Debt issued and other borrowed funds	16,190,002	38,714,433	54,904,435
Current tax liabilities	1,276,539	-	1,276,539
Other liabilities	11,073,149	40,052,038	51,125,187
Total	415,167,113	330,471,225	745,638,338
Net	21,841,357	66,569,520	88,410,877

36 Maturity analysis of assets and liabilities - continued

As at 31 December 2014

Maturity analysis of assets and liabilities	Maturing within 12 months	Maturing after 12 months	Total
Assets	₦'000	₦'000	₦'000
Cash and balances with Central Bank of Nige	41,439,029	133,320,933	174,759,962
Due from banks	67,330,073	-	67,330,073
Pledged assets	1,410,896	77,339,964	78,750,860
Loans and advances to Customers	75,677,326	295,568,947	371,246,273
Investment in securities	29,627,425	66,943,248	96,570,673
Other assets	11,309,566	2,827,391	14,136,957
Property, plant and equipment	-	13,952,027	13,952,027
Intangible assets	-	821,456	821,456
Deferred tax assets	-	6,971,145	6,971,145
Total	226,794,315	597,745,111	824,539,426
Liabilities			
Deposits from customers	278,183,180	377,760,947	655,944,127
Debt issued and other borrowed funds	408,533	49,526,148	49,934,681
Current tax liabilities	1,802,189	-	1,802,189
Other liabilities	25,474,599	6,668,545	32,143,144
Total	305,868,501	433,955,640	739,824,141
Net	(79,074,187)	163,789,472	84,715,285

37 Fair Value of financial instruments

The Bank's accounting policy on fair value measurements is discussed under note 2.2.7. The Bank measures fair values using the following fair value hierarchy that reflects the nature and process used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using inputs that are not based on observable market data, i.e., unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair value measurement hierarchy for assets & liabilities as at 30 June 2015

	Level 1	Level 2	Level 3	Total
Assets measured at fair value	₦'000	₦'000	₦'000	₦'000
Pledged assets – Available for sale	-	26,243,935	-	26,243,935
Financial assets held for trading	-	6,717,791	-	6,717,791
Financial assets available for sale	-	79,281,168	-	79,281,168
Assets for which fair value are disclosed				
Due from banks	-	50,120,562	-	50,120,562
Pledged assets held to maturity	-	34,145,208	-	34,145,208
Loans and advances	-	419,250,024	-	419,250,024
Held to maturity	-	30,571,660	-	30,571,660
Liabilities for which fair values are disclosed:				
Deposits from customers	-	653,870,520	-	653,870,520
Other borrowed funds	-	45,424,799	-	45,424,799
Debt securities issued	-	4,225,240	-	4,225,240

Fair value measurement hierarchy for assets & liabilities as at 31 December 2014

	Level 1	Level 2	Level 3	Total
Assets measured at fair value	₦'000	₦'000	₦'000	₦'000
Assets measured at fair value				
Pledged assets – Available for sale	-	20,716,811	-	20,716,811
Financial assets held for trading	-	1,949,460	-	1,949,460
Financial assets available for sale	-	47,667,982	-	47,667,982
Assets for which fair value are disclosed				
Due from banks	-	67,330,073	-	67,330,073
Pledged assets held to maturity	-	47,270,323	-	47,270,323
Loans and advances	-	438,182,332	-	438,182,332
Held to maturity	-	43,194,136	-	
Liabilities for which fair values are disclosed:				
Deposits from customers	-	637,354,466	-	637,354,466
Other borrowed funds	-	41,141,093	-	41,141,093
Debt securities issued	-	4,894,641	-	4,894,641

37 Fair Value of financial instruments - continued

	Carrying amount		Fair value amount	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	₦'000	₦'000	₦'000	₦'000
Financial assets				
Cash and balances with Central Bank of Nigeria	161,051,496	174,759,962	161,051,496	174,759,962
Due from banks	50,120,562	67,330,073	50,120,562	67,330,073
Pledged assets	74,610,392	78,750,860	72,752,055	67,987,134
Loans and advances to customers	380,158,555	371,246,273	419,250,024	438,182,332
Investment in securities:				
- Held for trading	6,717,791	1,949,460	6,717,791	1,949,460
- Available for sale	79,281,168	47,667,982	79,281,168	47,667,982
- Held to maturity	40,525,731	45,581,835	30,571,660	43,194,136
Other assets- accounts receivable	6,044,961	5,895,670	6,044,961	
Total	798,510,656	793,182,115	825,789,716	841,071,079
Financial liabilities				
Deposits from customers	638,332,177	655,951,281	653,870,520	637,354,466
Other borrowed funds	50,342,458	45,371,097	45,424,799	41,141,093
Debt securities issued	4,561,977	4,563,584	4,225,240	4,894,641
Customer deposits for foreign trade	5,913,244	6,818,572	5,913,244	6,818,572
Creditors and accurals	5,159,905	7,913,857	5,159,905	7,913,857
Total	704,309,761	720,618,391	714,593,709	698,122,629

37 Fair Value of financial instruments - continued

The following methods and assumptions were used to estimate the fair values:

Assets for which fair value approximates carrying value

The management assessed that cash and balances with Central Bank of Nigeria, creditors & accruals and customer deposit for foreign trade approximate their carrying amounts largely due to the short-term maturities of these instruments. For financial assets and financial liabilities that are without a specific maturity; it is assumed that the carrying amounts approximates their fair value.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the quoted bonds and treasury bills are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

The fair values of the remaining AFS financial assets are derived from quoted market prices in active markets.

The fair values of the Bank’s interest-bearing borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer’s borrowing rate as at the end of the reporting period. The own non-performance risk as at 30 June 2014 was assessed to be insignificant.

The fair value of fixed rate financial assets and liabilities carried at amortized cost are estimated by comparing market interest rates when they were first recognized with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits and debt issued are based on discounted cash flows using prevailing money-market interest rates for deposits and debts with similar credit risk and maturity.

38 Compliance with banking regulations

The Bank contravened Central Bank of Nigeria's directive in respect of reporting lines of the chief compliance officer during the period. The Bank paid a fine of N2million for the contravention.

39 Customer Complaints

In line with Circular No: FPR/DIR/CIR/GEN/01/020, the returns on customer complaints for the period ended 30 June 2015 is as set out below:

	NUMBER		AMOUNT CLAIMED		AMOUNT REFUNDED	
FINANCIAL YEAR/PERIOD	*2015*	*2014*	2015 ₦'000	2014 ₦'000	2015 ₦'000	2014 ₦'000
PENDING COMPLAINTS B/F	66	109	859,214	2,287,154	-	-
COMPLAINTS RECEIVED	2,392	5,158	57,223,342	3,465,981	-	-
COMPLAINTS RESOLVED	2,187	5,201	158,681	4,893,921	158,681	2,715,420
UNRESOLVED COMPLAINTS ESCALATED TO CBN FOR INTERVENTION	1	-	-	-	-	-
UNRESOLVED COMPLAINTS PENDING WITH THE BANK C/F	272	66	57,923,875	859,214	-	-

40 Card Usage data

In line with the Central Bank of Nigeria guidelines for card issuance and usage in Nigeria, Section 11.0, the report on card issuance and usage for the six months ended 30 June 2015 is set out below:

	30 June 2015		31 December 2014	
Product	Volume	Value ₦'000	Volume	Value ₦'000
Visa	827,549	28,964,240	2,159,950	20,016,257
Verve	4,734,860	33,101,753	16,246,945	67,305,972

41. Whistle Blowing Policy

The Bank complied with CBN circular FPR/DIR/CIR/GEN/01/004, Code of Corporate Governance from Banks and Discount Houses in Nigeria and Guidelines for Whistle Blowing in Nigeria Banking Industry, for the period ended 30 June 2015.

STERLING BANK PLC

STATEMENT OF VALUE ADDED

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	30 June 2015 6 Months	%	30 June 2014 6 Months	%
	₦'000		₦'000	
Gross earnings	55,042,140		49,386,784	
Interest expense	(20,407,268)		(16,143,646)	
	34,634,872		33,243,138	
Net impairment	(4,402,341)		(3,199,266)	
Bought-in-materials and services -local	(16,573,717)		(17,026,681)	
Value added	13,658,814	100	13,017,191	100
Applied to pay:				
Employee as wages, salaries and pensions	5,712,494	42	5,586,101	43
Income taxes	630,119	5	896,814	7
Retained in business:				
Depreciation and amortisation	1,890,698	14	1,460,604	11
Profit for the period	5,425,503	40	5,073,672	39
Deferred taxation	-		-	-
	13,658,814	100	13,017,191	100

Value added is the wealth created by the efforts of the Bank and its employees. This statement shows the allocation of that wealth among the employees, shareholders, government and amount re-invested for creation of further wealth.

STERLING BANK PLC

FIVE-PERIOD FINANCIAL SUMMARY

	IFRS				
	30 June	31 December			
	2015	2014	2013	2012	2011
	₦'000	₦'000	₦'000	₦'000	₦'000
ASSETS					
Cash and balances with Central Bank of Nigeria	161,051,496	174,759,962	96,900,562	63,622,016	36,810,450
Due from other banks	50,120,562	67,330,073	85,601,022	33,878,671	53,695,139
Pledged assets	74,610,392	78,750,860	79,771,732	57,412,053	49,700,219
Loans and advances to customers	380,158,555	371,246,273	321,748,748	229,420,874	162,063,156
Investment securities:					
Held for trading	6,717,791	1,949,460	2,200,994	1,998,860	-
Available for sale	80,807,037	49,039,378	19,496,194	16,857,561	3,233,254
Held to Maturity	40,525,731	45,581,835	76,123,934	155,935,974	169,242,661
Other assets	17,892,478	14,136,957	9,317,091	6,132,005	13,258,260
Property and equipment	14,185,983	13,952,027	9,069,368	7,793,316	8,930,814
Intangible assets	1,008,045	821,456	-	203,465	143,115
Deferred tax assets	6,971,145	6,971,145	6,971,145	6,971,145	6,971,145
TOTAL ASSETS	834,049,215	824,539,426	707,200,790	580,225,940	504,048,213
LIABILITIES					
Deposits from banks	-	-	-	3,118,775	17,744,296
Deposits from customers	638,332,177	655,944,127	570,511,097	463,726,325	392,049,881
Current income tax liabilities	1,276,539	1,802,189	1,112,289	803,422	677,926
Other borrowed funds	50,342,458	45,371,097	38,794,527	30,356,039	27,301,377
Debt securities issued	4,561,977	4,563,584	4,563,598	4,563,612	4,562,000
Other liabilities	51,125,187	32,143,144	29,357,774	31,015,373	20,655,397
TOTAL LIABILITIES	745,638,338	739,824,141	644,339,285	533,583,546	462,990,877
NET ASSETS	88,410,877	84,715,285	62,861,505	46,642,394	41,057,336

FIVE-PERIOD FINANCIAL SUMMARY - Continued

	IFRS 30 June	IFRS 31 December			
	2015	2014	2013	2012	2011
	₦'000	₦'000	₦'000	₦'000	₦'000
EQUITY					
Share capital	14,395,209	14,395,209	10,796,407	7,851,931	7,851,931
Share premium	42,759,214	42,759,214	27,871,589	18,689,788	18,689,788
Retained earnings	9,407,275	5,753,977	7,785,753	6,019,078	2,780,715
Other components of equity	21,849,179	21,806,885	17,004,147	14,081,597	11,734,903
Attributable to equity holders of the Bank	88,410,877	84,715,285	63,457,896	46,642,394	41,057,337
Other Commitments and Contingencies	214,437,590	203,842,966	201,629,221	127,949,875	78,673,415

PROFIT OR LOSS ACCOUNT	IFRS 30 June			IFRS 31 December	LOCAL GAAP 31 December
	2015	2014	2013	2012	2011
	6 months	6 months	6 months	12 months	12 months
	₦'000	₦'000	₦'000	₦'000	₦'000
Gross earnings	55,042,140	49,386,784	42,567,384	68,856,815	45,698,415
Profit before income tax	6,055,622	5,970,486	5,454,273	7,449,651	5,640,306
Income tax (expense)/benefit	(630,119)	(896,814)	(525,659)	(546,112)	1,268,292
Profit after income tax	5,425,503	5,073,672	4,928,614	6,903,539	6,908,598