Sterling Bank Plc

Condensed Unaudited Group Interim Financial Statements
March 2022

Directors' Report
For the period ended 31 March 2022

The Directors present their first quarter report on the affairs of Sterling Bank Plc ("the Bank"), together with the unaudited Group Financial Statements for the period ended 31 March, 2022

Principal activity and business review
Sterling Bank Plc is engaged in commercial banking services 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, money market operations, electronic banking products and other banking activities.

Legal form

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.

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.

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.

Sterling Bank Plc registered Sterling Investment Management Plc (the SPV) with the Corporate Affairs Commission as a public liability company limited by shares with authorised capital of N2,000,000 at N1.00 per share. The main objective of setting up the SPV is to raise or borrow money by the issue of bonds or other debt instruments. The SPV is a subsidiary and is consolidated in the financial statements of the Bank. The Bank and its subsidiary is collectively referred to as "the Group".

The Bank has 160 branches including cash centres as at 31 March 2022.

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

	Group		Bank	
In millions of Naira	March 2022	March 2021	March 2022	March 2021
Gross earnings	38,050	30,886	37,485	30,307
Profit before taxation	3,741	2,505	3,756	2,489
Taxation	(198)	(110)	(198)	(110)
Profit after taxation	3,543	2,395	3,558	2,379
Transfer to statutory reserve	534	359	534	357
Transfer to general reserve	3,009	2,035	3,024	2,022
	3,543	2,395	3,558	2,379
Earnings per share (kobo) - Basic	12k	8k	12k	8k
Earnings per share (kobo) - diluted	12k	8k	12k	8k
	March 2022	December 2021	March 2022	December 2021
NPL Ratio	0.80%	0.71%	0.80%	0.71%

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		Moehi Nigeria Limited
2	Dr. (Mrs.) Omolara Akanji	Independent Director	Retired 25/02/2022	
3	Mr. Michael Ajukwu	Independent Director		
4	Mr. Olaitan Kajero	Non-Executive Director		STB Building Society Limited Eltees Properties Rebounds Integrated Services
5	Mrs. Tairat Tijani	Non-Executive Director		Ess-ay Investment Limited
6	Mr. Michael Jituboh	Non-Executive Director		Dr. Mike Adenuga
7	Mr. Ankala Prasad (Indian)	Non-Executive Director		State Bank of India
8	Mrs. Folasade Kilaso	Non-Executive Director		Alfanoma Nigeria Limited Plural Limited Reduvita Limited Quakers Integrated Services Limited Concept Features Limited
9	Mr. Paritosh Tripathi (Indian)	Non-Executive Director		State Bank of India
10	Mr. Abubakar Suleiman	Managing Director/CEO		
11	Mr. Yemi Odubiyi	Executive Director		
12	Mr. Emefienim Emmanuel	Executive Director	Resigned 28/02/2022	
13	Mr. Tunde Adeola	Executive Director		
14	Mr. Raheem Owodeyi	Executive Director		

Going Concern

The Directors assess the Group and the Bank's future performance and financial position on an on-going basis and have no reason to believe that the Group will not be a going concern in the year 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 301 of the Companies and Allied Matters Act 2020 were as follows:

		Number of shares			
	Names	March 2022 Direct	March 2022 Indirect	December 2021 Direct	December 2021 Indirect
1	Mr. Asue Ighodalo	-	62,645,242	-	62,645,242
2	Mr Michael Jituboh	-	1,620,376,969	-	1,620,376,969
3	Dr. (Mrs) Omolara Akanji *	-	-	-	-
4	Mr. Michael Ajukwu	-	-	-	-
5	Mr. Olaitan Kajero	-	1,592,555,294	-	1,592,555,294
6	Mrs. Tairat Tijani	-	1,444,057,327	-	1,444,057,327
7	Mrs. Folasade Kilaso	-	1,440,337,670	-	1,440,337,670
8	Mr. Abubakar Suleiman	47,325,727	-	47,325,727	-
9	Mr. Yemi Odubiyi	26,471,708	-	26,471,708	-
10	Mr. Emefienim Emmanuel **	20,527,369	-	20,527,369	-
11	Mr. Tunde Adeola	27,244,025	-	27,244,025	-
12	Mr. Raheem Owodeyi	15,733,951	-	15,733,951	-
13	Mr. Ankala Prasad	-	2,549,505,026	-	2,549,505,026
14	Mr. Paritosh Tripathi	-	-	-	-

* Retired 25/02/2022
* Resigned 28/02/2022

Analysis of shareholding

The range analysis of the distribution of the shares of the Bank as at 31 March 2022 is as follows:

Range of shares			Number of holders	%	Number of units	%
1	-	1,000	32,327	36.70%	14,488,737	0.05%
1001	-	5,000	25,991	29.51%	58,625,415	0.20%
5,001	-	10,000	8,835	10.03%	59,791,387	0.21%
10,001	-	20,000	7,026	7.98%	95,116,794	0.33%
20,001	-	50,000	5,085	5.77%	159,630,799	0.55%
50,001	-	100,000	3,277	3.72%	229,321,468	0.80%
100,001	-	200,000	2,361	2.68%	339,313,649	1.18%
200,001	-	500,000	1,755	1.99%	560,085,056	1.95%
500,001	-	10,000,000	1,315	1.49%	1,544,644,986	5.37%
Above 10,000,001			110	0.12%	15,280,197,045	53.07%
Foreign shareholding			4	0.00%	10,449,202,790	36.29%
			88,086	100%	28,790,418,126	100.00%

The following shareholders have shareholdings of 5% and above as at 31 March 2022:

	March 2022 Holding (units)	March 2022 % holding	December 2021 Holding (units)	December 2021 % 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
Dr. Mike Adenuga	1,620,376,969	5.63	1,620,376,969	5.63
Ess-ay Investments Limited	1,444,057,327	5.02	1,444,046,801	5.02

Acquisition of own shares

The Bank did not acquire any of its shares during the period ended 31 March 2022 (31 December, 2021: Nil).

Property, plant and equipment

Information relating to changes in property, plant and equipment is given in Note 25 to the consolidated and separate financial statements.

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 2022 or the profit for the year ended on that date which have not been adequately provided for or disclosed.

BY ORDER OF THE BOARD:

Temitayo Adegoke
Company Secretary
FRC/2018/NBA/00000018142
20 Marina, Lagos, Nigeria.
April 27, 2022

Corporate Governance

The Bank complies with the relevant provisions of the Nigerian Securities & Exchange Commission (SEC), the Financial Reporting Council of Nigeria (FRCN) and the Central Bank of Nigeria (CBN) Codes of Corporate Governance.

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	Dr. (Mrs.) Omolara Akanji	Retired effective 25/02/2022	Member	Independent Director
3	Mr. Michael Ajukwu		Member	Independent Director
4	Mr. Olaitan Kajero		Member	Non-Executive Director
5	Mrs. Tairat Tijani		Member	Non-Executive Director
6	Mr. Michael Jituboh		Member	Non-Executive Director
7	Mr. Ankala Prasad (Indian)		Member	Non-Executive Director
8	Mr. Paritosh Tripathi (Indian)		Member	Non-Executive Director
9	Mrs. Folasade Kilaso		Member	Non-Executive Director
10	Mr. Abubakar Suleiman		Member	Managing Director/CEO
11	Mr. Yemi Odubiyi		Member	Executive Director
12	Mr. Emefienim Emmanuel	Resigned effective 28/02/2022	Member	Executive Director
13	Mr. Tunde Adeola		Member	Executive Director
14	Mr. Raheem Owodeyi		Member	Executive Director

Board Committees

The Board carries out its oversight functions through its various committees each of which has a clearly defined terms of reference and a charter which has been approved by the Central Bank of Nigeria. The Board has five (5) standing committees, namely: Board Credit Committee, Board Finance & General Purpose Committee, Board Audit Committee, Board Risk Management Committee and Board Governance & Remuneration Committee. In line with best practice, the Chairman of the Board is not a member of any of the Committees. The composition and responsibilities of the committees are set out below:

Board Credit Committee

The Committee acts on behalf of the Board on credit matters and reports to the Board for approval/ratification.

Terms of reference

- Consider credit proposals for approval on the recommendation of the Management Credit Committee (MCC).
- Recommend to the Board assignment of credit approval authority limits on the recommendation of the MCC.
- Review the Credit Policy Guidelines of the Bank as and when required by the dictates of the market and/or the corporate
- Approve credit facility requests above the limits set for Management, within limits defined by the Bank's credit policy and within the statutory requirements set by the regulatory/supervisory authorities.
- Review periodic credit portfolio reports and assess portfolio performance.
- Ensure compliance with the Bank's Credit Policies and statutory requirements prescribed by the regulatory/supervisory authorities.
- Recommend credit facility requests above the Committee's limit to the Board.
- Review and recommend to the Board for approval/ratification Management proposals on full and final settlements on non performing loans.
- Review and approve the restructure of credit facilities in line with the Credit Policy Guidelines.
- Review and approve credit proposals in line with the Bank's Risk Policy Guidelines.
- Review and recommend to the Board for approval proposals on write-offs.
- Periodic review of the recovery process to ensure compliance with the Bank's recovery policies, applicable laws and
- To perform any other duties assigned by the Board from time to time.

The members are as follows:

1	Dr. (Mrs) Omolara Akanji	Retired effective 25/02/2022	Chairman
2	Mr. Olaitan Kajero		Member
3	Mr. Michael Ajukwu		Member
4	Mr. Abubakar Suleiman		Member
5	Mrs. Tairat Tijani		Member
6	Mr. Yemi Odubiyi		Member
7	Mr. Emefienim Emmanuel	Resigned effective 28/02/2022	Member
8	Mr. Tunde Adeola		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.

Terms of reference

- Establish the Bank's financial policies in relation to the operational plan, capital budgets, and the reporting of results.
- Monitor the progress and achievement of the Bank's financial targets.
- Review significant corporate financing and liquidity programs and tax plans.
- Recommend major expenditure approvals to the Board.
- Review and consider the financial statements and make appropriate recommendation to the Board.
- Review annually the Bank's financial projections, as well as capital and operating budgets, and review on a quarterly basis with management, the progress of key initiatives including actual financial results against targets and projections.
- Review and recommend for Board approval, the Bank's capital structure, including but not limited to, allotment of new capital, debt limits and any changes to the existing capital structure.
- Recommend for Board approval, the Bank's dividend policy, including amount, nature and timing.
- Review and make recommendations to the Board regarding the Bank's investment strategy, policy and guidelines, its implementation and compliance with those policies and guidelines and the performance of the Bank's investment portfolio.
- Approve a comprehensive framework for delegation of authority on financial matters and enforce compliance with financial manual of authorities.
- Ensure cost management strategies are developed and implemented to monitor and control costs.
- Review major expense lines periodically and approve expenditure within the limit of the Committee as documented in the financial manual of authorities.
- Review contract awards for significant expenditure above EXCO limit.
- Review significant transactions and new business initiatives for the Board's approval.
- To perform any other duties assigned by the Board from time to time.

The members are as follows:

1	Mrs. Tairat Tijani	Chairperson
2	Mrs. Folasade Kilaso	Member
3	Mr. Michael Jituboh	Member
4	Mr. Abubakar Suleiman	Member
5	Mr. Yemi Odubiyi	Member
6	Mr. Raheem Owodeyi	Member
7	Mr. Olaitan Kajero	Member

Board Risk Management Committee

The Committee is responsible for evaluating and handling issues relating to risk management in the Bank.

Terms of reference

- Review and recommend to the Board the risk management policy including risk appetite, risk limits, tolerance and risk strategy.
- Review and recommend to the Board for approval the Bank's Enterprise-wide Risk Management Policy and other specific risk policies.
- Monitor the Bank's plan and progress in meeting regulatory risk based supervision requirements.
- Monitor implementation and migration to Basel II, III, and IV and other local and international risk management bodies as approved by the regulators.
- Review the organization's risk-reward profiles including credit, market and operational risk-reward profiles and where necessary, recommend strategies for improvement.
- Evaluate the risk profile and risk management plans drafted for major projects, acquisitions, new products and new ventures or services to determine the impact on the risk reward profile.
- Oversight of management's process for the identification of significant risks and the adequacy of prevention, detection and reporting mechanisms.
- Receive reports on, and review the adequacy and effectiveness of the Bank's risk and control processes to support its strategy and objectives.
- Endorse definition of risk and return preferences and target risk portfolio.

Board Risk Management Committee - continued

- Periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Bank's risk profile.
- Ensure compliance with the Bank's credit policies, applicable laws and statutory requirements prescribed by the regulatory/supervisory authorities.
- Review the effectiveness of the risk management system on an annual basis.
- To perform any other duties assigned by the Board from time to time.

The members are as follows:

1	Mr. Olaitan Kajero		Chairman
2	Dr. (Mrs) Omolara Akanji	Retired effective 25/02/2022	Member
3	Mr. Ankala Prasad		Member
4	Mr. Michael Ajukwu		Member
5	Mr. Abubakar Suleiman		Member
6	Mr. Yemi Odubiyi		Member
7	Mr. Emefienim Emmanuel	Resigned effective 28/02/2022	Member
8	Mr. Raheem Owodeyi		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.

Terms of reference

- Review the appropriateness of accounting policies.
- Review the appropriateness of assumptions made by Management in preparing the financial statements.
- Review the significant accounting and reporting issues, and understand their impact on the financial statements;
- Review the quarterly and annual financial statements and consider whether they are complete, consistent with prescribed accounting and reporting standards.
- Obtain assurance from Management with respect to the accuracy of the financial statements.
- Review with management and the external auditors the results of external audit, including any significant issues identified.
- Review the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.
- Review the adequacy of the internal control system, including information technology security and control.
- Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- Review the relevant policies and procedures in place and ensure they are up to date, and are complied with.
- Review and ensure the financial internal controls are operating efficiently and effectively.
- Review the Bank's compliance with the performance management and reporting systems;
- Review and ensure the performance reporting and information uses appropriate targets and benchmarks.
- Review the Internal Audit operations manual, budget, activities, staffing, skills and organizational structure of the Internal Audit;
- Review and approve the Internal Audit plan, its scope and any major changes to it, ensuring that it covers the key risks and that there is appropriate co-ordination with the Bank's External Auditors;
- Review and concur in the appointment, replacement, or dismissal of the Chief Internal Auditor;
- Resolve any difficulties or unjustified restrictions or limitations on the scope of Internal Audit work;
- Resolve any significant disagreements between Auditors and Management;
- Review the significant findings and recommendations by Internal Audit and Management responses thereof;
- Review the implementation of Internal Audit recommendations by Management;
- Review the performance of the Chief Internal Auditor;
- Review the effectiveness of the Internal Audit function, including compliance with acceptable International Standards for the Professional Practice of Internal Auditing.
- Review the external auditors' proposed audit scope, approach and audit fees for the year;
- Review the findings and recommendations by External Auditors and Management responses thereof;

Board Audit Committee - Continued

- Review the implementation of External Auditors' recommendations by Management;
- Review the performance of External Auditors;
- Ensure that there is proper coordination of audit efforts between Internal and External Auditors.
- Review the effectiveness of the system for monitoring compliance with laws and regulations;
- Review the findings of any examinations by regulatory agencies, and audit observations;
- Regularly report to the Board of Directors on Committee activities;
- Perform other duties as may be assigned by the Board of Directors;

The members are as follows:

1	Mr. Michael Ajukwu		Chairman
2	Dr. (Mrs) Omolara Akanji	Retired effective 25/02/2022	Member
3	Mrs. Tairat Tijani		Member
4	Mr. Michael Jituboh		Member
5	Mrs. Folasade Kilaso		Member
6	Mr. Paritosh Tripathi		Member

Board Governance and Remuneration Committee

The Committee acts on behalf of the Board on all matters relating to the workforce.

Terms of reference

- Monitoring, reviewing and approving employee relations' issues such as compensation matters/bonus programs and profit sharing schemes;
- Advise the Board on recruitment, promotions and disciplinary issues affecting top management of the Bank from Assistant General Manager grade and above;
- Appraise the Managing Director & Chief Executive and Executive Directors annually for appropriate recommendation to the Board;
- Approve training programmes for Non-Executive Directors;
- The Committee shall review the need for appointments and note the specific experience and abilities needed for each Board Committee, consider candidates for appointment as either Executive or Non-Executive Directors and recommend such appointments to the Board.
- Consideration of appointment of new Directors to the Board;
- The Committee shall review the tenor of both Executive and Non-Executive Directors on the Board and Board Committees.
- The Committee shall recommend any proposed change(s) to the Board.
- Recommend to the Board renewal of appointment of Executive and Non-Executive Directors based on the outcome of review of Directors performance.
- To make recommendations on experience required by Board Committee Members, Committee Appointments and Removal, Reporting and other Committee Operational matters.
- To ensure that the Board evaluation is carried out on an annual basis.
- To review and make recommendations to the Board for approval of the Bank's Organisational structure and any proposed amendments.
- Review and make recommendations on the Bank's succession plan for Directors and other senior management staff from Assistant General Manager grade and above.
- Regular monitoring of compliance with Bank's Code of Ethics and Business Conduct for Directors and Staff.
- The Committee shall determine the incentive arrangements and benefits of the Executive and Non-Executive Directors of the Bank for recommendation to the Board.
- Review and submit to the full Board, recommendations concerning Executive Directors Compensation plans, salaries and perquisites ensuring that the compensation packages are competitive.
- Review and submit to the full Board, recommendations concerning Non-Executive Directors remuneration.
- Review and recommend for Board approval stock-based compensation, share option, incentive bonus, severance benefits and perquisites for Executive Directors and employees.
- Ensure that the level of remuneration is sufficient to attract, retain and motivate Executive Directors and all employees of the Bank while ensuring that the Bank is not paying excessive remuneration.

Board Governance and Remuneration Committee - Continued

- Recommend to the Board compensation payable to Executive Directors and Senior Management employees for any loss of office or termination of appointment.
- Develop, review and recommend the remuneration policy to the Board for approval.
- The Committee may engage a remuneration consultant at the expense of the Bank for the purpose of carrying out its responsibilities. Where such a consultant is engaged by the Committee, the consultant must be independent.
- To perform any other duties assigned by the Board from time to time.

The members are as follows:

1	Mrs. Folasade Kilaso		Chairman
2	Dr. (Mrs.) Omolara Akanji	Retired effective 25/02/2022	Member
3	Mrs. Tairat Tijani		Member
4	Mr. Michael Ajukwu		Member
5	Mr. Michael Jituboh		Member

Statutory Audit Committee

The Committee meets every quarter, but could also meet at any other time, as the need arise.

Terms of reference

- To make recommendations to the Board to be put to the Shareholders for approval at the AGM regarding the appointment, removal and remuneration of the external auditors of the Bank;
- To authorise the internal auditor to carry out investigations into any activities of the Bank which may be of interest or concern to the Committee;
- To review and approve the annual audit plan and ensure that it is consistent with the scope of audit engagement, having regard to the seniority, expertise and experience of the audit team;
- To review representation letter(s) requested by the external auditors before they are signed by Management;
- To review the Management Letter and Management's Response to the auditor's findings and recommendations;
- To assist in the oversight of the integrity of the Bank's financial statements, compliance with legal and other regulatory requirements, assessment of qualifications and independence of external auditor, and performance of the Bank's internal audit function as well as that of external auditors;
- To establish an internal audit function and ensure there are other means of obtaining sufficient assurance of regular review or appraisal of the system of internal controls in the Bank;
- To ensure the development of a comprehensive internal control framework for the Bank, obtain assurance and report annually in the financial report, on the operating effectiveness of the Bank's internal control framework;
- To review such other matters in connection with overseeing the financial reporting process and the maintenance of internal controls as the Committee shall deem appropriate;
- To oversee management's process for the identification of significant fraud risks across the Bank and ensure that adequate prevention, detection and reporting mechanisms are in place;
- At least on an annual basis, obtain and review a report by the internal auditor describing the strength and quality of internal controls including any issues or recommendations for improvement, raised by the most recent internal control review of the Bank;
- Discuss the annual audited financial statements and half yearly unaudited statements with Management and external
- Discuss policies and strategies with respect to risk assessment and management;
- Meet separately and periodically with Management, internal auditors and external auditors;
- To review and ensure that adequate whistle-blowing procedures are in place;
- To review, with the external auditors, any audit scope limitations or problems encountered and management's responses to same;
- To review the independence of the external auditors and ensure that where non-audit services are provided by the external auditors, there is no conflict of interest;

Statutory Audit Committee - Continued

- To consider any related party transactions that may arise within the Bank or Group;
- Invoke its authority to investigate any matter within its terms of reference for which purpose the Bank must make available the resources to the internal auditors with which to carry out this function, including access to external advice where necessary;
- Prepare the Committee's report for inclusion in the Bank's Annual Report; and
- Report to the Board regularly at such times as the Committee shall determine necessary.

The members are as follows:

1	Alhaji Mustapha Jinadu	Chairman
2	Mr. Olaitan Kajero	Member
3	Mr. Idongesit E. Udoh	Member
4	Ms. Christie O. Vincent	Member
5	Mrs. Folasade Kilaso	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'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 loan stock and recovery strategies for deliquent loans.

6 ***Technology Steering Committee (TSC)***
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 is aligned to the Bank's overall organisational development strategy. In line with the policy, Human Capital Management Group is saddled with the responsibility to coordinate the implementation of the Bank's Succession Policy.

Successors are nominated based on experience, skills and competencies through an automated process by current role holders in conjunction with the Human Capital 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 Chief Human Resource Officer 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 and the provisions of Section 14 of the Amendment to the Listing Rules of The Nigerian Stock Exchange.

Complaint Management Policy

The Bank has put in place a Complaint Management Policy guiding the resolution of disputes with stakeholders on issues relating to the Investment and Securities Act.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

In accordance with the provisions of Sections 377 and 378 of the Companies and Allied Matters Act 2020, and Sections 23 and 27 of the Banks and Other Financial Institution Act 2020, the Directors are responsible for the preparation of the consolidated financial statements and the separate financial statements which present fairly, in all material respects, the financial position of the Group and 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 Group and to prevent and detect fraud and other irregularities;

(b) the Group keeps accounting records which disclose with reasonable accuracy the financial position and performance of the Group and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act 2020, Banks and Other Financial Institutions Act 2020, Revised Prudential Guidelines, International Financial Reporting Standards and relevant Circulars issued by the Central Bank of Nigeria;

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

The Directors accept responsibility for the consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act 2020, Banks and Other Financial Institutions Act 2020, Revised Prudential Guidelines, and relevant Circulars issued by the Central Bank of Nigeria.

The Directors are of the opinion that the consolidated and separate financial statements present fairly, in all material respect, the financial position and financial performance of the Group and Bank as of and for the three months ended 31 March 2022.

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

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

Condensed Statement of Profit or Loss
For the period ended 31 March 2022

		Group		Bank	
In millions of Naira	Notes	March 2022	March 2021	March 2022	March 2021
Interest income	3	30,053	25,276	29,488	24,697
Interest expense	4	(13,201)	(10,928)	(12,622)	(10,365)
Net interest income		16,852	14,348	16,866	14,332
Net Fees and commission income	5	5,131	3,652	5,131	3,652
Net trading income	6	1,282	853	1,282	853
Other operating income	7	1,584	1,105	1,584	1,105
Operating income		24,849	19,958	24,863	19,942
Credit loss expense on financial assets	8	(2,076)	(1,767)	(2,076)	(1,767)
Net operating income after impairment		22,773	18,191	22,787	18,175
Personnel expenses	9	(3,601)	(3,549)	(3,601)	(3,549)
Other operating expenses	10	(6,221)	(4,838)	(6,221)	(4,838)
General and administative expenses	11	(5,916)	(4,162)	(5,915)	(4,162)
Other property, plant and equipment cost	12	(2,067)	(1,822)	(2,067)	(1,822)
Depreciation and amortisation	13	(1,227)	(1,315)	(1,227)	(1,315)
Total expenses		(19,032)	(15,686)	(19,031)	(15,686)
Profit before income tax		3,741	2,505	3,756	2,489
Income tax expense	14(a)	(198)	(110)	(198)	(110)
Profit for the period		3,543	2,395	3,558	2,379
Earnings per share - basic (in kobo)	15	12k	8k	12k	8k
Earnings per share - diluted (in kobo)	15	12k	8k	12k	8k

Statement of Other comprehensive income

In millions of Naira	March 2022	March 2021	March 2022	March 2021
Profit for the period	3,543	2,395	3,558	2,379
Items that will not be reclassified to profit or loss in subsequent periods:			-	
Fair value loss on equity instruments at fair value through other comprehensive income	(80)	-	(80)	-
Total items that will not be reclassified to profit or loss	(80)	-	(80)	-
Items that will be reclassified to profit or loss in subsequent periods:				
- Net change in fair value during the period	6,765	(6,423)	6,765	(6,423)
- Changes in allowance for expected credit losses	-	(7)	-	(7)
Net gains/(losses) on financial investments at fair value through other comprehensive income:	6,765	(6,430)	6,765	(6,430)
Other comprehensive income/(loss) for the period, net of tax	**6,685**	**(6,430)**	**6,685**	**(6,430)**
Total comprehensive income/(loss) for the period, net of tax	**10,228**	**(4,035)**	**10,243**	**(4,051)**

Condensed Statement of Financial Position
As at 31 March 2022

		Group		Bank	
In millions of Naira	Notes	March 2022	December 2021	March 2022	December 2021
Assets					
Cash and balances with Central Bank of Nigeria	16	350,300	370,873	350,300	370,873
Due from Banks	17	70,270	94,850	69,140	94,842
Pledged financial assets	18	13,929	10,786	13,929	10,786
Loans and advances to Customers	19	735,776	711,900	735,776	711,900
Investment securities:					
- Debt instruments at fair value through profit or loss	20(a)	9,689	10,237	9,689	10,237
- Debt instruments at fair value through other comprehensive income	20(b)	232,190	168,847	232,190	168,847
- Equity instruments at fair value through other comprehensive income	20(c)	17,932	17,956	17,932	17,956
- Debt instruments at amortised cost	20(d)	93,121	102,225	76,518	84,852
Investment in subsidiary	21	-	-	1	1
Other assets	22	101,003	101,405	101,003	101,405
Right-of-use asset	23	8,070	8,141	8,070	8,141
Investment Property	24	5,995	6,918	5,995	6,918
Property, plant and equipment	25	16,767	16,939	16,767	16,939
Intangible assets	26	958	1,081	958	1,081
Deferred tax assets	14(c)	6,971	6,971	6,971	6,971
Total Assets		1,662,971	1,629,129	1,645,239	1,611,749
Liabilities					
Deposits from Banks	27	17,215	15,568	17,215	15,568
Deposits from Customers	28	1,208,449	1,208,753	1,208,449	1,208,753
Current income tax liabilities	14(b)	1,169	1,018	1,150	999
Other borrowed funds	29	109,048	116,450	109,048	116,450
Debt securities issue	30	43,348	42,327	26,027	25,373
Other liabilities	31	130,783	102,282	130,851	102,350
Lease Liability	32	60	60	60	60
Provisions	33	1,180	1,180	1,180	1,180
Total Liabilities		1,511,252	1,487,638	1,493,980	1,470,733
Equity					
Share capital	34	14,395	14,395	14,395	14,395
Share premium	34	42,759	42,759	42,759	42,759
Retained earnings		37,868	34,859	37,408	34,384
Other components of equity		56,697	49,478	56,697	49,478
Total equity		151,719	141,491	151,259	141,016
Total liabilities and equity		1,662,971	1,629,129	1,645,239	1,611,749

The consolidated and separate financial statements were approved by the Board of Directors on April 27, 2022 and signed on its behalf by:

Adebimpe Olambiwonnu, *FCA*
Group Head, Finance & Performance Management
FRC/2013/ICAN/00000001253

Abubakar Suleiman
Managing Director/ Chief Executive Officer
FRC/2013/CIBN/00000001275

Condensed Statement of changes in equity

For the period ended 31 March 2022

Group

In millions of Naira	Share capital	Share premium	Fair value reserves	Share capital reserve	Regulatory risk reserves	SMIEIS reserve	AGSMEIS reserve	Statutory reserves	Total other component of equity	Retained earnings	Total
Balance at 1 January 2022	14,395	42,759	6,038	5,276	10,247	235	2,381	25,301	49,478	34,859	141,491
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	3,543	3,543
Other comprehensive income net of tax		-	6,685	-	-	-	-	-	6,685	-	6,685
Transfer to other reserve	-	-	-	-	-	-	-	534	534	(534)	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2022	**14,395**	**42,759**	**12,723**	**5,276**	**10,247**	**235**	**2,381**	**25,835**	**56,697**	**37,868**	**151,719**

In millions of Naira	Share capital	Share premium	Fair value reserves	Share capital reserve	Regulatory risk reserves	SMIEIS reserve	AGSMEIS reserve	Statutory reserves	Total other component of equity	Retained earnings	Total
Balance at 1 January 2021	14,395	42,759	12,375	5,276	10,435	235	1,711	23,289	53,321	25,278	135,753
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	2,395	2,395
Other comprehensive income net of tax		-	(6,430)	-	-	-	-	-	(6,430)	-	(6,430)
Transfer to other reserve	-	-	-	-	-	-	-	357	357	(357)	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2021	**14,395**	**42,759**	**5,945**	**5,276**	**10,435**	**235**	**1,711**	**23,646**	**47,248**	**27,316**	**131,718**

Bank

In millions of Naira	Share capital	Share premium	Fair value reserves	Share capital reserve	Regulatory risk reserves	SMIEIS reserve	AGSMEIS reserve	Statutory reserves	Total other component of equity	Retained earnings	Total
Balance at 1 January 2022	14,395	42,759	6,038	5,276	10,247	235	2,381	25,301	49,478	34,384	141,016
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	3,558	3,558
Other comprehensive income net of tax	-	-	6,685	-	-	-	-	-	6,685	-	6,685
Transfer to other reserve	-	-	-	-	-	-	-	534	534	(534)	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2022	**14,395**	**42,759**	**12,723**	**5,276**	**10,247**	**235**	**2,381**	**25,835**	**56,697**	**37,408**	**151,259**

In millions of Naira	Share capital	Share premium	Fair value reserves	Share capital reserve	Regulatory risk reserves	SMIEIS reserve	AGSMEIS reserve	Statutory reserves	Total other component of equity	Retained earnings	Total
Balance at 1 January 2021	14,395	42,759	12,375	5,276	10,435	235	1,711	23,291	53,323	24,913	135,390
Other comprehensive income net of tax	-	-	(6,430)	-	-	-	-	-	(6,430)	2,379	(4,051)
Transfer to other reserve	-	-	-	-	-	-	-	357	357	(357)	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2021	**14,395**	**42,759**	**5,945**	**5,276**	**10,435**	**235**	**1,711**	**23,648**	**47,250**	**26,935**	**131,339**

Condensed Statements of Cash Flow
For the period ended 31 March 2022

		Group		Bank	
In millions of Naira	Notes	March 2022	March 2021	March 2022	March 2021
Operating activities					
Profit after tax		3,543	2,395	3,558	2,379
Adjustment for non cash items:					
Credit loss expense	8	2,076	1,767	2,076	1,767
Depreciation and amortisation	13	1,227	1,315	1,227	1,315
Gain on disposal of property and equipment	7	(248)	(10)	(248)	(10)
Increase/(Decrease) in Provision		-	15	-	15
Foreign exchange gain/loss		2,251	130	2,251	130
Income tax charge		198	110	198	110
Net interest income		(16,852)	(14,348)	(16,866)	(14,332)
		(7,805)	**(8,626)**	**(7,804)**	**(8,626)**
Changes in operating assets:					
Restricted balance with Central bank		(29,388)	(45,215)	(29,388)	(45,215)
Pledged assets		(3,143)	(12,266)	(3,143)	(12,266)
Investment securities at FVTPL		548	892	548	892
Loans and advances to customers		(25,641)	(37,102)	(25,641)	(37,102)
Other assets		(459)	8,985	(459)	6,997
		(65,888)	**(93,332)**	**(65,887)**	**(95,320)**
Changes in operating liabilities:					
Deposit from banks		1,647	15,694	1,647	15,694
Deposits from customers		(304)	88,464	(304)	88,464
Lease Liability		-	3	-	3
Other liabilities		28,454	(23,275)	28,454	(23,646)
Cash generated from operations		**(36,091)**	**(12,447)**	**(36,090)**	**(14,805)**
Interest received		30,053	25,276	29,488	24,697
Interest paid on deposits from banks and customers		(9,467)	(7,239)	(9,467)	(7,239)
Income tax paid		-	-	-	-
Net cash flows from operating activities		**(15,505)**	**5,590**	**(16,069)**	**2,653**
Investing activities					
Proceed from sale of debt instruments at FVOCI		150,764	140,001	150,764	140,001
Purchase of debt instruments at FVOCI		(273,822)	(214,994)	(273,822)	(214,994)
Redemption of debt investment at FVOCI		66,400	62,905	66,400	62,905
Redemption of debt investment held at amortised cost		14,978	552	14,978	552
Purchase of debt investment held at amortised cost		(5,874)	(1,179)	(6,644)	(1,756)
Right-of-use asset	23	(80)	(142)	(80)	(142)
Proceed from sales of investment properties		1,140	283	1,140	283
Purchase of investment properties	24	-	(167)	-	(167)
Purchase of property and equipment	25	(783)	(410)	(783)	(410)
Purchase of intangible assets	26	(3)	(101)	(3)	(101)
Proceeds from the sale of property and equipment		35	26	35	26
Purchase of equity instrument at FVOCI		24	-	24	-
Net cash flows from/(used in) investing activities		**(47,221)**	**(13,227)**	**(47,991)**	**(13,804)**
Financing activities					
Proceeds from other borrowed funds		9,580	18,423	9,580	18,423
Repayments of other borrowed funds		(16,982)	(1,666)	(16,982)	(1,666)
Interest paid on debt securities issued & borrowings		(2,713)	(3,036)	(2,501)	(2,473)
Net cash flows from/(used in) financing activities		**(10,115)**	**13,721**	**(9,903)**	**14,284**
Net increase/(decrease) in cash and cash equivalents		(72,841)	6,085	(73,963)	3,133
Effect of exchange rate changes on cash and cash equivalents		(1,700)	637	(1,700)	637
Cash and cash equivalents at beginning of the period		221,854	95,607	221,846	95,602
Cash and cash equivalents at end of the period	35	**147,313**	**102,329**	**146,183**	**99,372**

Notes to the Consolidated and Separate Financial Statements
For the period ended 31 March 2022

1 Corporate information

Sterling Bank Plc, (formerly known as NAL Bank Plc) domiciled at 20 Marina Lagos 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") together with its subsidiary (collectively the "Group") is engaged in commercial banking with emphasis on retail and 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, money market operations, electronic and mobile banking products and other banking activities.

2 Accounting policies

2.1 (a) Basis of preparation and statement of compliance

The condensed consolidated and separate financial statements of the Bank and its subsidiary have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act 2020, The Financial Reporting Council of Nigeria Act No 6, 2011, the Banks and Other Financial Institutions Act 2020, and relevant Central Bank of Nigeria circulars.

The condensed consolidated and separate financial statements have been prepared on a historical cost basis, except for financial assets measured at fair value.

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

(b) Functional and Presentation currency

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

(c) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiary as at 31 March 2022. Sterling Bank consolidates a subsidiary when it controls the entity. Control is achieved when the Bank is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights results in control. However, under individual circumstances, the Bank may still exercise control with less than 50% shareholding or may not be able to exercise control even with ownership over 50% of an entity's shares. When assessing whether it has power over an investee and therefore controls the variability of its returns, the Bank considers all relevant facts and circumstances, including:

• The purpose and design of the investee
• The relevant activities and how decisions about those activities are made and whether the Bank can direct those activities
• Contractual arrangements such as call rights, put rights and liquidation rights
• Whether the Bank is exposed, or has rights, to variable returns from its involvement with the investee, and has the power to affect the variability of such returns

Profit or loss and each component of OCI are attributed to equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(d) 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 Group are expected to be even within the financial year.

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

During the period under review, there was no issuance/repayment of commercial paper that resulted in an external inflow/outflow into the Bank.

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

There were no significant events that occurred after 31 March 2022 that would necessitate a disclosure and/or adjustment to the interim results presented herein.

(g) Dividends

The Directors did not recommend the payment of any dividend for the Bank's interim results for the period ended 31 March 2022.

(h) Changes to accounting policy

The accounting policies adopted are consistent with those of the previous financial period.

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 consolidated financial statements as at 31 December 2021 (unless otherwise stated). Below are the significant accounting policies.

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented in Note 23 and are subject to impairment in line with the Group's policy as described in Impairment of non-financial assets.

(b) Lease liabilities

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising thereof is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(c) Short-term leases and leases of low-value assets

The Bank applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value (mainly offsite ATM space) assets recognition exemption to leases (i.e., below N2million). Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(d) Financial instruments

- Recognition and initial measurement

Regular purchases and sales of financial assets and liabilities are recognised on the trade date. A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, direct and incremental transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss at initial recognition. Financial assets that are transferred to third parties but do not qualify for derecognition are presented in the statement of financial position as "pledged asset" if the transferee has the right to sell or re-pledge them.

- Classification of financial instruments

The Group classified its financial assets under IFRS 9, into the following measurement categories:
• Those to be measured at fair value through other comprehensive income (FVOCI) (either with or without recycling)
• Those to be measured at fair value through profit or loss (FVTPL)); and
• Those to be measured at amortised cost.

The classification depends on the Group's business model for managing financial assets and the contractual cashflow characteristics of the financial asset (i.e solely payments of principal and interest- SPPI test). Directors determine the classification of the financial instruments at initial recognition.

The Group classifies its financial liabilities as liabilities at fair value through profit or loss and liabilities at amortised cost.

- Subsequent measurements

Debt instruments

The subsequent measurement of financial assets depend on its initial classification:

Amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
• The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is determined using the effective interest method and reported in profit or loss as 'Interest income'.

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.

Fair value through other comprehensive income (FVOCI): Investment in debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:
• the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The debt instrument is subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income (OCI) and accumulated in a separate component of equity. Impairment gains or losses, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal or derecognition, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other operating income. Interest income from these financial assets is determined using the effective interest method and recognised in profit or loss as 'Interest income'.

The measurement of credit impairment is based on the three-stage expected credit loss model as applied to financial assets at amortised cost.

Fair value through profit or loss (FVTPL): Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. The gain or loss arising from changes in fair value of a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is included directly in the profit or loss and reported as 'Net trading income in the period in which it arises. Interest income from these financial assets is recognised in profit or loss as 'Interest income'.

Equity instruments
The Group subsequently measures all equity investments at fair value. For equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other operating income when the Group's right to receive payments is established unless the dividend clearly represents a recovery of part of the cost of the investment. All equity financial assets are classified as measured at FVOCI. Where the Group has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss.

- Business model assessment
The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

1) The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

2) How the performance of the portfolio is evaluated and reported to the Group's management;

3) The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

4) How managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

5) The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest on principal
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:
• contingent events that would change the amount and timing of cash flows;
• leverage features;
• prepayment and extension terms;
• terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
• Features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

The Group holds a portfolio of long-term fixed rate loans for which the Group has the option to revise the interest rate at future dates. These reset rights are limited to the market rate at the time of revision. The right to reset the rates of the loans based on the revision in market rates are part of the contractually agreed terms at inception of the loan agreement, therefore the borrowers are obligated to comply with the reset rates without any option of repayment of the loans at par at any reset date. The Group has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies with the interest rate in a way that is considered a consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

- Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets that are debt instruments. A change in the objective of the Group's business occurs only when the Group either begins or ceases to perform an activity that is significant to its operations (e.g., via acquisition or disposal of a business line).

The following are not considered to be changes in the business model:

• A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
• A temporary disappearance of a particular market for financial assets
• A transfer of financial assets between parts of the entity with different business models

When reclassification occurs, the Group reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model. Gains, losses or interest previously recognised are not restated when reclassification occurs.

The Group may only sell insignificant portion of debt instruments measured at amortised cost frequently without triggering a change in business model. If the Group sells significant portions, this will not be more than twice a year subject to cases of unlikely to reoccur events such as:
- Run on the Bank/stressed liquidity scenarios
- Credit risk event i.e. perceived issuer default
- In the event of merger and takeover, the Bank may sell portion of the portfolio if the security holdings violates set limits
- Other one-off events

Significance is defined to mean 5% of the portfolio value and subject to the policy on frequency above.

The Group may sell debt instruments measured at amortised cost without triggering a change in business model if the sale is due to deterioration in the credit quality of the financial assets or close to maturity. A financial asset is said to be close to maturity if the outstanding tenor of the financial asset from the time of issue is 25% or less of the original tenor.

Sales close to maturity are acceptable if the proceeds from the sales approximate the collection of the remaining contractual cash flows. At the point of sale an assessment will be conducted to determine that the cash flows expected from the financial asset does not exceed the cash flows from the sales by ten (10) per cent.

- Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value. Any difference between the amortised cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded in the profit or loss statement.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. This occurs when the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment (i.e the modified liability is not substantially different), any costs or fees incurred are adjusted to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

- Impairment of financial assets

In line with IFRS 9, the Group assesses its financial instruments for impairment using Expected Credit Loss (ECL) approach.

The Group applies a three-stage approach to measuring expected credit losses (ECL) on debt instruments accounted for at amortised cost, FVOCI, loan commitment and financial guarantee contracts. Assets migrate through the following three stages based on the change in credit quality since initial recognition:

i) Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised. Interest revenue is calculated by applying the effective interest rate to the gross carrying amount.

ii) Stage 2: Lifetime ECL - not credit-impaired
For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognised. Interest revenue is calculated by applying the effective interest rate to the gross carrying amount.

iii) Stage 3: Lifetime ECL - credit-impaired
Financial assets are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. As this uses the same criteria as under IAS 39, the Group's methodology for specific provisions remains unchanged. For financial assets that have become credit-impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost rather than the gross carrying amount.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

In determining whether credit risk has increased significantly since initial recognition, the Group uses its internal credit risk grading system, external risk ratings and forecast information to assess deterioration in credit quality of a financial asset.

The Group assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

The amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and all the cash flows that the Group expects to receive. The amount of the loss is recognised using an allowance for credit losses account

The Group considers its historical loss experience and adjusts this for current observable data. In addition, the Group uses reasonable and supportable forecasts of future economic conditions including experienced judgment to estimate the amount of an expected impairment loss. IFRS 9 introduces the use of macroeconomic factors which include, but is not limited to, unemployment, interest rates, gross domestic product, inflation and commercial property prices, and requires an evaluation of both the current and forecast direction of the economic cycle. Incorporating forward looking information increases the level of judgement as to how changes in these macroeconomic factors will affect ECL. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, depending on the stage of the life time 2 or stage 3 of the ECL bucket, the Group would continue to monitor such financial assets for a probationary period of 90 days to confirm if the risk of default has decreased sufficiently before upgrading such exposure from life time ECL (Stage 2) to 12- months ECL (Stage 1). In addition to 90 days probationary period above, the Group also observes a further probationary period of 90 days to upgrade from Stage 3 to 2. This means a probationary period of 180 days will be observed before upgrading financial assets from lifetime ECL (Stage 3) to 12 months ECL (Stage 1).

In the case of the new asset category for debt instruments measured at FVOCI, the measurement of ECL is based on the three-stage approach as applied to financial assets at amortised cost. The Group recognises the impairment charge in profit or loss, with the corresponding amount recognised in other comprehensive income, with no reduction in the carrying amount in the statement of financial position.

- Impairment of non-financial assets
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.

(e) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are carried at historical cost less accumulated depreciation and impairment. The fair value and valuation inputs of the investment property are also disclosed in note 24 in accordance with IAS 40.

The investment properties consist of buildings which are depreciated on a straight-line basis over their useful life of 50 years.

Investment properties are derecognized either when they have been disposed off (i.e. at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying amount at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(f) Interest Income and Expense

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

• The gross carrying amount of the financial asset; or
• The amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

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

Amortised cost and gross carrying amount

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance

Calculation of interest income and expenses

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net carrying amount of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that are credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Presentation

Interest income and expense presented in the profit or loss includes:

• interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;
• interest on debt instruments measured at FVOCI calculated on an effective interest basis;

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in Net trading income on financial instruments classified as held for trading.

Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in interest income or interest expense.

(g) Non-interest income and non -interest expense

Sharia income

Included in interest income and expense are sharia income and expense. The Group'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 Mudaraba 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.

(h) Fees and commission income and expense

Unless included in the effective interest calculation, fees and commissions are recognised on an accrual basis as the service is provided. Fees and commissions not integral to effective interest arising from negotiating, or participating in the negotiation of, a transaction from a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts.

The same principle is applied to the recognition of income from wealth management, financial planning and custodial services that are continuously provided over an extended period of time.

(i) 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.

(j) Dividend income

Dividend income is recognised when the right to receive income is established. Dividends on trading equities are reflected as a component of net trading income. Dividend income on equity instruments classified and measured at fair value through OCI (FVOCI) are recognised as a component of other operating income.

(k) 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 Group in the management of its short-term commitments.

(l) Property, plant and equipment

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.

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 Group 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.

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.

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 buildings	50 years
Computer equipment	5 years
Furniture, fittings & equipment	5 years
Motor vehicles	4 years
Leasehold improvements	10 years

Capital work in progress consists of items of property, plant and equipment that are not yet available for use. Capital work in progress is not depreciated, it is transferred to the relevant asset category upon completion.

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

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.

(m) Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition, management has committed to the sale, and the sale is expected to have been completed within one year from the date of classification. The group classifes repossessed assets as non-current assets held for sale as it intends to recover these assets primarily through sales transactions.

A non-current asset ceases to be classified as held for safe if the criteria mentioned above are no longer met. A non-current asset that ceases to be classified as held for sale is be measured at the lower of:

(i) its carrying amount before the asset (or disposal group) was classified as held for sale or for distribution, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been so classified; and

(ii) its recoverable amount at the date of the subsequent decision not to sell or distribute.

2.3 Going Concern

The Group'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 business from issuance date of this report. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated and separate financial statements continue to be prepared on the going concern basis.

2.4 New standards and interpretation issued but not yet effective

New standards have been issued but are not yet effective for the period ended 31 March 2022; thus, it has not been applied in preparing these financial statements. The Group intends to adopt the standards below when they become effective:

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented.

In addition, at the beginning of the earliest comparative period an entity recognises:
• A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

• The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

These amendments are not expected to have significant impact on the consolidated financial statements of the Group, and it is effective annual reporting periods beginning on or after 1 January 2023.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

On 12 February 2021, the IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities distinguish between accounting policies and accounting estimates. The amendment clarifies that a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after 1 January 2023.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

Amendments to IAS 8: Definition of Accounting Estimates

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in the profit or loss.

The amendment, which is effective for annual periods beginning on or after 1 January 2023, will not have any material impact on the Group.

IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023. The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation, and disclosure of Insurance contracts within the scope of the Standard. It also requires similar principles for reinsurance contracts held and issued investment contracts with discretionary participation features. The standard brings a greater degree of comparability and transparency about an insurer's financial health and the profitability of new and in-force insurance business.

The standard introduces a general measurement model that measures groups of insurance contracts based on fulfilment cash flows (comprising probability-weighted current estimates of future cash flows and an explicit entity-specific adjustment for risk) and a contractual service margin. The premium allocation approach (PAA) is a simplified measurement model that may be applied when certain conditions are fulfilled. Under the PAA approach, the liability for remaining coverage will be initially recognised as the premiums, if any, received at initial recognition, minus any insurance acquisition cash flows. The general measurement model has specific modifications applicable to accounting for reinsurance contracts, direct participating contracts and investment contracts with discretionary participation features.

IFRS 17 will have no impact on the Group, as it does not issue insurance contract.

2.5 Segment Information

Segment information is presented in respect of the Group's strategic business units which represents the segment reporting format and is based on the Group'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 Group has six reportable segments; Corporate Banking, Retail Banking, Commercial Banking, Institutional Banking, Non-interest Banking (NIB) and Sterling SPV which are the Bank's strategic business units. The strategic business units offer different products and services, and are managed separately based on the Group'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 Group's reportable segments:

- Corporate banking provides banking solutions to multinational companies and other financial institutions.
- Institutional banking provides banking solutions to various levels of government, their parastatals, agencies and contractors.
- Retail and Commercial banking provides banking solutions to individuals, small businesses, partnerships and commercial entities among others.
- Non-Interest banking provides solutions that are consistent with Islamic laws and guided by Islamic economics.
- Sterling SPV business objective is to raise or borrow money by the issue of bonds or other debt instruments.

All transactions among 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 Group's total revenue in the period (3 Months - 2021: none).

Segment Information continued

In millions of Naira	Retail Banking	Commercial Banking	Institutional Banking	Corporate & Investment Banking	Non-Interest Banking	SPV	Total
For the period ended 31 March 2022							
Interest income and NIB income	6,758	4,232	6,690	10,295	1,513	565	30,053
Interest expenses and NIB expense	(1,481)	(2,145)	(2,098)	(6,452)	(446)	(579)	(13,201)
Net interest income/NIB margin	**5,277**	**2,087**	**4,592**	**3,843**	**1,067**	**(14)**	**16,852**
Net Fees and commission income	1,586	835	674	2,031	5	-	5,131
Depreciation of property & Equipment	(806)	(68)	(74)	(148)	(131)	-	(1,227)
Impairment	(1,173)	(53)	(472)	(134)	(244)	-	(2,076)
Operating expenses	(3,572)	(1,536)	(5,486)	(6,739)	(471)	(1)	(17,805)
Segment Profit (loss)	**1,892**	**1,568**	**(756)**	**530**	**522**	**(15)**	**3,741**
As at 31 March 2022							
Assets:							
Capital expenditure							
Property, plant and equipment	774	3	3	3	-		783
Intangible assets	3	-	-		-		3
Total Assets	**180,758**	**169,123**	**251,795**	**939,957**	**103,606**	**17,732**	**1,662,971**
Total Liabilities	**402,088**	**352,515**	**293,537**	**361,097**	**84,745**	**17,270**	**1,511,252**

In millions of Naira	Retail Banking	Commercial Banking	Institutional Banking	Corporate & Investment Banking	Non-Interest Banking	SPV	Total
For the period ended 31 March 2021							
Interest income and NIB income	3,225	3,945	6,493	10,022	1,012	579	25,276
Interest expenses and NIB expense	(914)	(1,658)	(1,869)	(5,702)	(222)	(563)	(10,928)
Net interest income/NIB margin	**26,836**	**2,287**	**4,624**	**4,320**	**790**	**16**	**14,348**
Net Fees and Commission income	1,232	147	1,070	1,186	17	-	3,652
Depreciation of property & Equipment	(878)	(71)	(65)	(166)	(135)	-	(1,315)
Impairment	(410)	(29)	(316)	(831)	(181)	-	(1,767)
Operating expenses	(3,503)	(1,893)	(4,009)	(4,661)	(305)	-	(14,371)
Segment Profit (loss)	**(936)**	**743**	**1,670**	**664**	**348**	**16**	**2,505**
As at 31 December 2021							
Assets:							
Capital expenditure							
Property, plant and equipment	4,235	132	151	183	-	-	4,701
Intangible assets	188	-	-	-	-	-	188
Total Assets	**182,212**	**149,373**	**262,774**	**928,137**	**89,253**	**17,380**	**1,629,129**
Total Liabilities	**395,098**	**330,322**	**282,691**	**389,370**	**73,252**	**16,905**	**1,487,638**

3 Interest income

	Group		Bank	
In millions of Naira	March 2022	March 2021	March 2022	March 2021
Cash and cash equivalent	78	55	78	55
Debt instruments at FVOCI	1,301	2,462	1,301	2,462
Debt instruments at amortised cost	4,942	2,740	4,377	2,161
Loan and advances to customers	23,732	20,019	23,732	20,019
	30,053	25,276	29,488	24,697

4 Interest Expense

In millions of Naira	March 2022	March 2021	March 2022	March 2021
Deposits from banks	105	574	105	574
Deposits from customers	9,362	6,662	9,362	6,662
Other borrowed funds	2,072	2,030	2,072	2,030
Debt securities issued	1,662	1,659	1,083	1,096
Interest on Lease Liability	-	3	-	3
	13,201	10,928	12,622	10,365

5 Net Fees and commission income

Fees and commission income *In millions of Naira*	March 2022	March 2021	March 2022	March 2021
Facility management fees	760	452	760	452
Account maintanance fee	911	655	911	655
Commissions and similar income	685	133	685	133
E-business commission and fees	1,885	1,602	1,885	1,602
Commission on letter of credit and off balance sheet transactions	661	236	661	236
Other fees and commission	1,603	1,973	1,603	1,973
	6,505	5,051	6,505	5,051
Fees and commission expense				
E-business expense	(1,374)	(1,399)	(1,374)	(1,399)
	5,131	3,652	5,131	3,652

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

6 Net trading income

In millions of Naira	March 2022	March 2021	March 2022	March 2021
Bonds - FVPL	914	531	914	531
Treasury bills - FVPL	351	215	351	215
Foreign exchange trading	2,268	237	2,268	237
Foreign exchange revaluation loss	(2,251)	(130)	(2,251)	(130)
	1,282	853	1,282	853

7 Other operating income

In millions of Naira	March 2022	March 2021	March 2022	March 2021
Rental income	60	83	60	83
Other sundry income	859	462	859	462
Gains on disposal of property, plant and equipment	248	10	248	10
Cash recoveries on previously written off accounts	417	550	417	550
	1,584	1,105	1,584	1,105

8 Credit loss expense on financial assets

In millions of Naira	March 2022	March 2021	March 2022	March 2021
Impairment charge on loans	1,962	2,335	1,962	2,335
Bad debt written off	41	30	41	30
Allowances no longer required	(238)	(917)	(238)	(917)
	1,765	1,448	1,765	1,448
Other financial asset impairment				
Impairment on investment securities	-	(23)	-	(23)
Impairment charge on other assets	311	342	311	342
	2,076	1,767	2,076	1,767

9 Personnel expenses

In millions of Naira	Group March 2022	Group March 2021	Bank March 2022	Bank March 2021
Wages and salaries	3,263	3,251	3,263	3,251
Defined contribution plan	338	298	338	298
	3,601	3,549	3,601	3,549

10 Other operating expenses

In millions of Naira	March 2022	March 2021	March 2022	March 2021
AMCON surcharge (see note (i) below)	2,325	1,848	2,325	1,848
Contract Services	1,808	1,608	1,808	1,608
Insurance	1,463	1,218	1,463	1,218
Banking Resolution Fund (see note (ii) below)	409	-	409	-
Other Professional Fees	216	164	216	164
	6,221	4,838	6,221	4,838

AMCON surcharge

(i) This represents the Bank's contribution to a fund established by the Asset Management Corporation of Nigeria (AMCON) Act. Effective 1 January 2013, the Bank is required to contribute an equivalent of 0.5% of its total assets plus 0.5% of all contingent assets as at the preceding year end to AMCON's sinking fund in line with existing guidelines. This contribution is for a period of 10 years from the effective date of 1 January 2013. It is non-refundable and does not represent any ownership interest.

(ii) This represents accrual for Banking Resolution Fund Levy in accordance with provisions of sections 74 and 77 of the Banks and Other Financial Institutions Act 2020. At commencement date, the Bank is required to contribute an equivalent of 10 basis points of its total assets as at the date of its audited financial statements for the immediately preceding financial year.

11 General and administative expenses

In millions of Naira	March 2022	March 2021	March 2022	March 2021
Administrative expenses	2,072	1,180	2,072	1,180
Audit fees	63	62	63	62
Office expenses	1,057	940	1,057	940
Advertising and business promotion	291	275	291	275
Cash handling and processing expense	329	290	329	290
Branding expenses	60	43	60	43
Communication cost	448	438	448	438
Transport, travel, accomodation	144	99	144	99
Seminar and conferences	225	80	225	80
Rents and rates	104	138	104	138
Security	109	97	109	97
Other general expenses	699	269	698	269
Annual general meeting expenses	60	60	60	60
Stationery and printing	42	33	42	33
Directors other expenses	95	95	95	95
Membership and subscription	102	53	102	53
Fines and penalties	2	-	2	-
Directors fee	14	10	14	10
	5,916	4,162	5,915	4,162

12 Other property, plant and equipment cost

In millions of Naira	March 2022	March 2021	March 2022	March 2021
Repairs and maintenance of PPE	2,067	1,822	2,067	1,822
	2,067	1,822	2,067	1,822

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.

13 Depreciation and amortisation

In millions of Naira	March 2022	March 2021	March 2022	March 2021
Amortisation of intangible assets (see note 26)	126	195	126	195
Depreciation of property, plant and equipment (see note 25)	928	902	928	902
Right-of-use asset amortisation (see note 23)	151	191	151	191
Depreciation Investment Property (see note 24)	22	27	22	27
	1,227	1,315	1,227	1,315

14 Income tax expense

In millions of Naira	March 2022	March 2021	March 2022	March 2021
(a) Income tax	151	85	151	85
Information technology levy	38	25	38	25
Nigerian Police Trust Fund levy	-	-	-	-
Science and Engineering Infrastructure Levy	9	-	9	-
Total income tax expense	198	110	198	110

14 (b) *Current income tax liabilities*

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

In millions of Naira	Group March 2022	Group December 2021	Bank March 2022	Bank December 2021
Balance, beginning of the period	1,018	551	999	551
Income tax for the period.	151	760	151	760
Prior period under provision	-	19	-	-
Payments during the period	-	(312)	-	(312)
	1,169	1,018	1,150	999

14 (c) Deferred tax

In millions of Naira	Balance as at 1 January 2022	Recognised in profit or loss	Balance as at 31 March 2022
Accelerated depreciation of property, plant and equipment	1,097	-	1,097
Unutilised tax credit (capital allowance)	(5,368)	-	(5,368)
Tax losses	(2,343)	-	(2,343)
Provisions	(357)	-	(357)
	(6,971)	-	(6,971)

31 December 2021

In millions of Naira	Balance as at 1 January 2021	Recognised in profit or loss	Balance as at 31 December 2021
Accelerated depreciation of property, plant and equipment	378	719	1,097
Unutilised tax credit (capital allowance)	(3,187)	(2,181)	(5,368)
Tax losses	(4,152)	1,809	(2,343)
Provisions	(10)	(347)	(357)
	(6,971)	-	(6,971)

15 Earning per share (basic and diluted)

The calculation of basic earnings per share as at 31 March 2022 was based on the profit attributable to ordinary shareholders of N3,543,000,000 and weighted average number of ordinary shares outstanding of 28,790,418,126 calculated as follows:

In thousands of Unit	March 2022	March 2021	March 2022	March 2021
Weighted average number of ordinary shares	28,790	28,790	28,790	28,790

In millions of Naira	March 2022	March 2021	March 2022	March 2021
Profit for the period attributable to equity holders of the Bank	3,543	2,395	3,558	2,379
Basic earning per share	12k	8k	12k	8k
Diluted earning per share	12k	8k	12k	8k

16 Cash and balances with Central Bank

In millions of Naira	March 2022	December 2021	March 2022	December 2021
Cash and foreign monies	37,087	34,315	37,087	34,315
Unrestricted balances with Central Bank of Nigeria	39,956	92,689	39,956	92,689
Restricted deposits with the Central Bank of Nigeria	273,257	243,869	273,257	243,869
	350,300	370,873	350,300	370,873

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.

17 Due from banks

In millions of Naira	March 2022	December 2021	March 2022	December 2021
Balances held with local banks	1,130	8	-	-
Balances held with banks outside Nigeria	63,167	85,791	63,167	85,791
Money market placements	5,973	9,051	5,973	9,051
	70,270	94,850	69,140	94,842

18 Pledged financial assets

In millions of Naira	Group March 2022	Group December 2021	Bank March 2022	Bank December 2021
Securities instruments measured at fair value through other comprehensive income:				
- Treasury Bills (see note (a) below)	13,568	10,427	13,568	10,427
Total Pledged asset at FVOCI	13,568	10,427	13,568	10,427
Securities instruments measured at amortised cost:				
- Bonds (see note (b) below)	236	232	236	232
Other pledged assets (see note (c) below)	125	127	125	127
	361	359	361	359
ECL on Pledged asset at amortised cost	-	-	-	-
Total Pledged asset at amortised cost	361	359	361	359
Total pledged assets	13,929	10,786	13,929	10,786

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 loan facility from Bank of Industry.

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

19 Loan and Advances to Customers

In millions of Naira	March 2022	December 2021	March 2022	December 2021
Loans to corporate entities and other organizations	605,724	626,563	605,724	626,563
Loans to individuals	145,834	99,517	145,834	99,517
	751,558	726,080	751,558	726,080
Less:				
- ECL Stage 1	(7,021)	(7,357)	(7,021)	(7,357)
- ECL Stage 2	(4,180)	(4,443)	(4,180)	(4,443)
- ECL Stage 3	(4,581)	(2,380)	(4,581)	(2,380)
	735,776	711,900	735,776	711,900

20 Investment securities:

	In millions of Naira	March 2022	December 2021	March 2022	December 2021
(a)	***Investments fair value through profit or loss***				
	- Bonds	337	2,447	337	2,447
	- Euro bond	296	374	296	374
	- Treasury bills	9,056	6,763	9,056	6,763
	- Promissory notes	-	653	-	653
		9,689	10,237	9,689	10,237
(b)	**Instruments at fair value through other comprehensive income**				
	Debt instrument at FVOCI				
	- Government bond	51,607	61,643	51,607	61,643
	- Euro bond	14,905	7,615	14,905	7,615
	- Corporate bonds	18,633	17,904	18,633	17,904
	- Treasury bills	111,720	48,635	111,720	48,635
	- Promissory notes	35,325	33,050	35,325	33,050
		232,190	168,847	232,190	168,847
(c)	***Equity instrument at fair value through other comprehensive income***				
	Equity securities at FVOCI	17,932	17,956	17,932	17,956
	Total equity at FVOCI	17,932	17,956	17,932	17,956
(d)	***Instruments at amortised cost***				
	- Government bonds	78,030	99,594	64,625	82,553
	- Treasury bills	9,644	245	9,594	-
	- Promissory note	5,453	2,393	2,305	2,305
		93,127	102,232	76,524	84,858
	Less:				
	- impairment on investments at amortised cost	(6)	(7)	(6)	(6)
		93,121	102,225	76,518	84,852

21 Investment in Subsidiary

In millions of Naira	Group March 2022	Group December 2021	Bank March 2022	Bank December 2021
Investment in Sterling SPV	-	-	1	1
	-	-	1	1

Condensed Statement of Profit or loss for the Period ended 31 March 2022

In millions of Naira	SPV Consolidated Amount	Elimination Entries	Sterling SPV
Interest income	565	(1,083)	1,648
Interest expense	(579)	1,083	(1,662)
Other operating expense	-	-	-
General and administative expenses	(1)	-	(1)
Profit/Loss for the Period	(15)	-	(15)

Condensed Statement of financial position as at 31 March 2022

Assets			
Cash and balances with banks	1,130	-	1,130
Investment in securities - Bills	50	-	50
Investment in securities - Bonds	13,405	-	13,405
Investment in securities - Sterling Notes (See below (a))	-	(26,151)	26,151
Promissory note	3,148	-	3,148
Investment in subsidiary	(1)	(1)	-
Other assets	-	(75)	75
	17,732	(26,227)	43,959
Liabilities and Equity			
Debt securities in issue	17,321	(26,344)	43,665
Other Liabilities	(51)	(75)	24
Equity	-	(1)	1
Reserve	477	193	284
Profit for the period	(15)	-	(15)
	17,732	(26,227)	43,959

Condensed Statement of Profit or loss for the Period ended 31 March 2021

	Group	Bank	
In millions of Naira	Sterling Group	Elimination Entries	Sterling SPV
Interest income	(2,709)	(4,345)	1,636
Interest expense	2,724	4,345	(1,621)
Other operating expense	-	-	-
General and administative expenses	-	-	-
Profit/Loss for the Period	16	-	16

Condensed Statement of financial position as at 31 December 2021

Assets			
Cash and balances with Central Bank	8	-	8
Investment in securities - Bonds	17,373	-	17,373
Investment in securities - Sterling Notes (See below (a))	-	(25,513)	25,513
Other assets	-	(75)	75
Investment in subsidiary	(1)	(1)	-
	17,380	(25,589)	42,969
Liabilities and Equity			
Debt securities in issue	16,954	(25,706)	42,660
Other Liabilities	(68)	(75)	7
Current income tax payable	19	-	19
Equity	-	(1)	1
Reserve	475	193	282
Profit for the period	-	-	-
	17,380	(25,589)	42,969

(a) This represents investment made by Sterling SPV in Sterling notes (Debenture). This consists of 7 year 18.86% and 17.55% surbodinated unsecured non-convertible debenture stock with interest payable semi-annually and due to mature in 2023 and 2025 respectively.

22 Other Assets

Other assets comprise:

In millions of Naira	March 2022	December 2021	March 2022	December 2021
Financial assets				
Accounts receivable (see note (a) below)	93,670	97,450	93,670	97,450
	93,670	97,450	93,670	97,450
Non-financial assets				
Prepayments	8,235	4,444	8,235	4,444
Prepaid staff cost (see note (b) below)	1,308	1,574	1,308	1,574
Stock of cheque books and stationery	1,793	1,650	1,793	1,650
Gross other asset	105,006	105,118	105,006	105,118
Impairment on other assets	(4,003)	(3,713)	(4,003)	(3,713)
	101,003	101,405	101,003	101,405

Movement in impairment on other assets

In millions of Naira	March 2022	December 2021	March 2022	December 2021
Balance, beginning of period	3,713	1,801	3,713	1,801
Impairment on other assets (See note 8)	311	2,031	311	2,031
Write-offs	(21)	(119)	(21)	(119)
Balance, end of period	4,003	3,713	4,003	3,713

(a) Included in account receivable are forex deliverables due from Central Bank of Nigeria for the Bank's customers.

(b) Prepaid staff cost are mostly staff related benefits, among others.

23 Right-of-use asset

In millions of Naira	March 2022	December 2021	March 2022	December 2021
Opening balance	8,141	8,319	8,141	8,319
Additions during the period	80	573	80	573
Reversal	-	(16)	-	(16)
Amortisation during the period (See note 13)	(151)	(735)	(151)	(735)
Closing balance	8,070	8,141	8,070	8,141

24 Investment property

In millions of Naira	March 2022	December 2021	March 2022	December 2021
(i) **Cost**				
Opening balance	7,095	8,133	7,095	8,133
Additions during the period	-	667	-	667
Disposal	(939)	(1,705)	(939)	(1,705)
Balance end of period	6,156	7,095	6,156	7,095
(ii) **Accumulated depreciation and impairment**	March 2022	December 2021	March 2022	December 2021
Opening balance	177	129	177	129
Depreciation (See note 13)	22	102	22	102
Disposal	(38)	(54)	(38)	(54)
Balance end of period	161	177	161	177
Closing balance	5,995	6,918	5,995	6,918

The fair value of the Group's investment property at 31 March 2022 was determined by independent, appropriately qualified external valuers - Austin Otegbulu PhD. (FRC/2013/NIESV/00000001582) of A.C Otegbulu & Partners (FRC/2020/00000013592) and Oladapo Olaiya (FRC/2013/NIESV/00000004238) of Dapo Olaiya Consulting (FRC/2013/0000000000569). The valuations conform to the Estate surveyors and valuers registration board of Nigeria Standards. Fees paid to valuers are based on fixed price contracts.

The investment property consist of blocks of Buildings located at Prime Water View Gardens Estate 2, Ikate Lekki, Royalbridge Realtors Abijo, Ajah, Lagos State, Crown Court Durumi, Abuja FCT. The investment property is driven by the Non-interest Banking Window of the Bank in line with the Central Bank of Nigeria guidelines and the provisions of IAS 40.

25 Property, plant and equipment

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

Group and Bank

In millions of Naira	Leasehold Land	Leasehold Building	Leasehold Improvement	Capital work-in-progress	Furniture, fittings and equipment	Computer equipment	Motor vehicles	Total
(a) ***Cost***								
Balance as at 1 January, 2022	1,993	4,317	4,007	3,178	11,666	15,592	5,943	46,696
Additions for the period	-	-	2	571	32	132	46	783
Disposals	-	-	-	-	(5)	-	(157)	(162)
Reclassification	-	-	32	(137)	22	24	59	-
Writeoff	-	-	-	-	(456)	-	-	(456)
Balance as at 31 March 2022	1,993	4,317	4,041	3,612	11,259	15,748	5,891	46,861
Balance as at 1 January, 2021	1,993	4,126	3,811	935	11,318	14,898	5,699	42,780
Additions for the period	-	4	187	2,663	347	709	791	4,701
Disposals	-	-	-	-	(212)	(20)	(553)	(785)
Reclassification	-	187	9	(420)	213	5	6	-
Writeoff	-	-	-	-	-	-	-	-
Balance as at 31 December 2021	1,993	4,317	4,007	3,178	11,666	15,592	5,943	46,696
(b) ***Depreciation and impairment losses***								
Balance as at 1 January, 2022	242	673	2,741	-	9,601	12,388	4,112	29,757
Charge for the period	-	22	69	-	213	346	278	928
Disposals	-	-	-	-	(5)	-	(131)	(136)
Writeoff	-	-	-	-	(456)	-	-	(456)
Balance as at 31 March 2022	242	695	2,810	-	9,353	12,734	4,259	30,093
Balance as at 1 January, 2021	242	590	2,466	-	8,896	11,164	3,466	26,824
Charge for the period	-	83	275	-	911	1,243	1,107	3,619
Disposals	-	-	-	-	(206)	(19)	(461)	(686)
Writeoff	-	-	-	-	-	-	-	-
Balance as at 31 December 2021	242	673	2,741	-	9,601	12,388	4,112	29,757
Carrying amounts								
Balance as at 31 March 2022	1,751	3,622	1,231	3,612	1,905	3,014	1,632	16,767
Balance as at 31 December 2021	1,751	3,644	1,266	3,178	2,065	3,204	1,831	16,939
Balance as at 1 January, 2021	1,751	3,536	1,345	935	2,422	3,734	2,232	15,956

The gross carrying amount of fully depreciated property, plant and equipment that is still in use is N16.47billion (2021: N16.36billion).

26 **Intangible assets**

Purchased Software

In millions of Naira	Group March 2022	Group December 2021	Bank March 2022	Bank December 2021
Cost				
Beginning of period	5,484	5,296	5,484	5,296
Additions	3	188	3	188
Writeoff	-	-	-	-
Balance end of period	5,487	5,484	5,487	5,484
Amortisation and impairment losses				
Beginning of period	4,403	3,714	4,403	3,714
Amortisation for the period (See note 13)	126	689	126	689
Writeoff	-	-	-	-
Balance end of period	4,529	4,403	4,529	4,403
Carrying amounts	958	1,081	958	1,081

27 **Deposits from Banks**

In millions of Naira	March 2022	December 2021	March 2022	December 2021
Balances due to Local banks (See (i) below)	14,215	-	14,215	-
Money Market Deposits	3,000	15,568	3,000	15,568
	17,215	15,568	17,215	15,568

(i) This represents clearing position with local Banks

28 **Deposits from customers**

In millions of Naira	March 2022	December 2021	March 2022	December 2021
Current accounts	668,864	618,698	668,864	618,698
Savings accounts	207,628	204,889	207,628	204,889
Term deposits	227,208	289,921	227,208	289,921
Pledged deposits	104,748	95,245	104,748	95,245
	1,208,449	1,208,753	1,208,449	1,208,753

29 **Other borrowed Funds**

In millions of Naira	March 2022	December 2021	March 2022	December 2021
Foreign Funds				
Due To Master Card Foundation (MCF)(See (i) below)	9,145	9,322	9,145	9,322
Due to Islamic Corporation Development Bank (See (ii) below)	10,442	10,277	10,442	10,277
Due To Africa Agric and Trade Investment Fund (See (iii) below)	2,066	2,100	2,066	2,100
	21,653	21,699	21,653	21,699
Local Funds				
Due to BOI (See (iv) below)	2,372	2,241	2,372	2,241
Due to CBN-Agric-Fund (See (v) below)	35,794	40,098	35,794	40,098
Due to Nigeria Mortgage Refinance Company (See (vi) below)	1,915	1,954	1,915	1,954
Due to Excess Crude Account (See (vii) below)	13,858	13,746	13,858	13,746
Due to CBN - RSSF Fund (See (viii) below)	4,294	4,537	4,294	4,537
Due to CBN - NESF Fund (See (ix) below)	2,639	2,823	2,639	2,823
Due to CBN - ABP Fund (See (x) below)	26,522	29,352	26,522	29,352
	87,395	94,751	87,395	94,751
	109,048	116,450	109,048	116,450

(i) This represents Naira equivalent of $21.9 million from Master Card Foundation (MCF). It is a blended lending programme (MCF 65%, Sterling 35%) to MSMEs to help them withstand and respond to short term impacts of the COVID-19 Pandemic, while strengthening resilience in the Agricultural sector. The agreed period for the scheme is 24 months in the first instance but with renewal option/fund utilization for charitable projects by MCF. The facility attracts a margin of 9%.

In October 2021, the Bank received additional disbursement of $6.4 million from Master Card Foundation (MCF). The agreed period for the scheme is 48 months which is expected to terminate in September 2025.

(ii) This represents Naira equivalent of $25 million amortising Murabaha financing facilities granted in June 2021 by Islamic Corporation for the development of the private sector expiring in June 2026. The facility is at a margin of 6.21%.

(iii) This represents the outstanding balance on the $15 million credit facility granted to the Bank by Africa Agriculture and Trade Investment Fund payable in 4 years in 9 installments commencing June 2019. Interest is payable quarterly at LIBOR plus a margin. The facility will mature in March 2023 . The effective interest rate of the loan is 6.84% per annum.

(iv) This represents the outstanding balance on the funding granted by BOI under the Small and Medium Enterprise Refinancing and Restructuring Fund (SMERRF) . The SMERRF is administered at an all-in interest rate of 10% per annum payable on a monthly basis, one-off fee 2% and monitoring fee of 0.125% payable on quarterly basis. The tenor of the facilities range between 5 years to 7 years.

(v) Central Bank of Nigeria (CBN) in collaboration with the Federal Government of Nigeria (FGN) represented by the Federal Ministry of Agriculture and Water Resources (FMA & WR) established a Commercial Agricultural Credit Scheme, (CACS) to promote commercial agricultural enterprise in Nigeria. The Bank obtained the loan on behalf of the customer at 2% to lend to the customer at 9% inclusive of management and processing fee. Repayment proceeds from CACS projects are repatriated to CBN on quarterly basis, all loans under the agriculture scheme is expected to terminate on 30 September 2025.

CBN in response to COVID-19 outbreak and spillovers, issued a circular on 16 March 2020 with reference No. FPR/DIR/GEN/CIR/07/049 reducing interest rates on all CBN intervention facilities from 9 to 5 percent per annum for 1 year effective March 1, 2020. The reduction in rate which was initially extended till 28 February 2022 (circular reference No FPR/DIR/PUB/CIR/01/001 of 03 March 2021) has been extended by additional 1 year via circular reference No FPR/DIR/PUB/CIR/001/040 of 15 March 2022.

(vi) This represents a loan agreement between the Bank and Nigeria Mortgage Refinance Company PLC (NMRC) for NMRC to refinance from time to time Mortgage Loans originated by the Bank with full recourse to the Bank on the terms and conditions stated in the agreement. The facility was obtained during the year 2016 at an interest rate of 15.5% per annum to mature 7 September 2031.

(vii) This is a facility granted as a result of the decision made during the June 2015 National Economic Council (NEC) meeting for deposit money banks to extend concessionary loans to state governments using the balance in the Excess Crude Account (ECA) as collateral. Osun and Kwara State Government indicated their willingness to work with Sterling Bank Plc on the transaction. The Osun State Goverment applied for N10billion, while Kwara State Government applied for N5billion. The facilities were approved at the June 2015 National Economic Council meeting. The purpose of the loans are for developmental and infrastructure projects in the states. CBN granted the loan to the states at 9% annually for 20 years.

CBN in response to COVID-19 outbreak and spillovers, issued a circular on 16 March 2020 with reference No. FPR/DIR/GEN/CIR/07/049 reducing interest rates on all CBN intervention facilities from 9 to 5 percent per annum for 1 year effective March 1, 2020. The reduction in rate which was initially extended till 28 February 2022 (circular reference No FPR/DIR/PUB/CIR/01/001 of 03 March 2021) has been extended by additional 1 year via circular reference No FPR/DIR/PUB/CIR/001/040 of 15 March 2022.

(viii) The Central Bank of Nigeria, as part of the efforts to unlock the potential of the real sector to engender output growth, value added productivity and job creation has established a N300 billion Real Sector Support Facility (RSSF). The Facility will be used to support large enterprises for start-ups and expansion financing needs of N500 million up to a maximum of N10.0 billion. The loan tenor is 10 years with moratorium and at all in rate of 9% per annum.

CBN in response to COVID-19 outbreak and spillovers, issued a circular on 16 March 2020 with reference No. FPR/DIR/GEN/CIR/07/049 reducing interest rates on all CBN intervention facilities from 9 to 5 percent per annum for 1 year effective March 1, 2020. The reduction in rate which was initially extended till 28 February 2022 (circular reference No FPR/DIR/PUB/CIR/01/001 of 03 March 2021) has been extended by additional 1 year via circular reference No FPR/DIR/PUB/CIR/001/040 of 15 March 2022.

(ix) Non-Oil Support Export Stimulation Facility (NESF) is designed to redress the declining export credit and reposition the sector to increase its contribution to revenue generation and economic development. Its designed to be accessed by exporters at a single digit of 9% and maximum obligor limit of N5bn. It is aimed at improving export financing and additional opportunities for exporters to upscale and expand their businesses in improving their competitiveness.

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(x) Anchor Borrowers Programme (ABP) is an initiative of the Central Bank of Nigeria and was launched by President Muhammadu Buhari on November, 2015 in Kebbi State. CBN earmarked N40bn out of N220bn Micro, Small and Medium Enterprises Development Fund (MSMEDF) to be given to farmers registered with cooperatives at a single rate of 9% and the amount is dependent on the economics of production of each commodity. It is aimed at creating an ecosystem to link small holder farmers (borrowers) and processors (anchor) in the agricultural value chain to achieve job creation, increase domestic production of agricultural commodities/raw materials, improve farmers income and reduce import duty.

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30 Debt securities in issue

In millions of Naira	Group March 2022	Group December 2021	Bank March 2022	Bank December 2021
18.86% Debt securities carried at amortised cost - (See (i) below)	-	-	5,813	5,159
17.55% Debt securities carried at amortised cost - (See (ii) below)	-	-	20,214	20,214
16.25% Debt securities carried at amortised cost (See (iii) below)	34,294	33,825	-	-
16.5% Debt securities carried at amortised cost (See (iv) below)	9,054	8,502	-	-
	43,348	42,327	26,027	25,373

Movements in debt securities issued

In millions of Naira	March 2022	December 2021	March 2022	December 2021
At beginning of the period	42,327	42,274	25,373	25,323
Accrued interest	1,662	6,702	1,083	4,442
Interest paid	(641)	(6,649)	(429)	(4,392)
	43,348	42,327	26,027	25,373

(i) This represents N4.7billion 7-year 18.86% fixed rate subordinated notes issued by the Bank and approved on 25 August 2016 and 3 August 2016 by the Central Bank of Nigeria and the Securities & Exchange Commission respectively. Interest is payable to the Joint Trustees semi-annually, while principal is payable at maturity. The note issued was purchased by Sterling Investment Management SPV Plc.

(ii) This represents N19.739billion 7-year 17.55% fixed rate subordinated notes issued by the Bank and approved on 27 November 2018 and 5 October 2018 by the Central Bank of Nigeria and the Securities & Exchange Commission respectively. Interest is payable to the Joint Trustees semi-annually while principal is payable at maturity. The note issued was purchased by Sterling Investment Management SPV Plc.

(iii) This represents a N32.899 billion 7-year 16.25% subordinated unsecured non-convertible debenture stock issued by the Company, and approved on 27 November 2018 and 5 October 2018 by the Central Bank of Nigeria and the Securities & Exchange Commission, respectively. Interest is payable semi-annually on the non-convertible debenture stock due in 2025. The effective interest rate is 16.887% per annum, and until the entire stock has been redeemed, the Issuer (Sterling Investment Management SPV Plc) is obliged to pay interest to the Trustees on behalf of the bond holders.

(iv) This represents a N7.9 billion 7-year 16.50% subordinated unsecured non-convertible debenture stock issued by the Company, and approved on 25 August 2016 and 3 August 2016 by the Central Bank of Nigeria and the Securities & Exchange Commission, respectively. Interest is payable semi-annually on the non-convertible debenture stock due in 2023. The effective interest rate is 17.16% per annum, and until the entire stock has been redeemed, the Issuer (Sterling Investment Management SPV Plc) is obliged to pay interest to the Trustees on behalf of the bond holders.

31 Other Liabilities

In millions of Naira	March 2022	December 2021	March 2022	December 2021
Financial Liabilities				
Creditors and accruals	33,706	31,549	33,774	31,617
Certified cheques	3,060	3,020	3,060	3,020
Customers' deposits for foreign trade	64,746	57,263	64,746	57,263
Other credit balances	28,946	10,270	28,946	10,270
	130,556	102,102	130,624	102,170
Non Financial Liabilities				
Information technology levy	181	143	181	143
Nigerian Police Trust Fund levy	1	1	1	1
Science and Engineering Infrastructure Levy	45	36	45	36
	130,783	102,282	130,851	102,350

32 Lease Liability

Movement in Lease Liability is as shown below:

In millions of Naira	March 2022	December 2021	March 2022	December 2021
Opening Balance	60	114	60	114
Payments during the year	-	(58)	-	(58)
Interest on lease liability**	-	4	-	4
	60	60	60	60

**Interest on lease liability is included in interest expense using effective interest rate (note 4).

33 Provisions

In millions of Naira	March 2022	December 2021	March 2022	December 2021
Provisions for litigations and claims (see note (a) below)	161	161	161	161
Provisions for guarantees and letters of credit	1,019	1,019	1,019	1,019
	1,180	1,180	1,180	1,180

Movement in provisions in other liabilities

In millions of Naira	March 2022	December 2021	March 2022	December 2021
Balance, beginning of period	1,180	454	1,180	454
Additions	-	726	-	726
	1,180	1,180	1,180	1,180

(a) The provision amount represents litigation and claims against the Bank as at 31 March 2022. These claim 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 this provision is adequate for liability that have crystalised from these claims. There is no expected reimbursement in respect of this provision.

34 Capital and reserves

(a) *Share capital*

In millions of Naira	March 2022	December 2021	March 2022	December 2021
Authorised: 32,000,000,000 Ordinary shares of 50k each	16,000	16,000	16,000	16,000
Issued and fully-paid: 28.79 billion (2020: 28.79 billion) Ordinary shares of 50k	14,395	14,395	14,395	14,395

(b) Share premium

In millions of Naira	March 2022	December 2021	March 2022	December 2021
Share premium	42,759	42,759	42,759	42,759

(c) Statutory 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 on investments carried at fair value through other comprehensive income 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.

The AGSMEIS reserve is maintained to comply with the requirement of Central Bank of Nigeria which requires banks to set aside 5% of their Profit After Tax for investment in Agri-Business/Small and Medium Enterprises. This Investment Scheme aimed at supporting the Federal Government's effort at promoting agricultural businesses as well as Small and Medium Enterprises. The fund is domiciled with the Central Bank of Nigeria.

(d) Retained earnings

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

35 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.

	Group		Bank	
In millions of Naira	March 2022	December 2021	March 2022	December 2021
Cash and foreign monies (See note 16)	37,087	34,315	37,087	34,315
Unrestricted balances with Central Bank of Nigeria (See note 16)	39,956	92,689	39,956	92,689
Balances held with local banks (See note 17)	1,130	8	-	-
Balances held with banks outside Nigeria (See note 17)	63,167	85,791	63,167	85,791
Money market placements (See note 17)	5,973	9,051	5,973	9,051
	147,313	221,854	146,183	221,846

36 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 millions of Naira	March 2022	December 2021	March 2022	December 2021
Bonds, guarantees and indemnities	110,422	124,165	110,422	124,165
Letters of credit	129,798	36,129	129,798	36,129
Performance bonds	20,648	14,993	20,648	14,993
	260,868	175,287	260,868	175,287

37 Events during and after the reporting period

There is no event that occurred during and after 31 March 2022 that would necessitate a disclosure in the Financial Statements.

38 COVID-19 Impact Assessment

The recovery of the global economy continues, even as the pandemic has resurged in some areas. In its January 2022 report, the IMF had projected that the global economic growth would moderate from 5.9% in 2021 to 4.4% in 2022, due to the threat presented by Omicron variant which hit the world in November 2021. The markdown in 2022 outlook (previously 4.9%) reflects a downgrade for advanced economies, caused by disruptions in supply and rising energy prices. It also includes risks to financial stability, capital flows, currencies and fiscal positions of emerging economies. Rapid spread of Delta and the threat of new variants have increased uncertainty about how quickly the pandemic can be overcome. In all, COVID-19 remains a significant driver of forecast revisions to the economic outlook of the global economy.

On the domestic front, Nigeria's Gross Domestic Product in Q4 2021 has seen a second decline in GDP growth rate since Q2 2021 when it recorded its highest growth of 5% within the last 3 years. The YoY GDP growth rate of 3.98% for Q4 2021 declined from 4.03% in the previous quarter. The International Monetary Fund (IMF) has predicted that the economy of Nigeria and other Sub-Sahara African nations will grow by 3.8 per cent in 2022. This projection is expected to be revised in line with the anticipated impact of Omicron variants on the global economy.

Despite the forecast expansion of the Nigerian economy, the short-to-medium term economic performance of Nigeria is hinged on its ability to rein in the high inflation rate, debt burdens and the widened unemployment pool caused by the knock-on effects of an unstable exchange rate, weak fiscal policy frameworks and the uncertainties related to COVID-19.

In light of the above dynamics and associated headwinds, Sterling bank has remained committed to being prepared and proactive, leveraging on its agile structure and optimising pre-pandemic initiatives and strategy in response to the pandemic and the resultant distruptions. These initiatives have continued to prove effective in minimizing disruptions in the Bank's continued operations and optimal service rendering. The major measure implemented by the Bank in ensuring operational resilience and sustained service delivery to our stakeholders is the activation of its comprehensive Business Continuity Plan (BCP), which includes an internal awareness campaign, health and wellness campaign, enhanced IT infrastructure to support remote work, electronic business operations, electronic banking services and improved network security.

To preserve the Bank's asset quality, the Bank maintains optimal risk management measures and operational process improvements, including frequent stress testing and contingency planning to assess the impact of the COVID-19 pandemic on its Capital Adequacy, Asset Quality and Liquidity indicators. Recent results signify that all related metrics remain compliant with regulatory thresholds of 10% (Capital Adequacy Ratio), 5% (Non-Performing Loans Ratio) and 30% (Liquidity Ratio). Furthermore, the Bank remains compliant with regulatory guidelines on disclosures and valuations of Financial Instruments, including the impact of the pandemic on its recalibrated IFRS 9 models.

Also, the Bank reviewed its portfolio of investment securities, consisting mainly of FGN debt instruments. We remain confident that the Federal Government of Nigeria will continue to meet its obligations. The component of corporate debt instruments in the Bank's portfolio of investment securities is relatively small, and we continue to assess and value them as appropriate.

Following our review of the current situation of the pandemic, the Bank's Management remains confident of the organization's resilience and is not aware of any material uncertainties that may cast significant doubt upon the entity's ability to continue operating as a going concern.

39 Reclassification

Certain reclassifications were made to the recorded figures of prior year to conform to this interim period's presentation. Below

		Group	Bank
(i)	**Net trading income**	March 2021	March 2021
	Amount previously reported per Q1-2021	983	983
	Less: Net foreign exchange revaluation loss	(130)	(130)
	Net amount now reported	853	853
(ii)	**Operating income**	March 2021	March 2021
	Amount previously reported per Q1-2021	20,088	20,072
	Less: Net foreign exchange revaluation loss	(130)	(130)
	Net amount now reported	19,958	19,942
(iii)	**Other operating expenses**	March 2021	March 2021
	Amount previously reported per Q1-2021	4,968	4,968
	Less: Net foreign exchange revaluation loss	(130)	(130)
	Net amount now reported	4,838	4,838
(iv)	**Total expenses**	March 2021	March 2021
	Amount previously reported per Q1-2021	15,816	15,816
	Less: Net foreign exchange revaluation loss	(130)	(130)
	Net amount now reported	15,686	15,686

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