Sterling Bank

The one-customer bank.

ANNUAL REPORT AND FINANCIAL STATEMENTS
2015

TABLE OF CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 54th Annual General Meeting of Sterling Bank Plc will be held at Eko Hotel & Suites, Plot 1415, Adetokunbo Ademola Street, Victoria Island, Lagos on Tuesday, the 19th day of April, 2016 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31st December, 2015, together with the Reports of the Directors, Auditors and the Audit Committee thereon.
2. To declare a Dividend.
3. To elect/re-elect Directors.
4. To approve the remuneration of the Directors.
5. To authorize the Directors to fix the remuneration of the Auditors.
6. To elect members of the Audit Committee.

PROXY

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. To be valid, a completed and duly stamped Proxy form must be deposited at the office of the Registrar, Pace Registrars Limited, Akuro House (8th floor), 24 Campbell Street, Lagos not less than 48 hours prior to the time of the meeting.

Dated this 21st day of March, 2016

BY ORDER OF THE BOARD

Justina Lewa
Company Secretary
20 Marina
Lagos

NOTES

1. Dividend

If approved, dividend warrants for the sum of 9 kobo for every share of 50 kobo will be posted on 19th of April, 2016 to shareholders whose names are registered in the Register of Members at the close of business on 1st April, 2016, while shareholders who have provided relevant accounts will be credited same day.

2. Closure of Register of Members

The Register of Members and Transfer Books of the Company will be closed from 4th to 8th April, 2016 (both dates inclusive), to enable the Registrar prepare for payment of dividend.

3. Audit Committee

In accordance with section 359(5) of the Companies and Allied Matters Act CAP 20 LFN, 2004, any shareholder may nominate a shareholder for appointment to the Audit Committee. Such nomination should be in writing and should reach the Company Secretary at least twenty-one (21) days before the Annual General Meeting.

OVERVIEW

WHY INTEGRATED REPORTING?

Sterling Bank's directors present the integrated annual report for 2015. The report reflects the value created by the business for all stakeholders and the measures in place to ensure that business operations are sustainable into the future.

The purpose of this report is to provide simple, transparent and holistic feedback to stakeholders regarding the organization's strategy, performance, governance and prospects. It aims to provide stakeholders with an overview of the material issues affecting the organization in view of current realities in Nigeria, and the manner in which these are addressed.

Sustainability of the business is an overarching objective and our approach to sustainability is reflected throughout this report, and even more so in the Sustainability Report, which is finding its way into the annual report for the first time. This report was compiled in consideration of the Sustainable Banking principles, using the Global Reporting Initiative's (GRI) sustainability reporting guidelines and other global standards.

The integrated annual report encompasses all Sterling Bank's operations, which are conducted exclusively within Nigeria being a full service, national bank, and covers the period of 1 January 2015 to 31 December 2015. Integrated reports are prepared annually, and the previous year (2014)'s report can be accessed on the Sterling Bank website (www.sterlingbankng.com).

This report was prepared in accordance with the Companies and Allied Matters Act (2004), Banks and Other Financial Institutions Act (2004) amongst other regulatory frameworks guiding all aspects of the Industry and the Bank's operations. The Board of Directors believe that it adequately addresses and elaborates upon the realities faced by Sterling Bank Plc and approved it on 10 March 2016.

Assurance regarding the annual financial statements is provided by the Independent Auditor's report contained therein and, where considered appropriate, external sources have been used to provide independent information.

Enquiries regarding the content of this report can be forwarded to the Company Secretary:

E-mail: customercare@sterlingbankng.com or
investor@sterlingbankng.com
Post: Sterling Towers, 20 Marina, P.M.B 12735, Lagos, Nigeria.
Phone: +234 (1) 4884881-5

PERFORMANCE HIGHLIGHTS

₦110,194M

Gross Earnings (₦'M)	
2014	103,677
2015	110,194
Growth	6.3%

₦68,827M

Operating Income (₦'M)	
2014	68,762
2015	68,827
Growth	0.1%

₦11,016M

Profit before Tax (₦'M)	
2014	10,748
2015	11,016
Growth	2.5%

₦10,293M

Profit after Tax (₦'M)	
2014	9,005
2015	10,293
Growth	14.3%

Loans & Advances (₦'M)	
2014	371,246
2015	338,726
Growth	-8.8%

NPL Ratio	
2014	3.1%
2015	4.8%

Total Assets (₦'M)	
2014	824,539
2015	799,451
Growth	-3.0%

Cost-to-Income	
2014	73.6%
2015	72.2%

Deposits (₦'M)	
2014	655,944
2015	590,889
Growth	-9.9%

Pre-tax Return on Average Equity	
2014	16.6%
2015	12.2%

Equity (₦'M)	
2014	84,715
2015	95,566
Growth	13.0%

Earnings per Share	
2014	42K
2015	36k

Branches	POS Terminals	ATMs
187	3,567	840

OVERVIEW

CHAIRMAN'S STATEMENT

> *Profit after Tax grew by 14.3% to N10.3 billion in an extremely turbulent operating environment*

Esteemed Shareholders, I feel honoured to present to you the Bank's scorecard for the year ended December 31st, 2015. It was a very trying year for the country and businesses in general. However, I am pleased to report that despite the challenges that prevailed during the year, our Bank has once again demonstrated resilience by improving on its 2014 performance.

The Operating Environment

The year 2015 continued to reflect the divergent performance of the global economy. While plummeting commodity prices impacted negatively on large emerging markets like Russia and Brazil, some other emerging economies recorded strong growth and India became the fastest growing major economy in the world. In the developed world, robust employment growth in the US prompted the Federal Reserve to tighten monetary policy for the first time since 2006, while the Euro zone, with a lift in credit growth and declining unemployment, continued its recovery with a 1.9% growth rate.

The Nigerian economy registered a subdued growth rate of 2.11% in Q4 2015, 3.83% points lower than the corresponding period in 2014, owing largely to external and domestic headwinds including the drastic fall in crude oil prices which resulted in dwindling revenues and a weakened local currency. There was also the political and economic policy uncertainty that surrounded the 2015 general elections, leading to a slowdown in economic activities as various business decisions were postponed until after the political transition.

Shareholders' Returns

Despite the economic headwinds, I am pleased to report that our Bank delivered a commendable set of results in 2015. Profit after Tax for FY2015 was up 14.3% year-on-year to N10.3 billion, boosted by improved operating efficiency. Shareholders' Funds grew by 12.8% to N96 billion in FY 2015 from N85 billion in 2014, driven by accretion from the current year's profit, a reflection of the Bank's resilience and increasing market reach. The Board has proposed a final dividend of 9kobo per share for the financial year ended December 31, 2015, subject to your approval during this year's Annual General Meeting.

Banking on Sustainability

The Bank remains steadfast in its quest to build long-term, sustainable value for its stakeholders in line with the global Sustainable Development Goals (SDGs) and the CBN's sustainable banking principles.

CHAIRMAN'S STATEMENT (continued)

The Board fully supports Management's drive towards embedding sustainable practices in the organization's day-to-day operations. Our objective is to, extensively, incorporate environmental, social and governance considerations into our business. However, creating sustainable value for our stakeholders is often a delicate balancing act, as the interests and priorities of various groups are not always in alignment. Our products, services and other interactions must satisfy clients' needs and objectives, and also provide adequate financial returns for the Bank. In this respect, I am pleased to inform you of some of our interventions during the past year:

·# Our Bank executed several CSR initiatives in the Education sector. We financed an e-library project at the College of Education, Ikere-Ekiti; several of our employees volunteered as teachers and mentors at various schools; we authored and donated financial literacy books and other stationery to numerous schools; and we supported a number of schools in their inter-house sports programmes;

·#Our bank executed several programmes aimed at empowering youths and MSMEs. Some of these initiatives include Season 3 of the Get-Ready-for-Work programme in Lagos - the event attracted over 3,000 youths from across Nigeria and received very positive testimonials; and the first MSME Academy training programme, a platform for equipping small business owners with skills to improve their chances of business success, attracted over 140 participants;

·#We have sustained our commitment to a healthy environment. Employees of the Bank participated actively in its annual cleaning exercise, the Sterling Environmental Makeover (STEM) which held in different locations across the nation including Lagos, Kano, Kaduna, Abeokuta, Port Harcourt, Anambra, Delta, Abuja, and Ibadan. Also, the Bank in the last five years has on a yearly basis donated thousands of reflective kits to the Lagos State Waste Management Authority (LAWMA) for street sweepers and highway managers in Lagos. Other states that have since come on board in the Waste Management partnerships include Delta, Kaduna, Ekiti, Enugu and more recently, Abia.

A comprehensive Sustainability Report has been provided as part of this Annual Report.

Governance and Changes in Board Composition

Strong management and a highly effective corporate governance process continue to be the key pillars of our Bank. The various Board Committees played vital roles in supporting the Board and Management in the discharge of their duties. We know that a business built on the principles of good governance will succeed over the long term. Our commitment to best practices is further validated by the recognition accorded the Bank by the West African Bankers Magazine who conferred us with the "Best Corporate Governance Bank" award for West Africa.

The Bank responded constructively to an increased number of government and regulatory consultation exercises in 2015. Let me use this opportunity to commend Management for the great work they have done over the years, particularly in 2015. This has not gone unnoticed as our MD/CEO received the following recognitions in his official capacity:

#"Banker of the Year" by Sun Newspapers Ltd

· Listing among the "Top 25 Nigerian CEOs" by Businessday Media Ltd

#

On behalf of the Board, I extend our congratulations to the CEO and his team.

On our staff remuneration, we remain committed to linking pay to the longer-term objectives of the Bank, productivity and the interests of shareholders. I am also pleased to inform you that with over 40% of our Non-Executive Directors being women, the Board understands the importance of and demonstrates its commitment to diversity within the business. This is reflected right through the organization. We are committed to gender diversity at Board level and are tracking the major efforts being made by the Bank's Management to increase the number of women in the Bank's workforce.

The composition of the Board with seasoned professionals who possess diverse and rich experience in the private and public sectors will further enhance the capacity of the Board to deliver on its corporate goals. I have no doubt in my mind that this Board will continue to serve you with the utmost sense of responsibility, commitment and excellence, steering this great institution to unprecedented heights in the years ahead.

The Board will be welcoming a new member into its fold - Mr Michael Jituboh - as a Non-Executive Director. Mr. Jituboh is currently the Executive Director in charge of Special Projects at Globacom Limited and had previously served in a similar capacity on the boards of the erstwhile Devcom and Equitorial Trust Banks. His vast experience in banking, oil and gas risk management, as well as communications, should further enhance the quality of the Board's oversight functions. We look forward to working together in the coming years.

On the other hand, a few of my colleagues left the Board during the year. Ms. Olufunmilola Osunsade and Mr. Raghavan Karthikeyan resigned and retired from the Board respectively after serving meritoriously. We wish them the very best in their future endeavours.

CHAIRMAN'S STATEMENT - continued

Looking into the Future

"…. interesting times, presenting unique opportunities for the discerning"

We are cautiously optimistic on the outlook for the 2016 financial year. Whilst business and consumer confidence remain fragile, the levels of underlying activity and the Government's commitment to improving the real sector gives a base for the growth of the Nigerian economy. However, the country needs to brace up for likely shocks by developing the appropriate resilience to growth risks. To assure a sustained economic uplift the 2016 FGN Budget must be fully implemented. We must also put in place, a lower interest rate regime to support economic activities, reform our governance structures, improve on the efficiencies of our labour market and simplify our process for doing business.

At Sterling Bank, we will continue our focus on building key capabilities. We will actively support policies designed to build a sustainable Nigerian economy over the next decade through the provision of inclusive customer-focused services. During the Board and Management retreats held in 2015, we committed to "rolling up our sleeves" and implementing several initiatives aimed at positioning the Bank as an efficient and systemically important operator, delivering superior returns to stakeholders. We count on your unflinching and invaluable support, while affirming our continued commitment as faithful stewards of your investments.

Appreciation

In closing, I would like to take this opportunity to express my sincere appreciation to the teams that have enabled us make these great strides over the years. Many thanks to my fellow Board members; the management and staff of this great institution for their hard work and commitment; our customers for their untiring support; our esteemed shareholders for their faith, resilience and strong support; our development partners; our regulators and all other stakeholders for their invaluable assistance and continuous guidance.

I thank you for your kind attention.

Chairman, Board of Directors
Asue Ighodalo

STRATEGIC REPORT

STRATEGIC REPORT

MANAGING DIRECTOR /CHIEF EXECUTIVE OFFICER'S REPORT

> *"Sustaining performance in the midst of turbulence, as Profit After Tax (PAT) grows by 14.3% to N10.3billion in FY2015"*

If 2014 was a challenging year, then 2015 was a turbulent one for the Nigerian economy in many respects. Global and domestic headwinds constrained business opportunities, stifled profit margins of banks and heightened investors' anxiety, delaying investments in the domestic economy, and in some cases, prompted a pull-out by some overseas investors.

A continued decline in international crude oil price, occasioned by a supply glut, a gradual tightening in monetary policy in the US and the flagging growth in the large emerging market economies dominated the discourse on the global economy. Accommodative monetary policy tools rolled out by central banks in the Euro area, Japan, the UK, China and other emerging economies intended to boost growth yielded mixed results. While growth was modest in the advanced economies, growth declined in the emerging market and developing economies.

The pervasive headwinds also swept through the domestic economy. The decline in international crude oil price, which had begun to take its toll on the country's foreign exchange revenue since Q3 2014 worsened, prompting a series of monetary policy actions by the Central Bank. Unfortunately, the situation was exacerbated by several other developments: the political uncertainty that surrounded the transition to a new government's policy thrust; the progressive weakening of the domestic currency in the parallel market; capital controls introduced by the monetary policy authorities to channel distribution of the limited foreign exchange available to critical need areas and stem foreign reserves depletion; the relatively weaker fiscal condition of sub-sovereigns and weakening consumer confidence.

These developments did not bode well for the banking industry. In truth, additional measures such as the migration of State Government loans from the balance sheets of banks and the sterilization of public sector deposits (Federal Government parastatals and MDAs) from the banking industry following the implementation of the Treasury Single Account (TSA); as well as the sluggish activity in the oil and gas sector among others, reinforced an already bleak outlook for the domestic banking industry. Notwithstanding these developments, I am pleased to inform you that your Bank sustained its performance from the previous year driven by an improvement in operating efficiency. Capital and liquidity buffers also remained strong through the period, as the Bank grew its PBT by 2.5%. More details will be provided in subsequent sections.

MANAGING DIRECTOR /CHIEF EXECUTIVE OFFICER'S REPORT (continued)

Performance Highlights

Our 2015 performance was a testament to the underlying resilience of our business model. The challenging operating environment notwithstanding, we strove to achieve a delicate balance between delivering current year financial performance and laying the foundation for the future that we see – one where our customers enjoy the experiences we create together, which in turn becomes the basis for our profitability:

- Gross Earnings stood at N110.19 billion, an increase of 6.3% over 2014;

- Our operating efficiency improved as total Operating Expenses declined by 1.9% year-on-year. This resulted in an overall growth in the Bank's bottom line as Profit before Tax grew by 2.5% over the prior year to N11.02 billion;

- Total Assets decreased by 3.0% as a result of an 8.8% decrease in Loans & Advances, following the transfer of State Governments' loans to the Federal Government's balance sheet;

- Customer deposits also dipped by 9.9% following the implementation of the Treasury Single Account (TSA);

- Our capital buffer was enhanced by a 12.8% increase in Shareholders' Funds, driven by profit accretion and further supported by the slowdown in loan growth. Thus, the capital adequacy ratio improved from 14% in 2014 to 17.5% as at year-end 2015.

Reinforcing Business Drivers

Implementation of a New Operating Structure

We have completed the re-alignment of our operating structure from the geographical coverage model to the business segment model with teams defined along the lines of Corporate & Investment, Commercial & Institutional, and Retail & Consumer segments. These teams are supported by the Operations & Services and Finance & Strategy teams. As this operating model matures in coming years, we expect the various segments to attain specialisation with the resultant benefits in enhanced efficiency and profitability.

Specifically:

- Our Commercial & Institutional and Corporate & Investment Banking directorates will be the primary asset creation engines and revenue drivers. This way, we can build expertise along sectoral lines and assure loan quality going into the future.
- The Retail & Consumer Banking directorate will drive low-cost funding for the business and grow our customer count market share, providing the platform for a sustainable business;

Our Greatest competitive advantage

Our people, who strive everyday towards building an enduring franchise, are at the heart of our business. We appreciate the work that they do and understand that no organization can fully compensate its employees for the work that they do, the passion and commitment they bring into the workplace and the personal sacrifices they make for its progress.

Consequently, we are committing resources to make Sterling Bank a Great Place to Work:

- We commenced the implementation of a "Culture Transformation project". We want to institute a market-driven adhocracy culture across our business offices as the foundation for interactions, customer service and employee development. Our aim is to achieve even greater customer focus, transparency, innovation and entrepreneurship. Key components of this project include the "Journey Training" for leaders from all divisions of the Bank, bank-wide training programme at business unit level, selection of culture champions and the communication of culture symbols;

- We are re-tooling our approach to talent and leadership development, again with the aim of shaping the Bank and ensuring we live up to our promise to be an Employer of Choice;

- Our internal communication structures are also being re-worked in sync with the generational shift we see in our workforce. We have launched a new interactive social platform to engage staff internally on news, events, economic trends, etc;

- The career growth of employees remains paramount to the organization. During the year, we promoted over 300 staff of the Bank; extended our training penetration to all employees using e-Learning, weekly In-house learning sessions and formal classroom training;

- The Bank supports its employee sponsored Cooperative structure, the Sterling Cooperative which affords employees the opportunity to pool resources together and harness the benefits of scale for savings, investment and other personal financial objectives;

- We are also exploring ways to align work patterns with employee lifestyles and preferences – this should be fully in place in 2016. We recognize that our people need to invest in their personal and official (business) relationships – this helps to build an engaged workforce.

MANAGING DIRECTOR /CHIEF EXECUTIVE OFFICER'S REPORT (continued)

New Look, New Style

During the year, we commenced the amplification of the brand outlook through the deployment of a new face, the "Retro Design" across our service channels and other touch points to enhance our brand appeal, particularly within the retail space. The Retro retains our corporate identity while infusing new corporate elements which represent the diverse cultural backgrounds, lifestyle preferences and demographic groups of our customers. The mix of different shapes and the vibrancy of the colours in the design portray youthfulness that is embedded in our retail strategy. We plan to accelerate the rollout of the design in 2016, and expect to have this on all our platforms by 2017.

The new look - Exterior

The new look - Interior

The new look - ATM Bay

Leveraging Technology and Innovation

The digital revolution is profoundly affecting the way financial services organisations operate. The competitive landscape will increasingly be defined by customer engagement underpinned by a single view of the customer, the use of data and analytics to gain a deeper insight into customers' needs, and building on this insight to create unique customer experiences.

In 2015, we continued the upgrade of our IT infrastructure and core banking systems to replace ageing legacy systems. This will continue through 2016 as part of our IT transformation to enable our bank become more customer-centric, agile and digitally enabled, while assuring the safety of customer information held in trust:

- We expect to conclude the implementation of a new core banking application within the first half of 2016 to significantly enhance our service capabilities;
- The Bank's customer relationship management solution (CRMS) was optimized during the year to enhance customer engagement;
- We have sustained our efforts to ensure the integrity of our information architecture. During the year, we received the ISO2000-1 certification, further attesting to the Bank's commitment to improving service delivery on all our touchpoints.

In previous years, the Bank has been recognized for innovative solutions and we intend to sustain this trend by institutionalizing innovation across the business. Accordingly, we have set-up an Innovation Team to coordinate and drive this initiative. Some of the ideas that emanated from staff members were instrumental in optimizing revenue and extending our service offerings in the mobile space.

MANAGING DIRECTOR /CHIEF EXECUTIVE OFFICER'S REPORT (continued)

Awards, Recognition & Ratings

Our approach to doing business has not gone unnoticed. We continue to receive accolades for our innovative products and services, our commitment to enriching the communities in which we operate and the deployment of best practice in what we do. These awards include, but are by no means limited to the following:

- **EFMA/Accenture Award for the Most Disruptive Technology/Innovation - Social Lender**

  Following its recognition as the Most Innovative Banking/ICT solution at the Nigeria Technology Awards in 2015, the Bank's Social Lender service, a CSR initiative designed to provide quick cash through the social media space, has now received global recognition;

- **The Banker Africa Award for the Most Innovative Bank**

  This was on the back of a number of innovative solutions available to customers of the Bank;

- **Nigeria Technology Award - Best Bank Website of the Year**

  The new look website was launched in March 2015 and has received rave reviews since deployment. The most recent was the award from the organizers of the Nigeria Technology Awards for being the best in the industry based on look, feel and functionality;

- **Barbara Abike Epperson - Certificate for Excellence in CSR**

  In recognition of the Bank's corporate citizenship activities across various sectors of the economy including education, environment and empowerment over the years;

- **Foreign Ratings**

  The Bank expanded its ratings coverage during the period to include two top-notch ratings agencies:

  - Moody's Ratings - we were assigned a B2 rating with a Stable Outlook on its local and foreign currency issuer and deposit ratings underpinned by a b3 baseline credit assessment
  - Lafferty Bank Quality Ratings: we ranked top 10 in the world, top 3 in Africa, and 1st in Nigeria among 100 banks rated worldwide.

Most Disruptive Innovation

Most Innovative Bank

Excellence In Corporate Social Responsibility

MANAGING DIRECTOR /CHIEF EXECUTIVE OFFICER'S REPORT (continued)

Looking ahead

We celebrated the Bank's 10th Year anniversary as Sterling bank Plc recently, and the journey so far attests to the determination and resilience of the entire Sterling Bank family. Our strategy remains clear for 2016, and I am pleased to inform you that we are well on course to achieve our set goals. As we look to the coming years in the life of our institution with hope and optimism, we acknowledge the reality that things are not always going to be easy. However, despite the various challenges the country is currently witnessing, we retain our faith in Nigeria and its abilities to constantly survive the odds.

I remain convinced that our institution is in a much stronger position than it was when we commenced operations in January 2006. We will indeed be leaving to those coming after us an institution that is formidable in all material respects;

- One that is world-class by all parameters and admired by discerning people;
- A systematically important operator with top quartile positions in all its areas of operations;
- A great place to work; and indeed,
- An organization that is institutionalized beyond the stewardship of current owners and managers as we have envisioned in our long-term goals for the bank.

I would like to take this opportunity to express my sincere appreciation to everyone who played a part in the Bank's 2015 story – the Board of Directors, the management team, our hardworking and loyal employees, our investors, developmental partners, regulators and our esteemed customers among others.

You are truly Sterling!

Best wishes,

Yemi Adeola
Managing Director/Chief Executive


WHY SHOULDN'T THE WORLD REVOLVE AROUND you?
At Sterling Bank, we believe that the world should revolve around you. That's why we've created a banking system that does. A system where your needs are always put first and where we treat you like you were the **only one that matters.**
Sterling Bank
The one customer bank
For more information visit
www.sterlingbankng.com
Tel: 234-1-461 3152

Our Heritage

2006-2010 The Birthing Process

Sterling Bank Plc was born out of a merger of five Nigerian banks in a bid to achieve compliance with the regulatory requirement mandating a N25 billion minimum capital base for Nigerian banks.

2006

Magnum Trust Bank

NAL Bank Plc.

Trust Bank of Africa Ltd.

Indo-Nigerian Merchant Bank

NBM Bank Ltd.

These banks were predominantly investment banks with little retail footprint. Given this fact, the business of commercial banking was somewhat new to Sterling Bank with challenges

Low Branch Network

Weak Customer Base

Low Brand Visibility

Deposit Book Concentration

Low Capital Base

High Cost Of Funds

The result of the low retail penetration was a high cost of funds which impaired growth and profitability.

We re-launched our brand promise in 2009 with **'the one-customer bank'** slogan

Sterling Bank The one-customer bank

We navigated through these years to:

Establish a foothold for better scale in the market

Integrate our people following from the M&A

Create a distinct brand identity.

BRAND

Sustainable solutions to reposition us as a key competitor

Beef up capital to enable us achieve better scale.

Grow our retail footprint by investing in technology and service channel network growth i.e. branches, ATMs, internet and mobile banking, network upgrade and other technology infrastructure.

Adopt social media to deepen customer interactions

Grow our customer base

Enhance brand visibility for both our corporate and retail clients

Improve our technology capabilities to enable us segment and create unique experiences for our customers

Fund deposit book predominantly from the retail segment

Invest in our people by encouraging a learning and knowledge driven organization

2011

Sterling Bank The one-customer bank. etb

In furtherance of the retail growth strategy, in 2011, the Bank consummated a business combination with Equitorial Trust Bank. This was to position the enlarged entity to benefit from the significant commercial opportunities in the emerging banking landscape and the Nigerian economy in general.

2011-2015 The Growth Years

Over the last years we have received ISO certifications for our information assets

ISO CERTIFICATION

Although still navigating the tides in our current regulatory environment, we have a resilient model as we have been since the merger.

Our capital programme raising plan commenced in 2013 at which point we had over N50bn.

2013
Capital Base

N68b

Our capital adequacy ratio is currently

17.5%

above the regulatory benchmark of 10%.

We have publicly declared our ratings from internationally acclaimed rating agencies Moody's,Lafferty and GCR who have given external and independent validation of our journey and vision.

2015
Capital Base

N100b

As at the end of 2015, our capital base was about N100bn allowing us make the necessary investments for our growth plans

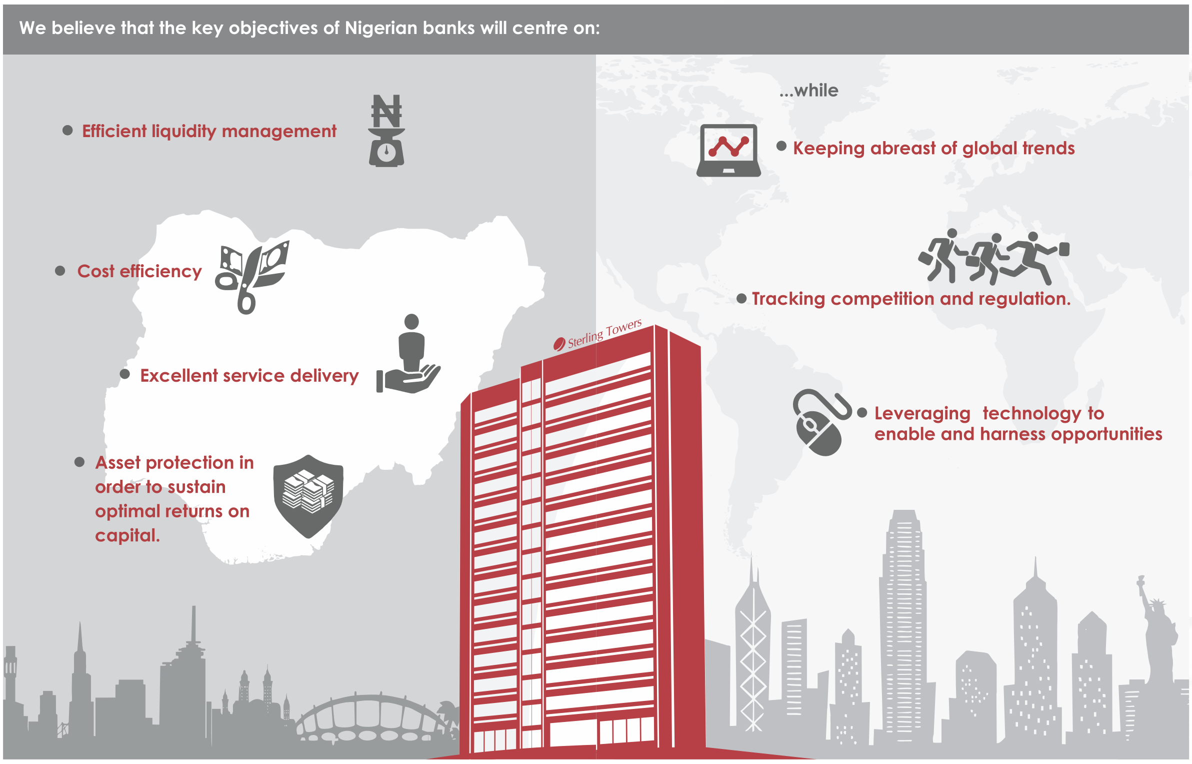
Our bank as well as its management have received local and global awards on innovation, leadership and service to the community.

PCIDSS

Received PCIDSS Certifcation for all our cards

Our journey has been eventful and fulfilling. As an institution we are committed to being the financial institution of choice and continue to navigate our way to deliver on this promise.

THE WORLD WE PLAY IN

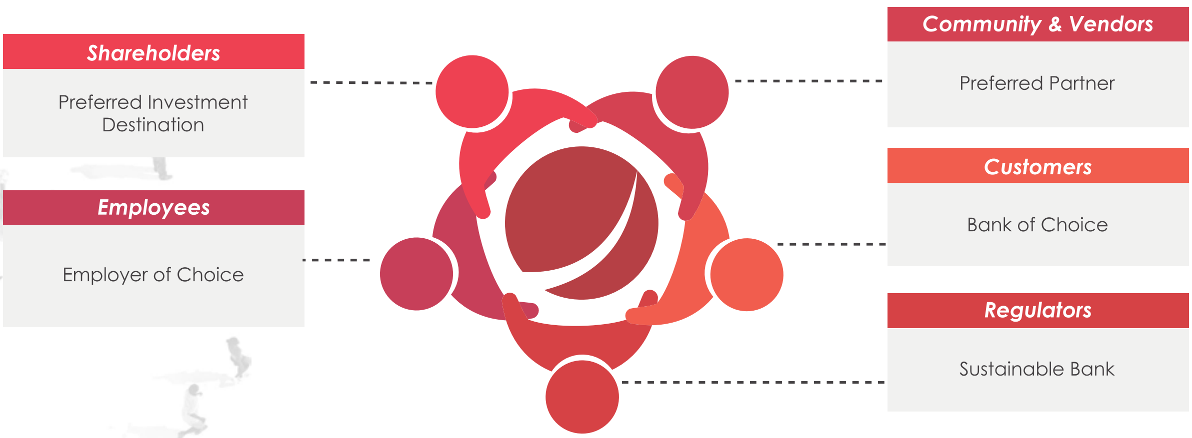


VISION STATEMENT

"To be the financial institution of choice"

The Bank intends to become the Bank of **choice** for key stakeholders. Our main focus will be on enhancing technological capability and entrenching a customer-centric business model.

STAKEHOLDER MAP



MISSION STATEMENT

"We deliver solutions that enhance stakeholders' value".

Solutions: The Bank will focus primarily on delivering products and services that are customized to addressing the needs of target markets

Shareholders
Deliver strong ROE to investors without compromising the future

Customers
The Bank will considerably improve turnaround time for transactions, enhance the service experience and increase retail channels, ensuring our services are within easy reach

Employees
Provide motivating work, safe work environment and career progression among others

Regulators
Be responsive to the rules set and contribute to the achievement of sound and stable services sector

Community and Vendors
Enter responsible business partnerships that help grow and improve the community and vendors

OUR GUIDING PRINCIPLES: CORE VALUES "CITE"

C Customer Focus

- "The customer is king"
- Holistic understanding of the customer's business
- Creativity in meeting the customers' needs, both internal and external

I Integrity

- Commitment, dependability, reliability and confidentiality geared towards winning the customer's implicit trust

T Teamwork

- "The success of one is the success of all"
- Seamless interface of all parts of the business

E Excellence

- Commitment to excellence in all our engagements

OUR STRATEGY

Build a sustainable and systemically important bank with over 4.4% market share by total assets

Manage risk, balance sheet and capital to deliver superior returns to shareholders.

Create a learning organization to optimize productivity.

Optimize operations and technology to drive better control, manage costs, complexity and risk

Deliver excellent customer service and drive efficiency and sales through robust digital and payments capability

OUR ROADMAP

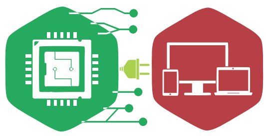
1. Focus on sustainable business lines

Building a stable funding base and lending securely

Retail Banking: *"Growing with Nigeria"*

Retail banking provides a sustainable business model for our ambitions.

We are building our institution to cater intelligently to the growing, young and dynamic Nigerian population.



We are making significant investments in technology infrastructure that include smart systems for efficient and prompt processing...

...while upgrading the aesthetic feel of our touch points to making us more desirable.

Business Banking: "*The next frontier*"

We are building our core banking platform and leveraging technology to improve processes.

Through educating our people, we are building a knowledgeable institution and offering financial advisory to our customers.

Ability to cater to the complex financial needs of the next frontier in Nigeria's financial market development through innovative payment solutions and transaction banking

Partnership and alternative financing:
We remain committed to partnering to build our business in different segments, while also leveraging alternative finance solutions through non-interest banking.

2. Engage Our Community

A wealthy community produces a wealthy bank

Our purpose as an institution is to "enrich lives". We believe that by involving our community in our growth, we can only grow bigger.

We will ensure that in our areas of operation, we improve human capital and encourage economic development and sustainability. We have defined education and the environment as part of our corporate responsibility because we believe that:

The key to human development in Nigeria is an enlightened population. Education reduces the susceptibility to poverty and other challenges which suppress growth

A clean environment enables a healthy life.

3. Build leadership from within

A business that lives beyond its current owners

As the financial institution of choice, sustainability and the ability for non-owners to take on ownership is important. For this reason, we have designed an internal leadership programme that enables the best in the industry compete to lead and own the Bank. This allows our culture pervade and outlive the current owners and managers of the bank.

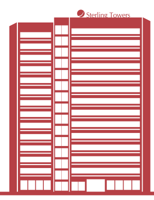
In recognition of our desire to equip the next generation of leaders, the Chartered Institute of Bankers Nigeria (CIBN) recently accredited our training school as a forefront citadel of development in the country.

TARGET MARKETS

Primary Markets

Secondary Markets

Our choice of market segments was based on the understanding of emerging trends in the macroeconomic environment and opportunities in the sectors of interest.



The retail bank: Nigeria is a country with a young population. Estimated at about 170 million currently, there is a huge bankable retail market. However, majority of the market is largely profitable in the long-term. Our primary retail market will be those within the age bracket of 25-49 years- as this bracket's lifecycle is dominated by financial activity. Our retail bank strategy is targeted at building low-cost, stable deposits.

Youth Banking	Mass Market	HNI	MSME
≤25 YEARS	Individuals with monthly turnover up to N30 million	Individuals with monthly turnover above N30 million	Businesses with monthly turnover up to N50 million
Students in primary, secondary and tertiary schools, as well as corpers, young graduates and newly salaried workers	Salaried workers, traders or business owners with lower-middle income and socio-economic status	Salaried workers, traders or business owners with higher income and socio-economic status	Micro, small and medium businesses
"From infancy to adulthood, with you all the way; helping you become all that you can be..."	*"Helping you grow and live the life you deserve..."*	*"Spanning the globe to exceed your banking and lifestyle expectations..."*	*"No limits, no barriers; maximizing business opportunities with you all the way..."*

STRATEGIC GOALS

Our strategies are aligned with the overriding objective of long-term sustainable value creation for all who interact with our business. The expected outcome of the combined strategy is long-term, real growth in earnings and assets. We remain committed to driving operational excellence in business execution to deliver sustainable profitability and long-term value. Strategic, economic, social, operational, and environmental objectives are integrated in the way we do business through people, processes, technology and risk management.

Short-medium term goals

WHAT WE WANT TO ACHIEVE	HOW?	TARGETED OUTCOME
4.4% Market Share by total assets	• Increase awareness of the Bank and its products and service offerings across various business segments • Efficient asset acquisition through optimal use of capital	• Become a systemically important bank • Increased earnings and shareholder value
Consistently Deliver >20% ROE	• Grow revenue lines through diversification into other growth sectors- Health, Education, Transportation, Infrastructure etc. • Optimizing costs through technology, alternative alliances and partnerships	• Maintain shareholder confidence
Grow Our Retail Customer Base	• Increase our footprints in the digital and physical space through self-service banking and third party service provision and Agent banking • Increase our brand awareness across our various platforms • Offer unique value propositions and products	• Provide simple, convenient and cost-efficient ways to serve customers • Grow the retail business through the 'pull' factor of the brand • Grow transaction income

WHAT WE WANT TO ACHIEVE	HOW?	TARGETED OUTCOME
Double Digit Revenue Growth Y-o-Y and Competitive Cost of Funds (Sub 4%)	• Grow quality risk assets in growth sectors within the economy especially Agriculture, Education, Transportation and Logistics, Healthcare, Infrastructure, Oil & Gas (Upstream & Downstream), Manufacturing and Mining • Drive a low-cost banking model to maintain cost efficiency Focus on economic sectors with liability generating opportunities – education, health, transportation, etc • Offer realistic, sustainable and competitive returns on products and services	• Quality loan portfolio • Increased earnings • Generate low-cost, stable deposits
Investment Grade Credit Rating	• Yearly rating exercises that will be published	• Build confidence in the investor community about the sustainability of our business model
<5% in non-performing loans	• Quality risk asset growth strategy • Effective loan monitoring	• Assure optimum returns to investors in the business • Sustainable business growth
Diversified income streams with top quartile position in all our operating areas	• Transaction banking • Aggressively pursue and develop value propositions targeted at specific growth sectors including Education, Health, Transportation, Infrastructure and Manufacturing sectors • We will also target and grow our non-interest banking offerings	• Intelligent transaction platform for corporate customers • Deepen share of customers' wallet in various growth sectors
Great place to work	• Align work patterns with employee lifestyles within the limits of organizational resources • Design and implement compensation structures that prioritize long-term value creation (over short-term gains)	• Build a loyal and dedicated workforce - they are the backbone of our business • Employer of choice Top five in employee productivity within the banking industry
Leverage on "Best in Class" technology platforms to offer digital solutions and e-payment capabilities	• Upgrade our technological and service capabilities (invest in a robust CORE banking application, Customer Relationship Management System (CRMS), network connectivity, etc) • Leverage on analytics and excellent customer experience to drive transformation	• Deliver superior and efficient service • Create unique customer experiences, turning them into brand advocates

Long term goals

WHAT WE WANT TO ACHIEVE	HOW?	TARGETED OUTCOME
Globally competitive services franchise	• Apply global best practices in decision making • Strong research base • Forge global partnerships	• Optimal scale consistently delivering superior returns on assets and equity
Fully scaled business model with institutionalized processes beyond the stewardship of current owners and managers	• Build leaders from within our system • Invest and optimize business infrastructure; forge strategic partnerships	• A sustainable business
Systemically important operator materially impacting all our sectors of business participation	• Grow market share – customer and asset base	• Systemically important bank, materially influencing national development and decision making

KEY PERFORMANCE INDICATORS

Indicators	Measure	2014 Achievement	2015 Achievement	2015 Target	Remarks
Market Share by Assets	The proportion of total asset to the banking industry assets	3.0%	3.0%	3.4%	On Track
Dividend per Share	Total dividend divided by the number of outstanding shares	6 kobo	9 kobo	9 kobo	Target achieved Proposed dividend in line with the dividend policy
Earnings Growth	Percentage increase in total income year-on-year	13.0%	6.3%	20%	Not Achieved Earnings were impacted by the regulatory and macroeconomic headwinds arising from decline in global oil prices
NPL Ratio	The proportion of non-performing loans to total loans	3.1%	4.8%	<5%	Target achieved Increase in NPL ratio due to the challenging operating conditions
Net Interest Margin	The proportion of net interest income to interest income	55.2%	48.9%	62%	Target Missed Net Interest margin impacted by macro-disruptions
Pre-tax return on Average equity	Profit before tax divided by average equity	16.6%	12.2%	16%	Not Achieved ROAE was impacted by pressure on earnings arising from macroeconomic headwinds
Cost-to-Income	Operating expense divided by operating income	73.6%	72.2%	73%	Target achieved Reduction in cost-to-income ratio driven by cost efficiency systems and processes introduced to improve operating efficiency
Loan Growth	Percentage increase in net loans year-on-year	15.4%	-8.8%	30%	On track Decline in loans due to the repayment of State Government loans (Adjusted growth,14.4%)
Deposit Growth	Percentage increase in customers deposits year-on-year	15.0%	-9.9%	43%	On track Decline in customer deposit due to the implementation of the Treasury Single Account (Adjusted growth, 12.3%)

ECONOMIC REPORT

The macro-economy is one of the biggest influences on the banking sector. Banks are also affected by regulatory changes and rapid technological developments, which are providing new opportunities for them and their customers, and altering the competitive landscape.

The Global Whirlwind – Divergence Continues

Globalisation means that growth in any one country is tinged by uncertainty about growth in the major economies and geopolitical developments. Data from the World Bank showed that global economic growth fell short of expectations in 2015, slowing to 2.4% from 2.6% in 2014, on the back of continued deceleration of economic activity in emerging and developing economies amid weakening commodity prices, global trade, and capital flows. The emerging market economies (EMEs) which had been the bastion of global growth after the 2007-08 global financial crisis, dampened growth as the largest EMEs (safe India) — Brazil, the Russian Federation, China, and South Africa (BRICS) — experienced a simultaneous slowdown.

It was not all gloom though as the recovery in major high-income countries gained traction last year, driven by stronger domestic demand. The United States and the United Kingdom provided cause for cautious optimism, posting full year GDP growth of 2.4% and 2.2% respectively; just as employment conditions in the former remained robust. Similarly, the Euro area, with an uptick in credit growth and declining unemployment, continued on its recovery path.

Economic recovery remained fragile in Japan, moderated by the deceleration in emerging and developing economies, despite substantial policy stimulus. In China, the economic rebalancing continued, accompanied by slowing growth, bouts of volatility in the financial markets and spillovers to neighbouring economies, despite additional stimulus measures. The country's full year GDP came in at a relatively slower 6.9% compared to 7.3% in 2014. On the other hand, government sources have estimated a 7.6% full year GDP growth for India buoyed by improving domestic demand and manufacturing activity.

The global financial markets also witnessed significant volatility against the backdrop of slowing activity in the large emerging economies, divergent monetary policies of major central banks, continued decline in commodity prices and fragile liquidity conditions. Half of the 20 largest developing countries' stock markets saw heightened political risks (including Brazil and Turkey) fell to multi-year lows against the U.S. dollar.

In general, activities in emerging and developing commodity exporting countries stagnated in 2015, as they continued to be weighed down by declining commodity prices. As a result of the uneven global growth, major central banks adopted divergent monetary policies. The US Federal Reserve Bank raised its benchmark interest rate for the first time in seven years; while other major central banks, namely the European Central Bank (ECB), Bank of Japan (BoJ) and the People's Bank of China (PBoC), amongst others, extended their monetary policy stimulus during the year to support growth in their economies.

Economic Hurricane Swept the Nation in 2015

On the domestic scene, the Nigerian economy witnessed further slowdown in growth from 5.94% recorded in Q4 2014 to 2.11% in Q4 2015, according to the National Bureau of Statistics (NBS). The economy also grew by 2.79% in FY2015 according to the NBS. The slowdown in growth was attributed to weak economic prospects due to external and domestic headwinds. The economy was rattled in the first half of the year as two consecutive GDP contractions raised fears of a recession in the third or fourth quarters of 2015. However, this abated as output grew in the second half of the year on the back of growth in Crop Production, Trade and Telecommunications & Information Services. Growth had come under severe strain arising from declining private and public expenditure, occasioned by declining crude oil prices and delays in the payment of salaries by most state and local governments, which stifled consumer demand.

These headwinds started with the political and economic policy uncertainties that surrounded the 2015 general elections, leading to a slowdown in economic activities till the third quarter of the year as various business decisions were postponed. However, the successful transition programme, which should have given fillip to the flagging economy, provided limited succour for operators within the domestic market as an extensive decline in crude oil prices - crude oil prices collapsed from as high as $114/barrel in July 2014 to as low as $33/barrel in December 2015 - constrained oil export revenue and foreign reserve accretion. The Treasury Single Account (TSA) implemented by the Federal Government resulted in liquidity contraction for Banks. This was further exacerbated by the dollar restrictions on 41 imported items. This was aimed at boosting local production.

ECONOMIC REPORT (continued)

Sustained uncertainty in the country led to postponed decision making by business leaders in anticipation of clearer direction on economic policies, thus slowing economic activity. However, the Monetary Policy Committee adopted a deliberate action of quantitative easing through the reduction of the Cash Reserve Requirement (CRR) from 25% to 20% to ease some of the liquidity constraints.

Overall, the year was characterized by a rise in unemployment; month-on-month rise in the inflation rate, closing at 9.6% from 8.2% in January; and widening exchange rate gap between the official and parallel markets. Various measures rolled out by the Apex Bank to curb foreign exchange demand and conserve the nation's foreign reserves, while stimulating growth in the real sector are yet to yield the desired outcomes. Debt repayment by sub-sovereigns was also a challenge in the face of dwindling Federal distributable revenue, prompting loan restructuring.

The Financial Market

The financial markets were not spared as JP Morgan delisted Nigeria's FGN bonds from its Government Bond Index for Emerging Market (GBI-EM), owing to the fact that recent currency controls introduced by the Apex Bank had made bond market transactions complex to meet its rules. While markets stabilized in the latter part of the year, the exclusion would make it more difficult for Nigeria to attract foreign portfolio flows in the future.

The Bourse

Investors' appetite remained low largely due to subdued sentiments preceding the general elections. Post-election fears and concerns about the country's foreign reserves position which stood at $29billion in December 2015 sustained these sentiments. The NSE's flagship index, the NSE ASI, declined by 17.4% in 2015 closing the year at 28,642 points after starting the year relatively flat. This was due to a combination of the aforementioned factors including political risk, currency volatility, and uncertainty in global crude oil prices. The NSE Banking Index was the worst hit, plunging 23.6% in 2015.

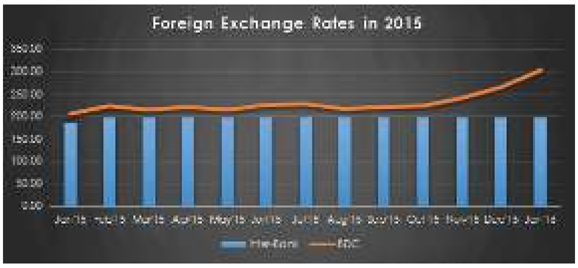
Source: CBN Statistics Database

In the NSE bond market, market capitalization jumped by 32.7% to N7.14 trillion ($35.82 billion) as corporates took to the debt market to raise a total of N112.0 billion ($562.0 million) in 7 new listings; majority being from the financial services sector. In a similar vein, the Federal and State Governments raised N76.5 billion ($383.7 million) and N35.8 billion ($179.6 million) in debt capital, respectively.

Follow the Money

At the short end of the market, rates were largely volatile in 2015, crashing in the third quarter on the back of excess liquidity in the system due to a downward review of key monetary policy tools. In particular, similar to a January 2015 circular for BDCs, banks were required to fund their accounts with the naira-equivalent of their forex bids 48 hours before bids in August 2015. This caught banks unawares, halving system liquidity to N70 billion within days in August 2015. Average inter-bank call and Open Buy Back (OBB) rates closed at 1% and 2% respectively in December 2015.

Similarly, the foreign exchange market was largely volatile in 2015 on the back of increasing demand for dollars. The year began on a stable note, with the Naira trading at US/N185.20 and US/N207.50 in the interbank and parallel markets respectively. The gap between the parallel and interbank markets remained largely at US/N30 until it started widening towards the end of 2015 as demand for dollars rose sharply due to speculation, unavailability of dollars, monetary policies on forex and uncertainty in the market, averaging a gap of US/N108 in January 2016.



Source: CBN Statistics Database

The Banking Industry – CBN Faces a Policy Trilemma

The Banking Industry faced a turbulent monetary policy environment which thinned profit margins considerably as the coordinated policy response from fiscal and monetary policy tools took its toll on the Industry. The Apex Bank reduced the Monetary Policy Rate (MPR)

ECONOMIC REPORT (continued)

from 13% to 11% (with a widening of the corridor to +2%/-7% around the MPR), while the Cash Reserve Ratio was revised downwards to 20% from 25% at the November 2015 Monetary Policy Committee (MPC) meeting, albeit with a caveat on the release of the funds. Other policies included a restriction of cash deposits into domiciliary accounts; the full implementation of the Treasury Single Account, which significantly impacted the balance sheets of banks; removal of 41 items from funding in the forex markets which hit Oil & Gas customers (controlling up to 40% of the Banking Industry loan portfolio), shrinking the wallets of several business entities; and the screening of State Governments' loans following the bailout package by the Federal Government.

The CBN would have to decide on what to do about the Naira amidst the relentless currency pressures. Either way, the Apex Bank is faced with tough choices. Responding to calls to devalue the Naira should in theory encourage capital inflows, but would stoke inflation. Similarly, a relaxation of subsisting capital controls could encourage capital inflows, but may stoke exchange rate volatility. On the other hand, retention of capital controls amidst a tight monetary policy environment continues to pose downside risks to the economy, depleting the country's external reserves while seemingly curbing heightened appetite for the Dollar.

Looking Forward

Global growth is expected to inch higher to 2.9% in 2016 as a modest recovery in the advanced economies continues and activity stabilizes among major commodity exporters according to the World Bank. This pickup is predicated on continued gains in major high-income countries, a gradual tightening of financing conditions, a stabilization of commodity prices, and a gradual rebalancing in China. However, a disorderly slowdown in major emerging market economies, financial markets turmoil arising from sudden shifts in borrowing costs amid deteriorating fundamentals, lingering vulnerabilities in some countries, and heightened geopolitical tensions could pose significant downside risks. Unfortunately, weakening growth and lower commodity prices would leave policy makers with very limited options, especially in commodity-exporting countries, should these risks materialize. We expect the stance of monetary policy in the most advanced and the larger emerging economies to remain largely accommodative in 2016, except for the US where monetary policy normalization has commenced.

In the local context, the thrust for non-oil diversification of Nigeria's economy is expected to amplify in 2016 with the projection that oil prices will remain low for a significant part of the year on the back of a supply glut. The entry of Iranian oil could further exacerbate the oversupply situation although an agreement by Saudi Arabia, Venezuela, Qatar and Russia to freeze supply at January levels may offer some respite, particularly if this agreement facilitates broader consensus among more crude oil exporting nations.

We are cautiously optimistic about the outlook for the 2016 financial year. Whilst business and consumer confidence has largely remained fragile, the level of underlying activity and the present Government's commitment to improving the real sector could provide the platform for the acceleration of growth, albeit in a more sustainable manner, in the Nigerian economy. The 2016 budget proposal, if well implemented, should put the country on the right path given its focus on inclusive growth with a strong emphasis on infrastructural renewal, Agriculture, Solid Minerals, Manufacturing, Health and Education.

In truth, tough choices would have to be made and the country needs to brace itself for possible shocks by building resilience to key risks to growth. There is need for the full implementation of the FGN budget, a lower interest rate environment to support economic activities (particularly in the real sector), reforms to governance, labour market functioning and the business environment to consolidate the country as the powerhouse and largest economy in Africa.

PERFORMANCE REVIEW

Highlights from the Income Statement

Items (N'million)	Performance Review 2015	2015	Common Size 2014	2014	Growth
Gross earnings	**110,194**	**100.0%**	**103,677**	**100.0%**	**6.3%**
Interest income	80,909	73.4%	77,932	75.2%	3.8%
Interest expense	(41,367)	37.5%	(34,915)	33.7%	18.5%
Net interest income	**39,542**	**35.9%**	**43,017**	**41.5%**	**-8.1%**
Fees and commission income	15,522	14.1%	16,133	15.6%	-3.8%
Net trading income	10,650	9.7%	6,765	6.5%	57.4%
Other operating income	3,113	2.8%	2,847	2.7%	9.3%
Non-interest income	**29,285**	**26.6%**	**25,745**	**24.8%**	**13.7%**
Operating income	**68,827**	**62.5%**	**68,762**	**66.3%**	**0.1%**
Impairment charges	(8,151)	7.4%	(7,389)	7.1%	10.3%
Net operating income after impairment charge	**60,675**	**55.1%**	**61,373**	**59.2%**	**-1.1%**
Personnel expenses	(12,101)	11.0%	(12,031)	11.6%	0.6%
Other operating expenses	(11,675)	10.6%	(9,911)	9.6%	17.8%
General and administrative expenses	(16,427)	14.9%	(19,992)	19.3%	-17.8%
Other property, plant and equipment costs	(5,590)	5.1%	(5,551)	5.4%	0.7%
Depreciation and amortization	(3,865)	3.5%	(3,140)	3.0%	23.1%
Total expenses	**(49,659)**	**45.1%**	**(50,625)**	**48.8%**	**-1.9%**
Profit before income tax	**11,016**	**10.0%**	**10,748**	**10.4%**	**2.5%**
Income tax expense	(724)	0.7%	(1,743)	1.7%	-58.5%
Profit after income tax	**10,293**	**9.3%**	**9,005**	**8.7%**	**14.3%**
Other comprehensive gain/loss for the year, net of tax	2,285	2.1%	(836)	0.8%	-373.4%
Total comprehensive income for the year	**12,578**	**11.4%**	**8,169**	**7.9%**	**54.0%**

PERFORMANCE REVIEW (CONTINUED)

Earnings

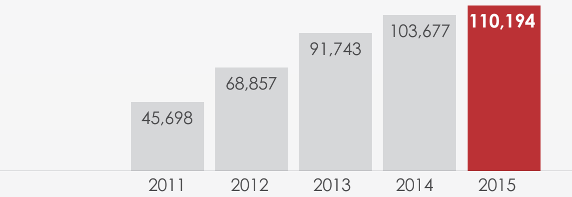
Despite pressures on earnings arising from difficult economic conditions, we sustained the growth trajectory in top-line earnings with a 6.3% growth year-on-year to N110.2 billion from N103.7 billion in 2014. This represents a compounded annual growth rate of 23% (CAGR: 2011-2015). Earnings were boosted by non-interest income which rose by 13.7% to N29.3 billion; while interest income increased by 3.8% to N80.9 billion and accounted for a larger part of our earnings at 73.4%. Growth in non-interest income was sustained by net trading income which grew by 57.4% on the back of securities trading. Fees and commission declined by 3.8% to N15.5 billion largely due to the reduction in Commission on Turnover (COT) charged by 10 basis points to 0.1% in compliance with regulatory guidelines and a decline in lending activities given a volatile operating environment. In the coming year, we will remain disciplined in our approach to doing business and ensure efficiency in our operations to sustain growth in earnings.

Gross Earnings

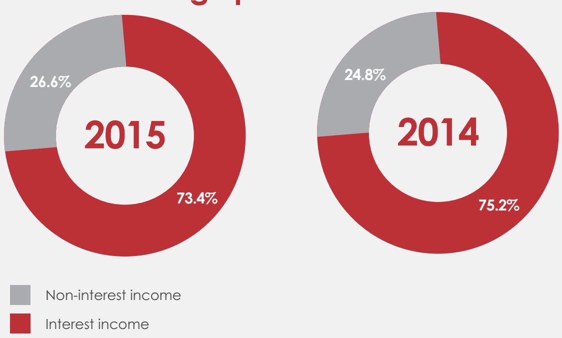
₦'m

CAGR (2011-2015)

23%



Gross Earning Split



Net Interest Income

Net interest income represents the profit margin between the interest earned on lending and investment activities and the interest paid on deposits and other borrowings. Net interest income declined by 8.1% to N39.5 billion due to the moderate growth of 3.8% in interest income which was outweighed by the increase of 18.5% in interest expense; however, we recorded a compound annual growth rate of 24% (CAGR: 2011-2015). Interest income was impacted by the liquidation of state government loans in exchange for Government securities as part of the Federal Government's bail-out programme. Income from loans and advances increased by 4.8%, while investment income from government securities rose by 11.1%, accounting for 73.7% and 24.8% respectively.

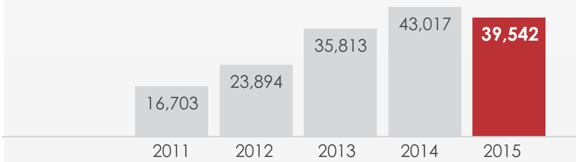
While the year was marked by a tighter monetary policy stance, the Monetary Policy Rate (MPR) remained at 13% for the major part of 2015 resulting in high interest rates. Interest expense was largely driven by increase in interest paid on customer deposits which rose by 18.5% to N41.4 billion. Interest paid on borrowings went up by 52% to N3.5 billion due to a 32.9% increase in borrowed funds. However, interest on deposit from banks declined by 66% reflecting our exit from the interbank market to remain a net placer of funds.

Net Interest Income

₦'m

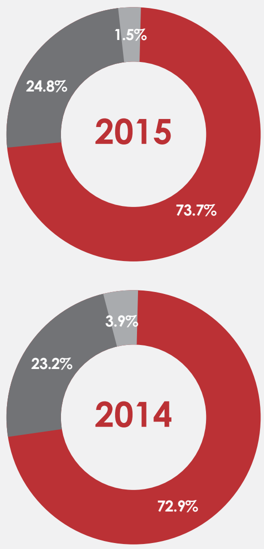
CAGR (2011-2015)

24%



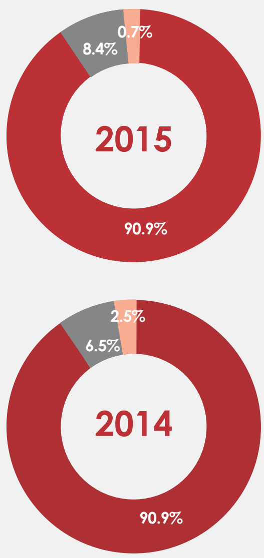
PERFORMANCE REVIEW (CONTINUED)

Interest Income



Cash & cash equivalent
Investment Securities
Loans and advances

Interest Expense



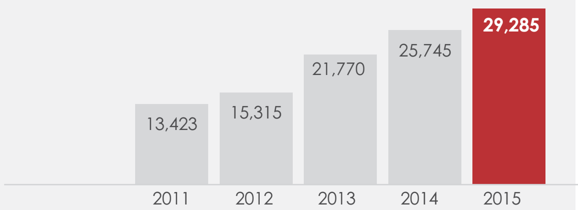
Deposits from banks
Debt securities & other borrowed funds
Deposits from customers

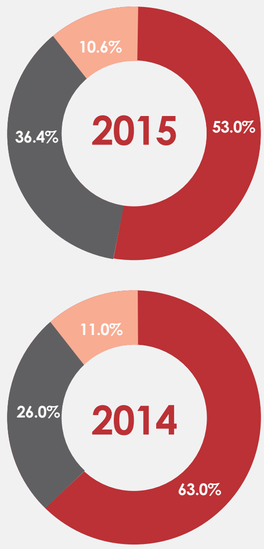
Non-interest Income

Non-interest income comprises mainly fees and commission, and income from foreign exchange and securities trading. In 2015, we recorded a 13.8% growth in non-interest income to N29.3 billion supported by net trading income which rose by 57.4% to N10.7 billion. A major component of net trading income was income from securities trading which grew by 200% to N5.6 billion. Fees and commission, which accounted for 53.0% of non-interest income, declined by 3.8% on the back of a 46.8% and 34.3% reduction in commission on turnover and facility management fees to N1.4 billion and N2.9 billion respectively. However, we recorded a 12.1% increase in other fees and commission representing advisory fees of N4.5 billion and commission earned on electronic transfers of N1.9 billion. Other operating income comprising gains from property disposal, loan recoveries and other sundry income increased by 9.3% to N3.1 billion. In order to improve non-interest income, we have made significant investments in technology to support transaction banking. We also expect that our Non-interest Banking business will continue to make significant contributions to boost earnings.

Non-interest Income
₦'m

CAGR (2011-2015)
17%





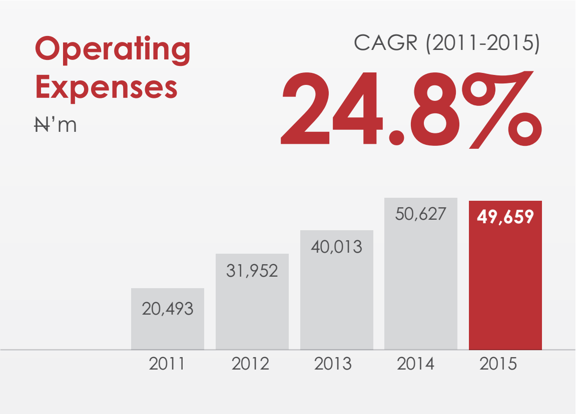
Other operating income
Net trading income
Fees & Commission

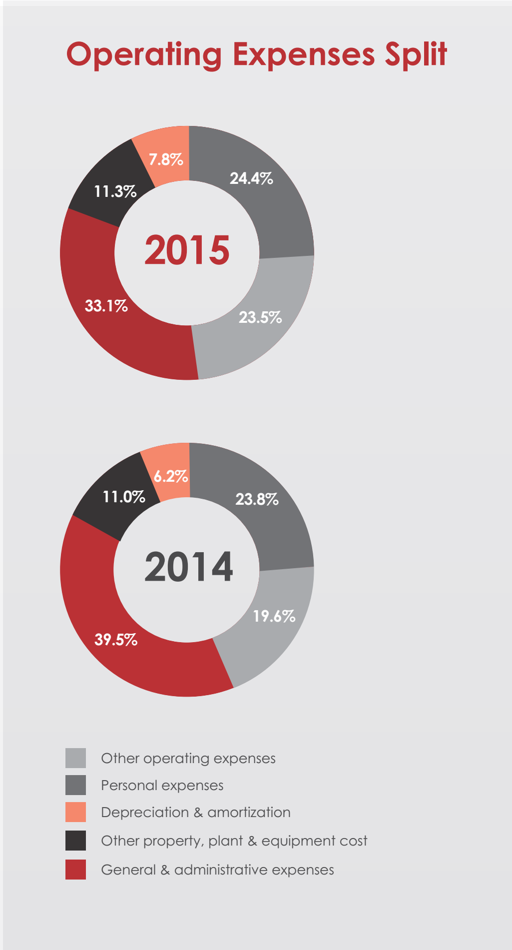
PERFORMANCE REVIEW (CONTINUED)

STRATEGIC REPORT

Operating Expenses

Operating expenses moderated by 1.9% to N49.7 billion reflecting progress made in strategic cost management. Specifically, we recorded a 17.8% reduction in general and administrative expenses, while personnel cost was relatively flat at N12.1 billion. The cost savings arising from general administrative expenses far outweighed the increase in other operating expenses and depreciation & amortisation costs. Depreciation and amortisation increased by 23.1% to N3.9 billion due to the on-going investments in a number of technology-led service improvement initiatives across core and subsidiary systems, and channels optimization. Other operating expenses rose by 17.8% to N11.7 billion, due to regulatory induced costs comprising Asset Management Corporation of Nigeria (AMCON) sinking fund contribution (representing 0.5% of total assets and 33.3% of off-balance sheet assets as mandated by CBN) increase in payment for contract services and professional fees. Overall, we achieved 140 basis points reduction in cost-to-income ratio to 72.2%.





Other Operating Expenses	2015 N'mn	2015 % of Total	2014 N'mn	2014 % of Total	Growth
Insurance	3,660	11,675	3,692	37.3%	-0.9%
AMCON sinking fund contribution	4,128	35.4%	3,556	35.9%	16.1%
Contract services	2,813	24.1%	2,114	21.3%	33.1%
Other professional fees	1,075	9.2%	517	5.2%	107.8%
Foreign exchange loss	-	-	16	0.2%	-
Loss on disposal of property, plant and equipment	-	-	16	0.2%	-
Total	**11,675**	**100.0%**	**9,911**	**100.0%**	**17.8%**

PERFORMANCE REVIEW (CONTINUED)

Profitability

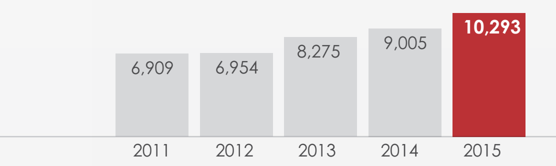
Despite pressures on earnings, the Bank grew its profit before tax by 2.5% to N11.0 billion (2014: N10.7 billion). Income tax declined by 58.5% to N0.7 billion due to prior year high capital retention ratio. This resulted in a 14.3% growth in profit after tax to N10.3 billion. Earnings per share declined by 6 kobo to 36 kobo due to an increase in the average number of outstanding shares following the successful completion of a private placement in 2014. Post-tax return on average equity (ROAE) remained competitive at 11.4%, while Pre-tax ROAE was 12.2%. The Bank has paid dividend consistently since 2011 and, for 2015, the Board of Directors has proposed a dividend of a 50% increase in dividend per share to 9 kobo.

Profit after Tax

CAGR (2011-2015)

10.5%

₦'m

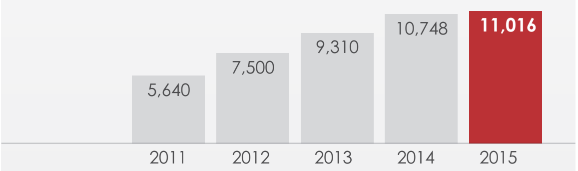


Profit before Tax

CAGR (2011-2015)

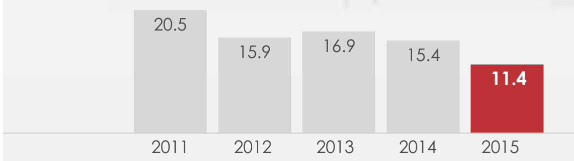
18.2%

₦'m



Post-tax Return on Average Equity

%



PERFORMANCE REVIEW (CONTINUED)

Highlights from the Statement of Financial Position

Items (N'million)	2015	Common Size 2015	2014	Common Size 2014	Growth
Cash and balances with Central Bank of Nigeria	115,924	14.5%	174,760	21.2%	-33.7%
Due from banks	68,799	8.6%	67,330	8.2%	2.2%
Pledged assets	69,338	8.7%	78,751	9.6%	-12.0%
Loans and advances to customers	338,726	42.4%	371,246	45.0%	-8.8%
Investments in securities	169,532	21.2%	96,571	11.7%	75.6%
Other assets	13,903	1.7%	14,137	1.7%	-1.7%
Property, plant and equipment	15,258	1.9%	13,952	1.7%	9.4%
Intangible assets	1,000	0.1%	821	0.1%	21.8%
Deferred tax assets	6,971	0.9%	6,971	0.8%	0.0%
TOTAL ASSETS	**799,451**	**100.0%**	**824,539**	**100.0%**	**-3.0%**
LIABILITIES					
Deposits from customers	590,889	73.9%	655,944	79.6%	-9.9%
Current income tax liabilities	780	0.1%	1,802	0.2%	-56.7%
Other borrowed funds	60,286	7.5%	45,371	5.5%	32.9%
Debt securities issued	4,564	0.6%	4,564	0.6%	0.0%
Other liabilities	47,367	5.9%	32,143	3.9%	47.4%
TOTAL LIABILITIES	**703,886**	**88.0%**	**739,824**	**89.7%**	**-4.9%**
Total equity	95,566	12.0%	84,715	10.3%	12.8%
TOTAL LIABILITIES AND EQUITY	**799,451**	**100.0%**	**824,539**	**100.0%**	**-3.0%**

PERFORMANCE REVIEW (CONTINUED)

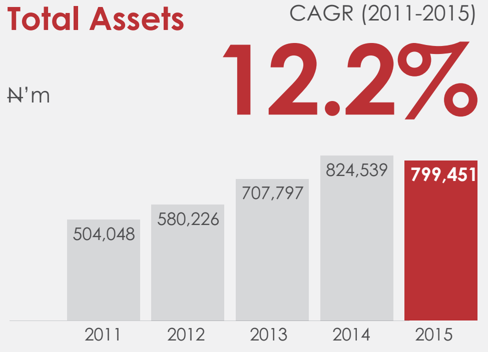
Assets

Total assets moderated by 3.0% to N799.5 billion as we continued to prioritize efficiency in the management of our balance sheet in response to a difficult operating environment. However, this represents a 12.2% compound annual growth rate (CAGR: 2011-2015).

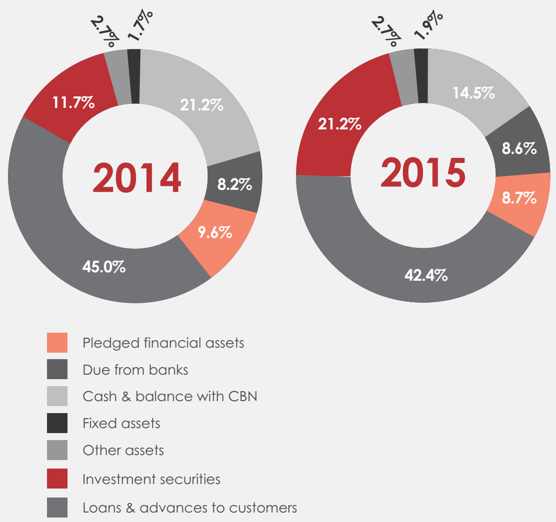
Earning assets increased by 3.4% to N596.2 billion and accounted for 75% of total assets (2014: 70%) due to a reduction in cash reserve requirement to 20% for both public and private sector deposits. As such, cash and balances with the CBN declined by 33.7%. Net loans and advances declined by 8.8% to N338.7 billion essentially driven by the liquidation of state government loans in exchange for Federal Government bonds. Consequently, Government securities, made up of treasury bills and bonds, increased by 75.6% to N169.5 billion.

Sterling Bank remained a net placer of funds with N18.6 billion in money market placements (2014: N29.9 billion). Pledged assets mainly Treasury Bills and Bonds pledged for clearing activities, letters of credit and as collateral for long term loans also declined by 12.0%. Investment securities were skewed in favour of available for sale securities which accounted for 70.5%, while securities held for trading and those held to maturity accounted for 2.8% and 26.8% respectively. Property, plant and equipment increased by 9.4% to N15.3 billion reflecting on-going investments in branch expansion, and alternative channels in line with our retail strategy.

Total Assets



Total Assets Split



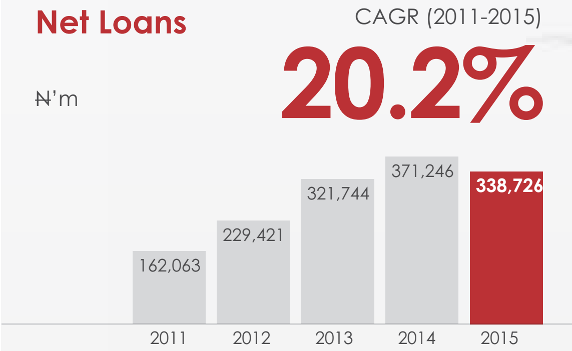
PERFORMANCE REVIEW (CONTINUED)

Loans and Advances

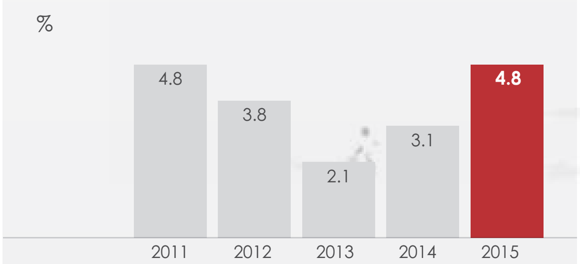
Gross loans and advances declined by 6.9% to N354.5 billion from N380.9 billion in 2014. Net loans and advances also declined by 8.8% to N338.7 billion representing a compound annual growth rate of 20.2% (CAGR: 2011-2015). The reduction in gross loans was as a result of the liquidation of state government loans. Consequently, real estate and construction declined by 50.5% to N40.2 billion, and agriculture by 18.5% to N13.1 billion. Exposures to the manufacturing sector also declined by 45.7% due to repayments and our cautious approach to lending in response to the difficult operating environment. The oil and gas sector recorded the highest exposure at 40.0% of total loans, spread among the various sub-sectors – upstream (18.5%), downstream (12.5%) and servicing (9.1%). Loans to the sector increased by 7.7% largely driven by currency devaluation given that 63.1% of the exposures are foreign currency denominated on the back of upstream lending. Overall, foreign currency loans accounted for 42.1% of total loans, while 57.9% were in local currency. Despite the drop in the price of crude oil, we maintained a healthy oil and gas loan book as we lent against proven reserves and, in most cases, obligors had alternative revenue streams. We also, where necessary, restructured producing assets to accommodate the strain on cashflow arising from low oil prices.

Non-performing loans as a proportion of gross loans increased by 170 basis points to 4.8% (2014: 3.1%), while cost of risk increased by 40 basis points to 2.3% (2014: 1.9%) reflecting the volatile operating conditions and reduction in gross loans. We have strengthened our risk management framework and stepped up loan monitoring, while remaining disciplined in our lending approach.

Net Loans



NPL Ratio

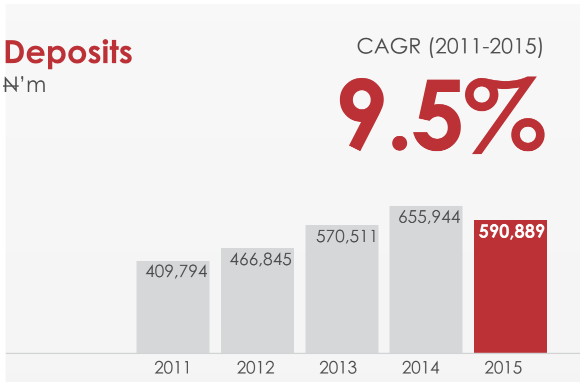


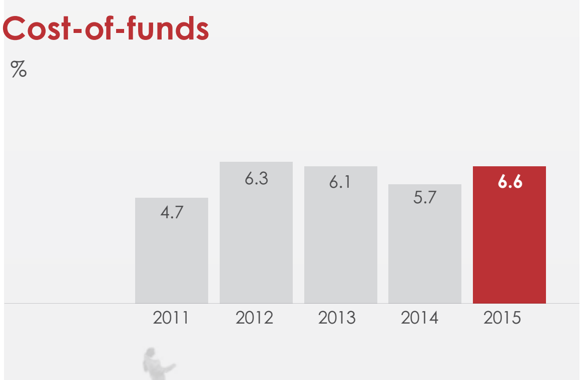
Sector	2015 N'm	2015 % of total	2014 N'm	2014 % of total	Growth
Agriculture	13,145.7	3.7%	16,122.7	4.2%	-18.5%
Capital Market	78.5	0.02%	303.9	0.1%	-74.2%
Communication	29,313.9	8.3%	12,101.0	3.2%	142.2%
Consumer	4,605.8	1.3%	7.6	0.0%	60526.0%
Education	941.0	0.3%	1,298.4	0.3%	-27.5%
Finance & Insurance	12,769.7	3.6%	16,450.3	4.3%	-22.4%
Government	35,022.6	9.9%	33,980.7	8.9%	3.1%
Manufacturing	8,003.4	2.3%	14,739.6	3.9%	-45.7%
Mining & Quarrying	353.2	0.1%	294.6	0.1%	19.9%
Mortgage	12,010.7	3.4%	14,789.2	3.9%	-18.8%
Oil &Gas	141,683.3	40.0%	131,582.6	34.5%	7.7%
Other public utilities	0.1	-	0.4	-	-67.6%
Others	24,451.1	6.9%	34,691.1	9.1%	-29.5%
Power	14,919.9	4.2%	13,742.9	3.6%	8.6%
Real Estate & Construction	40,217.2	11.3%	81,201.8	21.3%	-50.5%
Transportation	16,480.2	4.6%	9,578.4	2.5%	72.1%
Non-Interest Banking	478.7	0.1%	39.5	0.01%	1111.6%
Total	**354,474.9**	**100.0%**	**380,924.4**	**100.0%**	**-6.9%**

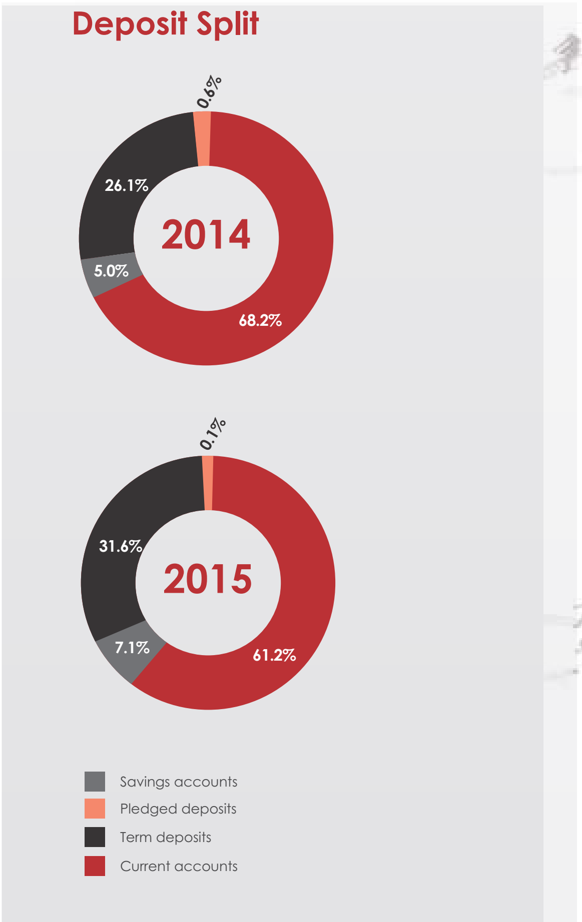
PERFORMANCE REVIEW (CONTINUED)

Deposits

Deposits remained a major source of funding at 73.9% (2014: 79.6%) of total assets. The decline in funding contribution in 2015 was as a result of the implementation of TSA by the Federal Government. As such, we recorded a 9.9% decrease in deposits to N590.9 billion (2014: N655.9 billion) which, however, represented a compound annual growth rate of 9.5% (CAGR: 2011-2015). Current account deposits were the most impacted leading to a 19.2% reduction; however, we recorded marked improvement in retail deposits supported by the on-going expansion of our distribution channels. Consequently, savings deposits rose by 27.8% to N41.7 billion representing 7.1% of total deposits (2014: 5%). We also tapped into the wholesale segment for funding resulting in an 8.8% increase in term deposits. As a result, cost of funds increased by 90 basis points to 6.6% (2014: 5.7%).







PERFORMANCE REVIEW (CONTINUED)

Capital

Items (N'million)	2015	2014	Growth
Total Tier 1	81,371	73,863	10.2%
Total Tier 2	3,892	3,432	13.4%
Total Qualifying Capital	85,262	77,295	10.3%
Risk-Weighted Assets	487,487	566,687	-14.0%
Tier 1 Ratio	16.7%	13.0%	
Tier 2 Ratio	0.8%	0.6%	
Capital Adequacy Ratio (Basel II)	17.5%	13.6%	

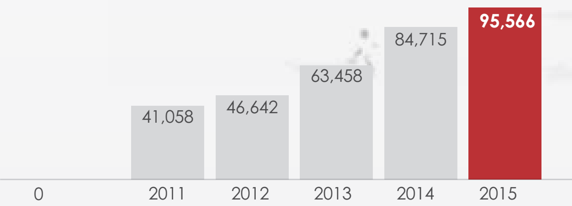
In the last five years, we have consistently maintained strong capital and liquidity positions above regulatory benchmarks. In 2015, we reached a high of 17.5% (2014: 13.6%) in capital adequacy ratio. This was bolstered by a steady growth in shareholders' funds at a compound annual growth rate of 23.5% (CAGR: 2011-2015) to N95.6 billion. While qualifying tier 1 capital increased by 10.2% on the back of retained earnings, tier 2 capital rose by 13.4% due to fair value reserve of N1.2 billion on available-for-sale securities. To further strengthen our capital position in the wake of current economic realities, we commenced the process of raising additional tier 2 capital of N39 billion which we expect to complete in 2016.

Shareholders' Funds

₦'m

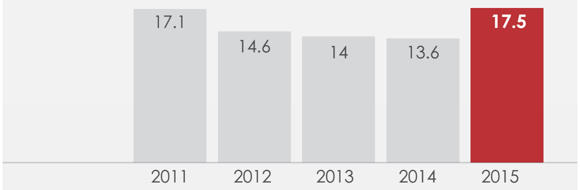
CAGR (2011-2015)

23.5%



Capital Adequacy Ratio

%



PERFORMANCE REVIEW (CONTINUED)

Performance by Business Segment

In 2015, we successfully restructured our operations along three business segments. Retail & Consumer Banking primarily focuses on liability generation, while Commercial & Institutional Banking and Corporate & Investment Banking focus mainly on risk assets creation. This approach is to engender specialization and improve efficiency within our operations.

Retail & Consumer Banking

Our Retail & Consumer Banking business caters to individuals as well as micro, small and medium enterprises (MSMEs) with annual turnover below N500 million; and we set up a dedicated desk to cater to the needs of the MSMEs through capacity building and tailor-made product offerings. The retail business leverages on our extensive distribution channels which include 187 branches, 840 ATMs, and internet and mobile banking platforms to serve our teeming customer base. To further improve our customer services, we follow recommendations from the KPMG Nigeria Banking Industry Customer Satisfaction Survey (BICSS) strongly. On the BICCS, the bank improved on customer satisfaction in the SME segment moving from 11th to 10th position while maintaining top 10 position in the individual segment. The Unit has remained profitable with profit before tax of N1.2 billion representing 11.3% contribution. Total deposits was N147.8 billion representing 25.0%, while loans and advances was N22.1 billion representing 6.5% contribution.

Some other initiatives to drive our retail business include:

- Investment in a robust Customer Relationship Management System (CRMS) to further understand our customers and deliver solutions that cater to their needs
- Fully equipped contact centre that attends to customers' enquiries at all times throughout the year (24/7/365), on-boards customers and cross-sells products
- On-going remodelling of existing customer touch points to create a 'friendly, fun and more vibrant look' with our Retro design elements
- Investment in a retail lending solution –AXE Credit Portal which analyses and responds to loan requests thus reducing loan processing cycles
- Investment in an agent banking service to bridge the gap for the customers who find coming to a bank branch tedious but would still like the 'human feel' branches provide. In the last year we have grown our network to 626 agents across Nigeria
- Implementation of the USSD code service *822# targeted at those who may not have access to the internet but require "service-on-the-go". Customers are able to buy airtime, transfer funds,and retrieve their account numbers and bank balances using this service

We offer a number of innovative products and services:

- Kia Kia – a savings account created in line with the CBN's tier 1 KYC requirement, allowing people without a valid means of identification to open bank accounts.
- New SterlingPlus – a hybrid account that offers attractive incentives for savings
- Sterling SUPA – an account for MSMEs that rewards savings and offers unsecured credit
- Billionaire Game - a game applicationthat teaches financial literacy with over 75,000 downloads
- Edutablet, which leverages technology in the form of Tablets to deliver educational content for Primary and Secondary school subjects in accordance with the Nigerian Educational Research and Development Council (NERDC) curriculum

Commercial & Institutional Banking

Our Commercial & Institutional Banking business focuses on middle market companies with turnover between N500 million and N5 billion; Federal Government ministries, departments and agencies (MDAs); states and local governments. Customers are provided financial support through working capital, term loans, project finance, and trade finance facilities. At the core of these are financial advisory services to help customers grow their businesses. The teams operate from select business locations with focus on clients operating in key sectors and industries including manufacturing, agriculture, education, oil & gas, wholesale trade, real estate, etc. The Unit remained profitable having recorded profit before tax of N1.3 billion representing 11.6% contribution. Total deposits was N236.9 billion representing 40.1%, while loans and advances was N175.7 billion representing 51.9% contribution.

Corporate & Investment Banking

Corporate and Investment Banking focuses on multinationals and large corporates with turnover of N5billion and above operating in key sectors such as communications, construction, manufacturing, agriculture, oil and gas, power and transportation. Other areas of focus include financial institutions in the insurance, pension and capital market sub-sectors. The Unit offers a wide range of products and services including treasury, structured finance, project finance, corporate finance, trade finance and financial advisory. Our Corporate & Investment Banking business was the most profitable segment of our business with a profit before tax of N8.5 billion representing 77.0% contribution. Total deposits was N203.3 billion representing 34.2%, while loans and advances was N134.5 billion representing 39.7% contribution.

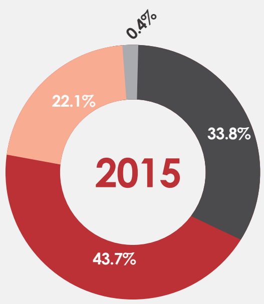
PERFORMANCE REVIEW (CONTINUED)

Non-interest Banking

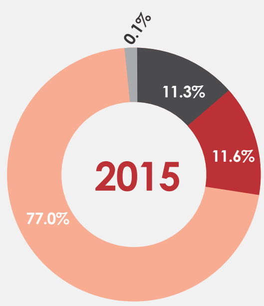
In 2013, we obtained license from the Central Bank of Nigeria to engage in non-interest banking services (Sterling Alternative Finance) in view of the huge opportunities that exist in that space. The Unit, which operated from a single office at the head office now operates from most of our retail locations. The Unit offers transactional accounts, investment accounts and lending products tailored along the core principles of non- interest banking. Transactional account includes current account in Naira and other currencies; and savings account without profit share. Investment accounts include pilgrimage account, trust account and term deposit account which shares profit with depositors on an agreed ratio, while our investment accounts are based on partnership, lease and cost-plus markup sale contracts. From a loss of N171.5 million in 2014, the unit recorded a profit of N7.0 million in 2015 which will be sustained in coming years. Total deposits stood at N3.8 billion while financing and investment activities hit N6.5 billion.

Contribution by Business Segment

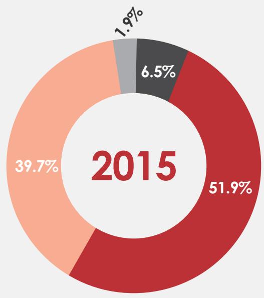
Net Interest Income



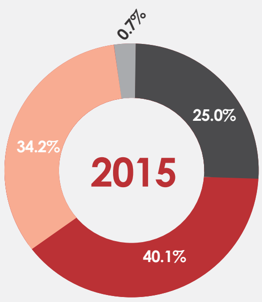
Profit before tax



Loans & advances



Deposits



Corporate & Investment
Non-interest
Retail & Consumer
Commercial & Institutional

SUSTAINABILITY

SUSTAINABILITY APPROACH

At Sterling Bank, Corporate Social Responsibility (CSR) is integral to our business and pervades both our strategic goals and daily operations. We are committed to building a sustainable business, while driving ethical economic growth and profitability that is environmentally responsible, socially relevant and globally compliant.

This is proven by the commitment of human and material resources to drive the Bank's sustainability agenda, as well as capacity building of the entire workforce to ensure compliance with global and local sustainability principles. The approval by the Global Reporting Initiative of the Bank's first Sustainability report lends credence to this fact.

This drive to take a leadership position in global relevance and compliance with reference to sustainability has shaped the Bank's corporate social responsibility priorities in 2016. This is in the wake of the curtain being drawn on the era of the Millennium Development Goals (2000-2015) and the official launch of the 2030 Sustainable Development Goals (2016-2030) adopted by the United Nations in September 2015.

The new Agenda calls on countries to begin efforts to achieve the 17 Sustainable Development Goals, which rest on the four pillars of Economic Prosperity, Social Relevance, Cultural Sensitivity and Environmental Sustenance, over the next 15 years.

Consequently, the Bank's corporate citizenship efforts will be primarily focused on Education, Environment and Empowerment, while the secondary focus areas will be on Health and Agriculture.

Locally, our social responsibility efforts are guided by the nine pillars of the Nigerian Sustainable Banking Principles (NSBPs) developed and adopted by the Bankers' Committee in 2012. The NSBPs encourage banks to promote economic growth and business opportunities, and enhance innovation and competitiveness, whilst protecting communities and the environment in the normal course of duty.

In line with these guiding principles, the Bank executed various initiatives and enriched the lives of her stakeholders in many ways than one in 2015. These included empowerment initiatives, environmental preservation projects, donations, sponsorships, job creation initiatives with special focus on our communities. These were executed in alignment with our priority areas of Education, Environment and Empowerment.

ENRICHING LIVES

Over N1 billion invested in the Education Sector in Nigeria in 2015

>N5.5billion in taxes to the Nigerian Government over the last five years

Over N500 million committed to youth empowerment in the past 5 years

Almost the entire workforce (>99%) are Nigerians

Over 9,000 hours of employee volunteering in 2015

About N250 million invested in environmental sustainability in the last 5 years

SUSTAINABILITY APPROACH (continued)

Education

Our approach to the Education sector is to provide knowledge an capacity across the value chain from parents to teachers to government and of course, the students themselves. A country (and business) is only as good as it's education system and this is our watch phrase in the scope and nature of initiatives executed in 2015.

Highlights of these projects include:

- A Parenting Workshop series aimed at bridging the gaps in raising children in the 21st century. The issues dealt with are typically associated with relating practical day-to-day realities of life in Nigeria and beyond, while optimizing the children's potentials and talents. The series were organized by the Bank in partnership with the Caleb Group of Schools and was held twice in the course of the year with over 1,500 people in attendance.

- Financial literacy trainings were held throughout the course of the year across the Bank's network including the adoption of a school as part of the Central Bank of Nigeria (CBN) Financial Literacy Day celebration. These were organized to improve the knowledge of finance amongst students. The theme for the year was 'Growing your Money' and we engaged a total of 625 students (325 students of the Methodist Girls High School Port-Harcourt and 300 students of Emarid College Port-Harcourt) during the 2015 financial literacy day held on March 12, 2015. Also, the Bank distributed 28,000 copies of its financial literacy books (My Little Money Book and FUND$) to 150 schools nationwide as part of its activities on financial literacy. Cumulatively, the Bank directly and indirectly trained over 40,000 students across the country.

- The third edition of the ***'Get Ready for Work'*** event organized with a fusion of education and entertainment, was held. The objective was to empower and build the capacity of young people to own their own businesses and make successful careers. The event was held in partnership with over a dozen Human Resource firms and had over 3,500 attendees with some attendees obtaining employment shortly after the event.

A cross-section of participants at the Get Ready for Work event

- We have sustained our partnership with the Field of Skills and Dreams, a vocational, technical and entrepreneurship training institute, in a bid to offer innovative approaches to meeting the educational needs of an increasingly young population. About 200 National Youth Service Corps members were trained on various skills which included fashion designing, shoe and bag manufacturing, catering, hair dressing and events decoration with positive testimonials.

- To improve general literacy, the bank sponsored a Spelling Bee in the Oshodi and Ire Akari communities. The event had over 50 contestants (pupils aged 7-11 years) from 12 schools and over 100 pupils as audience with three winners eventually emerging. Ibrahim Karima, a primary six pupil of Motivation Nursery & Primary School, emerged the winner; Epunem Precious, a primary six pupil of KoleBest International School, emerged the 1st runner-up and Oshiomogho Favour, a primary five pupil of Motivation Nursery & Primary School, emerged the 2nd runner-up.

- To ensure sustainable businesses, the bank in partnership with International Finance Corporation (IFC) certified trainer organized the Medium, Small and Micro Enterprises (MSME) Academy. This capacity building programme aims at equipping small business owners on how to run a sustainable business and position them to access funding for development. About 130 people participated in the Academy with about 50 participants being women and about 60 in the youth segment.

SUSTAINABILITY APPROACH (continued)

Furthermore, in line with the Bank's commitment to the Education sector, the One Education Unit was strengthened to seek out and execute ideas that would position the Bank at the forefront of the advancement of the education sector in Nigeria. The unit supports educational development at all levels by the provision of access to educational content through world-class Information Communication Technology (ICT) solutions and other services. The ultimate aim is to get the foundation right in order to reduce unemployment in the country.

Notable among these interventions is the launch of an E-library at College of Education Ikere-Ekiti in Ekiti State, South West Nigeria. Another is the launch of the ***Edutablet,*** which leverages technology in the form of Tablets to deliver educational content for Primary and Secondary school subjects in accordance with the Nigerian Educational Research and Development Council (NERDC) curriculum. The ***Edutablet*** is made available for students to aid their educational development, ensure ease of learning and expose them to alternative ways of learning.

Commissioning of Ikere Ekiti College of Education e-Library

SUSTAINABILITY APPROACH (continued)

Environment

We intensified our strategic focus on the environment as we continued our partnership with the Lagos State Waste Management Authority by kitting our street sweepers. The partnership has now been extended to other states including Ekiti, Delta, Enugu and Kaduna states.

Our staff sustained the employee volunteering efforts under the ***Sterling Environmental Makeover*** (#STEM) initiative when we joined the agencies to clean several streets and market places across the country. After each cleaning exercise, the cleaning items were donated to the communities to promote the sustainability of a clean environment.

Furthermore, in line with the global focus on climate change, we are committed to reducing greenhouse gas emissions. To achieve this, we are migrating to the use of energy-saving bulbs across our network starting with our head office and all new locations built. This helps to reduce carbon footprint while promoting a more sustainable and healthier environment.

We continuously evaluate how we can evolve our processes to benefit both our clients and other stakeholders. The natural outflow from this ongoing improvement cycle is the efficient use of scarce resources. An example would be the benefit we hope to receive from our process automation project roll-out and video conference facilities that limit paper usage, travel costs and fuel consumption.

Sterling Bank staff and street sweepers at the Cleaning Exercise

Environmental and social risk assessment has also been included as part of our risk assessment process to guide investment decisions for the Bank.

Sterling Bank staff and street sweepers after a Cleaning Exercise

SUSTAINABILITY APPROACH (continued)

The table below shows the resource consumption for the Bank over the last 2 years.

Resource	2015	2014	% Change
Amount spent on petrol (NGN)	172,608,000	146,053,215	18.18%
Average cost per litre of petrol (NGN)	87	105	-17.14%
No of litres of petrol consumed	1,984,000	1,390,983	42.63%
Weight per litre of petrol consumed (kg)	0.71	0.71	0.00%
Total weight of litres of petrol consumed (kg)	1,408,640	987,598	42.63%
Amount spent on diesel (NGN)	557,146,605	608,242,349	-8.40%
Average cost per litre of diesel (NGN)	170	190	-10.53%
No of litres of diesel consumed	3,277,333	3,201,276	2.38%
Weight per litre of diesel consumed (kg)	0.84	0.84	0.00%
Total weight of litres of diesel consumed (kg)	2,752,960	2,689,071	2.38%
Amount spent on Dispense bottled water (NGN)	24,447,238	17,115,000	42.84%
Cost per bottle of Dispense water (NGN)	400	350	14.29%
No of litres of water consumed	1,161,244	929,100	24.99%
Weight per litre (kg)	1	1	0.00%
Weight of litres of water consumed (kg)	1,161,244	929,100	24.99%
Amount spent on paper (NGN)	16,744,873	12,187,500	37.39%
Average cost per paper ream (NGN)	650	650	0.00%
No of reams consumed	25,761	18,750	37.39%
Weight per ream (kg)	2.4	2.4	0.00%
Weight of reams of paper consumed (kg)	61,827	45,000	37.39%
Amount spent on electricity (NGN)	189,925,687	235,361,988	-19.30%
Average cost of electricity per KWH (NGN)	17	20	-15.00%
No of KWH consumed	11,172,099	11,768,099	-5.06%
CO_2 emission on Electricity consumed ($KgCO_2e$)	5,860,883	6,173,544	-5.06%
Total Waste generated (kg)	1,781,282	2,236,601	-20.36%

- Notwithstanding the increase in branch network (by thirteen) and the spells of electric power disruptions during the year, diesel consumption only grew 2.38% compared with a 5.06% decline in electricity consumption;
- Quantity of waste generated also decreased by 20.36% year-on-year;
- However, paper, petrol and drinking water consumption increased by 37.39%, 42.63% and 24.99% respectively.

We expect to rein in growth in paper and petrol consumption (not associated with business growth) in the coming years through a couple of initiatives currently being implemented, although petrol consumption largely relates to marketing and sales calls to customers.

SUSTAINABILITY APPROACH (continued)

Entertainment

The entertainment industry in Nigeria provides massive employment generation. The end result of the education initiative is to provide employable graduates and contributors to growth. In this vein, we believe development of growth sectors such as entertainment provide a destination to the funnel of education. Over the last year, our initiatives within the space included:

Twitter Premier League

We partnered with the Twitter Premier League to encourage socio-preneurship. The league was birthed due to the love for the game of football evident in Nigeria, and the need to create an avenue for people who interact on the social network – Twitter – to meet and interact physically. So far, over 1,000 people have attended the events with over 20,000 people getting updates online. The team also carried out various community development initiatives such as visits to orphanages, donations to the less privileged and participation in the Sterling Environmental Makeover, all positively impacting our communities.

Twitter Premier League

Social Media Awards Africa (SMAA)

To encourage the responsible usage of social media, celebrate such recognized usage of social media for productive reasons and the entrepreneurial spirit of the African social entrepreneur, Sterling Bank sponsored the Social Media Awards Africa. The theme was "Social Media for Governance, Leadership and Development." Nominations, which came in from all Social Media platforms for categories ranging from activism to entertainment, were subjected to a rigorous selection process. The Initiative was supervised by an Advisory Board of respected individuals such as: Toby Daniels, CEO, CrowdCentric & Founder, Social Media Week; Tunji Lardner, Executive Director, West African NGO Network (WANGONeT), Ini Onuk, Lead Consultant/CEO, ThistlePraxis Consulting; Abdul Tejan-Cole, Executive Director, Open Society Initiative for West Africa (OSIWA) amongst others while the Jury included Ken Banks, founder, Kiwanja.net; Francis Ebuehi, Vice President, Value Added Services, Airtel Nigeria; Obi Asika, Chief Executive Officer, Dragon Africa; Ryan Silberman, CEO, Popimedia South Africa; Dele Fatunla, Communications Coordinator, Royal Arts Society, London; Muyiwa Moyela, External Relations Lead, IBM West Africa; Hetal Shah, Chief Operating Officer, Mara Group of Companies and many more.

Award winners emerged from various parts of Africa including South Africa, East Africa and West Africa and were duly rewarded for their innovation and creativity. In a review of the voting phase which spanned 20 days, SMAA recorded impressive statistics with the highest day reach on Twitter hitting 13.8 million. Apart from Twitter, SMAA had active presence on 15 out of 22 social media platforms, reaching several millions of Africans. The final awards ceremony produced 15 awardees out of 43 finalists who emerged through a rigorous screening process from 923 nominations from over 26 African countries. The final ceremony was attended by about 1,000 people.

Award presentation at the Social Media Awards Africa

Award presentation at the Social Media Awards Africa

SUSTAINABILITY APPROACH (continued)

Community Development

- **Employment Generation**

As part of the Bank's strategy, a significant proportion of the human resource for the Bank's fast growing branch network and support services are sourced from the local communities. In this vein, we increased our footprint by establishing 13 additional branches in various communities during the year to ensure proximity to our customers with attendant impact on human resource utilization from the communities. This helps to ensure that we create employment opportunities and ultimately a sense of belonging for the communities in which we operate. The employment of school-leavers from the local community promotes economic development of the society and improves the standard of living, while boosting capacity for higher responsibilities for the indigenes.

Job creation is further aided by the Bank via financing of various small and medium enterprises and the provision of financial advisory services to help build capacity for entrepreneurs.

- **Donations and Grants**

The Bank made substantial donations to help alleviate the sufferings of Internally Displaced Persons in Borno State, North Eastern Nigeria. Also, donations were made to orphanages and to the Ekiti State Security Trust Fund to help purchase security equipment for the state.

- **Investments in Agriculture**

In line with our corporate strategy, the Bank invested heavily in agricultural projects in various communities across the country. These investments ranged from poultry to piggery and rice farming among others. Notably, one of the biggest rice mills in Nigeria, Labana Rice Mills in Kebbi State was financed by the Bank in partnership with the Central Bank of Nigeria to aid development in the community, job creation and national economic growth.

- **Financial Inclusion**

The Bank expanded its network of banking agents in line with its commitment to financially include the unbanked in the formal banking sector. The number of agents grew by 204% (420) to 626 from 206 in 2014.

Customer Service Initiatives

- **Sterling Cares**

In this light, and as part of our drive to consistently enrich lives, we executed the ***Sterling Cares*** campaign held to celebrate and appreciate members of the public on various occasions such as St. Valentine's Day and the Independence Day. We distributed free bus tickets at various parks with balloons and gift vouchers to everyday Nigerians and select creative talents in the Nigerian Entertainment Industry. We also gave Valentine cards to walk-in customers at our branches and free tickets to movie lovers at cinemas across the country. Over 10,000 people benefited from this initiative.

- **Customer Service Week**

Our customers were rewarded with various gifts every day during the Customer Service Week. They were celebrated in all our locations with different gift items. Over 17,000 customers got gifts during this celebration.

- **Shopping Dash**

Shopping Dash, an initiative to reward ***I Can Save*** account holders between the ages of 4-8 years during the yuletide season was also executed. It aimed to teach speed, accuracy and decision-making in a fun and rewarding manner. Over 200 children were allowed to dash for one minute in selected malls across seven states and any item they picked was paid for by the Bank. This was remarkable as it is a first within the Nigerian banking space.

Shopping Dash

SUSTAINABILITY APPROACH (continued)

For Our Employees

- Capacity building remains a priority for the Bank, as staff gleaned invaluable knowledge from the various mandatory e-learning courses which included Basics of Financial Planning, Sustainability Training and E-learning Program (STEP), Customer Satisfaction, Anti-Money Laundering and Leadership Excellence amongst others including classroom training across various cadre.

- The crèche for toddlers was also revamped for nursing mothers and their babies to promote alignment with global best practices.

Staff Creche

- A clinic was also established at the head office to attend to the health needs of staff of the Bank.

Staff Clinic in the Head Office with a resident Nurse

- A job swap programme was implemented, where staff are given opportunities to work in other units of the Bank to boost their knowledge base and enrich their work experience. This is usually for a period of three months and has gone a long way to motivate staff and increase their capacity. Furthermore, we sustained some strategic programmes to motivate, encourage and retain high performers. These include the Sterling Graduate Associate Programme for entry level employees and the Sterling Management Associate Programme for junior management staff to build the capacity of future managers of the Bank.

- ####A Long Service Awards ceremony for staff that have served the Bank for 10 years and over was held at the prestigious Eko Hotel & Suites with over 300 staff receiving recognition for their commitment to the institution. It is worthy of note that Sterling Bank remains an equal opportunity employer and does not discriminate against any category of employees. Remuneration is non-discriminatory and we run a merit driven recruitment process with commitment to high quality training.

- The Bank also organizes Unit-specific weekly in-house learning sessions facilitated by staff for knowledge sharing purposes

For Our Shareholders

We operate an efficient business model and communicate with our investors regularly via various channels including social media to ensure that they are abreast of developments in the Bank.

We also pay close attention to our Corporate Governance and leadership to ensure that the bank remains disciplined in its approach and complies with the rules and regulations guiding its operations. This has earned the Bank the "***Best Corporate Governance Bank" Award for West Africa*** by the Banker Africa.

Also, the Bank paid out over N1.7 billion in dividends to shareholders last year and more than N11.8 billion over the last 5 years.

SUSTAINABILITY APPROACH (continued)

For the Government

We are committed to contributing our quota to national development through the timely and effective payment of taxes. We adhere to responsible business practices as they are vital to ensuring a sustainable institution.

We believe this resolve is vital to promoting economic growth, providing adequate employment, delivering basic infrastructure and social amenities and ensuring financial stability, all of which are important factors for promoting sustainable development of any economy.

Also, we ensure that we not only comply with regulations from the various outfits of the government regulating our activities, we are committed to being a responsible corporate citizen in every respect.

Materiality Analysis

At Sterling Bank, we regard an issue as being material when it impacts our ability to remain commercially viable and socially relevant in the communities in which we operate. Our basic standard of materiality concerns issues that can have a fundamental impact on the reputation or viability of our business and/or impact on stakeholders' decisions regarding doing business with us. Principally, material issues are those that have a strong bearing on our stakeholders' assessments and decisions about our long-term sustainability. Factors that affect the financial stability and growth of economies, and in turn our own business, are also considered.

We reviewed the following to determine our material issues:

- Our strategy
- Our core values
- Internal and external stakeholder engagement
- Risk management and regulation
- Global challenges and national priorities
- Sustainability indices

Focus areas

The focus areas identified following the materiality analysis in view of our identified stakeholders include:

- Financial sustainability
- Social sustainability
- Environmental sustainability

As part of our materiality analysis, we have highlighted focus areas to promote effectiveness in our daily operations as a socially responsible and sustainable organization.

We commit to concentrating our efforts and resources on these areas where they provide the greatest impact and make the greatest difference.

Stakeholders	Materiality Issues	Expectations
Employees	Transparency	Challenging, progressive and rewarding career
Shareholders/Investors	Financial stability and stewardship	Competitive returns
Communities/Operating Environment	Sustainability	Good corporate citizenship
Regulators	Good products & services and best business practices	Compliance
Analysts/Ratings Agencies	Financial stability and viability	Good governance
Customers	Excellent customer service	Accurate and timely supply of information/ Fair pricing
Suppliers/Vendors	Shared values	Competitive pricing and quality service delivery
Non- governmental organizations	Social responsibility	Access to support
Media	Brand and reputation	Timely and reliable information/ Demonstration of institutional integrity

SUSTAINABILITY APPROACH (continued)

Stakeholder Engagement

Sterling Bank pursues an open, relationship-driven communication with stakeholders, with an undivided focus on creating sustainable value and enriching lives. Taking care to match the appropriate communication channel with each Stakeholder group, Sterling Bank carefully prioritizes each piece of feedback from stakeholders, and makes every effort to glean lessons therefrom for the company's future corporate policies and actions.

In order to facilitate effective communication with stakeholders, we have invested in both human and material resources to build capacity required for excellent performance, while we ensure that our engagement processes are carefully crafted and tailored to suit each stakeholder group.

Stakeholder Group	Engagement mechanism	Focus issues
Customers	We constantly engage our diverse customer base via dynamic and personalized channels while working with them to help meet their needs. Partnering with them plays an important role in helping us deliver transformational products and services. Their views and feedback on various issues are monitored through our retail outlets, social media, direct emails, contact centre, web chats, surveys and other discussion fora. This arms us with the benefit of foreknowledge which helps us proactively create commercially viable services with sustainable benefits that can be scaled up and rolled out across different market segments	· Service delivery · Alternative delivery channels, proximity, dependability and reliability
Shareholders/ Investors	We communicate with investors regularly through one-on-one meetings, conference calls, direct mails and general meetings to understand their concerns. Our Investor Relations team also holds regular meetings with local and international investment analysts. We learn about what information investors want and have the opportunity to explain our strategy for ensuring sustainability.	· Corporate governance · Corporate performance · Corporate strategy
Employees	We constantly dialogue with our workforce via multiple platforms which include direct mail, blogs, intranet, in-house publications, video conference chats, village meetings, one-on-one meetings and opinion surveys	· Employee motivation · Employee engagement
Community	We remain a socially responsible corporate citizen by continually engaging with our communities to understand their needs with a view to ensuring a sustainable environment for both the communities and our institution.	· Community development

SUSTAINABILITY APPROACH (continued)

Suppliers	We hold meetings with our suppliers to deliberate on mutually relevant issues with a view to incorporating valuable feedback in our processes. We also undertake vendor assessments at intervals to ensure consistency in quality.	· Proactive and transparent communication
Media	We have a dedicated Media Relations team that engages with the media to effectively communicate the Bank's strategy and respond to day to day enquiries	· Financial sustainability · Transparency · Corporate citizenship
Government and Regulator	Our engagement with the government and its agencies is continuous and our sustained partnership with some of these agencies lend credence to this fact. We hold periodic engagements with our regulators and government agencies in line with regulatory leanings.	· Fair Banking · Financial sustainability

Our value-creating business model

Sterling Bank is an integral economic player in the society at large, as a provider of financial services to households, businesses, institutions and the public sector. This impact is multiplied when taking into account the payment of dividends to shareholders, creation of jobs and payment of wages, purchases made from its suppliers, payment of levies and taxes and the collection of these on behalf of the government, support for businesses, and support for financial inclusion.

By running a sustainable business, Sterling Bank makes a valuable contribution to the economy by paying: dividends to our shareholders; salaries to our employees; payments to our suppliers; and tax revenues to the government; while also financing companies that in turn create employment.

GOVERNANCE

Execution
...the art of getting things done!

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

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

Board Composition and Committees

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

Attendance at Board meetings for the year ended 31 December, 2015 are as follows:

	Director		Attendance	No. of Meetings
1	Mr. Asue Ighodalo	Chairman	4	4
2	Mr. Yinka Adeola	Non-Executive	4	4
3	Mr. Rasheed Kolarinwa	Non-Executive	4	4
4	Dr. (Mrs.) Omolara Akanji	Non-Executive	4	4
5	Ms. Tamarakare Yekwe (MON)	Non-Executive	4	4
6	Mr. Olaitan Kajero	Non-Executive	4	4
7	Mrs. Tairat Tijani	Non-Executive	4	4
8	Mrs. Egbichi Akinsanya (Appointed 02/03/15)	Non-Executive	3	3
9	Mr. Michael Jituboh (Appointed 03/12/15)	Non-Executive	1	1
10	Mr. Yemi Adeola	Managing Director/CEO	4	4
11	Mr. Lanre Adesanya	Executive Director	4	4
12	Mr. Kayode Lawal	Executive Director	4	4
13	Mr. Abubakar Suleiman	Executive Director	4	4
14	Mr. Grama Narasimhan (Indian)	Executive Director	4	4
15	Mr. Yemi Odubiyi	Executive Director	4	4

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

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

CORPORATE GOVERNANCE REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

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

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

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 **Asset and Liability Committee (ALCO)**
The Committee ensures adequate liquidity and the management of interest rate risk within acceptable parameters. It also reviews the economic outlook and its impact on the Bank's strategies.

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

4 **Management Performance Review Committee (MPR)**
The Committee reviews the Bank's monthly performance on set targets and monitors budget achievement. It also assesses the efficiency of resource deployment in the Bank and re-appraises cost management initiatives.

5 **Criticised Assets Committee (CAC)**
The Committee reviews the Bank's credit portfolio and collateral documentation. It reviews the non-performing loans and recovery strategies for bad loans.

6 **Computer Steering Committee (CSC)**
The Committee establishes the overall technology priorities by identifying projects that support the Bank's business plan. It provides guidance in effectively utilizing technology resources to meet business and operational needs of the Bank.

7 **Management Risk Committee (MRC)**
The Committee is responsible for planning, management and control of the Bank's overall risks. It includes setting the Bank's risk philosophy, risk appetite, risk limits and risk policies.

CORPORATE GOVERNANCE REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

Succession Planning

Sterling Bank Plc has a Succession Planning Policy which was approved by the Board of Directors in 2009. The policy was reviewed by the Board in 2015. Succession Planning is aligned to the Bank's overall organisational development strategy. In line with this policy, a unit was set-up in the Human Resource Management Group to implement, amongst others, a Succession Plan for the Bank.

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

Code of Ethics

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

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

Whistle Blowing Process

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

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

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

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

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

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

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

Further disclosures are stated in Note 41 of the financial statements.

Compliance Statement on Securities Trading by Interested Parties

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

During the year 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.

Compliant Management Policy

The Bank has put in place a compliant Management policy guiding the resolution of disputes with stakeholders on issues relating to the Investments and Securities Act.

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:	Mr. Asue Ighodalo	Chairman
	Mr. Yinka Adeola	Director
	Mr. Rasheed Kolarinwa	Director
	Dr. (Mrs.) Omolara Akanji	Director
	Ms. Tamarakare Yekwe, MON	Director
	Mr. Olaitan Kajero	Director
	Mrs. Tairat Tijani	Director
	Mrs. Egbichi Akinsanya	Director
	Mr. Michael Jituboh	Director
	Mr. Yemi Adeola	Managing Director/CEO
	Mr. Lanre Adesanya	Executive Director
	Mr. Kayode Lawal	Executive Director
	Mr. Abubakar Suleiman	Executive Director
	Mr. Grama Narasimhan (Indian)	Executive Director
	Mr. Yemi Odubiyi	Executive Director
COMPANY SECRETARY:	Justina Lewa	
REGISTERED OFFICE:	Sterling Towers 20, Marina, Lagos Tel: 01-2702300-8	
REGISTRATION NUMBER:	2392	
AUDITORS:	Ernst & Young 2A, Bayo Kuku Road Ikoyi Lagos	
REGISTRARS:	Pace Registrars Limited Akuro House (8th floor) 24, Campbell Street Lagos	
CONSULTANTS:	J.K. Randle International One King Ologunkutere Street Park View Ikoyi Lagos	

BOARD OF DIRECTORS

ASUE IGHODALO
- Chairman

Mr. Asue Ighodalo is a Partner in Banwo & Ighodalo, a leading corporate and commercial law firm in Nigeria, which he founded in partnership in 1991. His core practice areas are corporate finance, capital markets, mergers and acquisitions, banking & securities, foreign investments & divestments, energy & natural resources, privatization and project finance.

A product of the prestigious Kings College, Lagos, Asue obtained a Bachelor of Science Degree (BSc) in Economics from University of Ibadan in 1981, LL.B in 1984 from London School of Economics and a BL in 1985 from the Nigerian Law School. A member of several professional associations, Asue sits on the Board of several public and private companies.

He was appointed a Non-Executive Director of Sterling Bank in May 2014, and subsequently as Chairman in July 2014.

YINKA ADEOLA
- Non-Executive Director

Mr. Yinka Adeola is presently the Managing Director of Safetrust Mortgage Bank Limited (formerly Safetrust Savings & Loans Limited).

He started his finance career as a Senior Supervisor at the Central Bank of Nigeria in 1980, after which he joined Pacific Merchant Bank in 1990, where he specialised in Corporate Finance and later became the Managing Director in 1997, a position he held till 2002. He went on to serve as Managing Director of Trust Bank of Africa Limited, a position he held from 2003 until 2005.

He holds a B.Sc. in Economics from the University of Ibadan and an M.Sc. in Economics from the University of Jos, both in Nigeria.

RASHEED KOLARINWA
- Independent Director

Mr. Rasheed Kolarinwa is presently the Chairman of Capiflex Management Limited.

His banking career started in 1981 with International Merchant Bank Nigeria Limited, after which he moved to Chartered Bank Plc in 1989. He assumed various senior management roles and thereafter moved into Executive positions between 1999 and 2005 as an Executive Director. He served as the Deputy Managing Director of IBTC Chartered Bank Plc (now Stanbic IBTC Bank Plc) from December, 2005 to December, 2007.

Mr. Kolarinwa holds a BA in Economics from the University of Toronto, Canada as well as an MBA with concentration in Finance and International Business from the Schulich School of Business, York University, also in Canada.

BOARD OF DIRECTORS (continued)

OMOLARA AKANJI
- Independent Director

Dr. (Mrs.) Akanji is currently a member of the Petroleum Revenue Special Task Force.

Her early career started with the Central Bank of Nigeria (CBN) in 1978 as an Assistant Economist. She rose through the ranks and retired in December 2007 as Director, Trade and Exchange Department. She also served as a Consultant to the CBN between 2008 and 2011.

She holds a B.Sc. in Agricultural Economics from the University of Ibadan, an M.Sc. in Agricultural Economics from the University of Reading, a Diploma in Statistics from the University of Kent, Mathematical Institute, and a PhD. Finance from the European-American University, Commonwealth of Dominica.

TAMARAKARE YEKWE, MON
- Independent Director

Ms. Yekwe is currently the Principal Partner, 'Kare Yekwe & Co. (Legal Practitioners & Consultants). Prior to this, she was a member of the Governing Council, Nigerian Institute of International Affairs (NIIA) and the Presidential Technical Committee on Housing and Urban Development.

In addition to being the pioneer Attorney General and Commissioner for Justice, Bayelsa State, Ms. Yekwe served as a Director in a number of institutions including the Federal Savings Bank of Nigeria, Continental Merchant Bank of Nigeria Plc, International Merchant Bank Plc and the Federal Mortgage Bank of Nigeria.

She holds a Bachelor of Laws (LL.B) Degree from the University of Lagos. She was called to the Nigerian Bar in 1981.

OLAITAN KAJERO
- Non-Executive Director

Mr. Kajero is presently the Managing Director of STB Building Society Limited- a position he has held since 2006.

He started his career as Finance and Admin Manager at Communication Associates of Nigeria Limited in 1997. He went on to serve as General Manager and Group Chief Operating Officer in Aircom Nigeria Limited between 2001 and 2006, where he was responsible for general business development and managing the day to day activities of the Company.

He holds a Bachelor of Science Degree in Chemistry from the University of Lagos and an MBA Finance from Olabisi Onabanjo University, Ago Iwoye in Ogun State.

He was appointed a Non-Executive Director of Sterling Bank in August, 2014.

BOARD OF DIRECTORS (continued)

TAIRAT TIJANI
- Non-Executive Director

Mrs. Tijani graduated from the Lancaster University with Honours in Accounting, Finance & Economics. She also graduated with a Distinction in MBA, International Business from the University of Birmingham. She is a member of the Association of Chartered Certified Accountants (ACCA) and the Institute of Chartered Secretaries & Administrators of Nigeria.

Mrs. Tijani has garnered significant experience as an operator in the Capital Market, participating in several landmark transactions which have contributed immensely towards the development of the Nigerian Capital Market. She was formerly the Head, Capital Markets Division of FBN Capital (a subsidiary of FBN Holdings Plc-formerly First Bank of Nigeria Plc) where she had oversight responsibility for deal origination and transaction execution.

She was appointed a Non-Executive Director of Sterling Bank in November, 2014.

EGBICHI AKINSANYA
- Non-Executive Director

Mrs. Akinsanya holds a Bachelor Degree in Economics & Public Administration from Bedford College (Now Holloway College) University of London, the professional qualifications of the Institute of Chartered Secretaries & Administrators UK (ICSA); and the Institute of Chartered Accountants of Nigeria (ICAN).

Her work experience spans both the public and private sectors; having worked with the Securities & Exchange Commission Nigeria (SEC) for over 11 years, Citibank Nigeria for 4 years, British American Tobacco for 5 years and Private Venture Capital initiative (FBC Beverages Company Limited) for 6 years.

She was appointed a Non-Executive Director of Sterling Bank in March, 2015.

MICHAEL JITUBOH
- Non-Executive Director

Mr. Michael Jituboh is currently the Executive Director, Special Projects of Globacom Limited.

He worked for 17 years in the African Development Bank in Ivory Coast where he successfully held the positions of Loan Officer, Senior Executive in charge of International Organizations, Special Assistant to the President and Director, International Co-operation Department. He has been on missions to every African country and is also widely travelled across the Middle East, Europe, Asia and the American continent. He has an extensive background experience in Project Lending and Management. He previously served as Non-Executive Director on the boards of the erstwhile Devcom and Equitorial Trust Banks.

Mr. Jituboh holds a Bachelor of Science (B.Sc.) Degree in Applied Mathematics from the Federal City College (now University of Washington DC), USA and a Master of Arts (MA) Degree in Economic Studies from Stanford University, California, USA. He is an alumnus of the Harvard Business School, Program for Management Development (PMD).

He was appointed a Non-Executive Director of Sterling Bank in December, 2015.

BOARD OF DIRECTORS (continued)

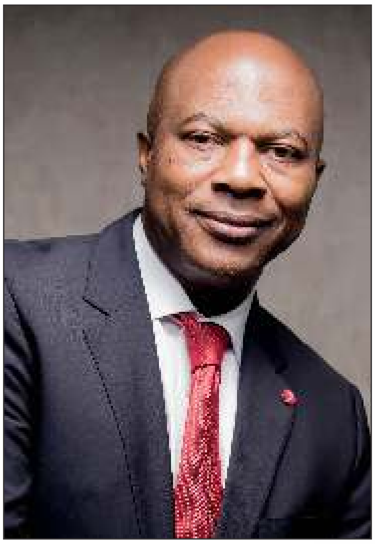
YEMI ADEOLA
- Managing Director/CEO

Mr. Yemi Adeola currently serves as the Managing Director/Chief Executive Officer of Sterling Bank Plc – a role he has held since December 2007.

Born on 30th January, 1959, Mr Adeola obtained a Bachelor of Law degree from the University of Ife in 1982 and was subsequently called to the Nigerian Bar in 1983. He thereafter obtained a Master of Laws degree specializing in the Law of Secured Credit, Comparative Company Law and International Economic Law from the University of Lagos. He was at various times a University lecturer and a consultant with the firm of Price Waterhouse.

Mr Adeola commenced his banking career with Citibank in 1988 serving as Chief Legal Counsel & Company Secretary; later as Executive Director, Public Sector & Infrastructure Banking; and subsequently the Commercial Banking Segment. He left Citibank in 2003 to pursue the turnaround project of Trust Bank of Africa Limited (TBA), serving as the Deputy Managing Director between 2003 and 2005. Upon the consolidation of TBA into Sterling Bank in December 2005, Mr Adeola assumed the role of Executive Director, Corporate and Commercial Banking and remained in that capacity until December 2007 when he was appointed as Managing Director/Chief Executive Officer of the Bank.

Mr Adeola is a fellow of the Chartered Institute of Bankers of Nigeria and has undertaken senior management/ executive education programs covering various business areas at leading international institutions like Harvard Business School, Stanford Business School, Oxford University and the Wharton School.



LANRE ADESANYA
- Executive Director

Mr. Lanre Adesanya currently serves as an Executive Director at Sterling Bank– a position he has held since January 2006.

Prior to this, he served in various senior management capacities at NBM Bank Limited (former Nigbel Merchant Bank Limited) during the 1990s, rising to become Executive Director in 2004, and subsequently Managing Director/CEO in 2005.

Born on 25th November, 1958, he obtained a B.Sc. and M.Sc. in Economics, both from the University of Lagos, Nigeria. Lanre is an alumnus of Lagos Business School, Harvard Business School, UCLA (Creativity and Innovation), Stanford Business School and Wharton School of the University of Pennsylvania. He has 28 years industry experience.

KAYODE LAWAL
- Executive Director

Born on 4th April, 1964, Mr. Kayode Lawal started his career with NBM Bank where he worked from 1987 till 2005. During this period, he excelled in various marketing roles and was subsequently appointed as the bank's Treasurer. Following the consolidation exercise and the emergence of Sterling Bank in 2006, he was again assigned to Marketing, to head various regions in Lagos, a testament to the confidence placed in his abilities on the field.

With 28 years working experience, Kayode is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and has professional qualifications from the Chartered Institute of Taxation of Nigeria (CITN) and Chartered Institute of Bankers of Nigeria (CIBN). He is also an alumnus of the Lagos Business School, Columbia University Graduate School of Business and University of Oxford.

BOARD OF DIRECTORS (continued)

ABUBAKAR SULEIMAN
- Executive Director

Mr. Abubakar Suleiman started his banking career as a Management Associate in MBC International Bank (now First Bank Plc) in 1998. In 2000, he moved to Citibank Nigeria where he worked in roles covering Treasury and Asset & Liability Management. He served as Treasurer in Sterling Bank and later Integration Director for the merger with Equitorial Trust Bank.

Abubakar is currently the Executive Director, Finance and Strategy with responsibility for Finance & Performance Management, Strategy & Communications and Human Resource Management.

Born on 19th August, 1973, he has two decades of relevant experience spanning tax advisory, business audit and financial services. He holds a B.Sc. in Economics from the University of Abuja and an M.Sc. in Major Programmes Management from the University of Oxford. He is also an alumnus of Arthur Andersen (KPMG Nigeria), Wharton School and INSEAD Business School in addition to executive education from Harvard and Said Business Schools.

GRAMA NARASIMHAN
- Executive Director

Mr. Grama Narasimhan obtained a Bachelor of Science Degree (First Class) from Bangalore University, Karnataka, India in 1982. With a 27 year old career which started as an Officer with State Bank of India (SBI) in 1989. He has held senior positions in Credit/Advances, International Banking and Branch Operations. He is a Certified Associate of the prestigious India Institute of Bankers. His career spans over 27 years.

Born on March 15, 1962 in Bangalore, he is presently serving SBI internationally in Nigeria as an Executive Director of Sterling Bank Plc.

YEMI ODUBIYI
- Executive Director

Mr. Yemi Odubiyi currently serves as the Executive Director/Chief Operating Officer of Sterling Bank Plc – a role he has held since December 2014.

Mr. Odubiyi was born on 2nd September, 1972; studied at the University of Lagos and holds a first degree in Estate Management (1994) as well as a Master in International Law degree(1998) from the same institution. He started his banking career with the Nigeria unit of Citibank NA (at the time known as Nigeria International Bank) in 1995 as an Operations & Technology Generalist serving across all its Operations and Technology functions and was thereafter enrolled in its Managment Associate program undertaking stints across all key units of the Bank.

He left Citi to join the turnaround team of the then Trust Bank of Africa in 2003 as Head of Operations & Technology. Upon the consolidation of Trust Bank into Sterling Bank Plc, Yemi served as pioneer Group Head, Trade Services. In 2008, he was mandated to build the Structured Finance Group and also assumed oversight for corporate strategy serving as Chief Strategy Officer. Over the course of his career, Mr Odubiyi has undertaken senior management/executive education programs in Risk Management, Finance, and General Management at leading international educational institutions including the London and Harvard Business Schools to name a few.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors have pleasure in presenting to the members their report together with the audited financial statements for the year ended 31 December 2015.

CORPORATE STRUCTURE AND BUSINESS

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

Sterling Bank Plc (the "Bank") is engaged in commercial banking with emphasis on 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.

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

In October 2011, the Bank had a business combination with Equitorial Trust Bank Limited to re-position itself to better compete in the market space.

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

The Bank has 187 branches and cash centres as at 31 December, 2015.

REPORT OF THE DIRECTORS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

OPERATING RESULTS

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

	2015 ₦'000	2014 ₦'000
Gross earnings	**110,193,835**	**103,679,220**
Profit before income tax	11,016,301	10,747,985
Income tax expense	(723,724)	(1,743,012)
Profit after income tax	**10,292,577**	**9,004,973**
Profit attributable to equity holders	**10,292,577**	**9,004,973**
Appropriation:		
Transfer to statutory reserve	3,087,773	2,701,492
Transfer to retained earnings	7,204,804	6,303,481
	10,292,577	**9,004,973**
Total non-performing loans as % of gross loans	4.8%	3.1%
Earnings per share (kobo) – Basic	36k	42k
Earnings per share (kobo) – Diluted	36k	42k

REPORT OF THE DIRECTORS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

Directors who served during the year

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

Name	Designation	Date appointed/retired	Interest represented
Mr. Asue Ighodalo	Chairman		
Mr. Yemi Adeola	Managing Director/CEO		
Mr. Lanre Adesanya	Executive Director		
Mr. Kayode Lawal	Executive Director		
Mr. Abubakar Suleiman	Executive Director		
Mr. Yemi Odubiyi	Executive Director	Appointed 05/02/2015	
Mr. Grama Narasimhan (Indian)	Executive Director	Appointed 31/03/2015	State Bank of India
Mr. Raghavan Karthikeyan (Indian)	Non-Executive Director	Retired 10/03/2015	State Bank of India
Mr. Yinka Adeola	Non-Executive Director		Concept Features Limited Alfanoma Nigeria Limited Plural Limited Reduvita Investment Limited Quaker Intergrated Services Limited
Mrs. Egbichi Akinsanya	Non-Executive Director	Appointed 02/03/2015	Asset Management Corporation of Nigeria (AMCON)
Ms. Olufunmilola Osunsade	Non-Executive Director	Resigned 13/05/2015	Dr. Mike Adenuga
Mr. Michael Jituboh	Non-Executive Director	Appointed 03/12/15	Dr. Mike Adenuga
Mr. Olaitan Kajero	Non-Executive Director		Eban Odan Industrial & Commercial Company STB Building Society Limited Eltees Properties Rebounds Integrated L.A Kings Limited
Mrs. Tairat Tijani	Non-Executive Director		Essay Investments Limited
Mr. Rasheed Kolarinwa	Independent Director		
Ms. Tamarakare Yekwe (MON)	Independent Director		
Dr. (Mrs.) Omolara Akanji	Independent Director		

REPORT OF THE DIRECTORS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

	31-Dec-15	31-Dec-15	31-Dec-14	31-Dec-14
Names	Direct	Indirect	Direct	Indirect
Mr. Asue Ighodalo	-	60,208,687	-	69,137,500
Mr. Yinka Adeola	17,494,903	795,294,189	17,494,903	1,043,738,342
Mr. Rasheed Kolarinwa	-	-	-	-
Mr. Michael Jituboh/ Ms. Olufunmilola Osunsade	-	1,620,376,969	-	1,620,376,969
Dr. (Mrs.) Omolara Akanji	-	-	-	-
Ms. Tamarakare Yekwe (MON)	-	-	-	-
Mr. Raghavan Karthikeyan	-	2,549,505,026	-	2,549,505,026
Mr. Olaitan Kajero	-	1,532,687,059	-	1,383,753,342
Mrs. Tairat Tijani	-	1,394,955,380	-	1,372,301,560
Mrs. Egbichi Akinsanya	-	1,683,280,753	-	-
Mr. Yemi Adeola	25,535,555	-	25,535,555	
Mr. Lanre Adesanya	5,827,937	-	5,110,960	-
Mr. Kayode Lawal	4,399,530	-	3,180,642	-
Mr. Abubakar Suleiman	14,090,619	-	16,326,849	-
Mr. Grama Narasimhan	-	-	-	-
Mr. Yemi Odubiyi	6,099,883	-	-	-

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

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

REPORT OF THE DIRECTORS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

Analysis of shareholding
The range analysis of the distribution of the shares of the Bank as at 31 December 2015 is as follows:

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

The following shareholders have shareholdings of 5% and above as at 31 December 2015:

	31 December 2015	31 December 2015	31 December 2014	31 December 2014
	% holding	Unit holding	% holding	Unit holding
Silverlake Investments Limited	25.00	7,197,604,531	25.00	7,197,604,531
State Bank of India	8.86	2,549,505,026	8.86	2,549,505,026
SNNL/Asset Management Corporation of Nigeria – Main	5.85	1,683,280,753	5.85	1,683,280,753
Dr. Mike Adenuga	5.63	1,620,376,969	5.63	1,620,376,969

REPORT OF THE DIRECTORS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

Donations and Charitable Gifts
The Bank during the year ended 31 December 2015 donated a total sum of N92,106,000 (for the year ended 31 December 2014: N80,090,000) to various charitable organizations in Nigeria, details of which are shown below. No donation was made to any political organization.

Details of Donation	Purpose	Amount (₦'000)
Lagos State Waste Management Authority	Corporate Social Responsibility	41,319
Lagos State Ministry of Wealth Creation and Employment	Corporate Social Responsibility	15,417
National Economic Summit	Sponsorship	10,000
LEAP Africa Chief Executive Officers' event	Sponsorship	5,500
Nigerian Bar Association	Corporate Social Responsibility	5,000
IDP, Borno State	Corporate Social Responsibility	3,000
The India Show	Sponsorship	3,000
Ekiti State Waste Management Authority	Corporate Social Responsibility	2,520
Entrepreneurship Competition	Corporate Social Responsibility	1,500
International Chamber of Commerce	Corporate Social Responsibility	1,500
Lagos State Badminton Association	Corporate Social Responsibility	1,000
General Hospital Odan, Lagos	Corporate Social Responsibility	1,000
Indo Eye Care Foundation	Corporate Social Responsibility	500
Boy's Brigade, Lagos Council	Corporate Social Responsibility	500
Social Media Award Africa	Corporate Social Responsibility	250
Federal Road Safety Corps Lagos	Corporate Social Responsibility	100
		92,106

Gender Analysis of Staff
Analysis of women employed by the Bank during the year ended 31 December 2015

DESCRIPTION	NUMBER	% TO TOTAL STAFF
Female new hire	91	3.98
Male new hire	147	6.43
Total new hire	**238**	**10.42**
Female as at 31 December 2015	904	39.56%
Male as at 31 December 2015	1,381	60.44%
Total staff	**2,285**	**100**

Analysis of top management positions by gender as at 31 December 2015:

GRADE	FEMALE	MALE	NUMBER
Senior Management (AGM –GM)	13	38	51
Middle Management (DM – SM)	59	139	198
TOTAL	**72**	**177**	**249**

REPORT OF THE DIRECTORS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

Gender Analysis of Staff – continued

Analysis of Executive and Non-Executive positions by gender as at 31 December 2015:

GRADE	FEMALE	MALE	NUMBER
Executive Director	-	5	5
Managing Director	-	1	1
Non-Executive Director	4	5	9
TOTAL	**4**	**11**	**15**

Acquisition of own shares
The Bank did not acquire any of its shares during the year ended 31 December 2015 (2014: Nil).

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

Employment and employees

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

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

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

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

Events after the reporting date
Note 33 to the financial statements discloses no events after the reporting date, that could have a material effect on the financial position of the Bank as at 31 December 2015 or its profit for the year ended.

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

BY ORDER OF THE BOARD:

Justina Lewa
Company Secretary
(FRC/2013/NBA/00000001255)
20 Marina, Lagos, Nigeria
2 March 2016

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

FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

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

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

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

The Directors are of the opinion that the financial statements present fairly, in all material respects, the financial position and the financial performance of the Bank as of and for the year ended 31 December 2015.

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

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

Signed on behalf of the Directors by:

Yemi Adeola
Managing Director/CEO
FRC/2013/CIBN/00000001257

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

Asue Ighodalo
Chairman
FRC/2015/NBA/00000010680

2 March 2016

REPORT OF THE EXTERNAL CONSULTANTS ON THE BOARD APPRAISAL OF STERLING BANK PLC

J.K. RANDLE
INTERNATIONAL
Chartered Accountants
& Management Consultants

"X KPMG HOUSE"
One King Ologunkutere Street,
Park View, Ikoyi, Lagos.
P.O. Box 75429, Victoria Island, Lagos.
Tel: 234-1-8181381 Telefax: 234-1-2701137
E-mail: jkrandleco@21ctl.com, jkrandleintuk@gmail.com
Website: www.jkrandleandco.co.uk

REPORT OF THE EXTERNAL CONSULTANTS ON THE APPRAISAL OF THE BOARD OF DIRECTORS OF STERLING BANK PLC FOR THE YEAR ENDED 31ST DECEMBER, 2015

In conformity with regulatory requirements, the Board of Sterling Bank Plc (Sterling) renewed its mandate to J. K. Randle International to review the performance of the Board of Sterling in respect of the year ended December 31, 2015. The exercise was guided by the provisions of the Central Bank of Nigeria Code of Corporate Governance and other recognized Best Practices.

The Board comprises of fifteen members, nine of whom are Non-Executive Directors (including the Chairman of the Board), while six are Executive Directors (including the Managing Director/Chief Executive Officer). Three of the Non-Executive Directors are "Independent Directors" appointed based on criteria laid down by the Central Bank of Nigeria (CBN) for the appointment of Independent Directors and core values enshrined in the Bank's Code of Corporate Governance.

During the year, four Directors were appointed to the Board comprising of two Executive Directors and two Non-Executive Directors one of whom was a replacement for a Non-Executive Director who resigned from the Board. The Board has three Independent Directors. The composition of the Board during the year was in line with Best Practice and in conformity with CBN regulations. The ratio of Non-Executive Directors to Executive Directors is in line with Best Practice and the CBN Code. With four female members on the Board as at the year ended 31st December, 2015 the Board is close to satisfying the CBN gender ratio requirement. The ratio in favour of female members now stands at 27% against the minimum requirement of 30% effective 2014. Despite the changes on the Board, the skills mix, experience base and diversity remain adequate for the conduct of the business of the Bank.

Board members remained conscious of their responsibilities in respect of the operations of the Board and the Bank. Accordingly, frequency of meetings, level of attendance and formation of quorum at the Board and Committee levels met the minimum requirements. Meetings were effectively managed with focus on relevant and strategic issues affecting the Bank. All the members had equal opportunity and they contributed constructively to the deliberations of the Board. Management provided adequate information while the Company Secretariat kept accurate records of the proceedings of the Board and Board Committees which facilitated decision making and monitoring. Decisions were arrived at based on consensus in a conducive environment. The operations of the Board followed due process and reflected transparency and a high degree of Board dynamics.

The Board performed to the full extent of its mandate which covered all the significant activities of Sterling Bank Plc., particularly Risk Management, supervision of the internal audit process, monitoring of the operating environment, responding proactively to emerging imperatives and monitoring the performance of Management as well as reinforcing governance policies and practices. The Board continued its drive to ensure that the Bank was adequately capitalized. It also performed other statutory responsibilities including rendering the accounts of the operations and activities of Sterling to the shareholders. To a large extent, our previous recommendations have been implemented by the Board. The performance of the Board is adjudged to be satisfactory.

At the conclusion of the exercise, we recommended that the Board should continue its drive towards implementing Basel II/III along with the Internal Capital Adequacy Assessment Process as required by the CBN. The Board should also continue its drive towards properly positioning the Non-Interest Banking Window in order to ensure that the Window contributes meaningfully to the overall performance of the Bank.

Bashorun J. K. Randle, OFR
Chairman/Chief Executive
FRC/2013/ICAN/00000002703

Dated 15 March, 2016

J K R

EY
Building a better
working world

Ernst & Young
10th & 13th Floors
UBA House
57, Marina
P.O.Box 2442, Marina
Lagos.

Tel: +234 (01) 63 14500
Fax: +234 (01) 46 30481
Email: services@ng.ey.com
www.ey.com

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STERLING BANK PLC

Report on the financial statements

We have audited the accompanying financial statements of Sterling Bank Plc, which comprise the statement of financial position as at 31 December 2015 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sterling Bank Plc as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004, the Financial Reporting Council Act No. 6, 2011 and relevant Central Bank of Nigeria circulars.

EY
Building a better working world

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STERLING BANK PLC (continued)

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

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

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

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

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

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

ii) As disclosed in Note 38 to the financial statements, the Bank contravened certain circulars of the Central Bank of Nigeria.

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

Dayo Babatunde, FCA, FRC/2013/ICAN/00000000702
For: Ernst & Young
Lagos, Nigeria
2 March 2016

REPORT OF THE STATUTORY AUDIT COMMITTEE
FOR THE YEAR ENDED 31 DECEMBER 2015

TO THE MEMBERS OF STERLING BANK PLC:

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

- We are of the opinion that the accounting and reporting policies of the Bank are in accordance with International Financial Reporting Standards and legal requirements and agreed ethical practices.
- We believe that the scope and planning of both the external and internal audits for the year ended 31 December 2015 were satisfactory and reinforce the Bank's internal control systems.
- We have deliberated with the External Auditors, who have confirmed that necessary co-operation was received from management in the course of their audit and we are satisfied with the management's response to the External Auditor's recommendations on accounting and internal control matters.
- The Internal Control and Internal Audit functions were operating effectively.
- We have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, and acknowledge the co-operation of management and staff in the conduct of these responsibilities.

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

Mr. Idongesit Udoh
Chairman, Statutory Audit Committee 25 February 2016
FRCN/2014/NIM/00000010597

Members of the Statutory Audit Committee are:

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

In attendance:
Justina Lewa Secretary

STATEMENT OF COMPLIANCE

We the Advisory Committee of Experts of Sterling Bank PLC have reviewed the business activities of Sterling Bank Non-Interest Banking window. During the course of the year, Shariah Audit observed certain mistakes and procedural errors. Although these did not give rise to impermissible income, we notified the management and advised them to implement new procedures to control the business and prevent such future risk. We are satisfied that the business was compliant with Shariah and that the new procedures have been defined so as to assure a high standard of compliance going forward.

We commend the efforts and enthusiasm of the team, and pray to the Almighty that they improve and achieve good for our beloved Nigeria, the customers and the shareholders. May God reward them for their efforts.

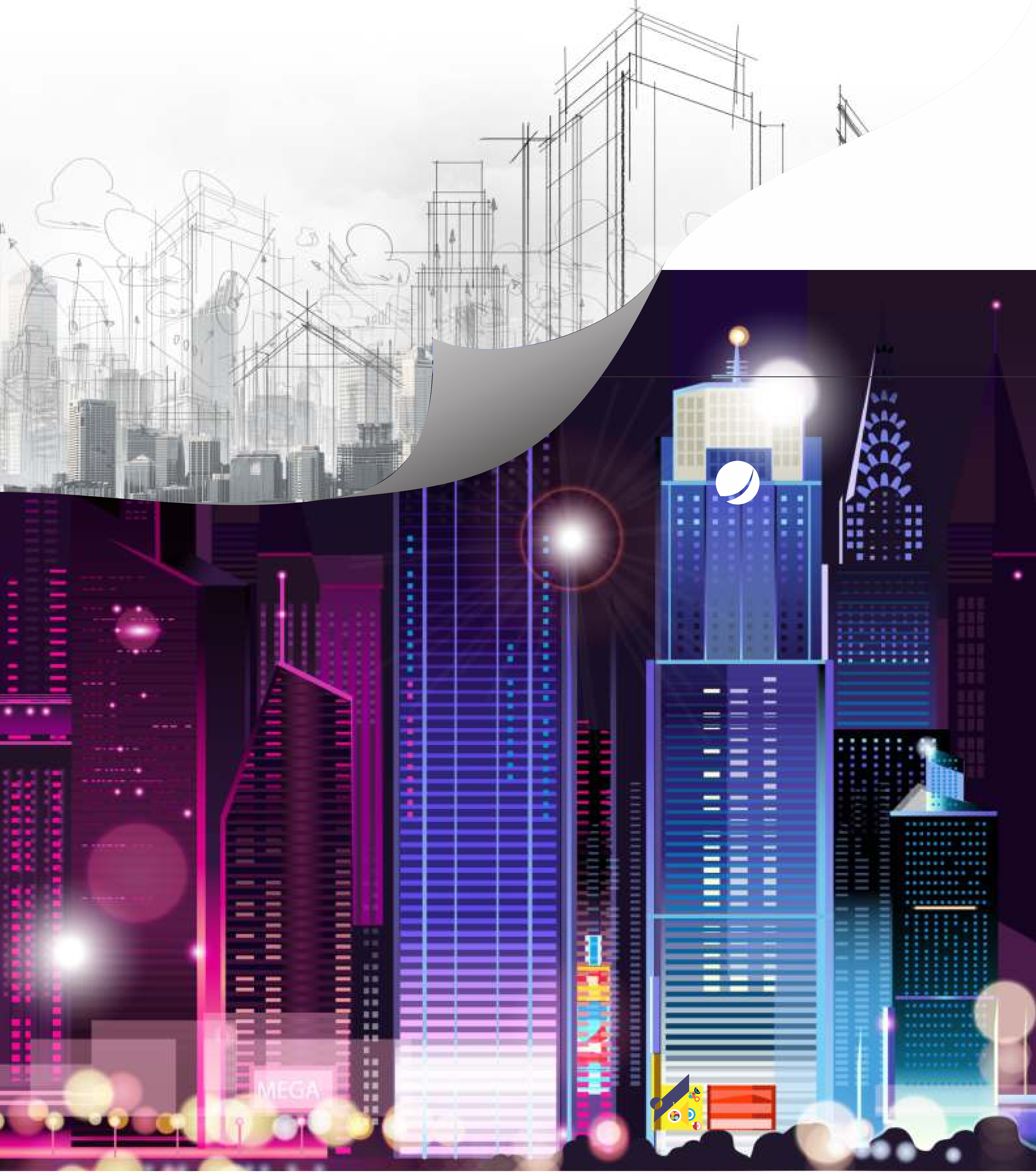
Yours truly, the Advisory Committee of Experts:

Chairman: Sh. AbdulKader Thomas

Sh. Imam Abdul Raheem Sayi

Sh. Abubakar Mohamad Musa

FINANCIAL STATEMENTS



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 ₦'000	2014 ₦'000
Interest income	6	80,908,705	77,932,145
Interest expense	7	(41,367,022)	(34,915,362)
Net interest income		**39,541,683**	**43,016,783**
Fees and commission income	8	15,522,299	16,132,892
Net trading income	9	10,649,973	6,765,208
Other operating income	10	3,112,858	2,847,221
Operating income		**68,826,813**	**68,762,104**
Impairment charges	11	(8,151,338)	(7,389,159)
Net operating income after impairment charge		**60,675,475**	**61,372,945**
Personnel expenses	12	(12,101,326)	(12,031,026)
Other operating expenses	13.1	(11,675,436)	(9,911,253)
General and administrative expenses	13.2	(16,427,336)	(19,992,134)
Other property, plant and equipment costs	13.4	(5,590,409)	(5,550,950)
Depreciation and amortisation	22 & 23	(3,864,667)	(3,139,597)
Total expenses		**(49,659,174)**	**(50,624,960)**
Profit before income tax		11,016,301	10,747,985
Income tax expense	14	(723,724)	(1,743,012)
Profit after income tax		**10,292,577**	**9,004,973**
Other comprehensive income to be reclassified to profit or loss in subsequent period:			
Fair value gain/(loss) on available for sale investments*		1,153,571	(1,131,739)
Loss on available for sale securities sold included in profit or loss		1,131,739	295,931
Other comprehensive gain/ (loss) for the year, net of tax	30	2,285,310	(835,808)
Total comprehensive income for the year, net of tax		**12,577,887**	**8,169,165**
Profit attributable to: Total equity		**10,292,577**	**9,004,973**
Total comprehensive income attributable to: Total equity		**12,577,887**	**8,169,165**
Earnings per share - basic (in kobo)	15	36k	42k
Earnings per share - diluted (in kobo)	15	36k	42k

The accompanying notes in pages 86 to 176 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	31 December 2015 ₦'000	31 December 2014 ₦'000
ASSETS			
Cash and balances with Central Bank of Nigeria	16	115,924,016	174,759,962
Due from banks	17	68,798,839	67,330,073
Pledged assets	18	69,338,406	78,750,860
Loans and advances to customers	19	338,726,271	371,246,273
Investments in securities:			
- Held for trading	20(a)	4,692,636	1,949,460
- Available for sale	20(b)	119,478,644	49,039,378
- Held to maturity	20(c)	45,360,372	45,581,835
Other assets	21	13,902,609	14,136,957
Property, plant and equipment	22	15,258,217	13,952,027
Intangible assets	23	1,000,262	821,456
Deferred tax assets	14(f)	6,971,145	6,971,145
TOTAL ASSETS		**799,451,417**	**824,539,426**
LIABILITIES			
Deposits from customers	24	590,889,216	655,944,127
Current income tax liabilities	14(b)	780,232	1,802,189
Other borrowed funds	25	60,285,736	45,371,097
Debt securities issued	26	4,563,568	4,563,584
Other liabilities	27	47,366,918	32,143,144
TOTAL LIABILITIES		**703,885,670**	**739,824,141**
EQUITY			
Share capital	28	14,395,209	14,395,209
Share premium		42,759,214	42,759,214
Retained earnings		10,042,079	5,753,977
Other components of equity	30	28,369,245	21,806,885
Total equity		**95,565,747**	**84,715,285**
TOTAL LIABILITIES AND EQUITY		**799,451,417**	**824,539,426**

The financial statements were approved by the Board of Directors on 2 March 2016 and signed on its behalf by:

Adebimpe Olambiwonnu
Finance Controller FRC/2013/ICAN/00000001253

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

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

Asue Ighodalo
Chairman
FRC/2015/NBA/00000010680

The accompanying notes in pages 86 to 176 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital ₦'000	Share premium ₦'000	Fair value reserve ₦'000	Share capital reserve ₦'000
Balance at 1 January 2015	**14,395,209**	**42,759,214**	**(1,131,739)**	**5,276,423**
Comprehensive income for the year:				
Profit for the year	-	-	-	-
Net changes in fair value of available for sale investment securities	-	-	2,285,310	-
Transactions with equity holders, recorded directly in equity:				
Dividends to equity holders (Note 29a)	-	-	-	-
Transfer (from)/to regulatory risk reserve (Notes 30a & 30c)	-	-	-	-
Balance at 31 December 2015	**14,395,209**	**42,759,214**	**1,153,571**	**5,276,423**
Balance at 1 January 2014	**10,796,407**	**27,871,589**	**(295,931)**	**5,276,423**
Comprehensive income for the year:				
Profit for the year	-	-	-	-
Net changes in fair value of available for sale investment securities	-	-	(835,808)	-
Transactions with equity holders, recorded directly in equity:				
Dividends to equity holders (Note 29b)	-	-	-	-
Additions during the year (Note 28 iii)	3,598,802	15,474,625	-	-
Share issuance cost (Note 28 iii)	-	(587,000)	-	-
Transfers to regulatory reserves (Notes 30a & 30c)	-	-	-	-
Balance at 31 December 2014	14,395,209	42,759,214	(1,131,739)	5,276,423

The accompanying notes in pages 86 to 176 form part of these financial statements.

EQUITY RESERVES

Regulatory risk reserve ₦'000	SMEEIS reserve ₦'000	Statutory reserve ₦'000	Total equity reserves ₦'000	Retained earnings ₦'000	Total ₦'000
3,880,738	**234,503**	**13,546,960**	**21,806,885**	**5,753,977**	**84,715,285**
-	-	-	-	10,292,577	10,292,577
-	-	-	2,285,310	-	2,285,310
-	-	-	-	(1,727,425)	(1,727,425)
1,189,277	-	3,087,773	4,277,050	(4,277,050)	-
5,070,015	**234,503**	**16,634,733**	**28,369,245**	**10,042,079**	**95,565,747**
943,684	**234,503**	**10,845,468**	**17,004,147**	**7,785,753**	**63,457,896**
-	-	-	-	9,004,973	9,004,973
-	-	-	(835,808)	-	(835,808)
-	-	-	-	(5,398,203)	(5,398,203)
-	-	-	-	-	19,073,427
-	-	-	-	-	(587,000)
2,937,054	-	2,701,492	5,638,546	(5,638,546)	-
3,880,738	234,503	13,546,960	21,806,885	5,753,977	84,715,285

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

		2015 N'000	2014 N'000
Profit before income tax		11,016,301	10,747,985
Adjustments for non cash items:			
Impairment charges on financial assets	11	8,151,338	7,389,159
Depreciation and amortisation	22 & 23	3,864,667	3,139,597
Fair value changes recognised in profit or loss		1,131,739	295,931
Dividend income	10	(102,634)	(121,571)
Movement in debt securities issued		(16)	(14)
(Profit) /loss on disposal of property and equipment	10 &13.1	(1,312,314)	16,084
Loss on bond held for trading		687,424	1,754
Profit on sale of investments	10	(63,980)	-
Foreign exchange		(30,157)	(613,781)
		23,342,368	**20,855,144**
Changes in operating assets			
Deposits with the Central Bank of Nigeria		48,910,980	(51,124,481)
Pledged assets		9,412,454	1,020,872
Due from Central Bank of Nigeria		-	3,000,000
Loans and advances to customers		24,244,345	(56,621,165)
Other assets		358,666	(5,050,665)
		106,268,813	**(87,920,295)**
Changes in operating liabilities			
Due to customers		(65,054,911)	85,433,030
Other liabilities		**15,113,611**	**2,674,491**
Cash generated from operations		56,327,513	187,226
Income tax paid	14b	(1,635,518)	(942,232)
Net cash flows from/(used) in operating activities		**54,691,995**	**(755,006)**
Investing activities			
Purchase of property, plant and equipment	22	(5,036,652)	(7,962,413)
Purchase of intangible assets	23a	(470,383)	(397,256)
Proceeds from sale of property, plant and equipment		1,469,689	101,264
Proceeds from sale of investment securities		285,443	33,710,076
Purchase of investment securities		(72,716,296)	(32,501,102)
Dividends received	10	102,634	121,571
Net cash flows (used in)/from investing activities		**(76,365,566)**	**(8,059,599)**
Financing activities:			
Proceeds from other borrowed funds		15,293,250	11,271,268
Proceeds from private placement, net cost of issuance		-	18,486,427
Repayment of other borrowed funds		(3,406,750)	(4,694,698)
Dividends paid	29	(1,727,425)	(5,398,203)
Net cash flows from financing activities		**10,159,075**	**19,664,794**
Effect of exchange rate changes on cash and cash equivalents		3,058,296	613,781
Net decrease in cash and cash equivalents		(11,514,496)	10,850,189
Cash and cash equivalents at 1 January		**108,769,104**	**97,305,134**
Cash and cash equivalents at 31 December	34	**100,312,904**	**108,769,104**
Operational cash flows from interest:			
Interest received		**79,232,038**	**75,598,779**
Interest paid		**(41,650,942)**	**(36,559,273)**

The accompanying notes in pages 86 to 176 form part of these financial statements.

STATEMENT OF PRUDENTIAL ADJUSTMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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

(i) Prudential Provisions is greater than IFRS provisions; transfer the difference from the General Reserve to a non-distributable Regulatory Reserve.

(ii) Prudential Provisions is less than IFRS provisions, the excess charges should be transferred from the Regulatory Risk Reserve account to the General Reserve to the extent of the non-distributable reserve previously recognized.

Transfer to Regulatory Risk Reserve	Note	As of 31 December 2015 ₦'000	As of 31 December 2014 ₦'000
Prudential provision		22,387,216	18,603,154
Total Prudential provision		**22,387,216**	**18,603,154**
IFRS provision			
Individual impairment allowance for loans & advances	19b	11,566,682	6,531,453
Collective impairment allowance for loans & advances	19c	4,181,903	3,146,674
Allowances for impairment for other assets	21.1	1,053,309	4,377,760
Allowances for impairment for investment securities	20d	247,096	387,715
Other provisions	27.2	268,211	278,814
		17,317,201	**14,722,416**
Difference in impairment provision balances		**5,070,015**	**3,880,738**
Movement in the Regulatory Risk Reserve:			
Balance at the beginning of the year		3,880,738	943,684
Transfer to Regulatory Risk Reserve		1,189,277	2,937,054
		5,070,015	**3,880,738**

The accompanying notes in pages 86 to 176 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information

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

Sterling Bank Plc (the "Bank") is engaged in commercial banking with emphasis on 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.

The financial statements of Sterling Bank Plc for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 2 March 2016.

2. Accounting Policies
2.1 Basis of preparation and statement of compliance

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

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

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

(a) Presentation of financial statements

The Bank presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 36 to the financial statements.

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

2.2 Summary of significant accounting policies

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

2.2.1 Interest income and interest expense

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting Policies - continued
2.2 Summary of significant accounting policies - continued
2.2.1 Interest income and interest expense - continued

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

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

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

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

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

Profit sharing income from 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.

2.2.2 Fees and commission

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

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

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

2.2.3 Net trading income

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

2.2.4 Dividend income

Dividend income is recognised when the right to receive income is established. Usually this is the ex- dividend date for equity securities. Dividends on trading equities are reflected as a component of net trading income. Dividend income on available-for-sale securities are recognised as a component of other operating income.

2.2.5 Lease payments

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting Policies - continued
2.2 Summary of significant accounting policies - continued
2.2.6 Taxes

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

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

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

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

2.2.7 Financial assets and liabilities

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

(i) Initial recognition

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting Policies - continued
2.2 Summary of significant accounting policies - continued
2.2.7 Financial assets and liabilities - continued

(ii) Subsequent measurement

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

1. Financial assets held at fair value through profit and loss

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

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

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

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

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

2. Available-for-sale

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

Interest income on available-for-sale debt instrument is recognised in profit or loss using the effective interest method. Dividend income is recognised in the profit or loss when the Bank becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss. Other fair value changes are recognised in other comprehensive income until the investment is sold or impaired, whereupon the cumulative gains and losses previously recognised in other comprehensive income are reclassified to profit or loss as a reclassification adjustment.

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

3. Held-to-maturity

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting Policies - continued
2.2 Summary of significant accounting policies - continued
2.2.7 Financial assets and liabilities - continued

(ii) Subsequent measurement - Continued

4. Loans and advances

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

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

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

(iii) Amortised cost measurement

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

(iv) 'Day 1' profit or loss

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

(v) Derecognition of financial instruments

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting Policies - continued
2.2 Summary of significant accounting policies - continued
2.2.7 Financial assets and liabilities - continued

(vi) Due from banks and loans and advances

Due from banks and loans and advances include non–derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:
those that the Bank intends to sell immediately or in the near term and those that the Bank,

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

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

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

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

(vii) Debts issued and other borrowed funds

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

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

(viii) Securities lending and borrowing

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

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

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

(ix) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a future date at a fixed price or an amount that is based on a lender's return is not derecognised from the statement of financial position as the Bank retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognised in the statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within Cash collateral on securities lent and repurchase agreements, reflecting the transaction's economic substance as a loan to the Bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the EIR.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting Policies - continued
2.2 Summary of significant accounting policies - continued
2.2.7 Financial assets and liabilities - continued

(ix) Repurchase and reverse repurchase agreements - continued

When the counterparty has the right to sell or repledge the securities and the securities are not derecognised by the bank, the bank reclassifies those securities in the statement of financial position to financial assets held for trading pledged as collateral or to financial investments available for sale pledged as collateral as appropriate.

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

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

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

2.2.8 Impairment of financial assets

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

(i) Assets carried at amortised cost

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

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

- whether the customer is more than 90 days past due;
- the Bank consents to a restructuring of the obligation, resulting in a diminished financial obligation, demonstrated material forgiveness of debt or postponement of scheduled payments; or
- there is an observable data indicating that there is a measurable decrease in the estimated future cash flows of a group of financial assets, although the decrease cannot yet be identified with specific individual financial assets. The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting Policies - continued
2.2 Summary of significant accounting policies - continued
2.2.8 Impairment of financial assets - continued

(i) Assets carried at amortised cost - continued

These characteristics are relevant to the estimation of future cash flows for groups of such assets being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

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

To the extent a loan is irrecoverable, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off would be recognised as other income in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred.

Where an available-for-sale asset, which has been re-measured to fair value directly through equity, is impaired, the impairment loss is recognised in profit or loss. If any loss on the financial asset was previously recognised directly in equity as a reduction in fair value, the cumulative net loss that had been recognised in equity is transferred to profit or loss and is recognised as part of the impairment loss. The amount of the loss recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss.

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

(iii) Renegotiated loans

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

(iv) Collateral valuation

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting Policies - continued
2.2 Summary of significant accounting policies - continued
2.2.8 Impairment of financial assets - continued

(iv) Collateral valuation - continued

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

2.2.9 Cash and cash equivalents

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

2.2.10 Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting Policies - continued
2.2 Summary of significant accounting policies - continued
2.2.10 Property, plant and equipment - continued

(iii) Depreciation - continued

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

(iv) De-recognition

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

2.2.11 Intangible assets

Software

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

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

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Bank can demonstrate:

The technical feasibility of completing the intangible asset so that the asset will be available for use.
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in profit or loss. During the period of development, the asset is tested for impairment annually.

2.2.12 Leased assets

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

Bank as a lessee

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting Policies - continued
2.2 Summary of significant accounting policies - continued
2.2.12 Leased assets - continued

Bank as a lessor

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

2.2.13 Impairment of non-financial assets

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

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

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

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

2.2.14 Provisions

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

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

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

2.2.15 Financial guarantee contracts

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting Policies - continued
2.2 Summary of significant accounting policies - continued
2.2.15 Financial guarantee contracts - continued

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

2.2.16 Employee benefits

(i) Defined contribution plans

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

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

(ii) Short-term benefits

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

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

2.2.17 Contingencies

(i) Contingent asset

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

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

(ii) Contingent liability

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting Policies - continued
2.2 Summary of significant accounting policies - continued
2.2.18 Share capital

(i) Share issue costs

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

(ii) Share premium

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

(iii) Dividend on ordinary shares

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

(iv) Treasury shares

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

2.2.19 Equity reserves

(i) Fair value reserve

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

(ii) Share capital reserve

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

(iii) Regulatory risk reserve

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

(iv) SMEEIS reserve

The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises.

(vi) Statutory reserve

This represents regulatory appropriation to statutory reserves of 30% of profit after tax if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital.

2.2.20 Earnings per share

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting Policies - continued
2.2 Summary of significant accounting policies - continued
2.2.21 Segment reporting

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

2.2.22 Foreign currency translation

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

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

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

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

2.2.23 Pledged financial assets

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

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

2.2.24 Fair value definition and measurement

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

Disclosures for valuation methods, significant estimates and assumptions are in Note 3.
Quantitative disclosures of fair value measurement hierarchy are in Note 37.
Financial instruments (including those carried at amortized cost) are in Note 37.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: In the principal market for the asset or liability and in the absence of a principal market, in the most advantageous market for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting Policies - continued
2.2 Summary of significant accounting policies - continued
2.2.24 Fair value definition and measurement - continued

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

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

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

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

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

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

2.2.25 Non interest banking

Brief explanation for each type of sharia financing is as follows:
Mudharabah financing is a co-operation for certain project between first party (Malik, Shahibul or mal) as owner of fund and second party (Amil, Mudharib or debtors) as fund manager whereas the profit will be shared in accordance with percentage as stated in the agreement, meanwhile losses will be borne by the Bank except if the second party does negligence, error or violate the agreement. Mudharabah financing is stated at the outstanding financing balance less allowance for incurred losses.

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

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

(i) Deposit Liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Significant accounting judgements, estimates and assumptions

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

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

3.1 Estimates and Assumptions

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

(i) Going Concern

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in the business for the next 12 months from issuance of this report. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the preparation of financial statements is continued on the going concern basis.

(ii) Allowances for impairment of loans and advances

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

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

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

(iii) Fair value of financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Significant accounting judgements, estimates and assumptions - continued
3.1 Estimates and Assumptions - continued

(iv) Deferred tax assets

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

3.2 Judgments

Judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Bank's accounting policies, management has made the following judgements, which have significant effect on the amount recognized in the financial statements:

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

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

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

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

(iii) Determination of collateral value

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

(iv) Deferred tax asset

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. New standards and interpretations
4.1 New standards and interpretation issued but not yet effective

New standards have been issued but are not yet effective for the year ended 31 December 2015; thus, it has not been applied in preparing these financial statements. The Bank intends to adopt the standards below when they become effective:

4. New standards and interpretations - continued
4.1 New standards and interpretation issued but not yet effective - continued

(i) IFRS 15 - Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers replaces IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations. IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets, such as property or equipment. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. This will be effective from 1 January 2018. The Bank is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

(ii) IFRS 14 - Regulatory Deferral Accounts

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

(iii) IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation

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

(iv) IAS 16 and IAS 41 - Accounting for bearer plants

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

The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16 Property, Plant and Equipment, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. This amendment will not have impact on the Bank. The effective date is 1 January 2016.

(v) IFRS 9 - Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February

NOTES TO THE FINANCIAL STATEMENTS (continued)

2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Bank's financial assets, but no impact on the classification and measurement of the Bank's financial liabilities. The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and business model under which they are held.The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting.

4. New standards and interpretations - continued
4.1 New standards and interpretation issued but not yet effective - continued

(vi) Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

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

(vii) Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

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

(viii) IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception – Amendments to FIRS 10.

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

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

This amendment is effective for annual periods beginning on or after 1 January 2016. It is expected that this amendment would be relevant to the Bank.

(ix) IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture –

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. New standards and interpretations - continued
4.1 New standards and interpretation issued but not yet effective - continued

(x) IAS 1 Disclosure Initiative – Amendments to IAS 1

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify

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

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

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

(xi) IFRS 16 Leases

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

(xii) IAS 12 Income Taxes- Amendment to Recognition of Deferred Tax Assets for Unrealized Losses

The amendments to IAS 12 clarifies how to account for deferred tax assets related to debt instruments measured at fair value. The amendment was issued 19 January 2016. The standard clarifies the requirements on recognition of deferred tax asset for unrealized losses.

Entities are required to apply the amendments for annual periods beginning on or after 1 January 2017. Earlier application is permitted. Management is assessing what the likely impact will be on the Bank.

4.2 New Standards and Improvements issued and effective

New standards, interpretations and amendments issued and adopted by the Bank.

The accounting policies adopted in the preparation of the 2015 financial statements are consistent with those followed in the preparation of the Bank's 2014 financial statements. The new standards and improvement did not have any impact on the financial statements of the Bank.

Improvement to IFRSs

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. New standards and interpretations - continued
4.2 New Standards and Improvements issued and effective - continued

Annual improvements 2010-2012 Cycle

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

Annual improvements 2011-2013 Cycle

- IFRS 3 - Business Combinations
- IFRS 13 - Fair value measurement
- IAS 19 - Defined benefit plan: employee contribution
- IAS 40 - Investment properties

Annual improvements 2012-2014 Cycle
These improvements are effective for annual periods beginning on or after 1 January 2016. They include

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments: Disclosures
- IAS 19 Employee Benefits
- IAS 34 Interim Financial Reporting

5. Segment Information

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

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

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

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

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

All transactions between business segments are conducted on an arm's length basis, internal charges and transfer pricing adjustments are reflected in the performance of each business.
The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the financial statements.
No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2015 (2014: none).

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

The Bank re-aligned its reportable segment in 2015.

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2015

	Retail Banking N'000	Commercial & Institutional Banking N'000	Corporate & Investment Banking N'000	Non-interest Banking N'000	Total N'000
Interest and NIB income	15,092,607	27,339,458	38,205,440	271,200	80,908,705
Interest and NIB expense	(1,710,339)	(10,054,561)	(29,467,128)	(134,995)	(41,367,022)
Net interest and NIB margin	**13,382,268**	**17,284,898**	**8,738,312**	**136,205**	**39,541,683**
Net fees and commission income	**7,217,317**	**5,931,137**	**2,338,807**	**35,038**	**15,522,299**
Net impairment charge	(2,201,926)	(5,328,746)	(616,639)	(4,028)	(8,151,339)
Depreciation and Amortization	(1,530,636)	(2,243,787)	(47,892)	(42,352)	(3,864,667)
OPEX	**(18,729,004)**	**(14,368,362)**	**(13,266,695)**	**(117,870)**	**(46,481,931)**
Segment profit/(loss)	**1,250,877**	**1,275,141**	**8,483,290**	**6,993**	**11,016,301**
Assets as at 31 December 2015					
Capital expenditure: Additions during the year					
Property, plant and equipment & Intangible assets	4,084,569	897,208	43,791	11,084	5,036,652
Other intangible assets	470,383	-	-	-	470,383
Total Assets	**126,137,094**	**128,115,185**	**540,196,981**	**5,002,157**	**799,451,417**
Total Liabilities	**127,965,813**	**128,115,185**	**443,721,613**	**4,083,058**	**703,885,670**

31 December 2014

	Retail Banking N'000	Corporate Banking N'000	Treasury N'000	Non-interest Banking N'000	Total N'000
Interest and NIB income	48,799,064	16,267,130	12,799,709	66,242	77,932,145
Interest and NIB expense	(16,496,326)	(6,962,733)	(11,421,379)	(34,924)	(34,915,362)
Net interest and NIB margin	**32,302,738**	**9,304,397**	**1,378,331**	**31,318**	**43,016,783**
Net fees and commission income	**7,292,910**	**5,225,259**	**3,595,445**	**19,278.00**	**16,132,892**
Net impairment charge	(6,142,754)	(931,260)	(315,145)	-	(7,389,159)
Depreciation and Amortization	(3,088,074)	(20,765)	(5,583)	(25,175)	(3,139,597)
Segment profit/ (loss)	**1,029,251**	**5,437,219**	**4,453,003**	**(171,488)**	**10,747,985**
Assets as at 31 December 2014					
Capital expenditure: Additions during the period					
Property, plant and equipment	7,787,927	97,551	29,082	47,853	7,962,413
Other intangible assets	397,256	-	-	-	397,256
Total Assets	**466,882,625**	**164,887,691**	**191,332,728**	**1,436,382**	**824,539,426**
Total Liabilities	**582,025,810**	**110,900,409**	**45,790,051**	**1,107,871**	**739,824,141**

NOTES TO THE FINANCIAL STATEMENTS (continued)

		2015 ₦'000	2014 ₦'000
6	**Interest income**		
	Loans and advances to customers	58,598,825	55,891,472
	Investment securities	20,079,554	18,071,143
	Cash and cash equivalents	1,218,453	3,034,740
	Interest on impaired loans	1,011,873	934,790
		80,908,705	**77,932,145**
	Interest from investment securities were derived from:		
	Held to maturity	15,804,542	11,613,184
	Available for sale	4,275,012	6,457,959
		20,079,554	**18,071,143**
7	**Interest expense**		
	Deposits from customers	37,594,270	31,744,789
	Debt securities issued and other borrowed funds	3,471,103	2,282,395
	Deposits from banks	301,649	888,178
		41,367,022	**34,915,362**
8	**Fees and commission income**		
	Commissions and similar income	1,441,105	1,481,571
	Facility management fees	2,901,436	4,415,853
	Commission on turnover	1,419,334	2,666,794
	Commissions on letter of credit transactions	3,163,111	1,682,543
	Other fees and commissions (Note 8.1)	6,597,313	5,886,131
		15,522,299	**16,132,892**

8.1 Other fees and commission includes mostly advisory fees of N4,478,298 and commission earned on electronic transfers of ₦1,898,693

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.

		2015 ₦'000	2014 ₦'000
9.	**Net trading income**		
	Foreign exchange trading	5,011,758	4,885,557
	Bonds	4,167,164	151,479
	Treasury bills	1,471,051	1,728,172
		10,649,973	**6,765,208**
10.	**Other operating income**		
	Gains on disposal of property, plant and equipment (note 10.1)	1,312,314	-
	Cash recoveries on previously written off accounts	805,203	1,462,281
	Other sundry income (note 10.2)	640,487	943,611
	Rental income	185,565	319,758
	Dividends on available-for-sale equity securities	102,634	121,571
	Net gain on sale of investment securities	63,980	-
	Net foreign exchange gain	2,675	-
		3,112,858	**2,847,221**

10.1 Primarily comprised of gain on sale of an Abuja Land.
10.2 Other sundry income includes income from cashless policy

NOTES TO THE FINANCIAL STATEMENTS (continued)

		2015 ₦'000	2014 ₦'000
11	**Impairment charges**		
(i)	Loan impairment		
	- Individual impairment (note 19b)	9,972,473	6,995,737
	- Collective impairment (note 19c)	1,035,229	617,544
	Bad debt written off	52,202	292,767
	Allowances no longer required (note 19b)	(2,784,247)	(787,408)
		8,275,657	**7,118,640**
(ii)	Impairment charge on investment securities (note 20d)	-	39,720
(iii)	(Write back)/Impairment charges on other assets (note 21.1)	(124,319)	230,799
		(124,319)	**270,519**
		8,151,338	**7,389,159**
12	**Personnel expenses**		
	Wages and salaries	10,840,507	11,426,659
	Defined contribution plan	1,260,819	604,367
		12,101,326	**12,031,026**
3.1	**Other operating expenses**		
	Insurance	3,659,930	3,692,469
	AMCON sinking fund contribution (see note (a) below)	4,127,863	3,555,647
	Contract services	2,812,880	2,113,525
	Other professional fees	1,074,763	517,104
	Foreign exchange loss	-	16,424
	Loss on disposal of property, plant and equipment	-	16,084
		11,675,436	**9,911,253**

(a) AMCON sinking fund contribution

This represents the Bank's contribution to a fund established by the Asset Management Corporation of Nigeria (AMCON) for the year ended 31 December 2015. Effective 1 January 2013, the Bank is required to contribute an equivalent of 0.5% (2014: 0.5%) of its total assets plus 0.5% of 33.3% of off financial position assets (loan related) as at the preceding year end to AMCON's sinking fund in line with existing guidelines. This contribution is meant to be for 10 years from the effective date of December 2010.

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2015 ₦'000	2014 ₦'000
13.2 General and administrative expenses		
Administrative expenses	2,458,507	2,677,552
Office expenses	2,690,720	3,671,940
Advertising and business promotion	3,537,015	3,350,204
Communication cost	1,249,562	1,832,344
Seminar and conferences	514,324	556,460
Transport, travel, accomodation	493,120	788,332
Security	334,049	287,077
Annual general meeting expenses	240,000	200,000
Stationery and printing	220,158	187,021
Directors other expenses	198,103	389,636
Audit fees	198,500	198,500
Visa and ATM expenses	1,294,930	868,670
Cash handling and cash processing expenses	1,395,494	738,835
Rents and rates	157,359	256,333
Fines and penalties	100,419	79,391
Membership and subscription	114,414	84,866
Directors fee	43,500	40,000
Newspapers and periodicals	8,968	9,317
Other general expenses (Note 13.3)	1,178,194	3,775,656
	16,427,336	**19,992,134**

13.3 Included in the amount of other general expenses are loan recoveries expense, custodial services debt capital expenses, and miscellaneous office expenses etc.

13.4 Other property, plant and equipment cost

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

		2015 ₦'000	2014 ₦'000
14	**Income tax**		
a	Current income tax expense:		
	Income tax (note 14c(i))	613,561	1,619,475
	Education tax (note 14c(ii))	-	16,057
		613,561	**1,635,532**
	Information Technology levy (note 14d)	110,163	107,480
		723,724	**1,743,012**
	Deferred tax expense:		
	Origination of temporary differences (note 14f)	-	-
	Total income tax expense	**723,724**	**1,743,012**
b	Current income tax liabilities		
	The movement on this account during the year was as follows:		
	Balance, beginning of the year	1,802,189	1,112,289
	Estimated charge for the year (see (14a) above)	613,561	1,635,532
	Payments during the year	(1,635,518)	(942,232)
	Excess provision no longer required	-	(3,400)
	Balance, end of the year	**780,232**	**1,802,189**

NOTES TO THE FINANCIAL STATEMENTS (continued)

		%	2015 ₦'000	%	2014 ₦'000
c	Reconciliation of total tax charge				
	Profit before income tax	**100%**	**11,016,301**	**100%**	**10,747,985**
	Income payable @ statutory tax rate of 30%	30%	3,304,890	30%	3,224,396
	Tax effect of:				
	Non - deductible expenses	28%	3,100,372	31%	3,323,719
	Tax- exempt Income	-77%	(8,501,307)	-59%	(6,307,250)
	Education tax	0%	-	0.1%	16,058
	Info. Tech. Dev. Levy (NITDA)	1%	110,163	1%	107,480
	Minimum tax	6%	613,561	0%	-
	Utilisation of unrelieved losses brought forward	19%	2,096,045	-2%	(240,864)
	Tax on dividend paid basis	0%	-	15%	1,619,475
	Effective tax rate/ Income tax expense	**7%**	**723,724**	**16%**	**1,743,012**

i) The Bank was assessed based on the minimum tax legislation for the year ended 31 December 2015, (2014: 30% of 2013 dividend of ₦5,398,203,750 paid in 2014) in compliance with Section 33(2) of the Company Income Tax Act.

ii) The basis of the Education Tax is 2% of assesable profit 2015: Nil (2014: ₦1,368,943,558). An Education Tax of 2% of assessable profits is imposed on all companies incorporated in Nigeria. This tax is viewed as a social obligation placed on all companies in ensuring that they contribute their own quota in developing educational facilities in the country. There was no Education tax for the year because the Bank had assessable loss.

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

14 Income tax

f. Deferred tax assets and liabilities

31 December 2015	Balance at 31 December 2014 ₦'000	Recognised in profit or loss ₦'000	Balance at 31 December 2015 ₦'000
Accelerated depreciation of Property, plant and equipment	1,299,207	889,617	2,188,824
Unutilised tax credit (capital allowance)	(3,811,478)	(380,559)	(4,192,037)
Tax loss	(4,225,436)	(701,140)	(4,926,576)
Deductible temporary differences	(233,438)	192,082	(41,356)
	(6,971,145)	**(0)**	**(6,971,145)**

31 December 2014	Balance at 31 December 2013 ₦'000	Recognised in profit or loss ₦'000	Balance at 31 December 2014 ₦'000
Accelerated depreciation of Property, plant and equipment	1,350,846	(51,639)	1,299,207
Unutilised tax credit (capital allowance)	(3,115,935)	(695,543)	(3,811,478)
Tax loss	(4,706,353)	480,917	(4,225,436)
Deductible temporary differences	(499,704)	266,266	(233,438)
	(6,971,145)	-	**(6,971,145)**

The Bank has unutilized capital allowance of ₦11,405,624,589 (2014: ₦8,128,714,884) , unused tax losses carried forward available of ₦13,404,143,421 (2014: ₦8,657,778,360) and deductible temporary differences of ₦112,519,823 (2014: ₦497,851,010) to be offset against future taxable profits. However no deferred tax asset has been recognised in respect of these items due to uncertainties regarding the timing and amount of future taxable profits. There is no expiry date for the utilization of these items.

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

15 Earnings per share (basic and diluted)

The calculation of basic earnings per share as at 31 December 2015 was based on the profit attributable to ordinary shareholders of ₦10.3billion (2014: ₦9.0 billion) and weighted average number of ordinary shares outstanding calculated as follows:

		2015 Unit ('000)	2014 Unit ('000)
a	Issued ordinary shares as at 1 January	28,790,418	21,592,813
	Weighted average of shares during the year	-	19,719
	Weighted average number of ordinary shares	**28,790,418**	**21,612,532**
b	Profit for the year attributable to equity holders of the Bank	10,292,577	9,004,973
	Basic earnings per share	36k	42k
	Diluted earnings per share	36k	42k

NOTES TO THE FINANCIAL STATEMENTS (continued)

		31 December 2015 ₦'000	31 December 2014 ₦'000
16	**Cash and balances with Central Bank of Nigeria**		
	Cash and foreign monies	16,232,082	10,777,660
	Unrestricted balances with Central Bank of Nigeria	15,281,983	30,661,371
	Deposits with the Central Bank of Nigeria	84,409,951	133,320,931
		115,924,016	**174,759,962**

Deposits with the Central Bank of Nigeria represent mandatory reserve deposits and are not available for use in the Bank's of day-to-day operations, it does not form part of cash and cash equivalents in the statement cash flows.

17	**Due from banks**		
	Balances held with local banks	20,736,098	1,866,518
	Balances held with banks outside Nigeria	29,488,213	35,580,692
	Money market placements	18,574,528	29,882,863
		68,798,839	**67,330,073**

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

Money market placements are placement for varying periods between one day to three months, depending on the immediate cash requirements of the Bank and earning interest at the prevailing market rate.

18	**Pledged assets**		
	Treasury bills AFS (see note (a) below)	4,569,601	7,785,977
	Government bonds HTM (see note (b) below)	30,581,082	51,275,405
	Euro Bond AFS (see note (b) below)	29,011,422	12,930,835
	Other pledged assets (see note (c) below)	5,176,301	6,758,643
		69,338,406	**78,750,860**

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

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

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

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

		31 December 2015 ₦'000	31 December 2014 ₦'000
19	**Loans and advances to customers**		
	Loans to individuals	40,357,710	23,070,714
	Loans to corporate entities and other organizations	314,117,146	357,853,686
		354,474,856	**380,924,400**
	Less :		
	Individual impairment allowance (note 19(b))	(11,566,682)	(6,531,453)
	Collective impairment allowance (note 19(c))	(4,181,903)	(3,146,674)
		338,726,271	**371,246,273**

Loans and advances are granted at different interest rates across the various products.

NOTES TO THE FINANCIAL STATEMENTS (continued)

19 Loans and advances to customers - continued

		31 December 2015 ₦'000	31 December 2014 ₦'000
(b)	Impairment allowance on loans and advances to customers		
	Individual impairment allowance		
	Balance, beginning of year	6,531,453	4,392,026
	Impairment for the year (note 11)	9,972,473	6,995,737
	Reversal for the year (note 11)	(2,784,247)	(787,408)
	Write-offs	(2,152,997)	(4,068,902)
	Balance, end of year	**11,566,682**	**6,531,453**
(c)	Collective impairment allowance		
	Balance, beginning of year	3,146,674	2,529,130
	Impairment for the year (note 11)	1,035,229	617,544
	Balance, end of year	**4,181,903**	**3,146,674**

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

(i) Prudential impairment provision is greater than IFRS impairment provision - transfer the difference from the Retained earnings to a non-distributable Regulatory risk reserve.

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

		31 December 2015 ₦'000	31 December 2014 ₦'000
(e)	Classification of loans and advances by category		
	1. Individually Impaired	15,262,706	9,853,890
	2. Past due but not impaired	1,709,518	2,087,098
	3.Neither past due nor impaired	337,502,632	368,983,412
		354,474,856	**380,924,400**
(f)	Classification of loans and advances by rating		
	Rating		
	RR1-RR2	40,257,570	17,971,465
	RR3-RR4	221,120,417	262,056,240
	RR5-RR6	76,124,645	88,955,707
	RR7	1,396,823	5,658,063
	RR8	3,088,353	1,245,532
	RR9	12,487,048	5,037,393
		354,474,856	**380,924,400**
(g)	Classification of loans and advances by security		
	Cash	20,850,943	12,752,241
	Real estate	146,573,268	152,821,775
	Stocks/shares	4,137,429	5,486,978
	Debentures	63,400,182	48,023,776
	Other securities	116,326,957	161,413,879
	Unsecured	3,186,076	425,751
		354,474,856	**380,924,400**

Other securities includes domiciliation of proceeds, personal guarantees, negative pledge, etc

NOTES TO THE FINANCIAL STATEMENTS (continued)

19 Loans and advances to customers - continued

(h) Classification of loans and advances per performance

31 December 2015

RATING	INDIVIDUALLY IMPAIRED ₦'000	PAST DUE BUT NOT IMPAIRED ₦'000	NEITHER PAST DUE NOR IMPAIRED ₦'000	TOTAL ₦'000
RR1	-	-	27,093,950	27,093,950
RR2	-	-	13,163,619	13,163,619
RR3	-	-	191,936,846	191,936,846
RR4	-	-	29,183,571	29,183,571
RR5	-	-	75,232,417	75,232,417
RR6	-	-	892,229	892,229
RR7	1,112,315	284,508	-	1,396,823
RR8	2,251,260	837,093	-	3,088,353
RR9	11,899,130	587,917	-	12,487,048
	15,262,706	**1,709,518**	**337,502,632**	**354,474,856**

31 December 2014

RATING	INDIVIDUALLY IMPAIRED ₦'000	PAST DUE BUT NOT IMPAIRED ₦'000	NEITHER PAST DUE NOR IMPAIRED ₦'000	TOTAL ₦'000
RR1	-	-	12,011,137	12,011,137
RR2	-		5,960,328	5,960,328
RR3	-	-	144,283,886	144,283,886
RR4	-	-	117,772,355	117,772,355
RR5	-	-	72,321,478	72,321,478
RR6	-	-	16,634,229	16,634,229
RR7	4,984,265	673,798	-	5,658,063
RR8	956,818	288,714	-	1,245,532
RR9	3,912,807	1,124,586	-	5,037,393
	9,853,890	**2,087,098**	**368,983,412**	**380,924,400**

NOTES TO THE FINANCIAL STATEMENTS (continued)

19 Loans and advances to customers - continued

		31 December 2015 ₦'000	31 December 2014 ₦'000
(i)	Classification of loans and advances by sector		
	Agriculture	13,145,738	16,122,682
	Capital Market	78,493	303,908
	Communication	29,313,878	12,100,962
	Consumer	4,605,758	7,597
	Education	941,007	1,298,412
	Finance and insurance	12,769,743	16,450,282
	Government	35,022,567	33,980,706
	Manufacturing	8,003,380	14,739,640
	Mining & quarrying	353,155	294,622
	Mortgage	12,010,735	14,789,183
	Oil and gas	141,683,330	131,582,629
	Others Public Utilities	143	442
	Others	24,450,944	34,690,679
	Power	14,919,910	13,742,944
	Real estate & construction	40,217,211	81,201,775
	Transportation	16,480,162	9,578,428
	Non-interest banking	478,703	39,509
		354,474,856	**380,924,400**

20 Investment securities:

(a)	Held for trading		
	Treasury bills	4,692,636	1,661,435
	Government bonds	-	288,025
		4,692,636	**1,949,460**
(b)	Available for sale		
	Equity securities	2,062,751	1,759,111
	Allowance for impairment on AFS (see (d) below)	(247,096)	(387,715)
		1,815,655	**1,371,396**
	Treasury bills	20,278,744	39,937,343
	Government bonds	88,796,811	6,654,211
	Euro bonds	6,420,787	1,076,428
	Corporate bonds	2,166,647	-
		119,478,644	**49,039,378**

Unquoted available for sale equity securities are carried at cost because their fair value cannot be measured reliably. These are investments in other companies with a carrying cost of ₦2.1billion (2014: ₦1.7billion). There is no similar investment that the price can be reliably benchmarked because there is no active market.

		31 December 2015 ₦'000	31 December 2014 ₦'000
(c)	Held to maturity		
	Government bonds	44,056,582	43,914,339
	Corporate bonds	1,303,790	1,667,496
		45,360,372	45,581,835
	Total Investment securities	**169,531,652**	**96,570,673**

NOTES TO THE FINANCIAL STATEMENTS (continued)

		31 December 2015 ₦'000	31 December 2014 ₦'000
(d)	Allowance for impairment on AFS		
	Balance, beginning of year	387,715	537,995
	Written off during the year	(140,619)	(190,000)
	Charge for the year (Note 11)	-	39,720
	Balance, end of year	**247,096**	**387,715**
21	**Other assets**		
	Other assets comprise:		
	Accounts receivable	1,297,193	5,895,670
	Prepayments and other receivables	10,535,917	9,752,773
	Prepaid staff cost	2,386,358	2,520,566
	Stock of cheque books and administrative stationeries	736,450	345,708
		14,955,918	**18,514,717**
	Allowance for impairment on other assets (note 21.1)	(1,053,309)	(4,377,760)
		13,902,609	**14,136,957**

Included in prepayments are Bank premises rent and insurance.

		31 December 2015 ₦'000	31 December 2014 ₦'000
21.1	Movement of allowance for impairment on other assets		
	Balance, beginning of year	4,377,760	4,159,765
	(Reversal)/impairment on other assets (note 11)	(124,319)	230,799
	Write offs	(3,200,132)	(12,804)
	Balance, end of year	**1,053,309**	**4,377,760**

During the year ended 31 December 2015, included in write offs are ₦2.6 billion placement with defunct Express Discount House and ₦372 million on bank balances.

NOTES TO THE FINANCIAL STATEMENTS (continued)

22 Property, plant and equipment

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

	31 December 2015	Leasehold land and Buildings ₦'000	Capital work-in- progress ₦'000	Furniture, fittings and equipment ₦'000	Computer equipment ₦'000	Motor vehicles ₦'000	Total ₦'000
(a)	**Cost**						
	Beginning at 1 January 2015	6,598,403	2,667,477	10,035,461	6,480,610	4,668,356	30,450,307
	Additions	701,736	1,287,990	1,562,822	486,813	997,293	5,036,652
	Reclassifications	828,438	(1,553,997)	688,673	23,761	13,125	-
	Disposals	(178,896)	-	(408,913)	(6,144)	(620,125)	(1,214,078)
	Balance at 31 December 2015	7,949,681	2,401,470	11,878,042	6,985,040	5,058,649	34,272,882
(b)	**Accumulated depreciation and impairment**						
	Beginning at 1 January 2015	2,610,760	-	5,820,569	5,260,192	2,806,759	16,498,281
	Charge for the year	455,728	-	1,468,506	792,107	856,748	3,573,089
	Disposals	(70,117)	-	(398,325)	(5,643)	(582,619)	(1,056,703)
	Balance at 31 December 2015	2,996,371	-	6,890,750	6,046,656	3,080,888	19,014,667
	Net book value						
	Balance at 31 December 2015	**4,953,310**	**2,401,470**	**4,987,292**	**938,384**	**1,977,761**	**15,258,217**
	Balance at 31 December 2014	**3,987,643**	**2,667,477**	**4,214,892**	**1,220,418**	**1,861,596**	**13,952,027**

	31 December 2014	Leasehold land and Buildings ₦'000	Capital work-in-progress ₦'000	Furniture, fittings and equipment ₦'000	Computer equipment ₦'000	Motor vehicles ₦'000	Total ₦'000
(a)	**Cost**						
	Beginning at 1 January 2014	6,715,076	822,813	10,263,901	7,838,039	4,494,339	30,134,168
	Additions	1,017,532	2,319,855	2,917,176	619,154	1,088,696	7,962,413
	Reclassifications	402,715	(475,191)	66,528	5,948	-	-
	Disposals	(1,536,920)	-	(3,212,144)	(1,982,532)	(914,679)	(7,646,276)
	Balance at 31 December 2014	6,598,403	2,667,477	10,035,461	6,480,610	4,668,356	30,450,307
(b)	**Accumulated depreciation and impairment**						
	Beginning at 1 January 2014	3,697,214	-	7,938,622	6,468,725	2,960,240	21,064,802
	Charge for the year	399,480	-	1,069,028	772,951	720,947	2,962,406
	Disposals	(1,485,934)	-	(3,187,081)	(1,981,484)	(874,428)	(7,528,927)
	Balance at 31 December 2014	2,610,760	-	5,820,569	5,260,192	2,806,759	16,498,281
	Net book value						
	Balance at 31 December 2014	**3,987,643**	**2,667,477**	**4,214,892**	**1,220,418**	**1,861,596**	**13,952,027**

The gross carrying amount of fully depreciated property, plant and equipment that is still in use is ₦11,220,926,802.21 (2014: ₦10,107,430,081.87)

NOTES TO THE FINANCIAL STATEMENTS (continued)

		31 December 2015 ₦'000	31 December 2014 ₦'000
23	**Intangible assets**		
	Purchased Software		
(a)	**Cost**		
	Balance at beginning	1,885,615	1,971,653
	Additions	470,383	397,256
	Disposals	-	(483,295)
	Balance end of year	**2,355,998**	**1,885,614**
(b)	**Accumulated amortisation and impairment**		
	Beginning of year	1,064,158	1,370,262
	Amortisation for the year	291,578	177,191
	Disposals	-	(483,294)
	Balance end of year	**1,355,736**	**1,064,159**
	Balance as at 31 December	**1,000,262**	**821,456**

		31 December 2015 ₦'000	31 December 2014 ₦'000
24	**Deposits from customers**		
	Current accounts	361,705,580	447,636,827
	Savings accounts	41,728,342	32,643,163
	Term deposits	186,614,792	171,456,737
	Pledged deposits	840,502	4,207,400
		590,889,216	**655,944,127**

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

		31 December 2015 ₦'000	31 December 2014 ₦'000
25	**Other borrowed funds**		
	Due to Citibank (see (i) below)	19,137,956	16,549,068
	Due to CBN - MSME (see (ii) below)	135,247	-
	Due to Goldman Sachs International (see (iii) below)	8,261,331	7,821,749
	Due to Bank of Industry power and aviation (see (iv) below)	1,147,694	1,487,072
	Due to Bank of Industry - manufacturing (see (v) below)	3,049,351	5,708,190
	Due to CBN-Agric-Fund (see (vi) below)	14,750,039	13,396,485
	Due to Standard Chartered Bank (see (vii) below)	4,866,773	-
	Due to Islamic Corporation (see (viii) below)	5,971,500	-
	Due to AFREXIM (see (ix) below)	2,965,845	-
	Due to NEXIM (see (x) below)	-	408,533
		60,285,736	45,371,097

NOTES TO THE FINANCIAL STATEMENTS (continued)

25 Other borrowed funds - continued

i Due to Citibank International Plc

This represents the Naira equivalent of a USD95,000,000 credit facility granted to the Bank by Citibank International Plc payable in 4 years commencing October 2008 and interest is payable quarterly at LIBOR plus a margin of 475 basis point. The facility was renegotiated in 2013 to mature in September 2017 at a fixed rate of 6.2% annually. The loan is secured with pledged financial assets as indicated in Note 18b.The effective interest rate of the loan is 6.9% per annum. Principal shall be payable at maturity.

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

This represents facility introduced by Central Bank of Nigeria in respect of Micro, Small and Medium Enterprises (MSME) for the development of small and medium enterprises. The Fund is accessible to Sterling Bank business customers in Agricultural, Education and Services (hospitality, entertainment) sectors. The facility has interest rate of 2% per annum and the Bank is permitted to avail the facilty to customers at an interest rate of 9% per annum. The facility has a tenor of 5 years.

ii Due to Goldman Sachs International

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

iv Due to Bank of Industry - Power and Aviation

This is a facility from Bank of Industry under Central Bank of Nigeria ₦500billion Intervention fund for refinancing and restructuring of banks' existing loan portfolios to Nigeria Power and Aviation sectors was made available to the Bank 8 November 2012. The facility is administered at an all-in interest rate/charge of 7% per annum payable on quarterly basis. The managing agent (BOI) is entitled to a 1% management fee and the Bank a 6% spread. Loans have a maximum tenor of fifteen years and/or working capital facility of one year with provision for roll over. The tenor of refinancing is 15 years not exceeding 31 July 2025. The effective interest rate of the loan is 7.2% per annum. Principal and interest shall be payable quarterly.

v Due to Bank of Industry - Manufacturing

This is a facility from Bank of Industry under Central Bank of Nigeria ₦200billion intervention fund for refinancing and restructuring of banks' existing loan portfolios to Nigeria SME/Manufacturing sector was made available to the Bank 30 May 2014. The facility is administered at an all-in interest rate/charge of 7% per annum payable on quarterly basis. The managing agent (BOI) is entitled to a 1% management fee and the Bank a 6% spread. Loans have a maximum tenor of 15 years and/or working capital facility of 1 year with provision for roll over. Principal and interest shall be payable quarterly.

vi Due to CBN-Agric Fund

Central Bank of Nigeria (CBN) in collaboration with the Federal Government of Nigeria (FGN) represented by the Federal Ministry of Agriculture and Water Resources (FMA & WR) established a Commercial Agricultural Credit Scheme, (CACS) to promote commercial agricultural enterprise in Nigeria. The Bank obtained the loan on behalf of the customer at zero (0) percent to lend to the customer at 7% - 9% inclusive of management and processing fee. Repayment proceeds from CACS projects shall be repatriated to CBN on quarterly basis, all loans under the agriculture scheme is expected to terminate on September 30 2025.

vii Due to Standard Chartered Bank

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

viii Due to Islamic Corporation

This represents a $30 million Murabaha financing facility granted by Islamic Corporation for the development of the private sector (ICD) for a period of 365 days commencing 12 October 2015. The profit on the facility shall be the aggregate of the cost price multiplied by 3 months USD Libor + 600 per annum multiplied by deferred period (in days) divided by 360 days. Profit plus the principal shall be payable at maturity.

NOTES TO THE FINANCIAL STATEMENTS (continued)

25 Other borrowed funds - continued

ix Due to AFREXIM

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

x Due to NEXIM

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

	31 December 2015 ₦'000	31 December 2014 ₦'000
26 Debt securities issued		
Debt securities carried at amortised cost	**4,563,568**	**4,563,584**

This represents ₦4.562billion 7-year 13% subordinated unsecured non-convertible debenture stock issued by the Bank and approved on 19 December 2011 and 30 December 2011 by the Central Bank of Nigeria and the Securities & Exchange Commission, respectively. The Bank is obliged to pay the Trustee (Skye Bank Plc) interest semi-annually on the non- convertible debenture stock due 2018 until all the entire stock have been redeemed. The effective interest rate is 13.42% per annum.

	31 December 2015 ₦'000	31 December 2014 ₦'000
27 Other liabilities		
Other credit balances (note 27.1)	30,526,723	9,581,416
Customers' deposits for foreign trade	3,065,623	6,818,572
Certified cheques	5,841,190	7,442,256
Creditors and accruals	7,554,859	7,913,857
Provision for litigation (note 27.2)	268,211	278,814
Information Technology Levy	110,163	107,480
Defined contribution obligations	149	749
	47,366,918	**32,143,144**

27.1 Other credit balances Includes mostly other pledged deposit of ₦6,827,841 and other cash collateral deposit of ₦14,575,308. It also includes upfront fees on financial guarantee contract such as Advance Payment Guarantee and Bid bond, etc. The upfront fees are amortised using the maturity date of the guarantees.

27.2 Movement in provision for litigation		
Balance, beginning of year	278,814	1,326,774
Additions	-	15,112
Amounts no longer required	(10,603)	(1,063,072)
	268,211	**278,814**

27.2 Provision for litigation: This is a provision for litigations and claims against the Bank as at 31 December 2015. These claims arose in the normal course of business and are being contested by the Bank. The Directors, having sought advice of professional counsels, are of the opinion that this provision is adequate for liability that have crystalized from these claims. There is no expected reimbursement in respect of this provision.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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

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

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

A private placement of 7,197,604,531 Ordinary Shares of 50kobo at ₦2.65k per share issued to Silverlake Investments Limited was duly approved at an extra ordinary general meeting of the Bank held on 11 November 2014, and was approved by the Central Bank of Nigeria and the Nigerian Securities and Exchange Commission on the 30 & 31 December 2014, respectively. The total amount realized from the private placement was ₦19,073,427,007 and an amount of ₦587million was deducted from the share premium as cost of issuance, resulting to net proceeds of ₦18,486,652,007. Increase in share capital of ₦3,598,802,266 and share premium of ₦15,474,625,000 were recognized in 2014.

29 Dividends payable

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

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

c) In respect of 2015, the Directors proposed that a dividend of 9 Kobo per ordinary share will be paid to shareholders. This dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in this financial statements until approved and declared by the shareholders. The proposed dividend is subject to withholding tax at the appropriate rate and is payable to shareholders whose names appear in the Register of Members at closure date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

30 Other components of equity

	Fair value reserve ₦'000	Share capital reserve ₦'000	Regulatory risk reserve ₦'000	SMEEIS reserve ₦'000	Statutory reserve ₦'000	Total other components of equity ₦'000
Balance at 1 January 2015	(1,131,739)	5,276,423	3,880,738	234,503	13,546,960	21,806,885
Other comprehensive income net of tax						
Net changes in fair value of AFS financial assets	2,285,310	-	-	-	-	2,285,310
Transfers for the year	-	-	1,189,277	-	3,087,773	4,277,050
31 December 2015	**1,153,571**	**5,276,423**	**5,070,015**	**234,503**	**16,634,733**	**28,369,245**
Balance at 1 January 2014	(295,931)	5,276,423	943,684	234,503	10,845,468	17,004,147
Other comprehensive income net of tax						
Net changes in fair value of AFS financial assets	(835,808)	-	-	-	-	(835,808)
Transfers for the year	-	-	2,937,054	-	2,701,492	5,638,546
31 December 2014	**(1,131,739)**	**5,276,423**	**3,880,738**	**234,503**	**13,546,960**	**21,806,885**

a. Statutory reserve

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.

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

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

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

- Prudential impairment provision is less than IFRS impairment provision: the excess charges resulting should be transferred from the Regulatory Risk Reserve account to the Retained Earnings to the extent of the non-distributable reserve previously recognized.

Refer to Note 2.2.19 on accounting policies on fair value and equity reserves.

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 Commitments and Contingencies

a. Litigations and claims

There are litigations and claims against the Bank as at 31 December 2015. These claims arose in the normal course of business and are being contested by the Bank. The Directors, having sought advice of professional counsels, are of the opinion that no significant liability will crystalise from these claims. Provisions of ₦268million at 31 December 2015 (2014: ₦278million) have been made in these financial statements on crystalised claims.

b Contingent liabilities and commitments

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

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

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

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

	31 December 2015 ₦'000	31 December 2014 ₦'000
Bonds, guarantees and indemnities	85,081,762	106,304,492
Letters of credit	58,238,001	94,438,715
Others	22,925,485	3,099,759
	166,245,248	**203,842,966**

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

32 Related party transactions

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

		31 December 2015 ₦'000	31 December 2014 ₦'000
(i)	**Transactions with the related parties of the Bank**		
	Loans and advances		
a.	Secured loans and advances (Note 32 (v))	**20,206,089**	**19,727,617**
b.	Contingent liabilities	**3,538,532**	**15,919,931**

(ii) Transactions with key management personnel

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

	31 December 2015 ₦'000	31 December 2014 ₦'000
Secured loans and advances	**483,310**	**411,450**
Deposit liabilities (related parties and key management personnel)	**37,608,255**	**35,185,720**

(iii) Compensation of key management personnel:

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

	31 December 2015 ₦'000	31 December 2014 ₦'000
Executive compensation	156,365	129,270
Pension contributions	13,879	9,401
	170,244	**138,671**

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

	31 December 2015 ₦'000	31 December 2014 ₦'000
Directors' remuneration		
Fees as directors	43,500	40,000
Other emoluments	51,295	51,686
	94,795	**91,686**

(v) Terms and conditions of transactions with related parties

The above-mentioned outstanding balances arose from the ordinary course of business. The interest rates charged to and by related parties are at normal commercial rates. Outstanding balances at the year-end are secured. For the year ended 31 December 2015, the related parties facilities are performing and the Bank has not made any provision for impairment on the facilities. (2014: Nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

32 Related party transactions - continued

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

The Bank granted various credit facilities to related companies of Sterling bank Plc at rates and terms comparable to other facilities in the Bank's portfolio. An aggregate of N20.2billion (2014: N19.73 billion) relating to the Directors only was outstanding on these facilities at the end of the period/year. Details of these related party loans are:

31 December 2015

NAME OF BORROWERS	RELATIONSHIP TO REPORTING INSTITUTION	NAME OF THE RELATED INTEREST	DATE GRANTED
AIRCOM NIG.LTD.	Related to a Director	Olaitan Kajero	8-May-13
AMALYA BUREAU DE CHANGE LTD	Related to a Director	Jituboh Michael	10-Feb-15
CONOIL PLC	Related to a Director	Jituboh Michael	30-Jun-15
FINA TRUST MICROFINANCE BANK	Related to a Director	Asue Ighodalo	2-Dec-13
FTA ASSOCIATES LIMITED	Related to a Director	Jituboh Michael	29-Jun-15
LEYLAND BUSAN MOTOR CO. LTD	Related to a Director	Olaitan Kajero	13-Oct-15
RITE FOODS LIMITED	Related to a Director	Tairat Tijani	31-Jul-14
RITE FOODS LIMITED	Related to a Director	Tairat Tijani	30-Sep-15
SAFETRUST MORTGAGE BANK LTD	Director	Yinka Adeola	28-Jan-13
SAFETRUST MORTGAGE BANK LTD	Director	Yinka Adeola	16-Jan-15
SHEKEL BUREAU DE CHANGE	Related to a Director	Jituboh Michael	31-Dec-14
SMA BUREAU DE CHANGE LIMITED	Related to a Director	Jituboh Michael	28-Aug-14
Commercial Staff Loan			
	TOTAL		

31 December 2014

NAME OF BORROWERS	RELATIONSHIP TO REPORTING INSTITUTION	NAME OF THE RELATED INTEREST	DATE GRANTED
AIRCOM NIG.LTD.	Shareholder	Olaitan Kajero	8-May-13
AMALYA BUREAU DE CHANGE	Director	Osunsade Olufunmilola	29-Aug-14
BANWO & IGHODALO	Director	Ighadalo Asue	11-Mar-14
CONOIL PLC	Director	Osunsade Olufunmilola	31-Oct-14
FTA ASSOCIATES LIMITED	Director	Osunsade Olufunmilola	29-Dec-14
LEYLAND BUSAN MOTOR CO. LTD	Shareholder	Olaitan Kajero	18-Nov-14
RITE FOODS LIMITED	Shareholder	Tairat Tijani	23-Dec-14
RITE FOODS LIMITED	Shareholder	Tairat Tijani	31-Jul-14
SAFETRUST MORTGAGE BANK LTD	Director	Yinka Adeola	22-Sep-14
SAFETRUST MORTGAGE BANK LTD	Director	Yinka Adeola	28-Jan-13
SMA BUREAU DE CHANGE LIMITED	Sister to Director	Osunsade Olufunmilola	28-Aug-14
SMA BUREAU DE CHANGE LIMITED	Sister to Director	Osunsade Olufunmilola	24-Dec-14
SHEKEL BUREAU DE CHANGE	Sister to Director	Osunsade Olufunmilola	29-Aug-14
SUNCITY PROPERTIES LIMITED	Shareholder	Olaitan Kajero	5-Feb-12
COMMERCIAL STAFF LOAN	Employees	Employees	NA
	TOTAL		

NOTES TO THE FINANCIAL STATEMENTS (continued)

EXPIRY DATE	FACILITY LIMIT (N'000)	OUTSTANDING CREDIT/PERFORMING (N'000)	STATUS	PERFECTED SECURITY/NATURE	FACILITY TYPE
8-May-17	2,000,000	621,732	Performing	Equitable Mortgage,	TERM LOAN
29-Aug-16	10,417	7,832	Performing	Legal Mortgage	LEASES
8-Sep-16	16,500,000	15,965,114	Performing	Negative Pledge	OVERDRAFT
1-Dec-16	4,963	1,831	Performing	Legal Mortgage	LEASES
23-Jun-17	15,864	14,051	Performing	Legal Mortgage	TERM LOAN
13-Sep-16	600,000	12,838	Performing	Legal Mortgage	INTERNATIONAL FINANCE FACILITY
30-Jun-21	1,000,000	952,976	Performing	Legal Mortgage	TERM LOAN
13-Jan-16	500,000	450,541	Performing	Legal Mortgage	OVERDRAFT
28-Jan-20	1,399,087	1,232,139	Performing	Equitable Mortgage	TERM LOAN
28-Dec-16	320,000	203,466	Performing	Equitable Mortgage	OVERDRAFT
29-Aug-16	17,290	7,815	Performing	Legal Mortgage	LEASES
29-Aug-16	82,253	50,225	Performing	Legal Mortgage	TERM LOAN
	1,106,503	685,529	Performing	Lien on entitlements/ indemnity	TERM LOAN
	23,556,377	**20,206,089**			

EXPIRY DATE	FACILITY LIMIT (N'000)	OUTSTANDING CREDIT/PERFORMING (N'000)	STATUS	PERFECTED SECURITY/NATURE	FACILITY TYPE
8-May-17	5,842,500	4,161,200	Performing	EQUITABLE MORTGAGE	Term Loan
29-Aug-16	20,000	17,290	Performing	LEGAL MORTGAGE	Lease
10-Mar-15	50,000	16,672	Performing	EQUITABLE MORTGAGE	Overdraft
28-Mar-15	11,600,000	9,220,205	Performing	NEGATIVE PLEDGE	Overdraft
19-Mar-15	40,000	17,500	Performing	LEGAL MORTGAGE	Term Loan
5-Apr-15	600,000	178,407	Performing	LEGAL MORTGAGE	Term Loan
15-Sep-15	500,000	178,902	Performing	LEGAL MORTGAGE	Overdraft
30-Jun-21	1,000,000	1,000,000	Performing	LEGAL MORTGAGE	Term Loan
3-Oct-15	320,000	116,344	Performing	LEGAL MORTGAGE	Overdraft
28-Jan-20	1,500,000	872,246	Performing	EQUITABLE MORTGAGE	Term Loan
29-Aug-16	64,000	55,368	Performing	LEGAL MORTGAGE; PERSONAL GUARANTEE	Term Loan
5-Jan-15	10,000	8,960	Performing	LEGAL MORTGAGE; PERSONAL GUARANTEE	Overdraft
29-Aug-16	20,000	17,290	Performing	LEGAL MORTGAGE	Term Loan
28-Dec-18	4,800,000	3,329,778	Performing	LEGAL MORTGAGE	Term Loan
NA	951,768	537,456	Performing	LIEN ON ENTITLEMENT/ INDEMNITY	Consumer Loan
	27,318,268	**19,727,617**			

NOTES TO THE FINANCIAL STATEMENTS (continued)

33 Events after reporting date

There were no events after the reporting date which could have a material effect on the financial position of the Bank as at 31 December 2015 and profit attributable to equity holders on that date which have not been adequately adjusted for or disclosed.

34 Cash and cash equivalents

	31 December 2015 ₦'000	31 December 2014 ₦'000
Cash and foreign monies	16,232,082	10,777,660
Unrestricted balances with Central Bank of Nigeria	15,281,983	30,661,371
Balances held with local banks	20,736,098	1,866,518
Balances held with banks outside Nigeria	29,488,213	35,580,692
Money market placements	18,574,528	29,882,863
	100,312,904	**108,769,104**

35 Financial risk management

(a) Introduction and overview

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

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

Risk management framework

The Bank's risk management framework consists of the governance structure, policies, strategy, processes and techniques for the management of risks faced by the Bank. The risk governance structure is modelled according to the three lines of defence.
The Board and its committees oversee the risk management framework and approve the corresponding risk management policies and strategies. Senior management provides oversight across the Bank to ensure that all material risks are properly identified, measured, monitored and controlled in order to minimize adverse outcomes. The Chief Risk Officer (CRO) coordinates the process of monitoring and reporting these risks. The Risk Management division is complemented by Finance and Performance Management Department, Compliance and Strategy Department and the Internal Control Group in the management of strategic, regulatory compliance and reputational risks. Internal Audit Group reviews the risk management process and ensures that all units charged with the responsibilities for managing risks perform their roles effectively.

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

- A risk management culture
- A governance culture
- Risk management policies
- Independent oversight by the Compliance Department
- An independent assessment by the Internal Audit Department

1.2 Three Lines of Defense

The philosophy of three lines defense have been adopted in the Bank for proactive and efficient identification and management of risks inherent in the Bank's activities, processes, system, products and external events as follows:

First line of defence – Risk management and ownership

This consists of business units and line functions with primary responsibilities for risk management. The first line of defense involves the actual business operations where the transactions are entered, executed, valued and recorded. The primary responsibilities and objectives of the first line of defense are listed below:

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

(a) Introduction and overview - continued

- Identify emerging risks at the transaction/business unit level and conduct material risk assessments at least annually;
- Establish an appropriate risk and control environment in order to align risk management with business objectives
- Implement controls to reduce the likelihood and impact of risks.

Second line of defense – Independent Risk and Control Oversight

This consists of functions responsible for providing independent oversight over key risks like credit, market, liquidity and operational risk and the implementation of risk controls to ensure that the business and process owners operate within the defined appetite and approved policies and procedures. They establish risk management policies, processes and controls, provide guidance and coordination of activities of all other monitoring functions within the Bank and identify enterprise trends, synergies and opportunities for change. It is provided by functions such as Risk Management, Internal Control, Compliance, and Finance & Performance Management.

Third line of defense – Independent Assurance

This consists of all functions with primary responsibilities for evaluating and providing independent assurance on the adequacy, appropriateness and effectiveness of the risk management process, policy and practices. This function is performed by internal and external audit.

(b) Risk Management Structure

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

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

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

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

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

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

The Criticised Assets Committee (CAC) reviews the non-performing loans and recommends strategies for recovery of bad loans. The Committee also reviews the Bank's loan portfolio and ensure the adequacy of collateral documentation. The Enterprise Risk Management Group is saddled with the responsibility of implementing and supervising all risk management policies, guidelines, and procedures.

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

(b) Risk Management Structure - continued

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

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

(c) Risk measurement and reporting systems

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

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

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

(d) Risk mitigation

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

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

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

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

(e) Risk Appetite

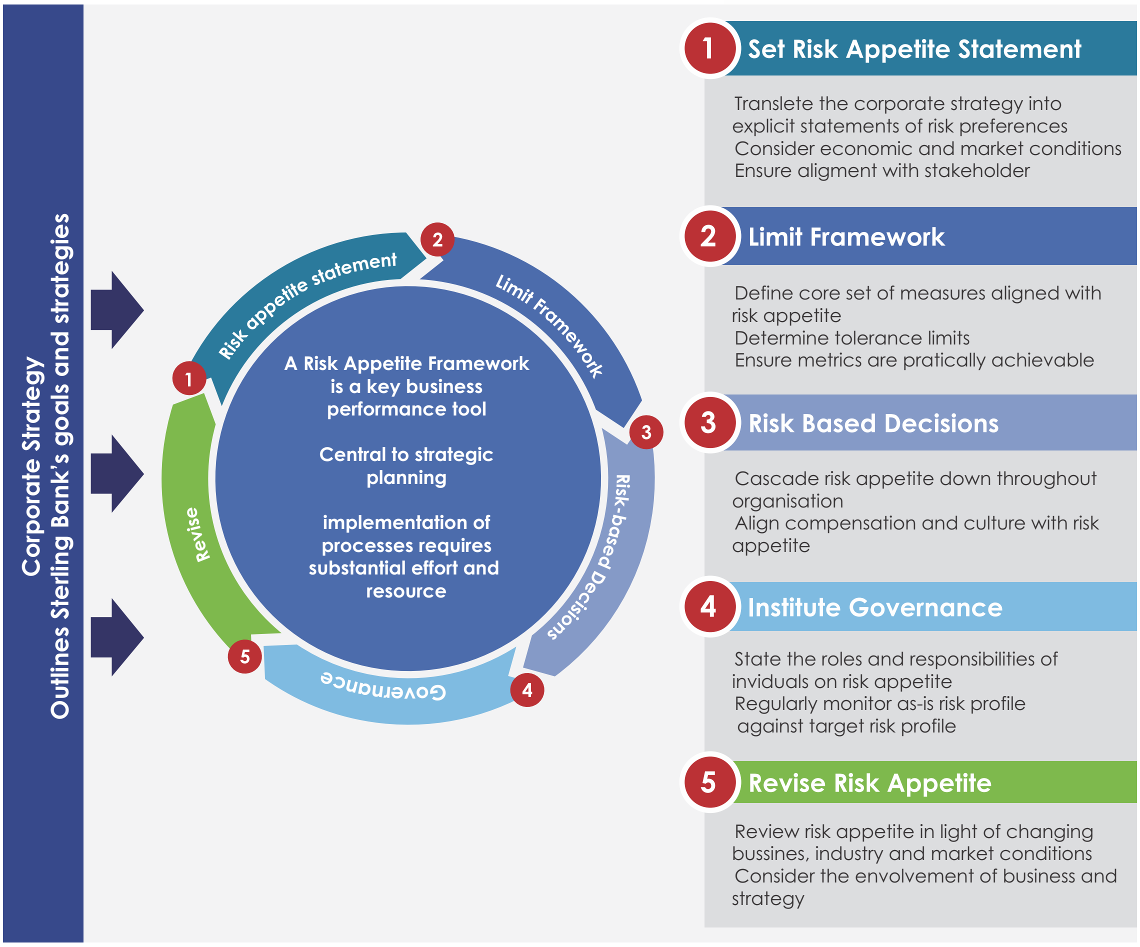
Sterling Bank's risk appetite is an expression of the maximum level of risk Sterling Bank is willing and able to accept in pursuit. The risk appetite statement expresses the degree of risk acceptable to Sterling Bank in delivering the strategic plan. Sterling

- Strategic Objectives
- Management perspective
- Economic conditions
- Stakeholders expectations
- Target benchmarking
- Regulatory threshold

The methodology described below is used in updating Sterling Bank's risk appetite framework.

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued



(f) Concentration Risk.

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

(g) Credit Risk Management

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

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

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

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

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

(h) Risk management architecture

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

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

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

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

(i) Organization Structure

Sterling Bank is a national bank having divested its subsidiaries and affiliates following its new national commercial banking license in 2011 financial year. Sterling Bank has restructured its business activities along business lines with primary focus on the following market segments:

- Corporate and Investment Banking,
- Commercial and Institutional Banking, and
- Retail Banking

Corporate and Investment Banking – The Corporate and Investment Banking Group provides services to corporate entities with annual turnover greater than N5 billion. The target market covers the following sectors: oil and gas, public sector, manufacturing, power and utilities, telecommunications and financial institutions.

Commercial and Institutional Banking –. The Commercial and Institutional Banking Group provides services to unstructured business with turnover above N600 million and below N5 Billion and public sector entities.

The Retail Banking – Retail Banking Group serves individuals consisting of mass market, affluent, youths and high net worth. The Retail Banking Group customer segmentation consist of:

- High net-worth individuals who earn N30 million (thirty million naira) and above annually or have net investable assets of $150,000 (one hundred and fifty thousand US dollars) and above.
- Mass affluent professionals who earn between N6 million (six million naira) and N30million (thirty million naira) annually.
- Mass market professionals who earn less than N6 million (six million naira) annually.
- Youth below 25 years of age.

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

(i) Organization Structure - continued

The Bank's products include: savings accounts, current accounts, fixed deposit accounts, e-banking, local and international funds transfer, trade finance, project finance, mortgage finance, bankers' acceptances and commercial paper.

In addition to the business segments, the Bank is also supported by the activities of the following Strategic Resource Functions:

- Enterprise Risk Management
- Internal Audit
- Strategy and Communication
- Finance and Performance Management
- General Internal Services
- Human Resource Management
- Channel Operations
- Trade Services
- Information Technology
- Customer Care
- Compliance
- Legal and Company Secretary
- Internal Control
- Centralised Processing
- Health, Safety and Environment
- Enterprise Quality Assurance

(j) Methodology for risk rating

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

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

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

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

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

• Structured Businesses:

1. Quantitative factors are basically the financial ratios which include:

a. Leverage ratios
b. Liquidity ratios
c. Profitability ratios
d. Interest Coverage ratios

2. Qualitative factors considered are:

a. Business Industry
  I. Size of the business
  II. Industry growth
  III. Market Competition
  IV. Entry/Exit barriers

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 **Financial risk management** - continued

(j) Methodology for risk rating - continued

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

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

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

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

The factors to be considered are:
1. Quantitative factors:
   Relationship:
i) Contract related transactions
   a) Net Profit Margin
   b) Counterparty – Nature/Financial capacity of the Principals

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

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

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

(v) Character

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

(vi) Capacity

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

(vii) Capital

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

(j) Methodology for risk rating - continued

(viii) Cash Collaterised Facilities

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

(ix) Pricing

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

(x) Collateral/Security

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

(j) Methodology for risk rating - continued

Enterprise risk review - continued

(i) Credit risk

Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other instruments into the Bank's asset portfolio. There is also credit risk in off-balance sheet financial instruments.

The Bank manages risk inherent in loans and advances, which is the risk that a counter party will cause a financial loss to the Bank by failing to discharge an obligation. Credit risk is the principal source of risk to the bank arising from exposures in form of loans and advances extended to customers under the corporate, commercial, small & medium enterprises and retail business lines.

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

Purpose: Main Characteristics and Elements of Credit Risk Management;

(i) Risk Portfolio Planning

In line with the bank's planning cycle, risk portfolio plans shall be developed and approved at the overall bank and individual business unit level.

Risk portfolio planning entails definition and agreement of target risk asset ceilings for different sectors, definition of target markets and criteria for risk acceptance at the overall corporate level and across each risk creating business unit in the bank.

(ii) Exposure Development and Creation

Exposure Development and creation incorporates the procedures for preliminary screening of facility requests, detailed credit risk analysis and risk rating, risk triggered review and approval of facilities, and controlled credit availment of approved facilities, processes and guidelines for developing credit opportunities and creating quality risk assets in line with the bank's risk management policies.

(iii) Exposure Management

To minimize the risk and occurrence of loss as a result of decline in quality and non- performance of risk assets, clear requirements and guidelines for ongoing management of the risk asset portfolio and individual risk exposures are defined. Ongoing exposure management shall entail collateral management, facility performance monitoring, exposure quality reviews and classification and risk portfolio reporting.

(iv) Delinquency Management/Loan Workout

In the undesired event of decline in quality of assets, prompt identification and management of such delinquency may significantly reduce credit loss to the bank. The delinquency management/loan workout module of the integrated risk management framework outlines the approach for identification and management of declining credit quality. This also covers loan workout where all activities are geared towards resuscitating non-performing loans, and the first stage in the process of recognizing possible credit loss i.e. loan loss provisioning (general and specific).

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

(j) Methodology for risk rating - continued

Enterprise risk review - continued

(v) Credit Recovery

Deliberate action shall be taken on a proactive basis to minimize the bank's loss on non-performing exposures. Guidelines for winding down the bank's exposure, interest and charge waivers as well as the next stages in the process for recognizing credit loss such as bad debt write-off, etc. are outlined here. In the event of recovery, process for recognizing income and previously written-off amounts is also defined in this phase.

The Bank's Risk Management Objectives and Policies.
The Bank's risk management objectives and policies for credit risk include the following:

1. To ensure optimal earnings through high quality risk portfolio;
2. Clear articulation of management criteria for decision making to provide guidelines for appropriate behaviour;
3. To set performance criteria and expected results and outcomes against which actions, decisions and results achieved will be benchmarked for compliance with articulated policies and objectives;
4. Description of specific activities and tasks in respect of the creation and management of risk assets;
5. Definition of Past-due loans as those with interest and principal repayment outstanding for 90 days or more;
6. Other criteria are also defined for determining impaired loans; these include:
   - Borrower's business recording consistent losses which might impair the cash flow, and thus the loan repayment
   - Borrower's networth being grossly eroded due to some major business failure
   - Borrower cannot be contacted, has been ignoring demand and legal notices
   - Security offered has deteriorated in value and full payment cannot be guaranteed from normal operating sources
   - Where the Bank consents to a restructuring of the obligation, resulting in a diminished financial obligation, demonstrated material forgiveness of debt or postponement of scheduled payment.

Categorization of collaterals to determine the acceptable security for the mitigation of impairment impact on the Statement of Profit or Loss.

(vi) Risk Management Architecture

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

(ii) Credit risk measurement

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

(j) Methodology for risk rating - continued

Enterprise risk review - continued

(iii) Credit granting process

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

a) Loans and advances

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

(j) Methodology for risk rating - continued

Enterprise risk review - continued

(b) Debt securities and other bills

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

(iv) Credit Risk Control & Mitigation policy

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

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

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

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

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

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

(a) Collateral Acceptability

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

Enterprise risk review - continued

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

Loans and advances

	31 December 2015 ₦'000	31 December 2014 ₦'000
Against individually impaired	12,368,245	3,322,436
Against Past due but not impaired	4,812,557	5,436,848
Against neither past due nor impaired	407,392,385	312,997,661
Total	**424,573,188**	**321,756,945**
Against individually impaired:		
Secured against real estate	11,931,825	2,105,025
Debenture	435,799	169,199
Stocks/shares	621	1,048,212
	12,368,245	**3,322,436**
Against Past due but not impaired:		
Cash	-	4,604,701
Secured against real estate	4,224,473	750,000
Debenture	550,000	45,396
Stocks/shares	38,084	36,750
	4,812,557	**5,436,848**
Against neither past due nor impaired:		
Cash	30,829,221	13,760,737
Secured against real estate	257,978,521	227,084,395
Debenture	112,341,769	55,496,403
Stocks/shares	6,242,874	16,656,125
	407,392,385	**312,997,661**

(b) Master netting arrangements

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

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

	31 December 2015 ₦'000	31 December 2014 ₦'000
Financial assets:		
Loans and advances	13,294,940	13,252,990
Collaterised deposits	18,955,884	13,760,737

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

Enterprise risk review - continued

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

	31 December 2015 ₦'000	31 December 2014 ₦'000
Net financial liabilities:		
Collaterised deposit	5,660,944	507,747

(c) Credit-related commitments

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

Breakdown of Exposures by Geographic Areas

S/N	Region	Amount N'000
1	Abuja	5,865,475
2	Lagos	276,779,532
3	North Central	1,431,823
4	North East	2,501,560
5	North West	3,308,328
6	South East	1,675,626
7	South South	48,427,042
8	South West	14,485,470
	Grand Total	**354,474,856**

(d) Credit concentration

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

Enterprise risk review - continued

31 December 2015	Cash and balances ₦'000	Due from banks ₦'000	Pledged Assets ₦'000	Loans and advances ₦'000	Securities ₦'000
Carrying amount, net of allowance for impairment	99,691,934	68,798,839	-	338,726,271	167,715,997
Concentration by sector:					
Corporate	-	-	-	-	3,470,437
Agriculture	-	-	-	12,619,513	-
Capital Market	-	-	-	77,314	-
Communication	-	-	-	28,716,877	-
Consumer	-	-	-	4,241,732	-
Education	-	-	-	798,333	-
Finance and Insurance	-	68,798,839	69,338,406	12,585,319	-
Government	99,691,934	-	-	34,677,479	164,245,560
Manufacturing	-	-	-	7,259,135	-
Mining & Quarrying	-	-	-	349,717	-
Mortgage	-	-	-	11,810,399	-
Oil & Gas	-	-	-	134,971,021	-
Other Public Utilities	-	-	-	0	-
Others	-	-	-	21,360,720	-
Power	-	-	-	14,696,870	-
Real Estate & Construction	-	-	-	37,941,624	-
Transportation	-	-	-	16,141,515	-
Non-Interest Banking	-	-	-	478,703	-
Foreign Banks	-	-	-	-	-
	99,691,934	**68,798,839**	**69,338,406**	**338,726,271**	**167,715,997**
Concentration by location:					
Nigeria	99,691,934	19,334,726	67,121,922	338,726,271	167,715,997
America	-	8,014,962	-	-	-
Europe	-	35,517,935	2,216,484	-	-
Africa	-	5,931,117	-	-	-
Asia		100	-	-	-
	99,691,934	**68,798,839**	**69,338,406**	**338,726,271**	**338,715,997**

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

Enterprise risk review - continued

31 December 2014	Cash and balances ₦'000	Due from banks ₦'000	Pledged Assets ₦'000	Loans and advances ₦'000	Investment Securities ₦'000
Carrying amount, net of allowance for impairment	163,982,302	67,330,073	78,750,860	371,246,273	95,199,277
Concentration by sector:					
Corporate	-	-	-	-	1,667,496
Agriculture	-	-	-	15,750,458	-
Capital Market	-	-	-	63,857	-
Communication	-	-	-	11,783,494	-
Consumer	-	-	-	6,986	-
Education	-	-	-	1,284,633	-
Finance and Insurance	-	67,330,073	78,750,860	15,856,221	-
Government	163,982,302	-	-	33,335,834	93,531,781
Manufacturing	-	-	-	14,573,805	-
Mining & Quarrying	-	-	-	292,018	-
Mortgage	-	-	-	14,735,982	-
Oil & Gas	-	-	-	128,987,639	-
Other Public Utilities	-	-	-	438	-
Others	-	-	-	31,443,268	-
Power	-	-	-	13,619,593	-
Real Estate & Construction	-	-	-	79,991,059	-
Transportation	-	-	-	9,494,900	-
Non-Interest Banking	-	-	-	26,088	-
Foreign Banks	-	-	-	-	-
	163,982,302	**67,330,073**	**78,750,860**	**371,246,273**	**95,199,277**
Concentration by location:					
Nigeria	163,982,302	9,498,073	72,061,311	371,246,273	95,199,277
America	-	3,035,284	-	-	-
Europe	-	54,711,188	6,689,549	-	-
Africa	-	85,527	-	-	-
	163,982,302	**67,330,073**	**78,750,860**	**371,246,273**	**95,199,277**

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

Enterprise risk review - continued

(v) Credit definitions

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

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

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

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

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

(vi) Description of Methods used for determining Impairment
CBN and NDIC stipulate that impairment charges recognized on the Profit or Loss shall be determined based on the requirements of IFRS.

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

If there is an objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of interest and similar income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

Enterprise risk review - continued

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

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

Exposure to credit risk

	Loans and advances		Collateral	
	31 December 2015 ₦'000	31 December 2014 ₦'000	31 December 2015 ₦'000	31 December 2014 ₦'000
Carrying amount, net of allowance for impairment	**338,726,271**	**371,246,273**	**424,573,188**	**321,756,945**
Assets at amortised cost:				
Individually impaired				
RR 7: Impaired	1,112,315	4,984,265	1,665,824	2,098,003
RR 8: Impaired	2,251,260	956,818	1,465,506	405,324
RR 9: Impaired	11,899,130	3,912,807	9,236,916	819,109
Gross amount	**15,262,706**	**9,853,890**	**12,368,246**	**3,322,436**
Allowance for impairment	(11,566,682)	(6,531,453)	-	-
Carrying amount, net of allowance for impairment	**3,696,024**	**3,322,437**	**12,368,246**	**3,322,436**
Collectively impaired:				
Risk rating 1-4: Low-fair risk	261,377,986	280,027,705	324,684,890	243,650,061
Risk rating 5-6: Watch list	76,124,645	88,955,707	82,707,495	69,347,600
Past due but not impaired				
RR 7	284,508	673,798	891,718	1,797,780
RR 8	837,093	288,714	2,081,900	690,611
RR 9	587,917	1,124,586	1,838,939	2,948,456
Gross amount	**339,212,150**	**371,070,510**	**412,204,943**	**318,434,509**
Allowance for impairment	(4,181,903)	(3,146,674)		-
Carrying amount, net of allowance for impairment	**335,030,247**	**367,923,836**	**412,204,943**	**318,434,509**
Total carrying amount, net of allowance for impairment	**338,726,271**	**371,246,273**	**424,573,188**	**321,756,945**

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

Enterprise risk review - continued

Exposure to credit risk - continued Commitments and guarantees

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

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

	31 December 2015 ₦'000	31 December 2014 ₦'000
Bonds, guarantees and indemnities	85,081,762	106,304,492
Letters of credit	58,238,001	94,438,715
Others	22,925,485	3,099,759
	166,245,248	**203,842,966**

Maturity profile of contingents and commitments

	On demand ₦'000	Less than 3 months ₦'000	3-12 months ₦'000	1-5 years ₦'000	Over 5 years ₦'000	Total ₦'000
As at 31 December 2015						
Bonds, guarantees and indemnities	-	25,530,814	23,479,774	34,788,966	1,282,209	85,081,762
Letters of credit	-	58,238,001	-	-	-	58,238,001
Others	-	22,925,485	-	-	-	22,925,485
Total undiscounted financial assets (A)	-	**106,694,300**	**23,479,774**	**34,788,966**	**1,282,209**	**166,245,248**
As at 31 December 2014						
Bonds, guarantees and indemnities	-	106,304,492	-	-	-	106,304,492
Letters of credit	-	18,154,750	42,256,165	34,027,800	-	94,438,715
Others	-	326,552	2,773,207	-	-	3,099,759
Total undiscounted financial assets (A)	-	**124,785,794**	**45,029,372**	**34,027,800**	-	**203,842,966**

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

Enterprise risk review - continued

Exposure to credit risk - continued

CREDIT QUALITY OF FINANCIAL ASSETS

The Standardized Approach has been used in assessing the bank's capital requirement and all corporate exposures were classified as unrated in line with regulatory guidelines.

(a) **Assets**

	carrying values of:			
	Defaulted exposures (N'000)	Non defaulted exposures (N'000)	Allowances/ impairments (N'000)	Net values (a+b+c) (N'000)
Loans	16,972,223	337,502,633	(15,748,585)	338,726,271
Debt Securities	-	2,738,150	-	2,738,150
Off Balancxe sheet exposures	-	182,697,136	-	182,697,136
Total	**16,972,223**	**522,937,919**	**(15,748,585)**	**524,161,557**

(b) 31 December 2015

	Neither past due nor Impaired						
	RR1 - RR2 (₦'000)	RR3 - RR4 (₦'000)	RR5 - RR6 (₦'000)	Past due but not impaired (₦'000)	Individually Impaired (₦'000)	Total (₦'000)	Carrying Amount (₦'000)
Balances with Central Bank of Nigeria	99,691,934	-	-	-	-	99,691,934	99,691,934
Due from banks	68,798,839	-	-	-	-	68,798,839	68,798,839
Pledged assets	69,338,406	-	-	-	-	69,338,406	69,338,406
Loans and advances	40,257,570	221,120,417	76,124,645	1,709,518	15,262,706	354,474,856	338,726,271
Held for trading	4,692,636	-	-	-	-	4,692,636	4,692,636
Investments securities available for sale	119,478,644	-	-	-	-	119,478,644	117,530,595
Investments securities held to maturity	45,360,372	-	-	-	-	45,360,372	45,360,372
Other Assets- Account Receivable	-	1,053,309	-	-	-	1,053,309	1,053,309
Total	**447,618,401**	**222,173,726**	**76,124,645**	**1,709,518**	**15,262,706**	**762,888,996**	**745,192,362**

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

Enterprise risk review - continued

Exposure to credit risk - continued

CREDIT QUALITY OF FINANCIAL ASSETS - continued

31 December 2014

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

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

Enterprise risk review - continued

Exposure to credit risk - continued

Credit Mitigation Techniques

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

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

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

Assets	Exposured unseccured (₦'000)	Exposures secured by collateral (₦'000)	Exposures secured by collateral of which: Secured (₦'000)	Exposures secured by financial guarantees (₦'000)	Exposures secured by financial guarantees of which: secured (₦'000)
Loans	3,186,076	351,288,782	200,754,155	5,221,008	5,221,008
Debt Securities	2,738,150	-	-	-	-
Total	**5,924,226**	**351,288,782**	**200,754,155**	**5,221,008**	**5,221,008**
of which defaulted	2,362	13,530	12,331	-	-

Credit Risk Exposure and Credit Risk Mitigation (CRM)

	Exposures pre CCF and CRM		Exposures post CCF and CRM		
Asset Classes	on balance sheet	off- balance sheet	on balance sheet	off- balance sheet	RWA
Sovereigns and their central Banks	311,705,299	-	311,705,299	-	-
Non-central government public sector entities	38,362,976	8,381,518	38,362,976	-	38,034,851
Multilateral development Banks	-	-	-	-	-
Banks	54,230,827	28,401,869	53,689,506	249,000	11,423,800
Securities firms	-	-	-	-	-
Corporates	176,287,001	108,093,028	149,397,592	11,888,256	165,627,051
Regulatory retail portfolios	4,797,957	1,870,073	3,748,936	3,239	2,814,131
Secured by residential property	52,825,584	7,161,962	52,463,299	143,816	43,769,832
Secured by commercial real estate	80,015,209	28,788,685	79,875,506	4,197,387	79,875,506
Past due loans	5,386,505	-	5,386,505	-	5,247,196
Higher –risk categories	1,193,120	-	1,193,120	-	1,789,680
Other assets	66,675,532	-	66,675,532	-	21,210,778
Total	**791,480,010**	**182,697,135**	**762,498,271**	**16,481,698**	**369,792,825**

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

Enterprise risk review - continued

Exposure to credit risk - continued

EXPOSURE BY ASSET CLASSES AND RISK WEIGHTS

Risk weight (₦'000)	10%	20%	50%	75%	100%	150%	Total credit exposure amount (post CCF and post CRM) ₦'000
Sovereigns	-	-	-	-	-	-	311,705,299
Non-central government public sector entities (PSEs)	-	82,031	-	-	37,952,820	-	38,362,976
Multilateral development Banks (MDBs)	-	-	-	-	-	-	-
Banks	-	10,446,881	976,181	-	738	-	53,938,506
Securities Firms	-		-	-	-	-	-
Corporates	-	11,888,254	-	-	149,397,592	-	161,285,848
Regulatory retail portfolios	-	2,429	-	2,811,702	-	-	3,752,175
Secured by Mortgages on Residential Prope	-	143,816	-	26,080,401	17,689,431	-	52,607,115
Exposures Secured by Mortgages on Commercial Real Estates	-	4,197,387	-	-	79,875,506	-	84,072,893
Past due loans	-	-	730,626	-	2,742,621	1,773,950	5,386,505
Higher –risk categories	-	-	-	-	-	1,789,680	1,193,120
Other assets	-	7,308,169	-	-	13,902,610	-	66,675,532
Total		**34,068,967**	**1,706,807**	**28,892,103**	**301,561,318**	**3,563,630**	**778,979,969**

COUNTERPARTY CREDIT RISK EXPOSURES BY REGULATORY PORTFOLIO AND RISK WEIGHTS

Risk weight (₦'000)	10%	20%	50%	75%	100%	150%	Total credit exposure amount (post CCF and post CRM) ₦'000
Sovereigns	-	-	-	-	-	-	311,705,299
Non-central government public sector entities (PSEs)	-	82,031	-	-	37,952,820	-	46,744,494
Multilateral development Banks (MDBs)	-	-	-	-	-	-	-
Banks	-	10,446,881	976,181	-	738	-	82,632,696
Securities Firms	-	-	-	-	0	-	-
Corporates	-	11,888,254	-	-	149,397,592	-	284,380,031
Regulatory retail portfolios	-	2,429	-	2,811,702	0	-	6,668,030
Secured by Mortgages on Residential Properties	-	143,816	-	26,080,401	17,689,431	-	59,987,546
Exposures Secured by Mortgages on Commercial Real Estates	-	4,197,387	-	-	79,875,506	-	108,803,894
Past due loans	-	-	730,626	-	2,742,621	1,773,950	5,386,505
Higher –risk categories	-	-	-	-	-	1,789,680	1,193,120
Other assets	-	7,308,169	-	-	13,902,610	-	66,675,532
Total		**34,068,967**	**1,706,807**	**28,892,103**	**301,561,318**	**3,563,630**	**974,177,147**

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

Enterprise risk review - continued

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

Past due days	31 December 2015 ₦'000	31 December 2014 ₦'000
1 - 30 days	618,163	1,782,673
31 - 60 days	108,213	26,663
Above 90 days	983,142	277,762
	1,709,518	**2,087,098**

(e) Liquidity risk

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

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

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

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

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

Presented below is the process used in managing liquidity

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

Enterprise risk review - continued

(e) Liquidity risk

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

31 December 2015	Note	Carrying amount ₦'000	Gross nominal Inflow/(outflow) ₦'000
Financial assets			
Cash and balances with central bank	16	115,924,016	115,924,016
Due from banks	17	68,798,839	70,944,509
Pledged assets	18	69,338,406	69,338,406
Loans and advances to customers	19	338,726,271	432,200,239
Investment securities	20	169,531,652	293,881,140
		762,319,184	**982,288,310**
Financial liabilities			
Deposits from customers	24	590,889,216	593,440,115
Debt securities issued & other borrowed funds	25&26	64,849,304	88,596,828
Other liabilities - Customers' deposits for foreign trade	27	3,065,623	3,065,623
Creditors & accruals	27	7,554,859	7,554,859
		666,359,002	**692,657,425**
Gap (asset - liabilities)		**95,960,182**	**289,630,885**
Cumulative liquidity gap			

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Less than 3 months N'000	3-6 months N'000	6-12 months N'000	1 - 5 years N'000	More than 5 years N'000
31,514,065	-	-	-	84,409,951
70,944,509	-	-	-	-
9,745, 902	-	-	33,307,758	26,284,746
143,253,465	29,338,049	61,715,517	153,012,178	44,881,030
15,167,708	10,922,188	26,815,480	121,490,371	119,485,394
270,625,649	**40,260,237**	**88,530,996**	**307,810,307**	**275,061,120**
560,991,027	16,023,956	8,994,780	2,543,003	2,336,450
6,217,870	15,849,112	6,754,601	59,775,245	-
1,453,963	1,428,860	182,800	-	-
7,554,859	-	-	-	-
576,217,719	**33,301,928**	**15,932,181**	**62,318,248**	**2,336,450**
(305,592,070)	**6,958,309**	**72,598,815**	**245,492,059**	**272,724,670**
(305,592,070)	**(298,633,761)**	**(226,034,946)**	**19,457,113**	**292,181,784**

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

Enterprise risk review - continued

(e) Liquidity risk - continued

31 December 2014	Note	Carrying amount ₦'000	Gross nominal Inflow/(outflow) ₦'000
Financial assets			
Cash and balances with central bank	16	174,759,962	174,759,962
Due from banks	17	67,330,073	67,337,404
Pledged assets	18	78,750,860	121,465,080
Loans and advances to customers	19	371,246,273	457,847,744
Investment securities	20	96,570,673	111,878,886
		788,657,841	**933,289,076**
Financial liabilities			
Deposits from customers	24	655,944,127	656,402,076
Debt securities issued & other borrowed funds	25&26	49,934,681	53,370,434
Other liabilities - Customers' deposits for foreign trade	27	6,818,972	6,818,972
Creditors & accruals	27	7,913,857	7,913,857
			724,505,339
Gap (asset - liabilities)		**788,657,841**	**208,783,737**
Cumulative liquidity gap			

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

(f) Market risks

Market risk is the potential for adverse changes in the value of the Firm's assets and liabilities resulting from changes in market variables such as interest rates, foreign exchange rates, equity prices and commodity prices. Interest Rate Risk both in the banking book and trading book, and foreign exchange risk are the major market risks borne by the Bank.

Market Risk Policies and Framework

The Market and Liquidity Risk Management function has approved policy instrument to guide all stakeholders in the process of mitigating Market Risk events

i. Market/ Liquidity Risk Operational Manual
ii. Market and Liquidity Risk Policy
iii. StopLoss policy limits
iv. Bond Trading framework
v. Third Currency Policy
vi. Counterparty limit Framework

NOTES TO THE FINANCIAL STATEMENTS (continued)

Less than 3 months N'000	3-6 months N'000	6-12 months N'000	1 - 5 years N'000	More than 5 years N'000
41,439,030	-	-	-	133,320,932
67,337,404	-	-	-	-
1,255,850	-	9,246,515	31,100,826	79,861,889
77,174,072	43,609,221	34,104,041	269,440,847	33,519,563
1,586,486	7,707,876	38,466,355	31,623,674	32,494,495
188,792,842	**51,317,097**	**81,816,911**	**332,165,347**	**279,196,879**
482,334,334	160,564,344	13,310,318	193,080	-
766,282	9,484,503	-	43,119,649	-
6,818,972	-	-	-	-
7,913,857	-	-	-	-
497,833,445	**170,048,847**	**13,310,318**	**43,312,729**	-
(309,040,603)	**(118,731,750)**	**68,506,593**	**288,852,618**	**279,196,879**
(309,040,603)	**(427,772,353)**	**(359,265,760)**	**(70,413,142)**	**208,783,737**

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

Enterprise risk review - continued

(f) Market risks - continued

Trading Risks

Market Risks on the trading portfolio are extensively monitored and managed using the following tools; Counterparty Trading limits, Dealer limits, Net Open Position, Maturity Cap limits and Stop Loss Limits. The Market Risks Trading risk desk is saddled with the responsibilities of monitoring the Treasury trading desk through the use of Internal and regulatory limits and other metrics earlier stated.

Market risks on the non-trading position are managed and monitored using sensitivity analysis.

f(i) Interest Rate Risk

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

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

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

Repricing period

(a) 31 December 2015	Notes	Carrying amount ₦'000	Less than 3 months ₦'000
Non-derivative assets:			
Cash and balances with central bank	16	115,924,016	-
Due from banks	17	68,798,839	68,798,839
Pledged non trading assets	18	69,338,406	9,745,902
Loans and advances to customers	19	338,726,271	133,425,251
Investment securities	20	169,531,652	7,896,739
		762,319,184	**219,866,731**
Non-derivative liabilities:			
Deposits from customers	24	590,889,216	560,991,027
Other borrowed funds & Debt securities issued	25 & 26	64,849,304	3,871,227
		655,738,520	**564,862,254**
Total interest sensitivity gap		**106,580,664**	**(344,995,523)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

3-6 months N'000	6-12 months N'000	1 - 5 years N'000	More than 5 years N'000	Non Interest Bearing N'000
-	-	-	-	115,924,016
-	-	-	-	-
-	-	33,307,758	26,284,746	-
20,478,417	43,570,581	112,575,733	28,676,289	-
9,193,720	15,679,978	57,621,583	79,139,632	-
29,672,137	**59,250,559**	**203,505,074**	**134,100,667**	**115,924,016**
16,023,956	8,994,780	2,543,003	2,336,450	-
14,823,982	3,035,010	43,119,085	-	-
30,847,938	**12,029,790**	**45,662,088**	**2,336,450**	-
(1,175,801)	**47,220,768**	**157,842,987**	**131,764,217**	**115,924,016**

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

(f) Market risks - continued

f(i) Interest Rate Risk - continued

Repricing period

(b) 31 December 2014	Notes	Carrying amount ₦'000	Less than 3 months ₦'000
Non-derivative assets:			
Cash and balances with central bank	16	174,759,962	
Due from banks	17	67,330,073	25,070,946
Pledged non trading assets	18	78,750,860	1,255,850
Loans and advances to customers	19	371,246,273	75,947,794
Investment securities		96,570,673	1,586,486
		788,657,841	**103,861,076**
Non-derivative liabilities:			
Deposits from customers	24	655,944,127	32,091,917
Other borrowed funds	25	45,371,097	408,533
Debt securities issued	26	4,563,584	
			32,500,450
Total interest sensitivity gap		**788,657,841**	**71,360,626**

NOTES TO THE FINANCIAL STATEMENTS (continued)

	3-6 months N'000	6-12 months N'000	1 - 5 years N'000	More than 5 years N'000	Non Interest Bearing N'000
	-	-	-	-	174,759,962
	-	-	42,259,127	-	-
	-	4,615,000	72,880,010	-	-
	43,609,221	34,104,041	184,065,654	33,519,563	-
	7,707,876	38,466,355	14,944,065	32,494,495	1,371,396
	51,317,097	**77,185,396**	**314,148,856**	**66,014,058**	**176,131,358**
	160,564,344	13,310,318	193,080	-	**449,784,468**
	-	-	44,962,564	-	**-**
	-	-	4,563,584		
	160,564,344	**13,310,318**	**49,719,228**	-	**449,784,468**
	(109,247,247)	**63,875,078**	**264,429,628**	**66,014,058**	**(273,653,110)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

(f) Market risks - continued

f(i) Interest Rate Risk - continued

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

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

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

RATE SENSITIVITY OF ASSETS AND LIABILITIES

As at 31 December 2015	On demand ₦'000	Less than 3 months N'000
Financial assets		
Due from other banks	-	68,798,839
Financial assets held for trading	-	247,300
Loans and advances	-	133,425,251
Investment securities available for sale	-	6,251,836
Investment securities held to maturity.	-	1,654,757
Total financial assets (A)	**-**	**210,377,983**
Financial Liabilities		
Due to customers	341,425,127	219,565,900
Debt securities issued and other borrowed funds		3,871,227
Total financial Liabilities (B)	**341,425,127**	**223,437,127**
Net financial assets/ Liabilities	**(341,425,127)**	**(13,059,144)**
Net financial assets/liabilities excluding AFS	**(341,425,127)**	**(19,310,980)**

	Increase /Decrease in bp	Net Gap
On Demand	+/-200bp	(341,425,127)
Less than 3 months	+/-200bp	(13,059,144)
3-12 Months	+/-200bp	(47,504,434)
1-5 Yrs	+/-200bp	(123,483,997)
Over 5 Yrs	+/-200bp	(102,998,427)

NOTES TO THE FINANCIAL STATEMENTS (continued)

3-12 months N'000	1-5 years N'000	Over 5 years N'000	Total N'000
-	-	-	68,798,839
4,445,336	-	-	4,692,636
64,048,998	112,575,733	28,676,289	338,726,271
14,384,771	38,593,284	58,433,098	117,662,989
7,503,057	17,977,068	18,225,490	45,360,372
90,382,162	**169,146,085**	**105,334,877**	**575,241,107**
25,018,736	2,543,003	2,336,450	590,889,216
17,858,992	43,119,085	-	64,849,304
42,877,728	**45,662,088**	**2,336,450**	**655,738,520**
(47,504,434)	**123,483,997**	**102,998,427**	**(80,497,413)**
(33,119,663)	**(84,890,713)**	**(44,565,329)**	**(198,160,402)**

Cumulative Gap	Sensitivity on Profit (+2%)	Sensitivity on Profit (-2%)	Sensitivity Equity (+2%)	Sensitivity Equity (-2%)	Annualized Period
(341,425,127)	(579,955)	579,955	-	-	One Month
(354,484,271)	(64,401)	64,401	-	-	Three month
(306,979,837)	(950,089)	(234,268)	-	-	One Year
(183,495,840)	(2,469,680)	(2,469,680)	-	-	
(80,497,413)	(2,059,969)	(2,059,969)	-	-	

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

(f) Market risks - continued

f(i) Interst Rate Risk - continued

RATE SENSITIVITY OF ASSETS AND LIABILITIES

As at 31 December 2014	On demand N'000	Less than 3 months N'000	3-12 months N'000
Financial assets			
Due from other banks	-	67,330,073	-
Financial assets held for trading	-	768,256	1,167,603
Loans and advances	-	75,677,326	74,109,812
Investment securities available for sale	-	1,410,896	20,874,729
Investment securities held to maturity.	-	3,548,500	2,159,371
Total financial assets (A)	**-**	**148,735,051**	**98,311,515**
Financial Liabilities			
Due to customers	278,176,884	33,247,141	110,097,898
Debt securities issued and other borrowed funds	-	-	-
Total financial Liabilities (B)	**278,176,884**	**33,247,141**	**110,097,898**
Net financial assets/ Liabilities	**(278,176,884)**	**115,487,910**	**(11,786,383)**
Net financial assets/liabilities excluding AFS	**(278,176,884)**	**(31,836,245)**	**(32,661,112)**

	Increase /Decrease in bp	Net Gap	Cumulative Gap
On Demand	+/-200bp	(278,176,884)	(278,176,884)
Less than 3 months	+/-200bp	(31,836,245)	(310,013,129)
3-12 Months	+/-200bp	(32,661,112)	(342,674,241)
1-5 Yrs	+/-200bp	(59,157,995)	(401,832,236)
Over 5 Yrs	+/-200bp	36,147,811	(365,684,425)

NOTES TO THE FINANCIAL STATEMENTS (continued)

1-5 years N'000	Over 5 years N'000	Total N'000
-	-	67,330,073
10,083	3,518	1,949,460
187,939,602	33,519,533	371,246,273
1,589,044	23,651,732	47,526,401
19,151,450	20,722,514	45,581,835
208,690,179	**77,897,297**	**533,634,042**
220,888,035	13,534,169	655,944,127
45,371,097	4,563,584	49,934,681
266,259,132	**18,097,753**	**705,878,808**
(57,568,953)	**59,799,544**	**(172,244,766)**
(59,157,995)	**36,147,811**	**(219,771,166)**

Sensitivity on Profit (+2%)	Sensitivity on Profit (-2%)	Sensitivity Equity (+2%)	Sensitivity Equity (-2%)	Annualized Period
(472,520)	472,520	-	-	One Month
(157,001)	157,001	6,958	(6,958)	Three month
(653,222)	653,222	31,781	(31,781)	One Year
(1,183,160)	1,183,160	473,035	(473,035)	
722,956	(722,956)	-	-	

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

f(ii) Foreign currency risk

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

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

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

(a) Foreign currency concentrations risk as at 31 December 2015

Assets	Naira ₦'000	Dollar ₦'000	GBP ₦'000	Euro ₦'000	Total ₦'000
Cash and balance with central bank	94,431,261	5,220,031	489,940	500,801	100,642,033
add un-restricted balance	15,281,983	-	-	-	15,281,983
Due from other Banks	25,343,509	39,194,153	1,564,474	2,696,702	68,798,839
Financial assets pledged as collateral	34,099,499	35,238,907	-	-	69,338,406
Loans and advances to customer	207,669,563	130,932,838	123,871	-	338,726,271
Financial assets held for trading	4,692,636	-	-	-	4,692,636
Financial assets available for sale	112,831,162	6,647,482	-	-	119,478,644
Financial investment held to maturity	45,360,372	-	-	-	45,360,372
Other Assets	12,286,965	1,612,010	3,634	-	13,902,609
Total financial assets (A)	**551,996,949**	**218,845,421**	**2,181,920**	**3,197,503**	**776,221,793**
Liabilities					
Due to customers	398,282,617	189,873,479	2,077,653	655,466	590,889,216
Debt issued and other borrowed funds	32,135,437	21,951,211	10,762,656	-	64,849,305
Other financial liabilities	41,712,485	5,654,433	-	-	47,366,918
Total financial liabilities (B)	**472,130,540**	**217,479,123**	**12,840,310**	**655,466**	**703,105,439**
Net financial assets/(liabilities)	**79,866,410**	**1,366,298**	**(10,658,390)**	**2,542,037**	**73,116,354**

SENSITIVITY ANALYSIS OF FOREIGN CURRENCY BALANCE SHEET

Currency	Dollar ₦'000	GBP ₦'000	Euro ₦'000	Total ₦'000
Net On Balance Sheet Position	1,366,298	(10,658,390)	2,542,037	(6,750,056)
Effect of 1% appreciation on Profit	(13,663)	106,584	(25,420)	67,501
Effect of 1% depreciation on Profit	13,663	(106,584)	25,420	(67,501)

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

f(ii) Foreign currency risk - continued

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

Assets	Naira ₦'000	Dollar ₦'000	GBP ₦'000	Euro ₦'000	Others ₦'000	Total ₦'000
Cash and balance with central bank	141,870,819	1,260,900	380,828	586,021	25	144,098,593
add un-restricted balance	30,661,369	-	-	-	-	30,661,369
Due from other banks	16,246,247	47,089,402	1,466,404	2,448,033	79,986	67,330,073
Financial assets to maturity pledged as colleteral	59,071,852	19,679,008	-	-	-	78,750,860
Loans and advances to customer	228,428,357	142,677,456	116,507	23,952	-	371,246,273
Financial assets held for trading	1,949,460	-	-	-	-	1,949,460
Financial assets available for sale	47,985,935	1,053,443	-	-	-	49,039,378
Financial investment held to maturity	45,581,835	-	-	-	-	45,581,835
Other assets	14,126,660	-	9,513	-	784	14,136,957
Total undiscounted financial assets(A)	**585,922,535**	**211,760,208**	**1,973,253**	**3,058,007**	**80,795**	**802,794,798**
Liabilities						
Due to customers	475,488,542	178,061,460	1,839,817	553,883	425	655,944,127
Debt issued and other borrowed funds	25,762,197	-	-	-	-	25,762,197
Other financial liabilities	21,306,096	8,111,147	134,969	2,510,498	80,434	32,143,145
Total undiscounted financial liabilities (B)	**522,556,836**	**186,172,607**	**1,974,786**	**3,064,381**	**80,859**	**713,849,470**
Net undiscounted financial assets/(liabilities)	**63,365,699**	**25,587,601**	**(1,533)**	**(6,375)**	**(64)**	**88,945,328**

SENSITIVITY ANALYSIS OF FOREIGN CURRENCY BALANCE SHEET

Currency	Dollar ₦'000	GBP ₦'000	Euro ₦'000	Total ₦'000
Net On Balance Sheet Position	25,587,601	(1,533)	(6,375)	25,579,693
Effect of 1% appreciation on Profit	(255,876)	15	63	(255,798)
Effect of 1% depreciation on Profit	255,876	(15)	(63)	255,798

g Operational Risk Management

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

g Operational Risk Management - continued

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

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

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

The major methodologies employed in the Bank include:

1. Operational Risk Event Data Collection

The systematic capture and monitoring of risk events is one of the most important requirements stated by the Basel Committee, data on a bank's historical loss experience could provide meaningful information for assessing the bank's exposure to operational risk and developing a policy to mitigate/control the risk'. As a consequence, setting up a proactive risk event data collection enables Sterling Bank both to be compliant with regulatory requirements, and to obtain very valuable information in order to improve the quality of the internal control system and to determine the operational risk profile. Strict guidelines have been defined in terms of reporting, in order to ensure that the most important information is escalated in due time to Senior Management.

2 Development & monitoring of key risk indicators

A key risk indicator is a metric for measuring the likelihood that the combined probability of an event and its consequence will exceed the organization's risk appetite and have a profoundly negative impact on an organization's ability to be successful. Metrics are set by the Operational Risk Management unit in conjunction with the process owners to monitor key risks in the business units that could prevent the achievement of set goals.

3 Operational Risk Measurement

The bank assesses its capital requirements using the basic indicator approach (BIA) in line with regulatory prescribed calculation method.

Nature of item	capital charge factor	First year	Second year	Third year	Aggregate Gross Income (years 1 to 3)	Capital charges
		Sum (₦'000)	Sum (₦'000)	Sum (₦'000)		
Basic Indicator Approach (BIA)	15%	57,468,725	68,763,858	69,514,237	195,746,820	29,362,023
Gross Income						3
Mean Average of Aggregate Capital						9,787,341
Calibrated Risk Weighted Amount (BIA)						122,341,762

4 Risk and Control Self-Assessment

In addition to building a history of losses, it is also necessary to determine the exposure of Sterling Bank to main risks through risk mapping of all significant activities. This objective is achieved on the basis of bottom-up Risk and Control Self-Assessment exercises, carried out in all SBUs of the bank. These exercises provide a good view of the most important risk areas in the different entities and activities, and also give the opportunity to assess the quality of the control environment in this context, with the objective of reporting the results to Management across the organization.

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

(h) Capital management

(i) Regulatory capital

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

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

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

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

Various limits are applied to elements of the capital base. The qualifying Tier 2 capital is limited to 33.3% of Tier 1 capital.

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

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

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

(ii) Capital Adequacy Ratio

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

The capital adequacy computation for the period ended 31st December 2015 is in line with revised guidance notes on implementation and the reporting template for capital adequacy ratio issued by Central Bank of Nigeria, referenced BSD/DIR/GEN/BAS/08/031 and dated 24 June 2015. The computations are consistent with the requirements of Pillar I of Basel II Accord (International Convergence of Capital Measurement and Capital Standards). Although the guidelines comply with the requirements of the Basel II accords, certain sections were adjusted to reflect the peculiarities of the Nigerian environment.

Sterling Bank, in line with the directives from the Central Bank of Nigeria (CBN), has adopted the following approaches for its Pillar 1 capital calculations:

- Credit Risk - Standardised Approach
- Market Risk - Standardised Approach
- Operational Risk - Basic indicator approach, which is 15% of the average gross income for the past 3 year

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

(h) Capital management - continued

Constituents of Capital	Note	31 December 2015 ₦'000	31 December 2014 ₦'000
Tier 1 capital			
Paid-up share capital	29	14,395,209	14,395,209
Share premium		42,759,214	42,759,214
General reserve (Retained earnings)		10,042,079	5,753,977
Smeeis reserve		234,503	234,503
Statutory reserve		16,634,733	13,546,960
Other reserve		5,276,424	4,144,684
Tier 1 Capital Before Regulatory Deduction		**89,342,162**	**80,834,547**
Regulatory Deduction			
Deferred tax asset		(6,971,145)	(6,971,145)
Other intangible assets		(1,000,262)	-
Total Regulatory Deduction		**(7,971,407)**	**(6,971,145)**
Tier 1 Capital after Regulatory Deduction		**81,370,755**	**73,863,402**
Tier 2 capital: Instruments & Reserves			
Sub-ordinated debt *		2,738,150	4,563,584
Other Comprehensive Income		1,153,571	(1,131,739)
Eligible Tier 2 Capital		**3,891,721**	**3,431,845**
Total regulatory capital		**85,262,476**	**77,295,247**
Risk-weighted assets		487,486,579	566,686,606
Total tier 1 and tier 2 capital expressed as a percentage of risk-weighted assets		17.49%	14%

* Recognition of capital instrument in Tier 2 capital in its final five years to maturity is amortized on a straight-line basis by 20% per annum.

Description of Tier 2 Capital (Sub-ordinated debt)

Particulars	Place	Place	Date of maturity	Coupon date	₦'000
Non-convertible debenture stock	Nigeria	19 December 2011	2018	13%	4,500

Internal Capital Adequacy Assessment Process (ICAAP).

The Bank has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy. This framework includes a comprehensive internal capital adequacy assessment process (ICAAP) conducted annually which determines the adequate level of capitalization for the bank to meet regulatory requirements for current and future business needs, including under stress scenarios. The framework has been structured as per the CBN requirements to identify the risks inherent in the Bank's business and sets out the Bank's philosophy, processes, and techniques for managing risks across the Bank. Furthermore, it describes the controls management has implemented to reduce the likelihood of the risks occurring, and the management actions to minimize impact of risk events on the business. It includes information on the Bank's governance structure, and the policies that support the Bank's risk and capital management systems.

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

(h) Capital management - continued

Risk Weighted Assets and Capital Requirement per Credit Exposure

S/N	Exposure	Risk Weighted Assets	Capital requirements
1	**Credit Rsik**		
1.01	Sovereign	-	-
1.02	Public Sector Entities	22,732	2,393
1.03	State and Local Government	38,012,120	4,001,481
1.04	Multilateral Development Bank	-	-
1.05	Supervised Institutions	11,174,800	1,176,355
1.06	Corporates	149,397,592	15,726,869
1.07	Retail	2,811,702	295,984
1.08	Residential Mortgages	43,769,832	4,607,587
1.09	Commercial Mortgages	79,875,506	8,408,379
1.1	Past Due	5,247,196	552,365
1.11	Higher Risk Exposures	1,789,680	188,397
1.12	Other Balance Sheet Exposures	21,210,778	2,232,828
1.13	Off Balance Sheet Exposures	16,480,887	1,734,919
1.14	Regulatory Adjustment	-5,070,015	
2	**Market risk**		
2.01	Interest Rate Risk	374,892	29,991
2.02	Foreign Exchange Risk	476,754	38,140
3	**Operational risk**		
3.01	Basic Indicator Approach	121,912,123	9,752,970
4	**Capital Adequacy Ratio**		
4.01	Tier 1 Capital Adequacy Ratio	16.69%	
4.02	Total Capital Adequacy Ratio	17.49%	

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Financial risk management - continued

(h) Capital management - continued

(iii) Capital allocation

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

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

36 Maturity analysis of assets and liabilities

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

As at 31 December 2015

Maturity analysis of assets and liabilities	Less than 3 months ₦'000	3-6months ₦'000	6-12 months ₦'000	1-5 years ₦'000	More than 5 years ₦'000	Total N'000
Assets						
Cash and balances with Central Bank of Nigeria	31,514,065	-	-	-	84,409,951	115,924,016
Due from banks	68,798,839	-	-	-	-	68,798,839
Pledged assets	9,745,902	-	-	33,307,758	26,284,746	69,338,406
Loans and advances to customers	133,425,251	20,478,417	43,570,581	112,575,733	28,676,289	338,726,271
Investment in securities	7,896,739	9,193,720	15,679,978	57,621,583	79,139,632	169,531,652
Other assets	-	-	13,902,609	-	-	13,902,609
Property, plant and equipment	10,380	57,185	295,528	9,166,387	5,728,737	15,258,217
Intangible assets	67	-	851	999,344	-	1,000,262
Deferred tax assets	-	-	-	-	6,971,145	6,971,145
Total	251,391,244	29,729,322	73,449,546	213,670,806	231,210,499	799,451,417
Liabilities						
Deposits from customers	560,991,027	16,023,956	8,994,780	2,543,003	2,336,450	590,889,216
Debts issued and other borrowed funds	3,871,227	14,823,982	3,035,010	43,119,085	-	64,849,304
Current income tax liabilities	-	-	-	-	780,232	780,232
Other liabilities	-	-	8,519,234	38,847,684	-	47,366,918
Total	564,862,254	30,847,938	20,549,024	84,509,772	3,116,682	703,885,670
Net	**(313,471,011)**	**(1,118,616)**	**52,900,522**	**129,161,033**	**228,093,817**	**95,565,747**

NOTES TO THE FINANCIAL STATEMENTS (continued)

36 Maturity analysis of assets and liabilities - continued

As at 31 December 2014

Maturity analysis of assets and liabilities	Less than 3 months ₦'000	3-6months ₦'000	6-12 months ₦'000	1-5 years ₦'000	More than 5 years ₦'000	Total ₦'000
Assets						
Cash and balances with Central Bank of Nigeria	41,439,030	-	-	-	133,320,932	174,759,962
Due from banks	67,330,073	-	-	-	-	67,330,073
Pledged assets	1,255,850	-	4,615,000	72,880,010	-	78,750,860
Loans and advances to customers	75,947,794	43,609,221	34,104,041	184,065,654	33,519,563	371,246,273
Investment in securities	1,586,486	7,707,876	39,837,751	14,944,065	32,494,495	96,570,673
Other assets	-	-	11,309,566	2,827,391	-	14,136,957
Property, plant and equipment	5,945	58,478	154,133	9,035,324	4,698,147	13,952,027
Intangible assets	1	239	5,029	816,186	-	821,456
Deferred tax assets	-	-	-	-	6,971,145	6,971,145
Total	187,565,178	51,375,815	90,025,519	284,568,631	211,004,282	824,539,426
Liabilities						
Deposits from customers	481,876,385	160,564,344	13,310,318	193,080	-	655,944,127
Debts issued and other borrowed funds	408,533	-	-	49,526,148	-	49,934,681
Current income tax liabilities	-	-	1,802,189	-	-	1,802,189
Other liabilities	-	6,818,972	18,655,627	6,668,545	-	32,143,144
Total	482,284,918	167,383,316	33,768,134	56,387,773	-	739,824,141
Net	(294,719,740)	(116,007,501)	56,257,385	228,180,858	211,004,282	84,715,285

37 Fair Value of financial instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

37 Fair Value of financial instruments - continued

Fair value measurement hierarchy for assets & liabilities as at 31 December 2015

	NOTE	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total ₦'000
Assets measured at fair value					
Pledged assets – Available for sale	18	-	33,581,023	-	33,581,023
Financial assets held for trading	20(a)	-	4,692,636	-	4,692,636
Financial assets available for sale	20(b)	-	117,662,989	-	117,662,989
Assets for which fair value are disclosed					
Due from banks	17	-	68,798,839	-	68,798,839
Pledged assets held to maturity		-	28,570,690	-	28,570,690
Loans and advances		-	593,848,288	-	593,848,288
Held to maturity		-	40,780,570	-	40,780,570
Liabilities for which fair values are disclosed:					
Deposits from customers			609,899,304		609,899,304
Other borrowed funds			56,385,754		56,385,754
Debt securities issued			4,714,633		4,714,633

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

		Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total ₦'000
Assets measured at fair value					
Pledged assets – Available for sale	18	-	20,716,812	-	20,716,812
Financial assets held for trading	20(a)	-	1,949,460	-	1,949,460
Financial assets available for sale	20(b)	-	47,667,982	-	47,667,982
Assets for which fair value are disclosed					
Due from banks	17	-	67,330,073	-	67,330,073
Pledged assets held to maturity		-	47,270,323	-	47,270,323
Loans and advances		-	438,182,332	-	438,182,332
Held to maturity		-	43,194,136	-	43,194,136
Liabilities for which fair values are disclosed:					
Deposits from customers		-	637,354,466	-	637,354,466
Other borrowed funds		-	41,141,093	-	41,141,093
Debt securities issued		-	4,894,641	-	4,894,641

NOTES TO THE FINANCIAL STATEMENTS (continued)

37 Fair Value of financial instruments - continued

	Carrying amount		Fair value amount	
Financial assets	31 December 2015 ₦'000	31 December 2014 ₦'000	31 December 2015 ₦'000	31 December 2014 ₦'000
Cash and balances with Central Bank of Nigeria	115,924,016	174,759,962	115,924,016	174,759,962
Due from banks	68,798,839	67,330,073	68,798,839	67,330,073
Pledged assets	69,338,406	78,750,860	53,568,936	67,987,134
Loans and advances to customers	338,726,272	371,246,273	593,848,288	438,182,332
Investment in securities:				
- Held for trading	4,692,636	1,949,460	4,692,636	1,949,460
- Available for sale	119,478,644	47,667,982	117,662,989	47,667,982
- Held to maturity	45,360,372	45,581,835	40,780,570	43,194,136
Total	**762,319,185**	**787,286,445**	**995,276,274**	**841,071,079**
Financial liabilities				
Deposits from customers	590,889,216	655,951,281	609,899,304	637,354,466
Other borrowed funds	60,285,736	45,371,097	56,385,754	41,141,093
Debt securities issued	4,563,568	4,563,584	4,714,633	4,894,641
Customer deposits for foreign trade	3,065,623	6,818,572	3,065,623	6,818,572
Creditors and accurals	7,514,786	7,913,857	7,514,786	7,913,857
Total	**666,318,929**	**720,618,391**	**681,580,100**	**698,122,629**

NOTES TO THE FINANCIAL STATEMENTS (continued)

37 Fair Value of financial instruments - continued

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

Assets for which fair value approximates carrying value

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

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

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

The fair values of the remaining AFS financial assets are measured using quoted market prices in active markets which are adjusted for using the accrued interest to date.

The fair values of the Bank's interest-bearing borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2015 was assessed to be insignificant.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

38 Compliance with banking regulations

Included in fines and penalties are contraventions with certain Central Bank of Nigeria's guidelines and circulars listed below:

Circular	Nature of contravention	Penalty ₦'000
FPR/DIR/CIR/GEN/02/001	The Bank's system failed to prevent the tiered-customers from exceeding their thresholds	2,000
BSD/AML/CON/STG/09/002	Not classifying customers into appropriate risk category and incomplete account opening forms	4,000
BPSD/DIR/GEN/CIR/02/005	The Bank failed to provide reports to NIBBS as required in the circular	1,000
Treasury Single Account	The Bank failed to meet the deadline for transfer of Funds to Treasury Single Account	4,000
	Delay in response to CBN Directive in respect of reporting lines of the Chief Compliance Officer	2,000

39 Customer Complaints

In line with Circular No: FPR/DIR/CIR/GEN/01/020, the returns on customer complaints for the year ended 31 December 2015 is as set out below:

	NUMBER		AMOUNT CLAIMED		AMOUNT REFUNDED	
FINANCIAL YEAR	2015	2014	2015 ₦'000	2014 ₦'000	2015 ₦'000	2014 ₦'000
PENDING COMPLAINTS B/F	66	109	859,214	2,287,154	-	-
COMPLAINTS RECEIVED	5,413	5,158	83,112,920	3,465,981	-	-
COMPLAINTS RESOLVED	5,415	5,201	82,843,487	4,893,921	82,843,487	2,715,420
UNRESOLVED COMPLAINTS ESCALATED TO CBN FOR INTERVENTION	8	-	1,079,803	-	-	-
UNRESOLVED COMPLAINTS PENDING WITH THE BANK C/F	64	66	1,128,647	859,214	-	-

40 Card Usage data

In line with the Central Bank of Nigeria guidelines for card issuance and usage in Nigeria, Section 11.0, the report on card issuance and usage for the year ended 31 December 2015 is set out below:

	31 December 2015		31 December 2014	
Product	Volume	Value ₦'000	Volume	Value ₦'000
Visa	1,795,813	51,508,379	2,159,950	20,016,257
Verve	9,473,538	75,986,809	16,246,945	67,305,972

41. Whistle Blowing Policy

The Bank complied with CBN circular FPR/DIR/CIR/GEN/01/004, Code of Corporate Governance for Banks and Discount Houses in Nigeria and Guidelines for Whistle Blowing in Nigeria Banking Industry, for the year ended 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS (continued)

42 Reclassification

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

		31 December 2014 N'000
(i)	**Net trading income**	
	Amount previously reported	6,766,962
	Reclassified from other operating expenses (see note (ii) Below)	(1,754)
	New amount reported in note a	**6,765,208**
(ii)	**Other operating expenses**	
	Amount previously reported	10,111,507
	Reclassification of loss on bond held for trading to net trading income (see note (i) above)	(1,754)
	Reclassification of audit fees to General and administrative expenses (see note (iii) below)	(198,500)
	New amount reported in note 13.1	**9,911,253**
(iii)	**General and administrative expenses**	
	Amount previously reported	19,793,634
	Reclassification of audit fees from other operating expenses (see note (ii) above)	198,500
	New amount reported in note 13.2	**19,992,134**

OTHER NATIONAL DISCLOSURES

STATEMENT OF VALUE ADDED

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015		2014	
	₦'000	%	₦'000	%
Gross earnings	110,193,835		103,677,466	
Interest expense	(41,367,022)		(34,915,362)	
	68,826,813		**68,762,104**	
Net impairment	(8,151,338)		(7,389,159)	
Bought-in-materials and services -local	(33,693,181)		(35,454,337)	
Value added	**26,982,294**	**100**	**25,918,608**	**100**
Applied to pay:				
Employee as wages, salaries and pensions	12,101,326	45	12,031,026	46
Income taxes	723,724	3	1,743,012	7
Retained in business:				
Depreciation and amortisation	3,864,667	14	3,139,597	12
Profit for the period	10,292,577	38	9,004,973	35
Deferred taxation	-		-	-
	26,982,294	**100**	**25,918,608**	**100**

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

OTHER NATIONAL DISCLOSURES (continued)

FIVE-YEAR FINANCIAL SUMMARY

	IFRS				
	2015 ₦'000	2014 ₦'000	2013 ₦'000	2012 ₦'000	2011 ₦'000
ASSETS					
Cash and balances with Central Bank of Nigeria	115,924,016	174,759,962	96,900,562	63,622,016	36,810,450
Due from other banks	68,798,839	67,330,073	85,601,022	33,878,671	53,695,139
Pledged assets	69,338,406	78,750,860	79,771,732	57,412,053	49,700,219
Loans and advances to customers	338,726,271	371,246,273	321,748,748	229,420,874	162,063,156
Investment securities:					
Held for trading	4,692,636	1,949,460	2,200,994	1,998,860	-
Available for sale	119,478,644	49,039,378	19,496,194	16,857,561	3,233,254
Held to maturity	45,360,372	45,581,835	76,123,934	155,935,974	169,242,661
Other assets	13,902,609	14,136,957	9,317,091	6,132,005	13,258,260
Property and equipment	15,258,217	13,952,027	9,069,368	7,793,316	8,930,814
Intangible assets	1,000,262	821,456	601,391	203,465	143,115
Deferred tax assets	6,971,145	6,971,145	6,971,145	6,971,145	6,971,145
TOTAL ASSETS	**799,451,417**	**824,539,426**	**707,797,181**	**580,225,940**	**504,048,213**
LIABILITIES					
Deposits from banks	-	-	-	3,118,775	17,744,296
Deposits from customers	590,889,216	655,944,127	570,511,097	463,726,325	392,049,881
Current income tax liabilities	780,232	1,802,189	1,112,289	803,422	677,926
Other borrowed funds	60,285,736	45,371,097	38,794,527	30,356,039	27,301,377
Debt securities issued	4,563,568	4,563,584	4,563,598	4,563,612	4,562,000
Other liabilities	47,366,918	32,143,144	29,357,774	31,015,373	20,655,397
TOTAL LIABILITIES	**703,885,670**	**739,824,141**	**644,339,285**	**533,583,546**	**462,990,877**
NET ASSETS	**95,565,747**	**84,715,285**	**63,657,896**	**46,642,394**	**41,057,336**

OTHER NATIONAL DISCLOSURES (continued)

FIVE-YEAR FINANCIAL SUMMARY (continued)

	IFRS				
	2015 ₦'000	2014 N'000	2013 N'000	2012 N'000	2011 N'000
EQUITY					
Share capital	14,395,209	14,395,209	10,796,407	7,851,931	7,851,931
Share premium	42,759,214	42,759,214	27,871,589	18,689,788	18,689,788
Retained earnings	10,042,079	5,753,977	7,785,753	6,019,078	2,780,715
Other components of equity	28,369,245	21,806,885	17,004,147	14,081,597	11,734,903
Attributable to equity holders of the Bank	**95,565,747**	**84,715,285**	**63,457,896**	**46,642,394**	**41,057,336**
Other Commitments and Contingencies	**166,245,248**	**203,842,966**	**201,629,221**	**127,949,875**	**78,673,415**

PROFIT OR LOSS ACCOUNT	IFRS				LOCAL GAP
	2015 ₦'000	2014 N'000	2013 N'000	2012 N'000	2011 N'000
Gross earnings	**110,193,835**	**103,677,466**	**91,742,770**	**68,856,815**	**45,698,415**
Profit before income tax	11,016,301	10,747,985	9,310,198	7,449,651	5,640,306
Income tax (expense)/benefit	(723,724)	(1,743,012)	(1,035,334)	(546,112)	1,268,292
Profit after income tax	**10,292,577**	**9,004,973**	**8,274,864**	**6,953,539**	**6,908,598**
Earnings per share - basic (in kobo)	36k	42k	52k	44k	53k
Earnings per share - diluted (in kobo)	36k	42k	52k	44k	53k
Dividend per share	9k	6k	25k	20k	10k

SHARE CAPITAL HISTORY

Date	Authorised Share Capital		Issued & Fully Paid up		Consideration
	Increase ₦	Cumulative ₦	Increase ₦	Cumulative ₦	
1960	-	500,000	-	500,000	Cash
1970	1,000,000	1,500,000	1,000,000	1,500,000	Scrip
1973	1,000,000	2,500,000	-	1,500,000	-
1974	-	2,500,000	625,000	2,125,000	Scrip
1975	-	2,500,000	375,000	2,500,000	Scrip
1979	2,500,000	5,000,000	1,000,000	3,500,000	Scrip
1982	2,500,000	7,500,000	1,400,000	4,900,000	Scrip
1983	-	7,500,000	2,450,000	7,350,000	Cash
1984	3,000,000	10,500,000	3,150,000	10,500,000	Scrip
1985	4,500,000	15,000,000	-	10,500,000	-
1987	5,000,000	20,000,000	5,250,000	15,750,000	Scrip
1989	30,000,000	50,000,000	15,750,000	31,500,000	Scrip
1991	50,000,000	100,000,000	31,500,000	63,000,000	Scrip
1992	-	100,000,000	-	63,000,000	-
1994	-	100,000,000	31,500,000	94,500,000	Scrip
1995	50,000,000	150,000,000	47,250,000	141,750,000	Scrip
1997	450,000,000	600,000,000	-	141,750,000	-
1998	-	600,000,000	212,625,000	354,375,000	Scrip
1999	-	600,000,000	177,188,000	531,563,000	Scrip
2001	400,000,000	1,000,000,000	132,890,125	664,453,125	Scrip
2003	500,000,000	1,500,000,000	132,890,125	797,343,750	Scrip
2003	-	1,500,000,000	34,344,239	831,687,989	Cash
2004	1,000,000,000	2,500,000,000	171,229,880	1,002,917,869	Scrip
2004	-	2,500,000,000	240,375,737	1,243,293,605	Cash
2005	2,000,000,000	4,500,000,000	621,646,803	1,864,940,408	Scrip
2006	5,500,000,000	10,000,000,000	522,045,592	2,386,986,000	Cash
2006	-	10,000,000,000	2,889,437,825	5,276,423,825	Merger
2008	2,000,000,000	12,000,000,000	6,658,513,143	11,934,936,968	Merger Adjustment
2008	-	12,000,000,000	-	6,281,545,772	Reconstruction
2011	-	12,000,000,000	1,570,386,444	7,851,932,216	ETB Merger
2013	-	12,000,000,000	2,944,474,581	10,796,406,797	Rights Issue
2014	4,000,000,000	16,000,000,000	3,598,802,266	14,395,209,063	Private Placement

BASIC INFORMATION

1

THE MANAGEMENT TEAM

S/N	EMPLOYEE NAME	GRADE	FUNCTION
1	Yemi Adeola	Managing Director	Managing Director/Chief Executive Officer
2	Olanrewaju Adesanya	Executive Director	Executive Director - Commercial & Institutional Banking
3	Abubakar Suleiman	Executive Director	Executive Director - Finance & Strategy
4	Mudathir Lawal	Executive Director	Executive Director - Corporate & Investment Banking
5	Grama Narasimhan	Executive Director	Executive Director - Retail & Consumer Banking
6	Yemi Odubiyi	Executive Director	Executive Director - Operations & Services
7	Tunde Adeola	General Manager	Business Executive - Commercial (Ikeja & Beyond)
8	Raheem Owodeyi	General Manager	Chief Compliance Officer
9	Adegboyega Adegun	General Manager	Group Head - Corporate Banking Team 2
10	Mojisola Bakare	General Manager	Group Head - Corporate Banking Team 1
11	Toyin Olaiya	Deputy General Manager	Chief Risk Officer
12	Justina Lewa	Deputy General Manager	Company Secretary/Legal Adviser
13	Fatai Amoo	Deputy General Manager	Group Head - Retail Sales & Distribution
14	Adeoye Paul-Taiwo	Deputy General Manager	Group Head - Corporate Banking Team 3
15	Emmanuel Emefienim	Deputy General Manager	Business Executive - Commercial (South South & South East)
16	Obiajulu Egbarin	Deputy General Manager	Business Executive - Commercial (Apapa & Beyond)
17	Julie Mowarin	Deputy General Manager	Business Executive - Commercial (Mid-West)
18	Abiodun Aderoju	Deputy General Manager	Audit Executive
19	Eniola Obe	Deputy General Manager	Business Executive - Retail (Ikeja & Beyond)
20	Kikelomo Kuponiyi	Deputy General Manager	Group Head - Retail Lending
21	Adebimpe Olambiwonnu	Deputy General Manager	Finance Controller
22	Segun Anako	Chief Information Officer	Chief Information Officer
23	Moses Akinnawonu	Deputy General Manager	Group Head - Channel Operations
24	Olubukola Awosanya	Deputy General Manager	Group Head - Agric Finance
25	Shina Atilola	Deputy General Manager	Group Head - Strategy & Communications
26	Rasaq Aboyeji	Deputy General Manager	Business Executive - Commercial (South West 1)
27	Japhet John	Deputy General Manager	Business Executive - Commercial (Abuja)
28	Ojonimi Imaji	Assistant General Manager	Special Assistant to the MD/CEO

THE MANAGEMENT TEAM (continued)

S/N	EMPLOYEE NAME	GRADE	FUNCTION
29	Cyril Osheku	Assistant General Manager	Group Head - Credit Administration
30	Korede Adeyemi	Assistant General Manager	Head, Energy - Corporate Banking Team 1
31	Donald Osa-Edokpolor	Assistant General Manager	Retail Distribution & Sales - 3PAs
32	Abbas Yerima	Assistant General Manager	Business Executive- Commercial (North East)
33	Adejoke Osundina	Assistant General Manager	Legal - Company Secretariat
34	Abdulhadi Yau	Assistant General Manager	Business Executive - Commercial (North West)
35	Abdulkarim Mahmud	Assistant General Manager	Business Executive - Commercial (North Central)
36	Olufunmilayo Lewis	Assistant General Manager	Business Executive - Commercial (Lagos-Victoria)
37	Oluwabunmi Famogbiele	Assistant General Manager	Commercial - Business Manager (Ikeja & Beyond)
38	Oladipupo Sonoiki	Assistant General Manager	Group Head - Collections
39	Olufemi Aiyegbusi	Assistant General Manager	Head - Litigation
40	Abiodun Odutola	Assistant General Manager	Head - Downstream (Corporate Banking Team 2)
41	Omolade Dairo	Deputy Chief Information Officer	Head - Technical Services
42	Ayodeji Akintola	Assistant General Manager	Business Executive - Retail (Lagos-Eko)
43	Ebere Eze	Assistant General Manager	Business Executive - Retail (South East 2)
44	Titilayo Ogundipe	Assistant General Manager	Group Head - Customer Experience Management
45	John Akingbade	Assistant General Manager	Group Head - Treasury & Financial Institutions
46	Lateef Aliu	Assistant General Manager	Channel Operations Coordinator
47	Adekunle Adewole	Assistant General Manager	Group Head - Credit Collections & Recovery
48	Abiodun Oladipupo	Assistant General Manager	Business Executive - Retail (Yaba & Beyond)
49	Ademola Adeyemi	Assistant General Manager	Business Executive - Commercial (South West 2)
50	Kungaba Tsunuku	Assistant General Manager	Collections - Abuja
51	Olabisi Ogunwoye	Assistant General Manager	Group Head - Human Resource Management
52	Abiola Ojo	Assistant General Manager	Group Head - Real Estate Finance
53	Foluke Akinwande	Assistant General Manager	Head, Financial/Regulatory Reporting
54	Dare Alaiya	Assistant General Manager	Head - Credit/Documentation
55	Olufemi Joseph	Assistant General Manager	Head - Power & Aviation (Corporate Banking, Team 2)
56	Grace Ofuani	Assistant General Manager	Group Head - Internal Control
57	Ayodele Ogunmeru	Assistant General Manager	Group Head - Trade Services
58	Michael Osinowo	Assistant General Manager	Group Head - Credit Assessment

BRANCH NETWORK

S/N	BRANCH NAME	STATE	BRANCH ADDRESS	CONTACT PHONE NUMBER(s)
	ABUJA			
1	Mamman Kontagora Close - Area 3	Abuja	450, Mamman Kontagora Close Area 3 Garki	08075292668
2	Sterling Boulevard - CBD	Abuja	Plot 1083 Muhammad Buhari Way, Cbd, Abuja	08075292676
3	Wuye Service Centre	Abuja	Plot 1135, Gidado Idris Street, Eternal Oil Filling Station, Finance Junction Wuye Abuja	08075292680
4	Ladoke Akintola - Garki 2	Abuja	Blk T 16 Samuel Akintola Boulevard,Garki 2	08075292683
5	Seda Close - Area 8	Abuja	17, Sheda Close Area 8 Garki	08075292687
6	National Assembly (NASS)	Abuja	Sb 67 National Assembly Complex	08075292693
7	Ademola Adetokunbo - Wuse 2	Abuja	5, Ademola Adetokunbo Street Wuse	08075292698
8	Emeka Anyaoku - Area 11	Abuja	Plot 21/11, Emeka Anyaoku Street, Area 11 Garki, Abuja	08075292886
9	Kashim Ibrahim - Wuse 2	Abuja	Plot 603, Kashim Ibrahim Way, Wuse 2, Abuja Fct	08075292885
10	Gateway Plaza - CBD	Abuja	Gateway Plaza, Plot 208 Zakariyahu, Mai-Malari Street, Off Hebert Macaulay Way, Cbd Abuja	08075292889
11	Conoil - Kado	Abuja	Conoil Premises, Kado, Abuja	08075292887
12	Conoil - Utako	Abuja	Conoil Station, Utako, Abuja.	08075292888
	LAGOS - EKO			
13	67 Marina	Lagos	67, Marina, Lagos	08125248200 08028265601
14	Idumota	Lagos	99, Enu -Owa Street, Idumota Lagos	08033613041 08085932098
15	Broad Street	Lagos	Bookshop House, 50/52, Broad Street	08033075137 08024581197 08035637309
16	Igbosere	Lagos	198,Igbosere Road, Obalende, Lagos Island	08029735078 08022968539 08050813216
17	Head Office Branch	Lagos	20, Marina Lagos	08023693076 07086641442 08091475526 07088883835
18	Martins	Lagos	41/43 Martins Str Lagos	08166277642 08060656870 08023441589
19	John Street	Lagos	37B, John Street, Oke Arin	08058058712 08050402784
20	Idumagbo	Lagos	106, Iga-Iduganran Street	07084065201 08064341594
21	Sura	Lagos	Blk 11 Suit 3 Sura Shopping Complex	08033707567 08059422302 08060791346
22	Docemo	Lagos	62, Docemo Street, Idumota, Lagos	08120258518 07080778655

BRANCH NETWORK (continued)

S/N	BRANCH NAME	STATE	BRANCH ADDRESS	CONTACT PHONE NUMBER(s)
23	Issa Williams	Lagos	4, Issa Williams Street, Oke Arin, Lagos State	08038107791 08065207581
24	Alakoro	Lagos	109C, Alakoro Street, Oke Arin, Lagos State	08066648030 08063579157
25	Sangrouse (lafiaji)	Lagos	33, Hawley Street, Lafiaji, Lagos	08026068908 07038079632
	LAGOS - VICTORIA			
26	30 Adetokunbo Ademola	Lagos	30, Adetokunbo Ademola Street V/Island	08028153943 08055999039
27	228a Awolowo Road - Iky	Lagos	228, Awolowo Rd Ikoyi Lagos	08070991472 08033414257
28	Bakky Plaza - Lekki	Lagos	Agungi Bus Stop Bakky Plaza Lekki	08138607582 08033291735 08132774554
29	Adeola Hopewell	Lagos	42,Adeola Hopewell Str V/I Lagos	08179104237 08025369878
30	Ikota Shopping Complex - Ajah	Lagos	Shop 14/15 Blk F Ikota Shopping Complex Ajah	08075292254
31	114 Awolowo Road - Iky	Lagos	114, Awolowo Road, Ikoyi, Lagos	08075292810
32	62 Adetokunbo Ademola	Lagos	62 Adetokunbo Ademola Str (By Ajose Adeogun Roundabout), V/I, Lagos	08034013776 08033577549
33	Adeola Odeku	Lagos	Plot 300 Adeola Odeku Street, V/ Island Lagos	08075292819 08037825022 08072868892
34	Saka Tinubu	Lagos	50, Saka Tinubu, Victoria Island, Lagos	08075292813 08113944066
35	Langbasa Service Centre	Lagos	26, Langbasa Road, Ajah, Lagos	08075290106
36	Awoyaya Service Centre	Lagos	Awoyaya Beside Gommek Petrol Station, Awoyaya, Ajah Lagos	08113944148
	APAPA & BEYOND			
37	Wharf Road	Lagos	13/15 Wharf Rd Apapa	08075292193
38	Tincan	Lagos	10,Tincan Island Port Rd, Apapa Lagos	08075292195
39	1 Creek Road (Nnewi Building)	Lagos	1- 3 Creek Rd Apapa Lagos	08075292199
40	LASU	Lagos	Lasu Ojo Lagos	08075292350
41	Kirikiri Road	Lagos	250, Kirikiri Rd Apapa Lagos	08075292215
42	26b Creek Road	Lagos	26B Creek Rd Apapa Lagos	08075292223
43	Commercial Road	Lagos	17, Commercial Rd Apapa Lagos	08075292238
44	Ibru Jetty - Apapa	Lagos	31, Ikudaisi Str Apapa Oshodi Exp Way Lagos	08075292246
45	Festac	Lagos	21 Road, Festac, Lagos.	08151491801
46	Trade Fair	Lagos	8C, Executive Plaza, Bba, Trade Fair. Lagos	08075292829
47	Alaba	Lagos	5, Alaba International Market Road, Alaba Lagos	08075292845
48	Alaba Service Centre	Lagos	50/51, Alaba International Market Road, Alaba, Lagos.	08075292844
49	Mobil Road - Ajegunle	Lagos	66, Mobil Road, Ajegunle, Lagos	08075292986
50	Coker	Lagos	29,Badagry Express Way Coker Orile Lagos	08075292322

BRANCH NETWORK (continued)

S/N	BRANCH NAME	STATE	BRANCH ADDRESS	CONTACT PHONE NUMBER(s)
	IKEJA & BEYOND			
51	Aromire	Lagos	9, Aromire Avenue Ikeja Lagos	08028411644 08077629299
52	Ilupeju	Lagos	Akintola Williams Delloite Building 235 Ikorodu Rd Lagos	08075292330 08023000000
53	Adebola House	Lagos	38, Opebi Road Lagos	08033894405 08023000000
54	2b Opebi	Lagos	2B, Opebi Road Ikeja Lagos	08055421005 08055065488
55	Awolowo Way - Ikeja	Lagos	104, Awolowo Way Ikeja Lagos	08054248382 08023247844
56	68 Opebi	Lagos	68, Opebi Str Ikeja Lagos	08033009718 08035000000
57	Allen	Lagos	53 Allen Ave. Ikeja Lagos	08032453924 08033814121
58	Conoil Station - Ikeja GRA	Lagos	Conoil Station, Opp. General Hospital (Lasuth), Gra Ikeja, Lagos	08056564799 08033938398
59	Fadeyi	Lagos	96, Ikorodu Road, Fadeyi, Lagos.	08023404896 08037013650
60	Ogudu	Lagos	28,Ogudu Road, Ojota, Lagos.	08169832522 08038338614
61	Oworonsoki Service Centre	Lagos	10 Adams Street, Oworonsoki, Lagos	08076093038
62	Iju Road - Ifako	Lagos	102, Iju Rd, Ifako Lagos	08075292334
63	Idimu	Lagos	294, Idimu Rd Isheri Lagos.	08075292338
64	Iyana-Ipaja	Lagos	109, Lagos Abeokuta Exp Way Iyana Ipaja Lagos	08075292342
65	Shasha Road - Dopemu	Lagos	32, Shasha Rd, Akowonjo Lagos	08075292360
66	Oba Akran	Lagos	No 142 Oba Akran Av. Lagos	08075292375
67	Ikotun	Lagos	18 Idimu-Ikotun Road, College B/ Stop, Ikotun, Lagos.	09053821422
68	Ogba	Lagos	38 Ijaiye Rd,Ogba Lagos	08075292830
69	Abule Egba	Lagos	585 Lagos-Abeokuta Expressway, Abule-Egba	08070894094
	YABA & BEYOND			
70	Ojuwoye Service Centre	Lagos	9, Dada Iyalode Str Ojuwoye Mushin Lagos	08075292306
71	Adeniran Ogunsanya - Surulere	Lagos	74, Adeniran Ogunsanya Surulere Lagos	08075292313 08075292314
72	Willoughby- Ebute-Metta	Lagos	28, Willoughby Street Ebute Metta, Lagos	08075292326
73	Iddo	Lagos	Railway Terminus Ebute Metta, Lagos	08075292190
74	Ogunlana Drive- Surulere	Lagos	141, Ogunlana Drive Surulere Lagos	08075292382
75	Herbert Macaulay- Yaba	Lagos	260/262 Herbert Marcaulay Way Yaba, Lagos	08075292386 08075292303
76	Mushin	Lagos	122 Agege Motor Road, Mushin, Lagos	08075292303

BRANCH NETWORK (continued)

S/N	BRANCH NAME	STATE	BRANCH ADDRESS	CONTACT PHONE NUMBER(s)
77	Ejigbo - NNPC	Lagos	Nnpc Depot, Ejigbo	08075292970
78	Airport Road - Ikj	Lagos	Airport Road, Ikeja, Lagos.	08075292841
79	Daleko	Lagos	Plot 8,Blk E Daleko Market Isolo Express Way, Lagos	08075292310 08075292837
80	Matori	Lagos	26, Fatai Atere Way, Matori Ind. Est. Lagos	08075292368 08075292439
81	Matori Service Centre	Lagos	1/5 Jimade Close, Matori Market. Lagos	08075292368
82	Ire-Akari - Isolo	Lagos	68, Ire-Akari Estate, Isolo, Lagos	08075292982
83	Okota Road	Lagos	101 Okota Road Isolo, Lagos	08075292835
84	Itire	Lagos	Itire Rd By Iyana-Itire Bus Stop Off Apapa-Oshodi, Lagos	08113944137 07055771742
85	Oshodi	Lagos	Oyetayo Street ,Oshodi Local Govt, Oshodi, Lagos	08075292389
	NORTH CENTRAL			
86	Ali Akilu - Kaduna	Kaduna	9, Ali Akilu Rd Kaduna	08038166018 08036743897
87	Kachia Road - Kaduna	Kaduna	236, Kachia Rd Kaduna	07032808982 08060149944
88	Minna	Niger	Federal Mortgage Bank Building, Bosso Road, Minna	08021176827 08086038881
89	Independence Way	Kaduna	Indepedence Road, Beside Food Planet Kaduna.	07061124172 08037038904
90	Kaduna Refinery	Kaduna	Km 16, Kachia Road, Krpc Staff Co-Operative Commercial Plaza, Kaduna Refinery, Kaduna.	08066747923 08032975626
91	Ahmadu Bello Way - Kaduna	Kaduna	Conoil Premises 26, Ahmadu Bello Way, Kaduna	08080467070 08035044407
92	Makurdi	Benue	7, New Bridge Street, Makurdi, Benue State	08030974877 07055333570
93	Lokoja	Kogi	64 Ibrahim Babangida Way, Lokoja	08036059064 07039802689
94	Zaria	kaduna	No 1, River Road, Sabon-Gari, Kaduna	08036808194 08034697144
95	Kagoro	Kaduna	Along Kagoro Road, Kaduna	08036831828 08189797042
	NORTH EAST			
96	Maiduguri	Borno	39 Kashim Ibrahim Way Maiduguri	08139643932 08032368003
97	Bauchi	Bauchi	Yakubun Bauchi Rd Beside Cbn Bauchi	08037709604 07035517183
98	Terminus House - Jos	Plateau	Terminus House, 1, Ahmadu Bello Way, Jos, Plateau State	08077697510 07038131451
99	Jingiri Rd - Jos	Plateau	13, Jingiri Road, Opp. Leventis Motors Jos.	08060042653 08035556744
100	Jimeta	Adamawa	28,Atiku Abubakar Way, Beside Sabru House, Jimeta Yola	07055371034 07034279332
101	Gombe	Gombe	New Market Road, Gombe, Gombe State	07030821960 08058056959

BRANCH NETWORK (continued)

S/N	BRANCH NAME	STATE	BRANCH ADDRESS	CONTACT PHONE NUMBER(s)
	NORTH WEST			
102	Sani Abacha Way - Kano	Kano	12 Sani Abacha Way, Kano	08075292893 08058056968
103	MM Way - Kano	Kano	110, Murtala Mohammed Way Kano	08075292749 08054519042
104	Zaria Road	Kano	No 42, Zaria Road By Zoo Road Roundabout (Maitanguran House) Kano State	09053821372 08054928336
105	Dutse	Jigawa	Kiyawa Rd Opp Oando Filling Station Dutse, Jigawa	08075292752 08036285445
106	Kwari Market - Kano	Kano	20, Unity Road (Kwari Market) Kano	08075292756 08069582707
107	Niger Street - Kano	Kano	2B, Niger Street, (Gidan Goldie) Kano	08075292760 08035858329
108	Kofar Ruwa - Kano	Kano	Aminu Dantata Estate, Kofar Ruwa, Kano	08075292765 08058199056
109	Bayero University - Kano	Kano	Buk New Campus Kano	08075292767 08167777777
110	Sokoto	Sokoto	14 Kano Road Sokoto	08075292775 08055259987
111	Katsina	Katsina	3, Ibb Way Katsina	08075292779 08023617881
112	Kebbi	Kebbi	31Sultan Abubakar Road Road. Gra, Kebbi State	08151491875 07068722586
113	Gusau - Zamfara	Zamfara	Zaria Road, Gusau, Zamfara	08075292782 08033353134
	SOUTH EAST 1			
114	Douglas Rd - Owerri	Imo	71, Douglas Rd,Owerri, Imo State	08033926762 08075292598
115	Naze	Imo	Naze Timber Market Owerri	08034649331 08070991908
116	Eziukwu Rd - Aba	Abia	Plot 3, Eziukwu Rd, Aba	08032129224
117	Ariaria	Abia	A-Line, Ariaria International Market, Ariaria, Abia State	08036751646
118	Azikiwe Rd - Aba	Abia	127 Nnamdi Azikwe Road, Aba, Abia State	08058058668 07064402838
119	Eziukwu Market Service Centre	Abia	New Market Road, Eziukwu Cemetery Market, Aba.	08034367694
120	Library Avenue - Umuahia	Abia	2, Library Avenue, Opposite Michela Okpara Auditorium, Umuahia	08055065534
121	Oron Rd - Uyo	Akwa Ibom	52,Oron Road, Uyo	08075292630
122	UUTH	Akwa Ibom	University Of Uyo Teaching Hospital (Uuth)	08039474248
123	Abak Rd - Uyo	Akwa Ibom	Plot 16, Block 1, Abak Road Est. Uyo, Akwa-Ibom State	08077926238
124	Clement Ebri - Calabar	Cross river	1,Clement Ebri Drive,State Housing Estate,Calabar	08037427745
125	Calabar FTZ	Cross river	Calabar Free Trade Zone	08057422155

BRANCH NETWORK (continued)

S/N	BRANCH NAME	STATE	BRANCH ADDRESS	CONTACT PHONE NUMBER(s)
	SOUTH EAST 2			
126	New Market Rd - Onitsha	Anambra	24, New Market Rd,Onitsha	08033854955
127	Market Rd - Enugu	Enugu	2A, Market Rd, Enugu	08034594132
128	Portharcourt Road Onitsha	Anambra	34,Port-Harcourt Rd,Fegge, Onitsha	07069552179
129	Zik Avenue- Awka	Anambra	140, Zik Avenue, Awka	08058056451
130	Okpara Avenue - Enugu	Enugu	Plot 23 (48), Okpara Avenue, Enugu	08055072744
131	Uga Bridge Head Onitsha Branch	Anambra	45 Uga Street, Fegge Bridgehead Onitsha	08033531366
132	Nottidge - Onitsha	Anambra	23 Nottidge Street, Onitsha	08034911733
	MID WEST			
133	Akpakpava	Edo	38, Akpakpava Street, Benin City	08056150081
134	Asaba 1	Delta	180, Nnebisi Rd,Asaba, Delta State	08034250048
135	Odibo	Delta	Effurun Sapele Rd Opp Urhobo College, Odibo Housing Estate, Delta State	08076329021
136	Asaba 2	Delta	290 Nnebisi Road, Asaba, Delta State	08057032795
137	Adesuwa Road	Edo	5, Adesuwa Street, Benin City, Edo State	08055965756
138	Mission Road	Edo	58, Mission Road Benin, Edo State	08023972898
139	Sapele Road	Edo	56/58 Sapele Road, Benin, Edo State	08054860550
140	Ikpoba Hill	Edo	40B, Ohovbe Qtrs., Ikpoba Hill, Benin City, Edo State	08072479479
141	Okada	Edo	Igbinedion University, Okada, Edo State	08057099131
142	Warri	Delta	75, Warri/Sapele Road, Warri Delta State	08058412878
143	Effurun	Delta	71, Effurun-Sapele Road, Effurun, Delta State	08050901050
144	Enerhen Junction	Delta	5, Effurun-Sapele Road, Delta State	08057036985
	SOUTH SOUTH			
145	13 Trans Amadi	Rivers	Plot 13,Transamadi, Ind Layout P/ Harcourt	08033124787
146	59 Trans Amadi	Rivers	Plot 59 Trans Amadi Industrial Layout P/H	08037277928
147	Mbiama Rd - Yenagoa	Bayelsa	268,Mbiama/Yenagoa Rd,Yenagoa	08055213126
148	Olu Obasanjo - PH	Rivers	4,Olu Obasanjo Rd, P/Harcourt	08033200052
149	Woji Rd - PH	Rivers	142,Woji Rd, Gra 2, P/Harcourt	08033134874
150	UPTH	Rivers	Upth Permanent Site,P/H (Saturday Banking)	08037102165
151	115 Trans Amadi	Rivers	Plot 115, Trans Amadi Industrial Layout, P/H	08033428348
152	204 Aba Road	Rivers	204 Kalagbor Street, Rumuola, Port-Harcourt	08072749590
153	87 Rumuola	Rivers	87, Rumuola Road, Rumuokara Port-Harcourt	08057032799

BRANCH NETWORK (continued)

S/N	BRANCH NAME	STATE	BRANCH ADDRESS	CONTACT PHONE NUMBER(s)
154	Ogbunabali - PH	Rivers	2A, Aguma Street, Port-Harcourt, Rivers State	08075292882
155	Aggrey Rd - PH	Rivers	14, Aggrey Road, Port Harcourt	08023359295
156	Melford Okilo Road - Yenagoa	Bayelsa	252 Melford Okilo Road, Amarata, Yenagoa, Bayelsa State	08056148538
157	Port-Harcourt Refinery	Rivers	Refinery, Elelewon, Port Harcourt	08066020904
158	Onne	Rivers	New Oppe Ekara, Along Wharf Road, Onne, Port-Harcourt	08032537317
159	Rumuibekwe	Rivers	Plot 6 And 7, (420, Aba Road, Rumuibekwe Port Harcourt	08058020591
160	Yenagoa 3	Bayelsa	Sani Abacha Way, Yenagoa, Bayelsa State	08079734688
	IKORODU & BEYOND			
161	Ikorodu	Lagos	43, Lagos-Ikorodu Road Lagos	08083185566 08037259127
162	Ketu	Lagos	548, Ikorodu Road, Ketu, Lagos	08136904647 08023238114
163	Owode Onirin Service Centre	Lagos	Owode Onirin Iron Market, Lagos State.	08055067133
164	Abeokuta	Ogun	Abeokuta Sport Club Road, Opic Roundabout, Oke-Ilewo, Abeokuta(B/W Big Treat & Sweet Sensation)	08075292852 07056812125 08023018899
165	Ijebu-Ode	Ogun	39 Ibadan Road, Ijebu-Ode, Ogun State	08075292856 07055013207 08073764515
166	Shagamu	Ogun	Along Akarigbo Road, Shagamu	08070990610 08131128704 08034438591
167	Ota	Ogun	64, Idiroko Rd Ota, Ogun State	08075292393
168	Magboro	Ogun	Former Fielding Arena, Beside Peace Estate Gate At Ewenla Bus Stop, Magboro Ogun State	08055548674 08055068373
169	Mosinmi Service Centre	Ogun	Nnpc Depot, Mosinmi Along Shagamu Road, Ogun State	08075292383 08030423769
170	Akute	Ogun	No 22, Ogunlowo Street, Ajuwon. Akute- Alagbole.	08035633001 08029165880
171	Ogijo	Ogun	1 Bishop Close, Ogijo, Lagos-Shagamu, Ogun State	08053528605 08057000000
	SOUTH WEST 1			
172	Iwo Road - Ibadan	Oyo	49A, Iwo Road Ibadan, Oyo State	08075292850 08074483633 08025369905
173	Dugbe	Oyo	3, Obafemi Awolowo Way Dugbe, Oyo State	08075292469 08050957509 08055932480
174	Apata - Ibadan	Oyo	529, Old Abeokuta Rd, Apata Gangan-Ibadan	08075292854 08052442010 08057704667
175	Ring Road	Oyo	97 Lagos Road Challenge Ibadan	08075292848 08070927241 08072783048

BRANCH NETWORK (continued)

S/N	BRANCH NAME	STATE	BRANCH ADDRESS	CONTACT PHONE NUMBER(s)
176	Secretariat - Ibadan	Oyo	Oyo State Govt. Secretariat Complex, Ibadan	08069662221 08057736848
177	Jericho - Ibadan	Oyo	1, Magazine Road, Jericho, Ibadan	08075292855 08036842144 08035068306
178	Gbagi - Ibadan	Oyo	36, New Court Road, Gbagi, Ibadan, Oyo State	08075292849 08057381475 08054283891
179	Oke-Ado - Ibadan	Oyo	2, Ososami Rd, Oke-Ado, Ibadan.	08075292851 08079909033 08023301972
	SOUTH WEST 2			
180	Ado Ekiti	Ekiti	Bank Road, By New Iyin Road, Ado Ekiti	08032180546 08034390473
181	Ikere Ekiti	Ekiti	Ikere Ekiti College Of Education	08034390473 08032180546
182	Ore	Ondo	82, Ondo Rd, Ore	08035036313
183	Akure	Ondo	142, Oba Oyemekun Rd Akure, Ondo State	08062147623 08060629248
184	MM Way, Ilorin	Kwara	11, Muritala Mohammed Way, Ilorin	07064708156 08032124399
185	Ibrahim Taiwo - Ilorin	Kwara	Plot 240, Ibrahim Taiwo Road, Ilorin	08079660162 08054005304
186	Oshogbo	Osun	Km3 Ibadan Gbongan Road, Oshogbo.	08032816259 08116759620
187	Bowen University	Osun	Bowen University, Iwo, Osun State.	08036173747 08034180775

Sterling Bank
The one-customer bank.

CHANGE OF ADDRESS FORM

To:

The Registrar:
Pace Registrars Limited
8th Floor, Knight Frank Building
24, Campbell Street, Lagos.
Tel: 01-2806987-8, 2805538
info@pacegregistrars.com
www.paceregistrars.com

I/We hereby request to change my/our address in books of:

NAME OF COMPANY: STERLING BANK PLC

OLD ADDRESS: ______________________________

____

____

____

NEW ADDRESS: ______________________________

____

____

Registrar account No: ______________________________

Shareholder's Full Names: ______________________________

E-mail: ______________________________

Mobile Phone No. : ______________________________

Shareholder's Signature:

(1) ______________________________

(2) ______________________________

NB: Corporate Seal/stamp required for (corporate Shareholder)

E–BONUS/OFFER/RIGHTS FORM

Sterling Bank
The one-customer bank.

To:

The Registrar:
Pace Registrars Limited
8th Floor, Knight Frank Building
24, Campbell Street, Lagos.
Tel: 01-2806987-8, 2805538
info@pacegregistrars.com
www.paceregistrars.com

Please credit my/our account at Central Securities Clearing System Limited (CSCS) with all subsequent allotments and bonuses due to me/us in the books of:

NAME OF COMPANY: STERLING BANK PLC

Personal Data

Surname: ______________________________

Other Names: ______________________________

Address: ______________________________

Mobile Phone No. : ______________________________

E-mail: ______________________________

Shareholder's Signature:

(1) ______________________________

(2) ______________________________

NB: Corporate Seal/stamp required for (corporate Shareholder)

CSCS Details

Stockbroker: ______________________________

Clearing House Number: C ______________________________

Authorized Signature & Stamp of Stockbroker: ______________________________

Please attach a copy of your CSCS statement as evidence of opening the CSCS account.

MANDATE FOR DIVIDEND PAYMENT TO BANK (E-DIVIDEND FORM)

Sterling Bank
The one-customer bank.

To:

The Registrar:
Pace Registrars Limited
8th Floor, Knight Frank Building
24, Campbell Street, Lagos.
Tel: 01-2806987-8, 2805538
info@pacegregistrars.com
www.paceregistrars.com

I/We hereby request that subsequently all my/our dividends due or which may become due in my/our holding in the book of Sterling Bank Plc be paid electronically to my/our Bank with below details:

Shareholder's Full Name: ______________________________

Bank Name: ______________________________

Account Number (NUBAN): ______________________________

BVN: ______________________________

Bank Branch Address: ______________________________

E-mail: ______________________________

Mobile Phone No. : ______________________________

Shareholder Signature: ______________________________

Joint holders

(1) ______________________ (2) ______________________

If Corporate
Authorised signature's: (1) ______________________ (2) ______________________

NB: Corporate Seal/stamp required for (corporate Shareholders)

Authorised Signature and Stamp of Banker's: ______________________________

PLEASE ATTACH VALID MEANS OF IDENTIFICATION

Sterling Bank
The one-customer bank.

SHAREHOLDER'S DATA UPDATE FORM

To:

The Registrar:
Pace Registrars Limited
8th Floor, Knight Frank Building
24, Campbell Street, Lagos.

SHAREHOLDER DETAILS:

In order to effectively communicate with and to provide you with information on developments within Sterling Bank Plc, kindly complete your shareholder's details below:

Surname:______________________________

Other Names:______________________________

Address:______________________________

Registrar A/c No. :______________________________

Postal Address:______________________________

____

Email Address:______________________________

Mobile Phone No:______________________________

Shareholder's Signature OR Thumbprint:______________________________

CSCS INFORMATION
I/We hereby request that from now on, all my/our bonus share due to me/us from our/my holdings in Sterling Bank Plc indicated below to transfer to CSCS electronically:

CLEARING HOUSE NUMBER:

NAME OF STOCKBROKERS

Joint holders:
(1)____________________ (2)____________________
If Corporate
Authorised signature: (1)____________________ (2)____________________

NB: Corporate Seal/stamp required for corporate Shareholders

Kindly return duly completed form to the Registrar:
Pace Registrars Limited RC 248500
8th Floor, Knight Frank Building
24, Campbell Street, Lagos
P.M.B.12735 Lagos, Nigeria
Tel:01-2806987-8, 2805538, Email: info@paceregistrar.com, website: www.paceregistrar.com

Sterling Bank
The one-customer bank.

PROXY FORM

I/We, ____ of ____

being a member of Sterling Bank Plc hereby appoint_____________________ or, failing him, Mr. Asue Ighodalo or, failing him, Mr. Yemi Adeola to act as my proxy, to vote for me and my behalf at the Annual General Meeting of the Bank to be held on Tuesday, 19th April, 2016 at 10:00 a.m and at every adjournment thereof.

As Witness under my hand this __________________ day of _____________________________________ 2016

Signed ______________________________________

S/N	ORDINARY BUSINESS	FOR	AGAINST
1.	To approve Audited Financial Statements		
2.	To declare a Dividend		
3.	To elect/re-elect Directors		
4.	To approve the remuneration of Directors		
5.	To authorize the Directors to fix the remuneration of the Auditors		
6.	To elect members of the Audit Committee		
		Please indicate with an 'X' in the appropriate square how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion	

ADMISSION CARD

Please admit the Shareholder named on this card or his duly appointed proxy to the Annual General Meeting of the Company to be held on Tuesday, the 19th day of April, 2016 at Eko Hotel & Suites, Adetokunbo Ademola Street, Victoria Island, Lagos at 10.00 a.m.

This admission card must be produced by the Shareholder in order to obtain entrance to the Annual General Meeting.

Name of Shareholder

Name of Shareholder

Signature

Address of Shareholder

1

Sterling Bank
The one-customer bank.

Tel.: 014484481-5 or 014489470-94
E-mail: customercare@sterlingbankng.com
www.sterlingbankng.com
Sterlingbankplc | @Sterling_bankng | Sterling bank | Sterling Bank Nigeria