Sterling Bank Plc

Unaudited IFRS Interim Financial Statements for the Period ended 31 March 2016

Directors' Report
For the period ended 31 March 2016

The Directors present their first quarter report on the affairs of Sterling Bank Plc, together with the unaudited financial statements for the period ended 31 March, 2016.

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 liability company and was converted to a public limited company in April, 1992.

Sterling Bank Plc is engaged in commercial banking with emphasis on retail, commercial and corporate banking, trade services, investment banking activities and non-interest banking. 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 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 January 3, 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 Bank has 187 branches and cash centres as at 31 March 2016.

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

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

In thousands of Naira	March 2016	March 2015
Gross earnings	25,504,746	27,226,310
Profit before taxation	2,806,722	4,041,868
Taxation	(263,626)	(129,557)
Profit after taxation	2,543,096	3,912,311
Transfer to statutory reserve	381,464	1,173,693
Transfer to general reserve	2,161,632	2,738,618
	2,543,096	3,912,311
Earnings per share (kobo) - Basic	9k	14k
Earnings per share (kobo) - diluted	9k	14k

	March 2016	December 2015
NPL Ratio	4.8%	4.8%

Directors who served during the period

The following Directors served during the period under review:

	Name	Designation	Date appointed /resigned	Interest represented
1	Mr. Asue Ighodalo	Chairman		
2	Mr. Yinka Adeola	Non-Executive Director		Concept Features Limited Alfanoma Nigeria Limited Plural Limited Reduvita Investment Limited Quaker Intergrated Services Limited
3	Mr. Rasheed Kolarinwa	Independent Director		
4	Dr. (Mrs.) Omolara Akanji	Independent Director		
5	Ms. Tamarakare Yekwe (MON)	Independent Director		
6	Mr. Olaitan Kajero	Non-Executive Director		Eban Odan Industrial & Commercial Company STB Building Society Limited Eltees Properties Rebounds Integrated Services Limited L.A Kings Limited
7	Mrs. Tairat Tijani	Non-Executive Director		Ess-ay Investment Limited
8	Mrs. Egbichi Akinsanya	Non-Executive Director		Asset Management Corporation of Nigeria (AMCON)
9	Mr. Michael Jituboh	Non-Executive Director		Dr. Mike Adenuga
10	Mr. Yemi Adeola	Managing Director/CEO		
11	Mr. Lanre Adesanya	Executive Director		
12	Mr. Kayode Lawal	Executive Director		
13	Mr. Abubakar Suleiman	Executive Director		
14	Mr. Grama Narasimhan (Indian)	Executive Director		State Bank of India
15	Mr. Yemi Odubiyi	Executive Director		

Going Concern

The Directors assess the bank's future performance and financial performance on an on-going basis and have no reason to believe that the Bank will not be a going concern in the period ahead. For this reason, these financial statements are prepared on a going concern basis.

Directors 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 of Nigeria were as follows:

	Number of shares			
Names	March 2016 Direct	March 2016 Indirect	December 2015 Direct	December 2015 Indirect
Mr. Asue Ighodalo	-	56,631,243	-	60,208,687
Mr. Yinka Adeola	17,494,903	795,294,189	17,494,903	795,294,189
Mr. Rasheed Kolarinwa	-	-	-	-
Mr Michael Jituboh	-	1,620,376,969	-	1,620,376,969
Dr. (Mrs) Omolara Akanji	-	-	-	-
Ms. Tamarakare Yekwe (MON)	-	-	-	-
Mr. Raghaven Karthikeyan	-	2,549,505,026	-	2,549,505,026
Mr. Olaitan Kajero	-	1,582,687,059	-	1,532,687,059
Mr. Tairat Tijani	-	1,444,057,327	-	1,394,955,380
Mrs. Egbichi Akinsanya	-	1,683,280,753	-	1,683,280,753
Mr. Yemi Adeola	25,535,555	-	25,535,555	-
Mr. Lanre Adesanya	5,827,937	-	5,827,937	-
Mr. kayode Lawal	5,655,969	-	4,399,530	-
Mr. Abubakar Suleiman	14,478,173	-	14,090,619	-
Mr. Grama Narasimhan	-	-	-	-
Mr. Yemi Odubiyi	6,487,437	-	6,099,883	-

Analysis of shareholding

The range analysis of the distribution of the shares of the Bank as at 31 March 2016 is as follows:

Range of shares	Number of holders	%	Number of units	%
1 - 1,000	31,767	36.14%	14,391,502	0.05%
1001 - 5,000	27,005	30.72%	61,398,227	0.21%
5,001 - 10,000	9,270	10.54%	62,597,589	0.22%
10,001 - 20,000	7,465	8.49%	100,257,590	0.35%
20,001 - 50,000	5,054	5.75%	156,144,290	0.54%
50,001 - 100,000	3,135	3.57%	217,212,366	0.75%
100,001 - 200,000	1,804	2.05%	244,666,838	0.85%
200,001 - 500,000	1,248	1.42%	392,988,019	1.36%
500,001 - 10,000,000	1,038	1.18%	1,700,324,031	5.91%
Above 10,000,001	117	0.13%	14,651,127,682	50.89%
Foreign shareholding	6	0.01%	11,189,309,992	38.86%
	87,909	100%	28,790,418,126	100.00%

The following shareholders have shareholdings of 5% and above as at 31 March 2016:

	March 2016 Holding (units)	March 2016 % holding	December 2015 Holding (units)	December 2015 % holding
Silverlake Investment Limited	7,197,604,531	25.00	7,197,604,531	25.00
State Bank of India	2,549,505,026	8.86	2,549,505,026	8.86
SNNL/Asset Management Corporation of Nigeria - Main	1,683,280,753	5.85	1,682,712,505	5.84
Dr. Mike Adenuga	1,620,376,969	5.63	1,620,376,969	5.63
ESS-AY INVESTMENTS LTD	1,444,057,327	5.02	-	-

Acquisition of own shares

The Bank did not acquire any of its shares during the period ended 31 March 2016 (31 December 2015: Nil).

Employment and employees

i ***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.

ii ***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.

iii ***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.

iv ***Events after reporting date***

There were no events after the reporting date which could have had a material effect on the state of affairs of the Bank as at 31 March or the profit for the period ended on that date which have not been adequately provided for or disclosed.

BY ORDER OF THE BOARD:

Justina Lewa
Company Secretary
(FRC/2013/NBA/00000001255)
20 Marina, Lagos, Nigeria.
April 7, 2016

Corporate Governance

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

Board Composition and Committee

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. The members are as follows:

1	Mr. Asue Ighodalo	Chairman	Chairman
2	Mr. Yinka Adeola	Member	Non-Executive Director
3	Mr. Rasheed Kolarinwa	Member	Independent Director
4	Dr. (Mrs.) Omolara Akanji	Member	Independent Director
5	Ms. Tamarakare Yekwe (MON)	Member	Independent Director
6	Mr. Olaitan Kajero	Member	Non-Executive Director
7	Mrs. Tairat Tijani	Member	Non-Executive Director
8	Mrs. Egbichi Akinsanya	Member	Non-Executive Director
9	Mr. Michael Jituboh	Member	Non-Executive Director
10	Mr. Yemi Adeola	Member	Managing Director/CEO
11	Mr. Lanre Adesanya	Member	Executive Director
12	Mr. Kayode Lawal	Member	Executive Director
13	Mr. Abubakar Suleiman	Member	Executive Director
14	Mr. Grama Narasimhan (Indian)	Member	Executive Director
15	Mr. Yemi Odubiyi	Member	Executive Director

Board Credit Committee

The Committee acts on behalf of the Board on credit matters and reports to the Board for approval/ratification. The members are as follows:

1	Dr. (Mrs) Omolara Akanji	Chairman
2	Mr. Yinka Adeola	Member
3	Mr. Rasheed Kolarinwa	Member
4	Mr. Olaitan Kajero	Member
5	Mr. Michael Jituboh	Member
6	Mr. Yemi Adeola	Member
7	Mr. Lanre Adesanya	Member
8	Mr. Kayode Lawal	Member
9	Mr. Grama Narasimhan	Member

Board Finance and General Purpose Committee

The Committee acts on behalf of the Board on all matters relating to financial management and reports to the Board for approval/ratification. The members are as follows:

1	Mrs. Egbichi Akinsanya	Chairman
2	Mr. Yinka Adeola	Member
3	Ms. Tamarakare Yekwe (MON)	Member
4	Mrs. Tairat Tijani	Member
5	Mr. Michael Jituboh	Member
6	Mr. Yemi Adeola	Member
7	Mr. Lanre Adesanya	Member
8	Mr. Abubakar Suleiman	Member
9	Mr. Yemi Odubiyi	Member

Board Governance and Nominations Committee

The Committee acts on behalf of the Board on all matters relating to the workforce. The members are as follows:

1	Ms. Tamarakare Yekwe (MON)	Chairman
2	Mr. Rasheed Kolarinwa	Member
3	Dr. (Mrs.) Omolara Akanji	Member
4	Mr. Olaitan Kajero	Member
5	Mrs. Egbichi Akinsanya	Member
6	Mrs. Tairat Tijani	Member
7	Mr. Yemi Adeola	Member
8	Mr. Abubakar Suleiman	Member
9	Mr. Grama Narasimhan	Member

Board Risk Management Committee

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

1	Mr. Olaitan Kajero	Chairman
2	Mr. Rasheed Kolarinwa	Member
3	Dr. (Mrs) Omolara Akanji	Member
4	Mrs. Tairat Tijani	Member
5	Mr. Yemi Adeola	Member
6	Mr. Lanre Adesanya	Member
7	Mr. Kayode Lawal	Member
8	Mr. Yemi Odubiyi	Member

Board Audit Committee

The Committee acts on behalf of the Board of Directors on financial reporting, internal control and audit matters. Decisions and actions of the Committee are presented to the Board for approval/ratification. The members are as follows:

1	Mr. Rasheed Kolarinwa	Chairman
2	Mr. Yinka Adeola	Member
3	Dr. (Mrs) Omolara Akanji	Member
4	Ms. Tamarakare Yekwe (MON)	Member
5	Mrs. Tairat Tijani	Member
6	Mrs. Egbichi Akinsanya	Member
7	Mr. Michael Jituboh	Member

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 are as follows:

1	Mr. Idongesit E. Udoh	Chairman
2	Alhaji Mustapha Jinadu	Member
3	Miss Christie O. Vincent	Member
4	Mr. Yinka Adeola	Member
5	Ms. Tamarakare Yekwe MON	Member
6	Mr. Olaitan Kajero	Member

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 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 loan stock 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 the policy, a new Unit was set-up in the Human Resources Management Group to implement, amongst others, a Succession Plan for the Bank.

Successors were nominated based on experience, skills and competencies through an automated process by current role holders in conjunction with the Human Resources 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. 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 Resources Management is responsible for the implementation and compliance of 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 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. Staff 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 Section 6.1.12 of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks in Nigeria Post Consolidation.

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2016

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 Institution Act, CAP B3 Laws of the Federation of Nigeria 2004, the Directors are responsible for the preparation of financial statements which present fairly, in all material respects, the financial position of the Bank, and of the 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 financial statements comply with 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, Revised Prudential Guidelines, International Financial Reporting Standards 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 judgements and estimates.

The directors accept responsibility for the 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, Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004, Revised Prudential Guidelines, and relevant Circulars issued by the Central Bank of Nigeria.

The directors are of the opinion that the financial statements present fairly, in all material respect, the financial position and financial performance of the Bank as of and for the three months ended 31 March 2016.

The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the 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.

Condensed Statement of Comprehensive Income

For the period ended 31 March 2016

In thousands of Naira	Notes	March 2016	March 2015
Interest income	3	20,053,391	19,237,806
Interest expense	4	(8,639,000)	(10,087,642)
Net interest income		11,414,391	9,150,164
Fees and commission income	5	3,674,765	5,006,762
Net Trading income	6	1,537,205	2,211,431
Other operating income	7	239,385	770,311
Operating income		16,865,746	17,138,668
Impairment charges	8	(1,440,310)	(933,748)
Net operating income after impairment		15,425,436	16,204,920
Personnel expenses	9	(2,828,653)	(2,978,959)
Other operating expenses	10 (a)	(3,052,553)	(2,841,139)
General and administative expenses	10 (b)	(4,332,920)	(4,040,043)
Other property, plant and equipment cost	10(c)	(1,386,999)	(1,366,540)
Depreciation and amortisation	19(b)&20	(1,017,589)	(936,371)
Total expenses		(12,618,714)	(12,163,052)
Profit before income tax		2,806,722	4,041,868
Income tax expense	11(a)	(263,626)	(129,557)
Profit for the period		2,543,096	3,912,311
Other comprehensive income			
Fair value gain/(loss) on available for sale investments		(2,521,384)	(1,366,772)
Fair value gain/(loss) on available for sale securities sold included in profit or loss		(1,153,571)	1,131,739
Other comprehensive income for the period; net of tax		(3,674,955)	(235,033)
Total comprehensive income		(1,131,859)	3,677,278
Earnings per share - basic (in kobo)	12	9k	14k
Earnings per share - diluted (in kobo)	12	9k	14k

Condensed Statement of Financial Position
As at 31 March 2016

In thousands of Naira	Notes	March 2016	December 2015
Assets			
Cash and balances with Central Bank of Nigeria	13	146,725,707	115,924,016
Due from banks	14	31,772,548	68,798,839
Pledged financial assets	15	76,129,565	69,338,406
Loans and advances to Customers	16	350,890,307	338,726,271
Investment securities:			
- Held for trading	17(a)	3,620,154	4,692,636
- Available-for-sale	17(b)	113,564,780	119,478,644
- Held to maturity	17(c)	47,782,658	45,360,372
Other assets	18	10,995,675	13,902,609
Property, plant and equipment	19	14,940,505	15,258,217
Intangible assets	20	923,012	1,000,262
Deferred tax assets	11(c)	6,971,145	6,971,145
Total Assets		804,316,056	799,451,417
Liabilities			
Deposits from Banks	21	12,498,259	-
Deposits from Customers	22	565,333,019	590,889,216
Current income tax liabilities	11(b)	1,043,858	780,232
Other borrowed funds	23	70,157,079	60,285,736
Debt securities issue	24	4,709,139	4,563,568
Other liabilities	25	56,140,814	47,366,918
Total Liabilities		709,882,167	703,885,670
Equity			
Share capital	26	14,395,209	14,395,209
Share premium	26	42,759,214	42,759,214
Retained earnings		12,203,711	10,042,079
Equity reserves		25,075,755	28,369,245
Total equity		94,433,889	95,565,747
Total liabilities and equity		804,316,056	799,451,417

Signed on behalf of the Board of Directors by:

Adebimpe Olambiwonnu
Finance Controller
FRC/2013/ICAN/00000001253

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

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

Condensed Statement of changes in equity

For the period ended 31 March 2016

In thousands of Naira	Share capital	Share premium	Translation reserve	Other regulatory reserves	Fair value reserves	Regulatory risk reserves	Share capital reserve	SMIEIS reserve	Revaluation reserve	Retained earnings	Total
Balance at 1 January 2016	14,395,209	42,759,214	-	16,634,733	1,153,571	5,070,015	5,276,423	234,503	-	10,042,079	95,565,747
Comprehensive income for the period	-	-	-	-	-	-	-	-	-	2,543,096	2,543,096
Other comprehensive income net of tax		-	-	-	(3,674,955)	-	-	-	-	-	(3,674,955)
Realised during the period	-	-	-	-	-	-	-	-	-	-	-
Transfer to other reserve	-	-	-	381,464	-	-	-	-	-	(381,464)	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2016	**14,395,209**	**42,759,214**	**-**	**17,016,197**	**(2,521,384)**	**5,070,015**	**5,276,423**	**234,503**	**-**	**12,203,711**	**94,433,888**

In thousands of Naira	Share capital	Share premium	Translation reserve	Other regulatory reserves	Fair value reserves	Regulatory risk reserves	Share capital reserve	SMIEIS reserve	Revaluation reserve	Retained earnings	Total
Balance at 1 January 2015	14,395,209	42,759,214	-	13,546,960	(1,131,739)	3,880,738	5,276,423	234,503		5,753,977	84,715,286
Comprehensive income for the year	-	-		-	-	-	-	-	-	3,912,311	3,912,311
Other comprehensive income net of tax	-	-		-	(235,033)	-	-	-	-	-	(235,033)
Realised during the year	-	-		-	-	-	-	-	-	-	-
Transfer to other reserve	-	-		1,173,693	-	-	-	-	-	(1,173,693)	-
Dividends to equity holders	-	-		-	-	-	-	-	-	-	-
Additions during the year	-	-		-	-	-	-	-	-	-	-
Share issuance cost	-	-		-	-	-	-	-	-	-	-
Transfer to regulatory reserves	-	-		-	-	-	-	-	-	-	-
Balance at 31 March 2015	**14,395,209**	**42,759,214**	**-**	**14,720,653**	**(1,366,772)**	**3,880,738**	**5,276,423**	**234,503**	**-**	**8,492,595**	**88,392,563**

Condensed Statements of Cash Flow

For the period ended 31 March 2016

In thousands of Naira	Notes	March 2016	March 2015
Operating activities			
Profit before tax		2,806,722	4,041,868
Adjustment for:			
Net impairment on loan	8	1,635,407	1,154,631
Impairment loss on other assets	8	(195,097)	(220,883)
Depreciation and amortisation	19(b)&20	1,017,589	936,371
Net impairment on investment securities		-	-
Loss/(Gain) on disposal of property and equipment	7&10(a)	(8,713)	(29,685)
Gain on sale of investment	7	-	(64,506)
Movement in debt capital		145,571	-
Dividend received	7	(32,147)	-
Foreign exchange gain		(10,920)	(442)
Net gain on investment securities at fair value through profit or loss		14,044	(7,160)
Net changes in other comprehensive income		3,674,955	235,033
		9,047,411	**6,045,227**
Changes in			
Change in pledged assets		(6,791,159)	(5,416,005)
Change in loans and advances to customers		(18,701,137)	(22,311,930)
Change in due from Central Bank of Nigeria		-	-
Change in restricted balance with Central bank		(20,981,096)	(15,767,076)
Change in other assets		3,246,430	(5,451,805)
Change in deposits from customers		(25,556,197)	(33,756,011)
Change in other liabilities		8,773,896	32,548,422
		(50,961,852)	**(44,109,178)**
Income tax paid	11(b)	-	-
Net cash flows from operating activities		**(50,961,852)**	**(44,109,178)**
Investing activities			
Net sale/(purchase) of investment securities		2,042,676	9,590,423
Purchase of property and equipment	19	(638,087)	(1,347,745)
Purchase of intangible assets	20	-	(305,512)
Proceeds from the sale of property and equipment		24,167	41,666
Redemption of investments		-	-
Dividend received	7	32,147	-
Net cash flows from/(used in) investing activities		**1,460,904**	**7,978,832**
Financing activities			
Proceeds from borrowing		15,298,753	18,974,961
Repayment of long term borrowing		(5,501,759)	(4,357,466)
Net cash flows from/(used in) financing activities		**9,796,993**	**14,617,495**
Effect of exchange rate changes on cash and cash equivalents		-	442
Net increase/(decrease) in cash and cash equivalents		(39,703,955)	(21,512,851)
Cash and cash equivalents at 1 January		100,312,904	108,769,104
Cash and cash equivalents at 31 March	27	**60,608,949**	**87,256,695**
Operational cash flow from Interest			
Interest Received		23,289,179	17,990,868
Interest Paid		(8,667,773)	(9,657,902)

Notes to the Financial Statements
For the period ended 31 March 2016

1 **Corporate information**

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

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

2 **Accounting policies**

2.1 **(a) Basis of preparation**

The condensed financial statements for the three months ended 31 March, 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

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

(b) Seasonality of operations

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

(c) Unusual items

There were no unusual transactions or occurrences within the period.

(d) Changes in accounting estimates

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

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

During the period under review, there were no issuance of debt or equity that resulted in an external inflow into the Bank.

(f) Dividends

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

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

There were no significant events that occurred after 31 March 2016 that would necessitate a disclosure and/or adjustment to the quarterly returns presented herein.

2.2 **Summary of significant accounting policies**

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

(a) Interest Income and Expense

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

The calculation of the effective interest rate takes into account contractual terms which includes prepayment options, claw-back, contractual fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

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

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

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

(b) Fees and commission

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

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

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

(c) Net trading income

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

(d) Financial assets and liabilities

(i) Initial recognition

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

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

(ii) Subsequent measurement

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

(a) Held-to-maturity

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

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

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

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

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

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

- the designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on different basis; or
- the group of financial assets is managed and its performance evaluated on a fair value basis.

Subsequent to initial recognition, the fair values are re-measured at each reporting date. All gains and losses arising from changes therein are recognised in the profit or loss in 'net trading income' for trading assets and in 'net income from other financial instruments carried at fair value' for financial assets designated at fair value through profit or loss at inception.
Interest earned while holding trading assets at fair value through profit or loss are included in net trading income. Trading assets are not reclassified subsequent to their initial recognition.

(c) Available-for-sale

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

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

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

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

(d) Loans and advances

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

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

(iii) Amortised cost measurement

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

(iv) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of the fair value of a financial instrument on initial recognition is the transaction price, i.e. the fair value of the consideration paid or received, unless the fair value is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on discounted cash flow models and option pricing valuation techniques whose variables include only data from observable markets.

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

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

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

(e) Impairment of financial assets

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

(i) Assets carried at amortised cost

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

The following factors are considered in assessing objective evidence of impairment:

- whether the customer is more than 90 days past due;
- the Bank consents to a restructuring of the obligation, resulting in a diminished financial obligation, demonstrated material forgiveness of debt or postponement of scheduled payments; or

- there is an observable data indicating that there is a measurable decrease in the estimated future cash flows of a group of financial assets, although the decrease cannot yet be identified with specific individual financial assets.

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

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

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

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

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

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

(ii) Available-for-sale financial assets

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

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

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

2.3 Standards issued but not yet effective

Standards and improvement that are issued but not yet effective up to the period ended 31 December 2015 are disclosed below. The Bank intends to adopt the standards and improvements below, if applicable when if become effective.

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

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

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

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

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

Improvement to IFRSs

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

IFRS 5, Non current Asset Held for Sale and Discontinued operations
IFRS 7 Financial Instruments: Disclosures
IAS 19 Employee Benefits

2.4 Segment Information

Segment information is presented in respect of the Bank's strategic business units which represents the segment reporting format and is based on the Bank's management and reporting structure.
(a) All non-current assets are located in the country of domicile and revenues earned are within same country.

(b) Reportable segment

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

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

- Commercial and Corporate Banking provides banking solutions to corporate and commercial enterprises.

- Retail Banking provides banking solutions to individuals, small businesses and partnerships among others.

- Treasury conducts the Bank's financial advisory and securities trading activities.
- Non Interest Banking provides specialised banking services that are Sharia compliant.

All transactions between business segments are conducted on an arm's length basis, internal charges and transfer pricing adjustments are reflected in the performance of each business.
The activity of the segments are centrally financed, thus the cash flow for the entity is presented in the Statement of Cash Flows.

Segment Information continued

In thousands of Naira	Retail Banking	Commercial & Institutional	Corporate & Investment	Non-Interest Banking	Total
For the period ended 31 March 2016					
Interest income and NIB income	2,247,433	7,187,854	10,511,106	106,998	20,053,391
Interest expenses and NIB expense	(1,446,760)	(3,122,671)	(4,019,138)	(50,431)	(8,639,000)
Net interest income NIB margin	800,673	4,065,182	6,491,969	56,567	11,414,391
Fees and Commission income	(438,419)	1,620,155	2,491,125	1,903	3,674,765
Depreciation of property & Equipment	(223,016)	(503,761)	(279,926)	(10,886)	(1,017,589)
IMPAIRMENT	(772,051)	(632,959)	(28,684)	(6,617)	(1,440,310)
Segment Profit (loss)	**(549,755)**	**734,653**	**2,618,558**	**3,266**	**2,806,722**
For the period ended 31 March 2016					
Assets:					
Capital expenditure					
Property, plant and equipment/Intangible	105,454	342,264	190,186	182	638,087
Intangible segment assets	-	-	-	-	-
Total Assets	**125,846,667**	**128,115,185**	**539,794,520**	**10,559,684**	**804,316,056**
Total Liabilities	**127,930,774**	**128,115,185**	**443,721,613**	**10,114,594**	**709,882,167**

In thousands of Naira	Retail Banking	Corporate Banking	Treasury	Non-Interest Banking	Total
For the period ended 31 March 2015					
Interest income and NIB income	11,984,931	4,943,387	2,284,596	24,892	19,237,806
Interest expenses and NIB expense	(7,738,181)	(853,511)	(1,487,328)	(8,623)	(10,087,642)
Net interest income NIB margin	4,246,750	4,089,876	797,268	16,269	9,150,164
Fees and Commission income	1,182,935	1,362,636	2,456,653	4,538	5,006,762
Depreciation of property & Equipment	(900,249)	(20,765)	(5,583)	(9,774)	(936,371)
IMPAIRMENT	312,657	(931,260)	(315,145)	-	(933,748)
Segment Profit (loss)	**538,926**	**1,454,090**	**2,072,289**	**(23,438)**	**4,041,867**
For the period ended 31 March 2015					
Assets:					
Capital expenditure					
Property, plant and equipment	1,258,039	28,508	13,344	47,853	1,347,744
Intangible segment assets	305,512	-	-		305,512
Total Assets	**456,579,021**	**193,872,040**	**189,672,459**	**1,776,592**	**841,900,112**
Total Liabilities	**589,519,644**	**113,994,394**	**48,531,677**	**1,461,836**	**753,507,551**
For the period ended 31 December 2015					
Assets:					
Capital expenditure					
Property, plant and equipment/Intangible	3,893,892	897,208	43,791	201,761	5,036,652
Intangible segment assets	470,383	-	-	-	470,383
Total Assets	**120,579,567**	**128,115,185**	**540,196,981**	**10,559,684**	**799,451,417**
Total Liabilities	**121,934,277**	**128,115,185**	**443,721,613**	**10,114,594**	**703,885,670**

3 **Interest income**

In thousands of Naira	March 2016	March 2015
Cash and cash equivalent	113,252	429,914
Loan and advances to customers	13,672,045	14,350,813
Investment securities	5,617,145	4,155,911
Interest on impaired loans	650,949	301,168
	20,053,391	19,237,806
Interest from Investment securities were derived from:		
Avaliable-for-sale	3,593,520	3,505,543
Held to maturity	2,023,625	650,368
	5,617,145	4,155,911

4 **Interest expense**

In thousands of Naira	March 2016	March 2015
Deposits from banks	43,137	157,631
Deposits from customers	7,385,391	9,278,554
Debt issued and other borrowed funds	1,210,472	651,457
	8,639,000	10,087,642

5 **Fees and commission income**

In thousands of Naira	March 2016	March 2015
Facility management fees	822,208	482,354
Commission on turnover	378,720	404,454
Commissions and similar income	1,066,295	1,368,135
Commission on letter of credit and Off Balance Sheet transactions	213,002	370,485
Other fees and commission (See note below)	1,194,540	2,381,334
	3,674,765	5,006,762

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

Included in other fees and commission above is advisory fees.

6 **Net trading income**

In thousands of Naira	March 2016	March 2015
Foreign exchange trading(see(i) below)	452,536	1,843,987
Bonds (")	849,676	53,715
Treasury bills	234,993	313,729
	1,537,205	2,211,431

i Central Bank of Nigeria regulation of FOREX market affected income accreation during the reporting period while activities in the securities market improved.

7 **Other operating income**

In thousands of Naira	March 2016	March 2015
Rental income	38,082	58,113
Other sundry income	116,127	246,815
Foreign exchange gain	10,920	442
Dividends on available-for-sale equity securities	32,147	-
Gains on disposal of property, plant and equipment	8,713	29,685
Gain on sale of investment securities	-	64,506
Cash recoveries on previously written off accounts	33,396	370,750
	239,385	770,311

8 **Net impairment**

In thousands of Naira	March 2016	March 2015
Credit losses		
- Specific impairment allowance (see note 16)	1,651,719	1,208,270
- Collective impairment (see note 16)	3,258	-
Bad debt written off	39,370	3,343
Allowances no longer required	(58,940)	(56,982)
	1,635,407	1,154,631
Other financial asset impairment		
- Impairment charge/(writeback) on other assets (see note 18)	(195,097)	(220,883)
	1,440,310	933,748

9 **Personnel expenses**

In thousands of Naira	March 2016	March 2015
Wages and salaries	2,550,485	2,681,377
Defined contribution plan	278,168	297,582
	2,828,653	2,978,959

10 (a) **Other operating expenses**

In thousands of Naira	March 2016	March 2015
AMCON surcharge (see note below)	1,012,397	1,031,062
Contract Services	942,375	548,308
Insurance	823,675	893,342
Other Professional Fees	149,257	103,249
Net loss on trading securties	124,849	265,178
	3,052,553	2,841,139

AMCON surcharge

This represents the Bank's contribution to a fund established by Asset Management Corporation of Nigeria (AMCON) for the period ended 31 March 2016. Effective 1 January 2013, the Bank is required to contribute an equivalent of 0.5% (2015 : 0.5%) of its total assets plus 33.3% of off-financial position assets (loan-related) as at the preceding year end to AMCON's sinking fund in line with existing guidelines.

(b) **General and administative expenses**

In thousands of Naira	March 2016	March 2015
Administrative expenses	881,489	1,020,127
Audit fees	60,000	55,000
Office expenses	627,406	662,345
Advertising and business promotion	1,058,163	694,284
E-business expense	205,242	335,997
Cash handling and processing expense	452,797	288,591
Branding expenses	37,590	-
Communication cost	287,404	316,755
Transport, travel, accomodation	87,202	144,071
Seminar and conferences	163,376	114,125
Rents and rates	26,443	47,500
Security	82,435	72,507
Other general expenses	127,505	114,704
Annual general meeting expenses	60,000	60,000
Stationery and printing	55,420	44,566
Directors other expenses	64,757	25,644
Membership and subscription	42,806	31,635
Directors fee	10,250	10,250
Newspapers and periodicals	2,005	1,942
	4,332,290	4,040,043

(c) **Other property, plant and equipment cost**

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

11 Income tax expense

In thousands of Naira		March 2016	March 2015
(a)	Income tax	263,626	129,557
	Education tax	-	-
	Information Technology levy	-	-
	Total income tax expense	263,626	129,557

(b) ***Current income tax liabilities***

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

In thousands of Naira	March 2016	December 2015
Balance, beginning of the year	780,232	1,802,189
Income tax and education tax for the period	263,626	613,561
payments during the period	-	(1,635,518)
	1,043,858	780,232

(c) **Deferred tax**

31 March 2016

In thousands of Naira	Balance as at 1 January 2016	Recognised in profit or loss	Recognised deferred tax liability/(asset)	Recognised deferred tax liability/(asset)
Accelerated depreciation of property, plant and equipment	1,299,207		1,299,207	1,299,207
Unutilised tax credit (capital allowance)	(3,811,478)		(3,811,478)	(3,811,478)
Tax losses	(4,225,437)		(4,225,437)	(4,225,437)
Deductible temporary difference	(233,438)		(233,438)	(233,438)
	(6,971,145)	-	(6,971,145)	(6,971,145)

31 December 2015

In thousands of Naira	Balance as at 1 January 2015	Recognised in profit or loss	Recognised deferred tax liability/(asset)	Recognised deferred tax liability/(asset)
Accelerated depreciation of property, plant and equipment	1,350,846	(51,639)	1,299,207	1,299,207
Unutilised tax credit (capital allowance)	(3,115,935)	(695,543)	(3,811,478)	(3,811,478)
Tax losses	(4,706,353)	480,917	(4,225,437)	(4,225,437)
Deductible temporary difference	(499,703)	266,266	(233,438)	(233,438)
	(6,971,145)	-	(6,971,145)	(6,971,145)

12 Earning per share (basic and diluted)

The calculation of basic earnings per share as at 31 March 2016 was based on the profit attributable to ordinary shareholders of N2,543,096,000 and weighted average number of ordinary shares outstanding of 28,790,418,124 calculated as follows:

In thousands of Unit	March 2016	March 2015
Weighted average number of ordinary shares	28,790,418	28,790,418

In thousands of Naira	March 2016	March 2015
Profit for the period attributable to equity holders of the Bank	2,543,096	3,912,311
Basic earning per share	9k	14k
Diluted earning per share	9k	14k

13 Cash and balances with Central Bank

In thousands of Naira	March 2016	December 2015
Cash and foreign monies	16,906,735	16,232,082
Unrestricted balances with Central Bank of Nigeria	24,427,925	15,281,983
Deposits with the Central bank of Nigeria	105,391,047	84,409,951
	146,725,707	115,924,016

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

14 Due from banks

In thousands of Naira	March 2016	December 2015
Balances held with local banks	4,355,405	20,736,098
Balances held with banks outside Nigeria	12,891,606	29,488,213
Money market placements	14,525,537	18,574,528
	31,772,548	68,798,839

15 Pledged Assets

In thousands of Naira	March 2016	December 2015
Pledged Treasury bills (see note (a) below)	4,615,000	4,569,601
Pledged Bonds - FGN (see note (b) below)	26,807,867	30,581,082
Pledged Bonds - State Government (see note (b) below)	191,959	-
Pledged Euro Bonds (see note (b) below)	29,837,595	29,011,422
Other pledged assets (see note (c) below)	14,677,144	5,176,301
	76,129,565	69,338,406

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

(a) Pledged for clearing activities, as collection bank for government taxes and Interswitch electronic card transactions.

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

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

16 Loan and Advances to Customers

In thousands of Naira	March 2016	December 2015
Loans to individuals	38,247,783	40,357,710
Loans to corporate entities and other organizations	329,974,105	314,117,146
	368,221,888	354,474,856
Less:		
Specific impairment allowance	(13,146,421)	(11,566,682)
Collective impairment allowance	(4,185,160)	(4,181,903)
	350,890,307	338,726,271

Impairment allowance on loans and advances to customers

Specific impairment

In thousands of Naira	March 2016	December 2015
Balance, beginning of year	11,566,682	6,531,453
Impairment charge for the period (see note 8)	1,651,719	9,972,473
Reversal for the period	(58,940)	(2,784,247)
Write-offs	(13,040)	(2,152,997)
Balance, end of period	13,146,421	11,566,682

Collective impairment

In thousands of Naira	March 2016	December 2015
Balance, beginning of year	4,181,903	3,146,674
Impairment charge for the period (see note 8)	3,258	1,035,229
Balance, end of period	4,185,161	4,181,903

17 Investment securities:

In thousands of Naira	March 2016	December 2015
(a) *Held for Trading (HFT)*		
- Bonds	100,227	-
- Treasury bills	3,519,927	4,692,636
	3,620,154	4,692,636
(b) *Available for Sale (AFS)*		
Government bond	85,257,257	88,796,811
Equity securities	2,063,024	2,062,751
Euro bond	6,755,501	6,420,787
Corporate bonds	-	2,166,647
Treasury bills	19,736,094	20,278,744
	113,811,876	119,725,740
Impairment on AFS instruments (see note 17b (1))	(247,096)	(247,096)
	113,564,780	119,478,644

Unquoted available for sale equity securities are carried at cost, their fair value cannot be measured realiably. These are investments in small and medium scale enterprises with a carrying cost of N2.1 billion (2014: N1.7 billion). There is no similar investment that the price can be reliably benchmarked because there is no active market. These investments are recouped through redemption or disposal to existing equity holders

	March 2016	December 2015
(c) *Held to maturity (HTM)*		
Government bonds	46,602,075	44,056,582
Corporate bonds	1,180,583	1,303,790
	47,782,658	45,360,372
Total Investment securities	164,967,592	169,531,652

(b) 1 Specific allowance for impairment on AFS

In thousands of Naira	March 2016	December 2015
Balance, beginning of year	247,096	387,715
Charge for the period	-	-
Writeback		-
Amounts written off	-	(140,619)
Balance, end of period	247,096	247,096

18 Other Assets

Other assets comprise:

In thousands of Naira	March 2016	December 2015
Accounts receivable	681,992	1,297,193
Prepayments (see note (a) below)	8,198,934	10,535,917
Prepaid staff cost	2,296,028	2,386,358
Stock of cheque books and stationery	532,534	736,450
	11,709,488	14,955,918
Impairment on other assets	(713,813)	(1,053,309)
	10,995,675	13,902,609

Movement in impairment on other assets

In thousands of Naira	March 2016	December 2015
Balance, beginning of year	1,053,309	4,377,760
impairment on other assets (note 8)	-	-
Writeback (note 8)	(195,097)	(124,319)
Write-offs	(144,399)	(3,200,132)
Balance, end of period	713,813	1,053,309

(a) Included in prepayments are Bank premises rent and insurance.

19 Property, plant and equipment

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

In thousands of Naira	Leasehold Land and Building	Capital work-in-progress	Furniture, fittings and equipment	Computer equipment	Motor vehicles	Total
(a) **Cost**						
Balance as at 1 January, 2015	6,598,403	2,667,477	10,035,461	6,480,610	4,668,356	30,450,307
Additions for the period	701,736	1,287,990	1,562,822	486,813	997,293	5,036,653
Disposals	(178,896)	-	(408,913)	(6,144)	(620,125)	(1,214,078)
Reclassification	828,438	(1,553,997)	688,673	23,761	13,125	-
Balance as at 31 December 2015	7,949,681	2,401,470	11,878,042	6,985,040	5,058,649	34,272,882
Balance as at 1 January, 2016	7,949,681	2,401,471	11,878,042	6,985,040	5,058,649	34,272,882
Additions for the period	36,849	288,465	124,654	125,404	62,716	638,087
Disposals	0	-	(37,037)	(2,855)	(313,643)	(353,535)
Adjustment			1,907			1,907
Reclassification	371,608	(488,019)	67,558	24,702	24,150	(0)
Balance as at 31 March 2016	8,358,138	2,201,917	12,035,123	7,132,291	4,831,872	34,559,340
(b) Depreciation and impairment losses						
Balance as at 1 January, 2015	2,610,760	-	5,820,570	5,260,192	2,806,759	16,498,281
Charge for the period	455,728	-	1,468,506	792,107	856,748	3,573,089
Audit Journal					-	-
Disposals	(70,117)	-	(398,325)	(5,643)	(582,619)	(1,056,703)
Balance as at 31 December 2015	2,996,371	-	6,890,751	6,046,656	3,080,889	19,014,667
Balance as at 1 January, 2016	2,996,370	-	6,890,751	6,046,657	3,080,887	19,014,666
Charge for the period	116,570	-	399,812	203,580	220,376	940,339
Adjustment			1,912			1,912
Disposals	-	-	(36,559)	(2,684)	(298,839)	(338,081)
Balance as at 31 March 2016	3,112,941	-	7,255,917	6,247,553	3,002,424	19,618,835
Carrying amounts						
Balance as at 31 March 2016	5,245,197	2,201,917	4,779,206	884,737	1,829,448	14,940,505
Balance as at 31 December 2015	4,953,310	2,401,470	4,987,292	938,384	1,977,761	15,258,217
Balance as at 1 January, 2015	3,987,643	2,667,477	4,214,892	1,220,418	1,861,596	13,952,027

The gross carrying amount of fully depreciated property, plant and equipment that is still in use is N11.59billion (2015: N11.22billion).

20 Intangible asset

Purchased Software

In thousands of Naira	March 2016	December 2015
Cost		
Beginning of year	2,355,998	1,885,615
Additions	-	470,383
Disposals	-	-
Balance end of period	2,355,998	2,355,998
Amortisation and impairment losses		
Beginning of year	1,355,736	1,064,158
Amortisation for the period	77,250	291,578
Disposals	-	-
Balance end of period	1,432,986	1,355,736
Carrying amounts	923,012	1,000,262

21 Deposits from Banks

	March 2016	December 2015
Money Market Deposits	12,498,259	-
	12,498,259	-

22 Deposits from customers

In thousands of Naira	March 2016	December 2015
Current accounts	353,990,612	361,705,580
Savings accounts	46,056,525	41,728,342
Term deposits	164,896,047	186,614,792
Pledged deposits	389,836	840,502
	565,333,019	590,889,216

23 Other borrowed Funds

In thousands of Naira	March 2016	December 2015
Foreign Funds		
Due to Citibank (See (i) below)	18,927,659	19,137,956
Due to Standard Chartered Bank	-	4,866,773
Due to African Export/Import Bank (See (ii) below)	3,040,194	2,965,845
Due to Goldman Sachs Int'l (See (iii) below)	8,265,139	8,261,331
Due to Islamic Corporation Development Bank (See (iv) below)	6,125,458	5,971,500
	36,358,450	41,203,405
Local Funds		
Due to BOI (see (v) below)	3,772,356	4,197,045
Due to CBN-Agric-Fund (See (vi) below)	29,185,873	14,750,039
Due to CBN - MSME Fund (See (vii) below)	840,400	135,247
	33,798,629	19,082,331
	70,157,079	60,285,736

(i) 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 15. The effective interest rate of the loan is 6.9% per annum.

(ii) This represents $14.9 million uncommitted short term line of credit facility granted by African Export- Import Bank for a period of 180 days commencing 2 November 2015 to mature on 24 April 2016. The facility attract a fixed margin of 5.5% per annum. Interest payable under the agrrement is calculaed based on the actual number of days elapsed in a year. The Bank will also pay a one - off facility fee charge of 0.5% flat upon facility signing.The facility is made available for drawing up to 180 days from the facility signature date while the amounts repaid can be redrawn to the maximum availability period.

(iii) This represents Naira equivalent of a USD50million facility from Goldman Sachs with two years tenor commencing April 2014 at the interest rate of 3% per annum.

(iv) This represents $30 million Murabaha financing facility granted by Islamic Corporation for the Development of the Private Sector (ICD) for a period of 365 days commencing 12 October 2015. The profit on the facility shall be the aggregate of the cost price multiplied by 3 months USD Libor + 600 per annum multiplied by deferred period (in days) divided by 360 days.

(v) This is a facility from Bank of Industry under Central Bank of Nigeria N200billion intervention fund for refinancing and restructuring of the Bank's existing loan portfolio to Nigeria SME/Manufacturing sector and N500billion Power and Aviation intervention fund for financing projects in the Power and Aviation sectors of the economy.
The facility is administered at an all-in interest rate/charge of 7% per annum payable on quarterly basis. Specifically, the managing agent (BOI) is entitled to a 1% management fee and the Bank a 6% spread. Loans shall have a maximum tenor of 15 years and/or working capital facility of one year with provision for roll over.

(vi) This represents a facility granted by the Central Bank of Nigeria (CBN) in Ref DFD/PMO/GEN/001/273. This was granted in collaboration with the Federal Government of Nigeria (FGN) represented by the Federal Ministry of Agriculture and Water Resources (FMA &WR) by establishing a Commercial Agricultural Credit Scheme (CACS) to promote commercial agricultural enterprise in Nigeria. All facilities approved by the participating banks under the scheme are for a maximum period of seven years while overdraft facilities approved are for a period of one year. The loans are at all-in-interest rate of 9% per annum.
Also included therein are facilities granted by the Bank, under The Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL) scheme. This is an initiative of the Central Bank of Nigeria (CBN), the Bankers' Committee (BC) and the Federal Ministry of Agriculture & Rural Development (FMA&RD). Facilities are approved by the participating banks at commercial rate, and the Customer enjoys an interest rebate of 35% - 50% on the rate depending on the category of the project. NIRSAL also sells Credit Risk Guarantee, at a cost of 3% of the facility amount, to give coverage of 40%-75% of the facility amount depending on the category of the project.

(vii) This is a fund initiated by the Central Bank of Nigeria to support, promote and deepen access to finance for Micro, Small and Medium Enterprises (MSME) at an all in rate of 9% (fees inclusive).

24 Debt securities in issue

In thousands of Naira	March 2016	December 2015
Debt securities carried at amortised cost	4,709,139	4,563,568
	4,709,139	4,563,568

This represents N4.56billion seven year 13% subordinated unsecured non-convertible debenture stock issued by the Bank and approved on 29 December 2011 and 30 December 2011 by the Central Bank of Nigeria and Securities Exchange Commission respectively. The Bank is obliged to pay the Trustee (Skye Bank Plc) interest semi-annually on the non convertible debenture stock due 2018 until all the entire stock have been redeemed.

25 Other liabilities

In thousands of Naira	March 2016	December 2015
Creditors and accruals	8,391,008	7,554,859
Certified cheques	6,056,411	5,841,190
Defined contribution obligations	149	149
Customers' deposits for foreign trade	15,094,539	3,065,623
Provisions	267,442	268,211
Information Technology Levy	110,163	110,163
Other credit balances (See note (i) Below)	26,221,101	30,526,723
	56,140,814	47,366,918

(i) Included in the amount of Other credit balances is amount pledged as collateral for loans

26 Capital and reserves

(a) *Share capital*

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

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

(b) Share premium

In thousands of Naira	March 2016	December 2015
Share premium	42,759,214	42,759,214

(c) Other regulatory reserves

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

(i) Fair value reserve

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

(ii) Regulatory risk reserve

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

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

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

(iii) Other reserves

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

(d) Retained earnings

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

27 Cash and cash equivalents

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

In thousands of Naira	March 2016	December 2015
Cash and foreign monies (See note 13)	16,906,735	16,232,082
Unrestricted balances with Central Bank of Nigeria (See note 13)	24,427,925	15,281,983
Balances held with local banks (See note 14)	4,355,405	20,736,098
Balances held with banks outside Nigeria (See note 14)	12,891,606	29,488,213
Money market placements (See note 14)	14,525,537	18,574,528
Money Market Deposits	(12,498,259)	-
	60,608,949	100,312,904

28 Contingent Liabilities and commitments

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

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

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

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

In thousands of Naira	March 2016	December 2015
Bonds, guarantees and indemnities	95,691,996	85,081,762
Letters of credit	44,190,840	58,238,001
Others	27,548,581	22,925,485
	167,431,417	166,245,248