

2022 ANNUAL REPORT

& FINANCIAL STATEMENTS





Content.

05

- Notice of AGM

- 6 Why Integrated Reporting
- 7 Performance Highlights
- 8 Our Business Model
- 19 The HEART Strategy
- 23 Retrospection; Our 5-Year Culture Transformation Journey
- 29 Chairman's Statement
- 33 MD/CEO's Statement
- 35 Market Disruptive Offerings
- 40 Performance Review
- 51 Sterling Bank 2022 Sustainability Report

101

- Governance

- 102 Corporate Governance Report
 - 112 Directors, Officers and Professional Advisers
 - 113 Directors' Profile
 - 122 Report of the Directors
 - 130 Statement of Directors' Responsibilities in relation to the preparation of the Financial Statements
 - 132 Advisory Committee of Experts (ACE) Report
 - 133 Report of External Consultants on the Board Appraisal of Sterling Bank Plc.
 - 134 Report of Statutory Audit Committee
 - 135 Independent Auditor's Report
- 



139

- Financial Statements

- 140 Statement of Profit or Loss and Other Comprehensive Income
- 141 Statement of Financial Position
- 142 Statement of Changes in Equity
- 146 Statement of Cash Flows

149 Notes to Financial Statements

- 281 Five-Year Financial Summary - Group
- 282 Five-Year Financial Summary - Bank
- 283 Share Capital History

284

- Basic Information

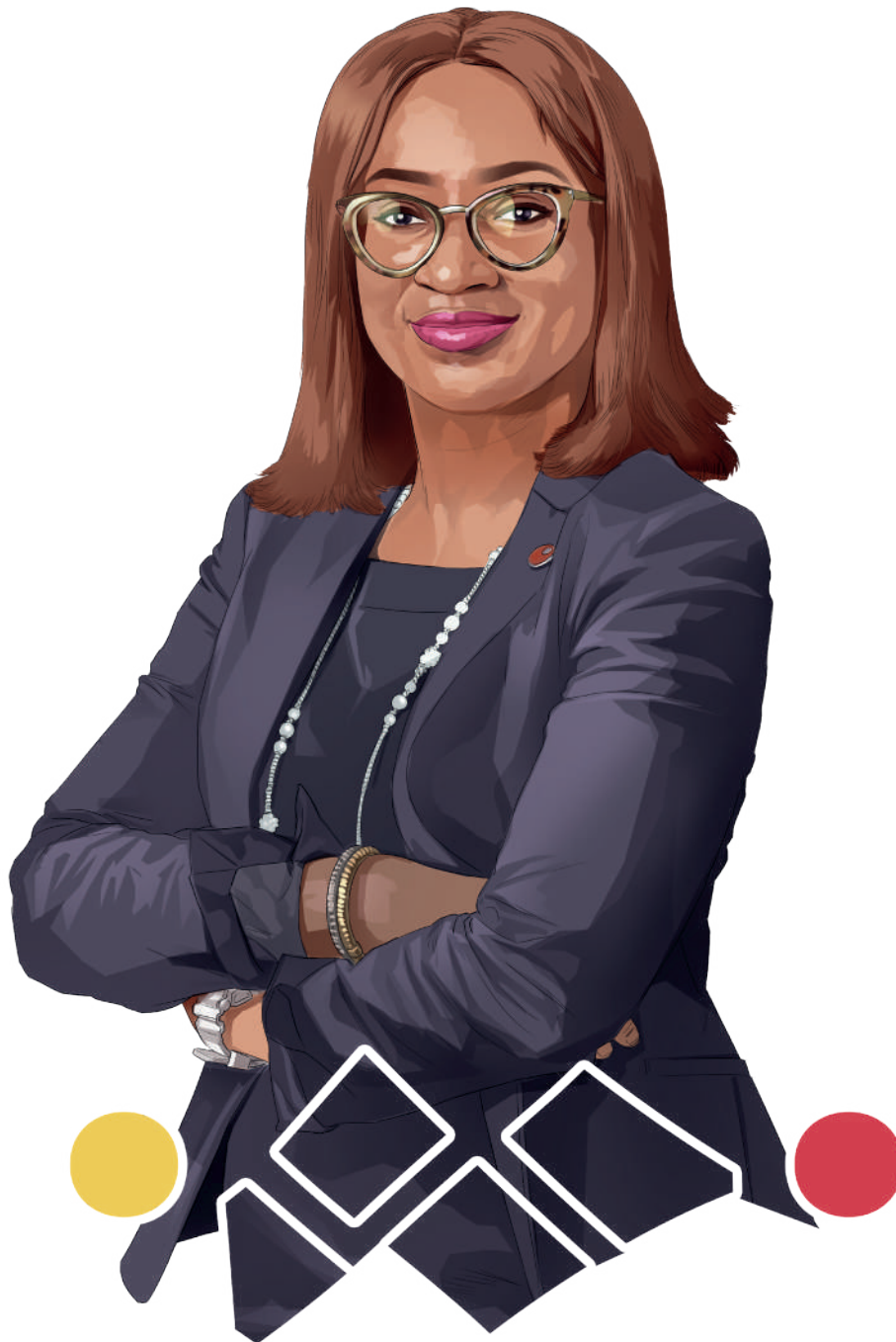
- 286 Senior Management
- 287 Branch Network

291 Forms

- 293 Change of Address
- 295 E-bonus/Offer/Rights
- 297 Mandate For Dividend Payment to the Bank (E-Dividend) Shareholder Data Update
- 301 Proxy



Temitayo Adegoke
Company Secretary



05 Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 61st Annual General Meeting of Sterling Bank Limited will be held at The Wheatbaker, 4, Onitolo Road, Ikoyi, Lagos and virtually on Wednesday, the 31st day of May 2023 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 2022, the Reports of the Directors, Auditors, and the Audit Committee thereon
2. To declare a Dividend
3. To elect/re-elect Directors
 - (a) To elect **Mr. Manish Singhal** as a Non-Executive Director
 - (b) To re-elect the following Directors retiring by rotation:
 - Mr. Asue Ighodalo
 - Mr. Olaitan Kajero
4. To authorise the Directors to fix the remuneration of the Auditors
5. To disclose the remuneration of Managers of the Company in accordance with section 238 and 257 of the Companies and Allied Matters Act 2020

NOTES

1. 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/its stead. A proxy need not be a member of the Company. To be valid, a completed proxy form must be deposited at the office of the Company Secretary, Sterling Bank Limited, 10th Floor, Sterling Towers, 20, Marina, Lagos not less than 48 hours before the time of the meeting.

2. Stamping of Proxy

The cost of stamping the instruments of proxy would be borne by the Company.

3. Dividend

If approved, a dividend in the sum of 15 kobo for every share of 50 kobo will be paid via e-mandate on Wednesday, 31st May 2023 to shareholders whose names are registered in the Register of Members at the close of business on Friday, 19th May 2023. Shareholders are advised to complete the e-dividend mandate form and forward particulars of their account details to the Company to enable direct credit of their dividend on the same day.

4a. Election of Directors

Mr. Manish Singhal is being proposed for election as a Non-Executive Director.

The profiles of the aforementioned Directors are available in the Annual Report and also on the Bank's website at www.sterling.ng.

4b. Re-election of Directors

In accordance with the provisions of the Company's Articles of Association, the Directors to retire by rotation at the 61st Annual General Meeting are **Mr. Asue Ighodalo** and **Mr. Olaitan Kajero**. The retiring Directors, being eligible, offer themselves for re-election.

The profiles of the Directors retiring by rotation are available in the Annual Report and on the Bank's website at www.sterling.ng.

Dated 8th day of May 2023

BY ORDER OF THE BOARD



TEMITAYO ADEGOKE

Company Secretary | 20 Marina, Lagos
FRC|2018|NBA|00000018142



Why Integrated Reporting

Sterling Bank is more than just a bank, we are a way of life. As such, the numbers alone cannot tell our story. This integrated report is our approach to relaying information on the value created by the business for all stakeholders with an overview of the material issues affecting the organization in view of current realities in Nigeria, and the way these are addressed.

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 2022 to 31 December 2022. Integrated reports are prepared annually, and the 2022 report can be accessed on the Sterling Bank website (www.sterling.ng).

This report was prepared in accordance with the Companies and Allied Matters Act (2020) and Banks and other Financial Institutions Act (2020) 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 17 April 2023. Assurance regarding 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:

Email: customercare@sterling.ng, investor.relations@sterling.ng
or temitayo.adegoke@sterling.ng

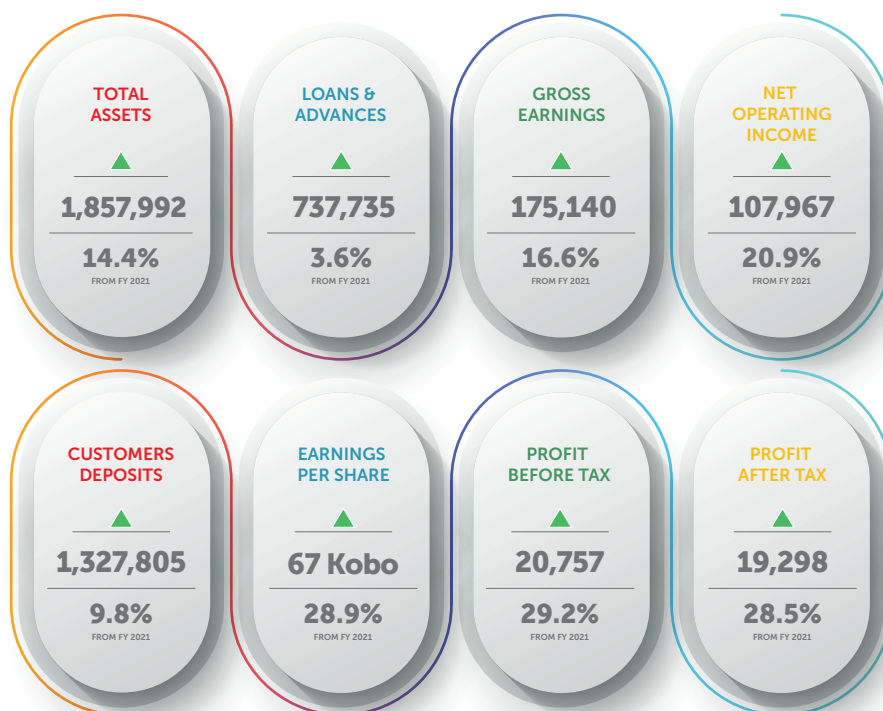
Post: Sterling Towers, 20 Marina, P.M.B. 12735, Lagos, Nigeria.

Phone: +234 (1) 4884881-5

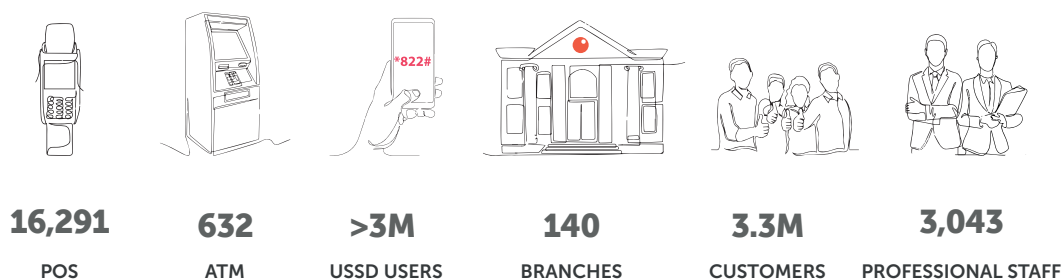
07 Performance Highlights

Highlights

Financials N'million



Channels



Ratings

Moody's

Caa1 and B3

GCR GLOBAL CREDIT RATING CO.

BBB and A3

DataPro

BBB+ and A2

Our Business Model

Our Heritage

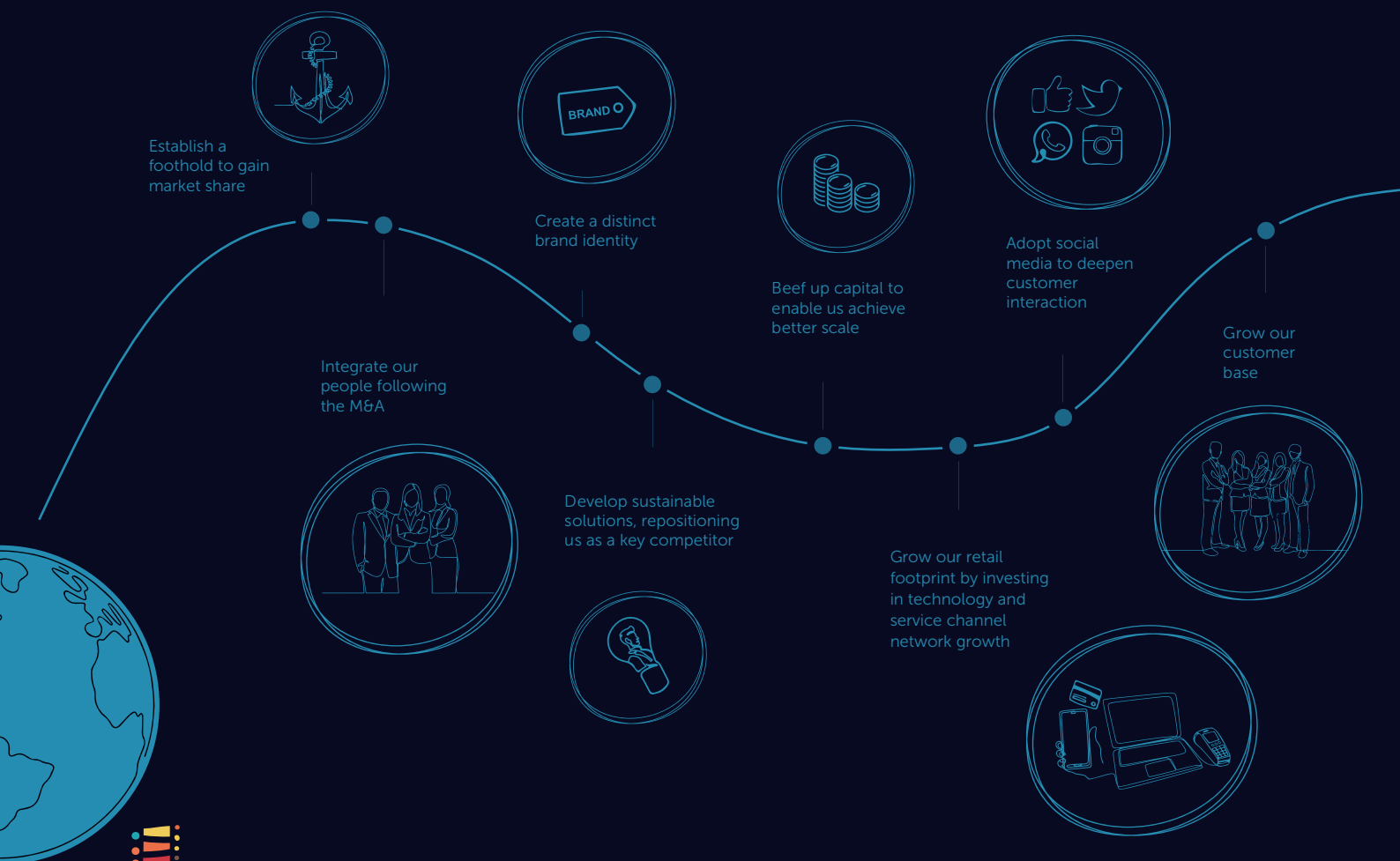
2006-2010 | The Birthing Process

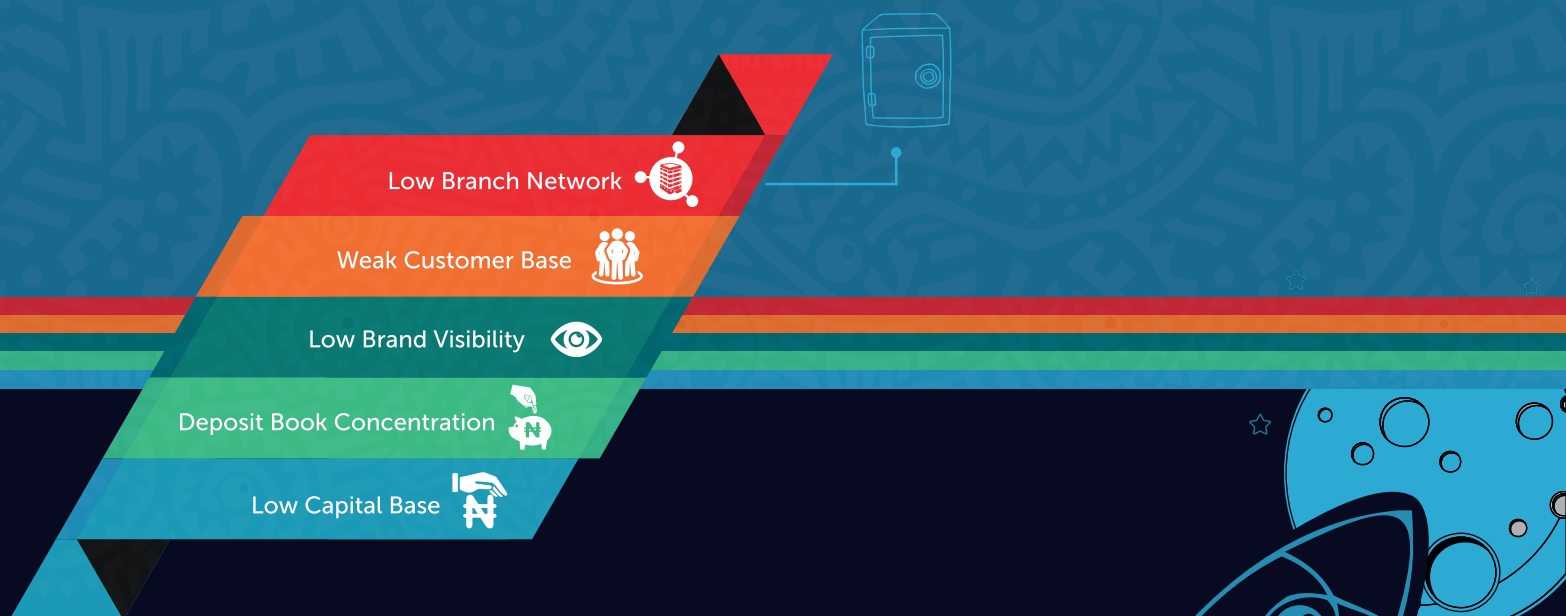


2006



We navigated through these years to:





Improve our
technology
capability



Build a
knowledge
driven
organization

Enhance brand
visibility with "the
one-customer
bank" slogan



Fund deposit
book
predominantly
from the retail
segment





Our Heritage

2011-2022 | The Birthing Process

2011 - 2012

- Completed integration of ETB and launched retail banking
- Sold non core businesses following the repeal of universal banking by the CBN
- Acquired Equitorial Trust Bank to Scale our business

2013 - 2014

- Raised N12.1bn via Rights Issue
- Obtained Non-Interest Banking license
- Launched Agent Banking
- Raised US\$120m (N19.1bn) through private placement

2015

- Organisational restructuring along business lines
- Received PCIDSS certification for all our cards
- Received ISO certifications for our information assets

2016

- Deployed new CORE Banking application- Temenos T24
- Established Bond & Commercial Paper (CP) issuance programmes
- Launched the Sterling Environmental Makeover (STEM) campaigns

2017

- Completed the implementation work to achieve Basel 2 compliance
- Introduced HEART initiative to further drive sustainability banking
- Launched the AGILE way of working to improve efficiency and speed to market

2018

- Launched our digital transformation journey: achieved full launch of SPECTA, i-invest and Onepay
- For the first time, we achieved over one million monthly NIBBS Instant Payment transactions
- Ranked No. 26 in Top 100 corporates to work in Nigeria

2019

- We ramped up investments across our strategic levers: Specialization, Digitisation & Agility
- Ranked 3rd Best Retail Bank in Nigeria
- Awarded HR Optimization Award for overall HR best practice
- Launched Go-Money; Our mobile wallet solution
- Awarded 'Banking in the community' award

2020

- Launched additional variant of our digital lending platform including Pay with Specta, Specta Prime
- Launched our new electronic banking application; OneBank
- Awarded 'Overall Best Workplace in Nigeria'

2021

- Received our approval -in-principle for a digital bank to usher in the future of Alternative Finance.
- Completed 50% of our head-office solarization project, aimed at introducing more sustainable ways to run our organization.
- Designed and digitized the Lagos State Covid-19 testing process. This model has now been adopted at the national level and has facilitated testing for over 5million people.

2022

- Grew our HEART sector lending portfolio to about 20% of our total risk assets.
- Financed the Lagos Blue Line rail project.
- Won the 'Great Place to Work' legendary award (5 years in a row).

WE BELIEVE THAT THE KEY OBJECTIVES OF NIGERIAN BANKS WILL CENTRE ON:



Efficient
Liquidity
Management

While...



Cost
Efficiency

Keeping
abreast of
global
trends



Excellent
service
delivery

Tracking
competition
and regulation

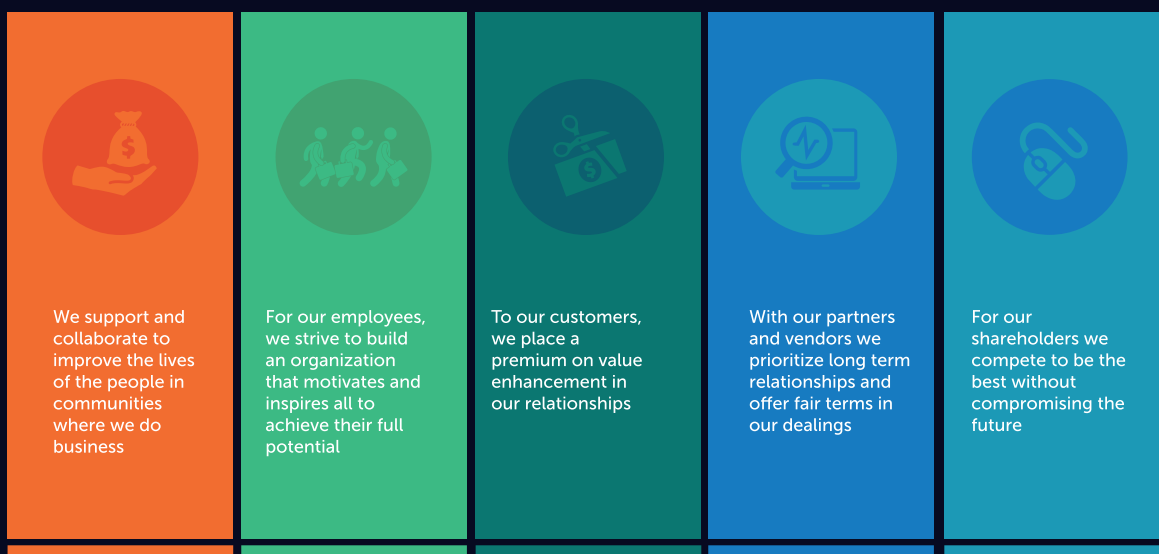


Asset
protection in
order to
sustain optimal
returns on
capital.

Leveraging
technology to
enable and
harness
opportunities



Our Purpose "Enriching Lives"



Our Vision

"To be the financial institution of choice"



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





Our Mission

"We deliver solutions that enhance stakeholders value"



Employees

To provide a motivating, safe work environment and career progression opportunities to our employees



Customers

To improve turnaround time for transactions, enhance the service experience, and increase retail channels to ensure our services are within reach



Regulators

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



Shareholders

Delivering strong ROE to investors without compromising the future



Community And Vendors

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





Our Strategy

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



Operating Ethos



Focus on
the user

The bank of the
future must
understand the
consumer of
the future and
address their
needs.

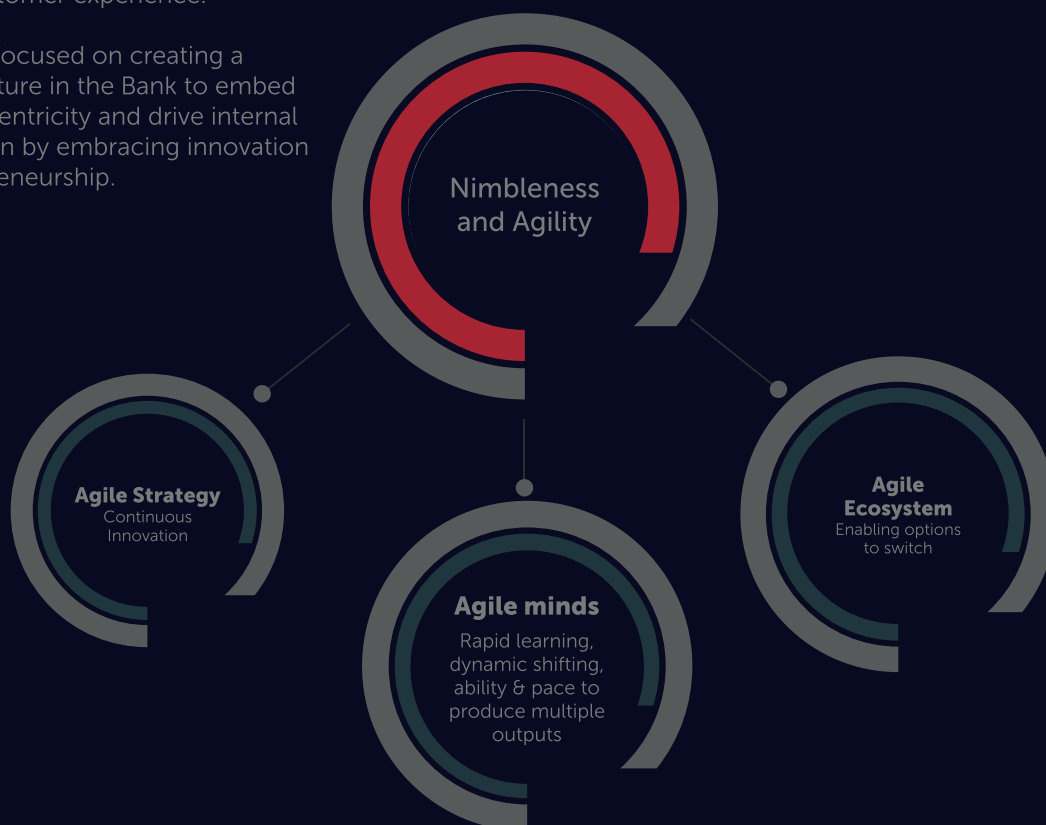




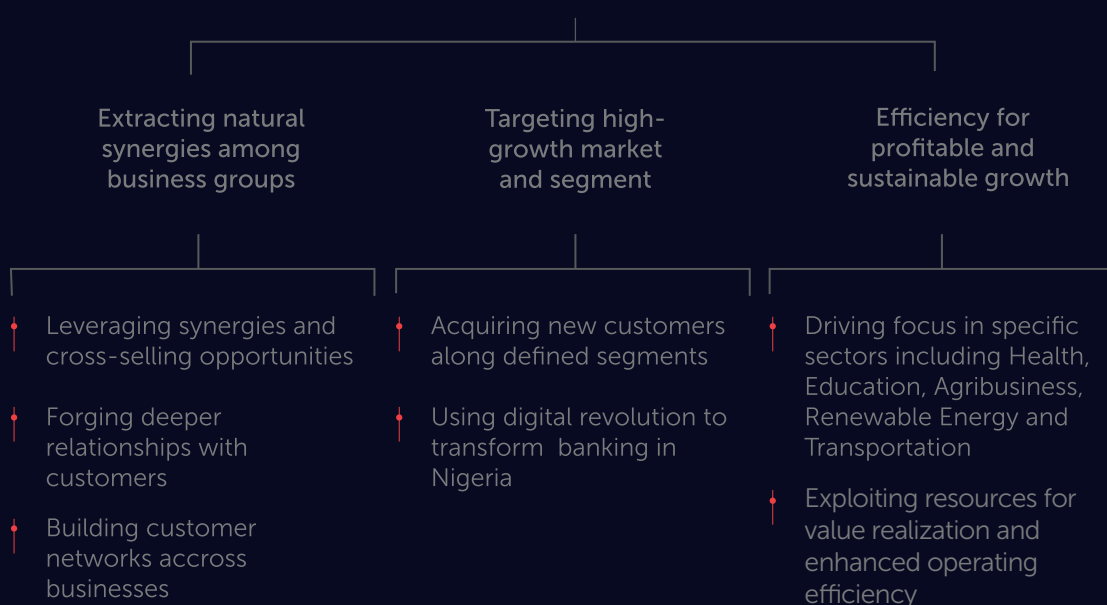
Our Operating Model

We will adopt the agile methodology and journey thinking to improve speed and the customer experience.

We remain focused on creating a start-up culture in the Bank to embed customer-centricity and drive internal collaboration by embracing innovation and entrepreneurship.



How we will create and grow value

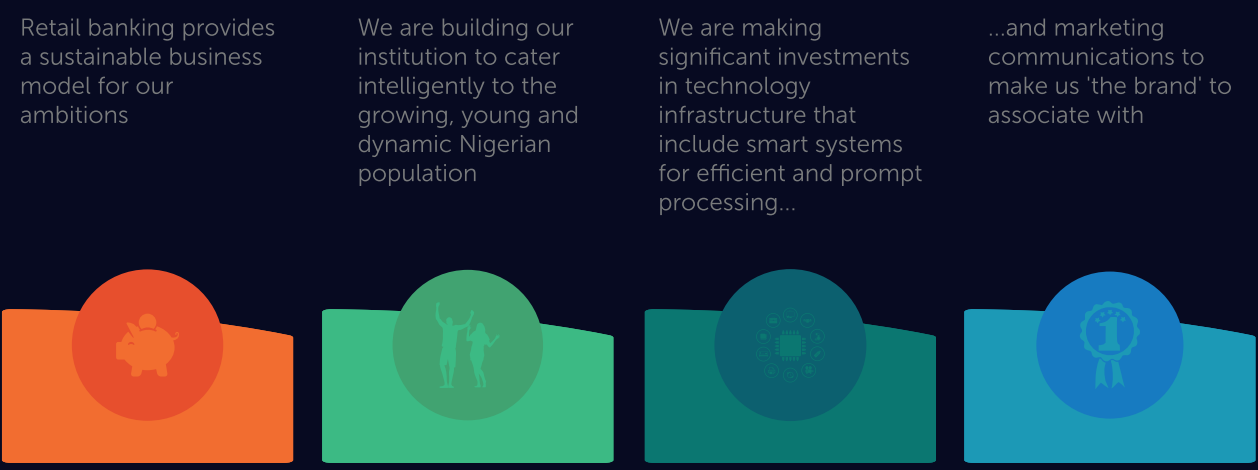


Our Roadmap

1. Focus on sustainable business lines

Building a stable funding base and lending securely

Retail Banking: "Growing with Nigeria"



Corporate/Institutional Banking: "The next frontier"





Our Roadmap

2. Engage Our Community

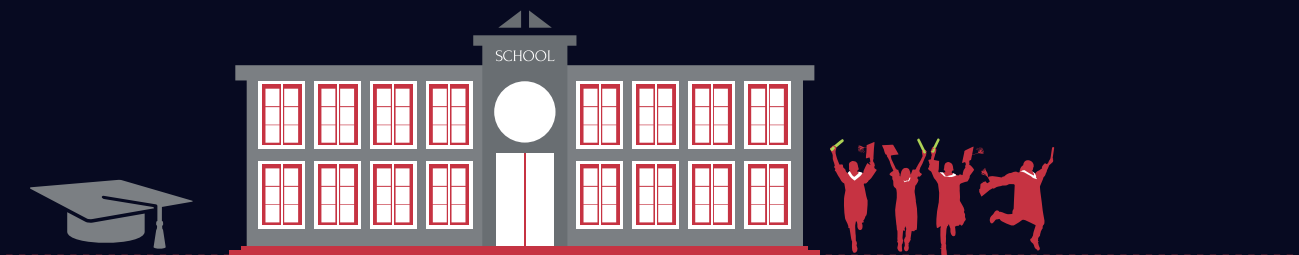
A wealthy community produces a wealthy bank



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.



Our Roadmap

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.

Target markets

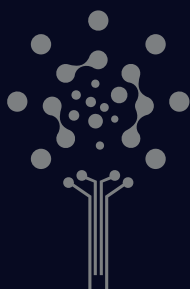


Our choice of market segments was based on the understanding of emerging trends in the macroeconomic environment and opportunities in the sectors of interest.





Our Strategic Goals



Drive a
Digital
Strategy



Build a
Trusted
Bank



Pursue an
Efficient
Bank

MID-TERM

- 5% market share measured by deposits
- Diverse retail funding base
- Non-performing loans below peer group average
- Diversified income streams with top quartile position in all our operating areas
- Double digit revenue growth Y-o-Y
- Cost of funds <5%

LONG-TERM

- Globally competitive financial services franchise by financial and non financial measures
- Fully sustainable business model with institutionalized processes beyond the stewardship of current owners and managers
- Leading consumer banking franchise (bank of choice for customers in our target markets)
- A trusted operator materially impacting all our segments of business participation
- Great place to work

19

The Heart Strategy

“
The pandemic
cemented our
belief that there
is no bank where
there is no
community.”

Our commitment to a Nigeria that works continues to drive our dedication to the HEART sectors because they are the backbone of a functional economy. We can only succeed when our customers live in a society that caters to their basic needs. We will continue across all five sectors – Health, Education, Agriculture, Renewable Energy and Transportation to focus on:

Partnerships to build an ecosystem that fosters collaboration which improves the flow of information and business enablement.

Financing to help grow and scale innovative businesses across each sector, and

Technology to drive efficiency and create new business models for us, our partner organizations and sector businesses.

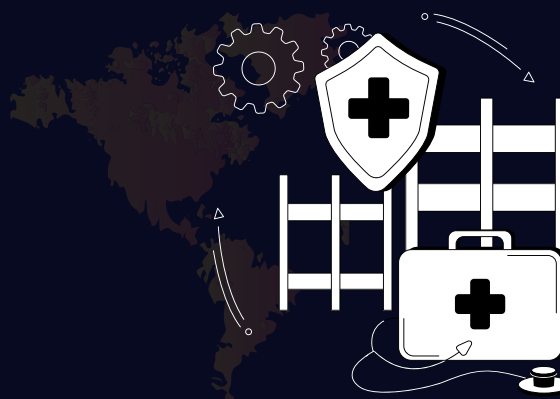
Health

The challenges in healthcare range from an overwhelming number of personnel emigrating to poor infrastructure and an uneducated populace leading to abysmal health outcomes overall.

They say health is wealth and our job is to ensure that the sector can distribute healthcare in a manner that is sustainable.

In the last year, we have:

- Financed hospital assets of about N13 billion to improve the services provided by the sector.
- Enabled the distribution of Electronic Medical Record (EMR) systems to hospitals in our ecosystem across the country.
- Enabled the effective and safe distribution of drugs to the last mile in 3 states.
- Partnered with the Lagos State Government, MD Africa and the Ambulance company to deliver emergency health response to citizens in 10mins.





Education

Nigeria does not have enough schools to cater to its ever-growing population across all stages of education. Alternative forms of learning and scaling the assets we currently have are parts of the solution to the challenge. Nowhere is technology more necessary than in this sector.

Education is the bedrock of economic growth, and we are at the forefront of it.

In the last year, we have:

- Financed a software engineering institution to the tune of N1.2 billion to provide relevant practical technology and leadership education. This program also ensures that participants have corporate placements upon completion of the programme.
- Deployed school management systems across our partner institutions onboarding 811 schools. This improves mobility across schools, enhances



security, and helps schools manage their businesses better.

- Partnered with digital education platforms to promote further educational degrees and provision of education financing.
- Deployed educational programs for children in remote areas to access early years of learning in local languages.

Agriculture

Agriculture has always been at the core of our nation's economy. However, there is still a lot to be done. From providing credit to inputs and advisory, we are actively working to ensure food security and sustainability. We are also leading the conversation through our annual Agriculture Summit Africa and our Farmers Radio. The prospect of Nigeria's agriculture sector is fascinating and our partnerships and investments have been vital in the growth we have experienced.

In the last year, we have:

- Financed and trained over 8,189 women and youth under the SWAY-AgFin program to drive employment and food output in the country.
- Executed the Agriculture Summit Africa - the annual gathering of the various players in the



agriculture ecosystem to drive partnership and collaboration. The summit gathers about 10,000 people physically and virtually annually.

- Won the CBN Agricultural Credit Guarantee Scheme (ACGSF scheme) – Best Private Financial Institution.

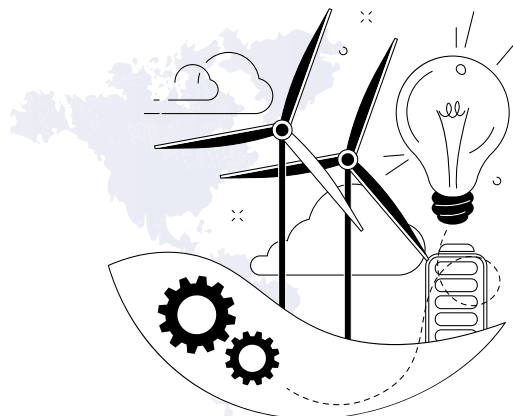
Renewable Energy

Any country that desires growth must have an efficient power infrastructure. For us, it is more than just providing power; we have the opportunity to herald cleaner power sources and improve access to electricity for more than 200 million Nigerians.

While this seems like a herculean task, we have enabled businesses to be more profitable through our ability to reduce power costs and have offered off-grid solutions to households and small businesses across the nation.

In the last year, we have:

- Financed renewable energy transactions at about N1 billion for alternative energy asset acquisitions across the value chain.



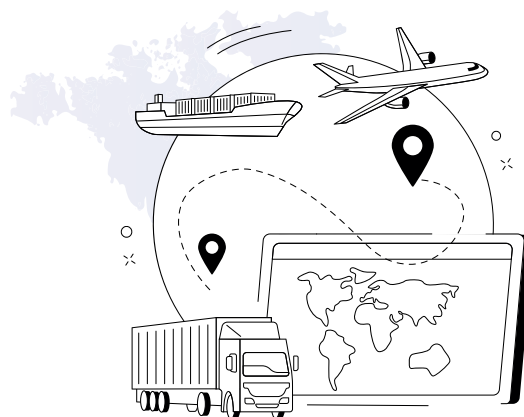
- Partnered with the Rural Electrification Agency (REA), the Apex bank and other relevant agencies to drive the penetration of the national electrification drive.

Transportation

Economic goods need to be moved around for economic outcomes to happen. Our definition of goods includes human beings as they are the most important economic good. Our transportation focus is aimed at moving the economy forward, literally. We will do this by using technology and finance to scale systems that work.

In the last year, we have:

Developed and are in the completion stages of launching the 'Transpay' and 'Majalisa' apps. Transpay is a digital lending solution for daily commuters. Majalisa is a digital community for mass transit owners that simplifies their registration and collections system.





23

Retrospection; Our 5-Year Culture Transformation Journey

In 2022, Sterling Bank Plc, once again, bagged the prestigious overall best workplace in Nigeria award as awarded by the reputable Great Place to Work Institute. That made it the third year in a row that we won this award since 2020, towering above formidable organizations across several industries in Nigeria. We also earned a 5-Year Legends Awards for constantly creating a Great Place to Work, standing as the only organization that bagged an award in this category in 2022. This laudable streak is indeed a major testament to our unique people culture and practices, but the internal concerted efforts that led to these victories date as far back as 2017.

Putting People First

Referencing the popular saying that the journey of a thousand miles begins with a single step, here's our story of how we took a giant stride in 2017 followed by several other audacious steps that have led to the impactful outcomes we celebrate today.

In 2017, we embarked on a Transformation Agenda with the goal of Improved Efficiency & Future Readiness. This initiative led to the restructuring of our strategic processes and birthed a new organizational culture. We had recorded some successes in the past, but our ultimate desire was to be lifted from contributory participation to significance within our industry. One of our long-term metrics for achieving this goal was simply to Build a Great Place to Work. The rationale behind this is captured in the fact that a great organization is built by competent people delivering excellence consistently. By deliberately putting our people first, they in turn put our customers and communities first, doing their best towards creating one of the most innovative brands in the country. It is this consciousness that resonates in how we started to treat our people by placing them at the centre of our aspirations.

The Workplace - A Place Employees Can Call Home

Firstly, we began to build the concept of a physically, psychologically, emotionally, and mentally safe space into our workplace. Bankers within the Nigerian clime are mostly stressed and rightly so. Safeguarding money while striving to serve millions of customers excellently can be one of the most mentally challenging tasks anyone can undertake. To actively rewrite the negative narrative commonly associated with working at Financial Institutions in Nigeria, we started to embed standards to protect everyone as well as systems to uphold that protection. This led to the rise of policies such as our Diversity, Equity, and Inclusion policy which promotes collaboration, fairness, and competency void of discrimination and oppression. Our whistleblowing systems also ensures that our people can raise concerns regarding undesirable workplace situations through channels that enable all employees make reports directly to senior management including our Managing Director, Executive Directors, and our Chief Human Resource Officer, or via our external channels managed by our reputable partners, KPMG. Simply put, everyone is heard, everyone is seen, and everyone is safe.

We are also actively involved in our employees' complete wellness, providing everyone with access to both preventive and corrective health initiatives. The measures include, the mandatory one-day health check paid for by the bank, Employee Assistance Program in collaboration with recognized mental health therapists, Remote and Hybrid work contracts and policies, The Wellness Buddy System, Mood Boards, Maternity Classes & Leaves, Paternity Leaves, HMOs and Elder Care initiatives which cater to employees' parents, spouses, and kids, and the Digital Blackout scheme which encourages work-life balance.





The Workforce – Actively Developing & Rewarding Our People

Achieving quality business outcomes is mostly made possible by qualitative and competent employees. We believe in human capital development and recognize that there is no end to self-development. As an organization which prides itself on constant learning and growth, we believe that our people need to always learn, not just to be better at their jobs, but also to be better for society. This mindset has led to the ideation of our innovative learning and development schemes such as – The Employee Bursary Scheme an educational grant to our employees to pursue a local or international academic degree or professional certification at the bank's expense, either through a full-time or part-time program. Since its launch in 2019, more than 1000 employees have benefitted from the scheme.

Other initiatives are our Partnership with Nexford University, Grow with Sterling & The Apprenticeship Program, Limitless Learning Scheme that fully reimburses employees for earning certifications from any recognized Massive Open Online Course platforms, iLearn Specialized Skills Academies which include – Citizens Development & Business Automation Academy, HR Academy, Critical Thinking, Strategic Thinking & Execution Academy, Data Science Academy, Emotional Intelligence Workshop, to mention a few. We also have the bi-weekly KSS, FLEX self-paced learning platform, Sterling Mentorship & Neo-Mentorship programs, Regulatory Trainings, and bespoke learning plans for all employees across all grades in the Bank.

In strengthening our leadership bench and grooming leaders for the future, we got very intentional about our succession planning efforts. There are currently over 150 employees who have been part of our accelerated programs for our high-performing employees called Sterling Graduate Accelerated Program (SGAP), Sterling Management Development Program (SMDP), and Sterling Women Development Program (SWDP) which specifically targets women as part of our DEI initiatives. The programmes are spread over a period of six months to two years and employees are rotated across various departments, so they can learn through coaching and active participation while making important contributions to improve the organization as we hope to raise the next generation of leaders from the brightest within Sterling. The Internal Mobility Program enables the lateral and vertical growth of employees

as they grow in responsibilities and capabilities with applicable rewards and promotions to accompany it. With our Internal Job Shadowing and Career Advisory Programmes, we help employees explore their multiple interests while positioning their career for increased greatness.

Our total rewards philosophy goes beyond tangible rewards. We embrace an integrated rewards strategy that focuses on the right remuneration, benefits, and compensation for our people. We have supported our people through rising inflation and economic challenges by reviewing and increasing salaries for all employees – core & outsourced both in 2019 and 2022. Aside from paying top of market, we help our employees build futuristic wealth through initiatives like the Defined Contribution Plan, Sterling Share Ownership Initiative, Employer Pension Contribution, Profit Sharing, STEP Share Loans, amongst others. Our flexible payment plans – Flexi-Pay affords employees the opportunity to access, redistribute, reassign, and allocate their compensation and benefits based on their lifestyle and preferences. This includes upfront payments, salary advances, and the Benefit Credit System. We celebrate our employees and celebrate personal milestone victories by gifting them for their weddings, childbirth or adoptions, and work anniversaries.

We also sympathize with the loss of loved ones through our Bereavement Plan while helping them plan their recoup through schemes like the free Sterling Simple Will Service. Basically, we encourage our people to bring their whole selves to work and we offer them a personalized experience for it.

Our culture is influenced by everyone and collectively, we adhere to well laid out traits and pillars that both shape our positive culture and promote its consistency across all touchpoints. Our Culture Pillars – Agile, Knowledge-Based, Ethical, High-Performing, Service, and Diverse, Equitable, & Inclusive - detail who we are, and our ten (10) Behavioral Codes guide our attitude as we daily evolve into worthy ambassadors of the Sterling Brand.

The Work – Winning Through People & Making Meaningful Impact

The objective of redefining our people culture is simple – to win in our industry through our people by empowering them to do their best work. Our agile culture and approach to work helped our people find

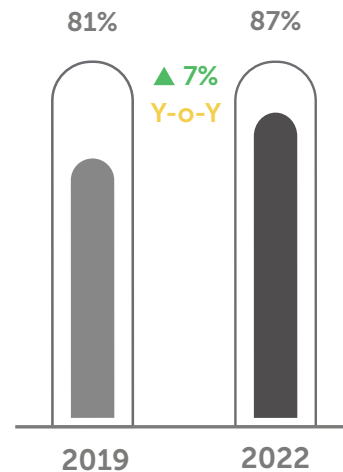
a new meaning to their workplace impact through the work they do and how they do it. The results on the other hand are evident in our business efficiency and our adaptability which earned us the Most Agile Company in Africa Award in 2019 and Global Retail Banking Innovation Award in 2021, to name a few.

In line with our specialization strategy of serving the HEART of Sterling, we equipped our people with the tools, retooling, and flexibility they needed to thrive. It became mandatory to intentionally invest in digitization and digitalization initiatives to seamlessly empower our entire workforce for smarter, better, streamlined and more efficient results. These factors birthed our **Redefining Work Model & Future of Work Initiative**.

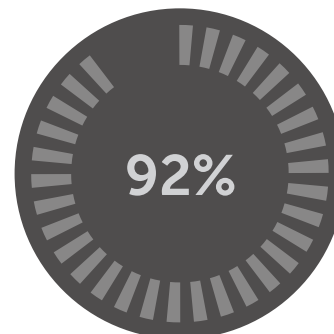
Firstly, we began to successfully operate flexible work models—even before the pandemic and ahead of many other large corporates in the country - including Flexi-Time (where employees can choose their preferred opening and closing time), Flexi-Place (where employees can choose where to work (onsite/ offsite) and shift patterns in our branches across the country. This is also why it was relatively seamless for us to transition over 80% of our workforce to the remote way of work when the pandemic struck, while continually innovating and delivering Sterling value to our customers. We also provided our employees with a complete, personalized, and collaborative online office that can be powered from anywhere and this gave rise to The Sterling Virtual Office. Other initiatives within this model include, OneAccess, a safer and faster way to register ones physical presence at the office as opposed to marking daily registers, the Buy/Bring Your Own Device (BYOD) and Work-from-home bundles which give employees access to their choice of work devices at shared costs with the bank, the Relationship Management Portal, 1Xpress which is the fastest way to make requests and get top management's approval without the need for files, or paper signatures, HCHub, Knowledge Management Portal, Employee Referral portal, Hamza, our ever-present and supportive employee AI powered helpdesk chatbot, and its close buddy Josh, our recruitment chatbot. It is important to mention that many of these applications and portals were ideated and created by our employees which earned us other awards such as the SeamlessHR Product Honor Roll Award and the Netcore Award for Best in Product Innovation, both in 2022.

Then came the responsibility of continually engendering innovative means for increased employee

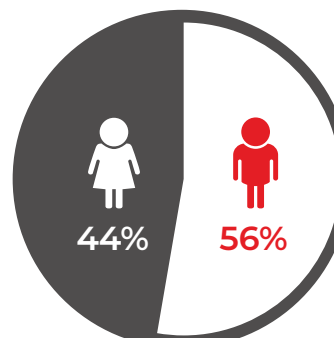
Trust Index Score



Employee Engagement Score



Enterprise Gender Mix





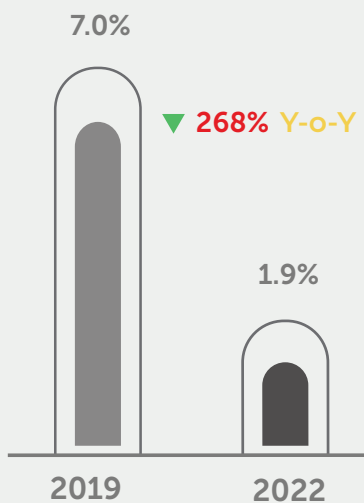
motivation, commitment, connection, and passion for work. Through centralized and specialized initiatives, we maintained transparent, two-way communication channels, spreading information speedily, creatively fostering a bonding sense amongst everyone while receiving and making the most of employee feedback. Our initiatives along these lines include engagement sessions with members of Senior and Executive Management, the general virtual townhall meeting "Let's Talk with Abu" which brings the MD/CEO in contact with all employees quarterly, interactive Yammer Live campaigns, Our Culture Matters Campaign amongst many others.

Business Impacts

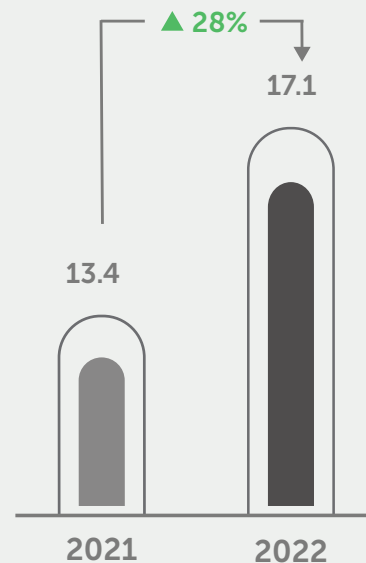
Our employee engagement levels, productivity, and overall profitability as a Bank have taken an upward turn that can be traced back to the period where we began to prioritize our people and their overall workplace safety.

Some other visible business impacts of our culture transformation journey are as displayed below:

Attrition Rates (Regrettable Losses)



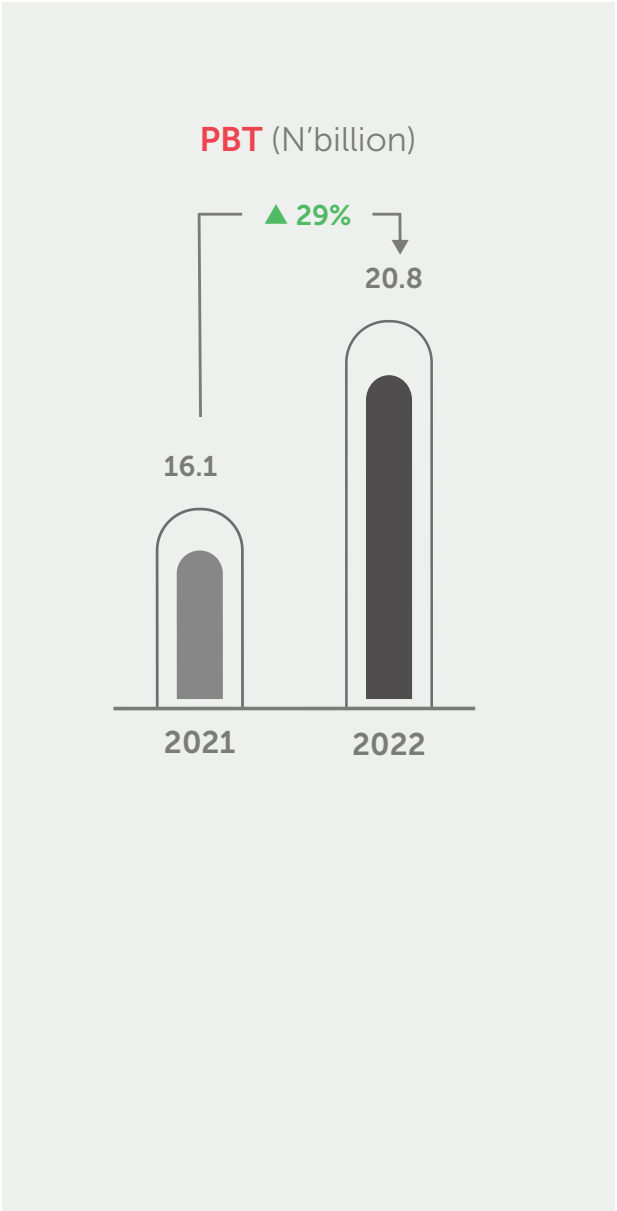
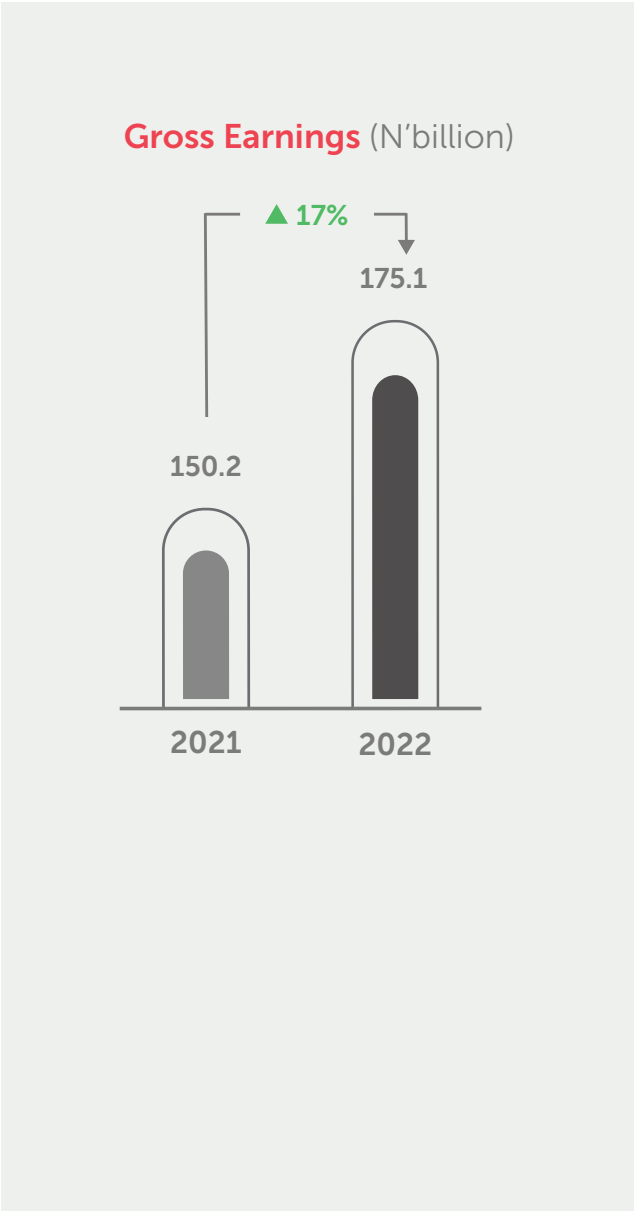
Productivity



Looking Ahead

We have come a long way in our people strategy, but the goal is to continually evolve and recreate this strategy as we learn, unlearn, and relearn in our quest to create a sustainable brand. Ultimately, as we transition into the

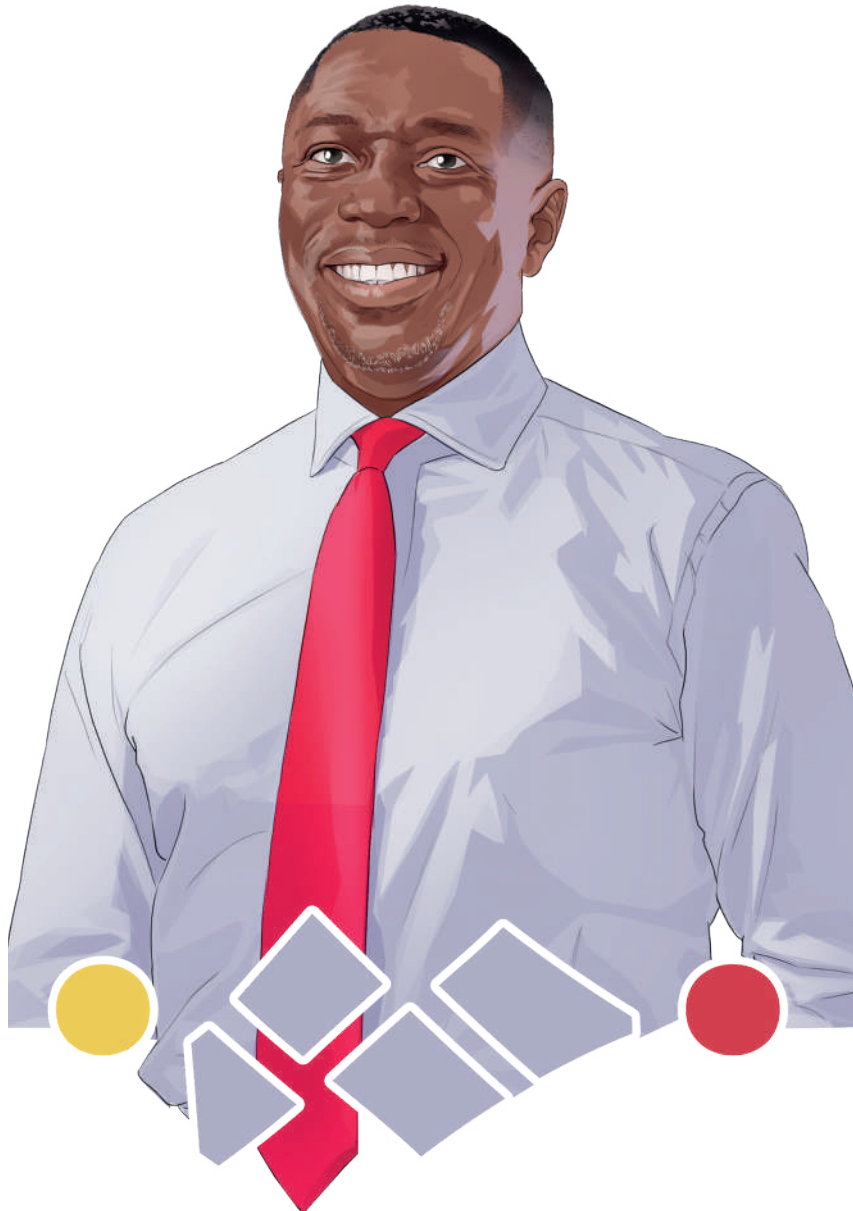
Hold Co. Structure, our brand promise and Employee Value Proposition to our existing and potential Sterling Humans remains the same – Empowering everyone to **Live Their Best Life and Do Their Best Work!**





Asue Ighodalo

Chairman of the Board of Directors



2022

Chairman's Statement

My fellow shareholders and distinguished colleagues,

I am delighted to welcome you all to the 61st Annual General Meeting of our Bank and present the Annual Report and Financial Statements for the year ended 31st December 2022. I am happy to report that our Bank has delivered improved results.

On behalf of the Board, I thank all our customers and stakeholders for their continued support and trust in our Bank. I also thank the staff of the Bank for their contributions towards achieving this performance in 2022. Over the past year, we worked as a team to expand the Bank's capabilities and footprint in the market. I especially thank our esteemed shareholders for their unwavering support, enabling us to enhance our capabilities and expand our digital and innovative products and service offerings.

Our past successes have laid a solid foundation to set our sights even higher.

2022 Macroeconomic and Operating Environment

The year 2022 on the global stage was characterized by an escalation of economic and political tensions between ideological blocs. This manifested in the Russian-Ukrainian war, the U.S-China trade stand-off, and China-Taiwan tensions. The Russian-Ukrainian war caused a global upheaval, disrupted food and energy supply lines, and created significant inflationary pressures. Inflation soared across continents, with the UK ending the year in double-digits (10.5% in December 2022), the USA witnessed a slight recovery (from 10.1% mid-year to 8.0% year-end), and the inflation rate in the Eurozone which was sustained at circa 8.4%. Africa was not excluded from the effect of the crisis as it experienced extreme price shocks, alongside the indirect impact on the cost of transportation and consumer goods.

Opportunities and challenges characterized Nigeria's macroeconomic environment in 2022. The country faced significant structural constraints and vulnerabilities, including reliance on oil exports, high debt levels, weak governance, and infrastructure. Nigeria's annual Gross Domestic Product (GDP) growth rate in 2022 fell to 3.10% from the 3.40% reported in 2021. While the service sector improved in 2022, the performance of agriculture and Industry reduced in 2022 relative to 2021, according to the National Bureau of Statistics (NBS). One of the key drivers of Nigeria's economic growth in 2022 was the recovery in global oil prices, which boosted the country's export revenues and foreign exchange

reserves. However, the country's dependence on oil exports also posed risks, particularly given the volatility of the global oil market and the challenges posed by the shift towards renewable energy sources.

Another factor that shaped Nigeria's macroeconomic environment in 2022 was the country's fiscal and monetary policies. The government's fiscal policy was guided by the Finance Act 2021, which introduced additional taxes. The Central Bank of Nigeria (CBN) retained its monetary policy, seeking to promote financial inclusion and focused on curbing inflation. It also introduced specific initiatives, including its Revised National Financial Inclusion Strategy (NFIS) and National Fintech Strategy, to help ensure most Nigerians had access to financial services.

In addition to these macroeconomic factors, Nigeria's operating environment 2022 was influenced by various social, political, and institutional issues. On the social front, the country grappled with high poverty levels, unemployment, and insecurity, all challenging economic growth and social stability.

On the political and institutional fronts, Nigeria's democratic institutions were tested in the 2023 elections, with concerns about electoral violence and voter inducement trailing the outcome of the elections. Corruption and weak governance also remain significant obstacles to economic development, as they deter foreign investment and reduce public trust in government institutions.

Performance Overview and Shareholders' Returns

Despite the challenges during 2022, our performance reflected our resilience and determination to deliver optimal value for our stakeholders. We closed the year on a good note, growing profit before tax (PBT) to N20.8 billion, representing a 29.2% increase year-on-year from N16.1 billion recorded in 2021 and a 28.5% growth in profit after taxes (PAT) to achieve the sum of N19.3 billion (FY 2022). The PAT growth was driven by an N18.6 billion improvement in net operating income amidst heightened inflationary pressures and regulatory policies. Similarly, our gross earnings grew by 16.6% to N175.1 billion compared to N150.2 billion reported in FY 2021. The growth comprised a 25.7% increase in non-interest income and a 13.7% growth in interest income. We consolidated our efforts at improving customer experience and driving efficiency as we grew customer deposits by 9.8% (attributable to a 14.0% year-on-year growth in low-cost current and savings account (CASA)



deposits). We maintained robust capital and liquidity positions of 14.7% and 37.2%, respectively, exceeding the regulatory requirement. The Bank grew its balance sheet by 14.4% to N1.9 trillion.

Despite the growth achieved, we remain committed to increasing our footprint across Nigeria. In 2022, we were consistent with our strategy to deliver innovative solutions that enabled our customers to thrive in a dynamic environment. We successfully launched Activ8, a platform that provides members direct access to year-round discounts across every aspect of their lifestyle, health, insurance, travel, entertainment, fashion, and finance. We also launched AltInvest, an investment platform from Sterling Alternative Finance (our Non-Interest Banking business) focusing on investments in the real sector.

Our commitment to empowering and equipping our workforce has significantly improved productivity across all our business segments and gained the accolades of International Human Resource standard-bearers; we have emerged as Overall Best Workplace in Nigeria for three consecutive years as awarded by the Great Place to Work Institute.

Board Changes

During the 2022 Financial Year, Mr. Paritosh Tripathi, the Managing Director/CEO of SBI General Insurance, resigned effective 17th August 2022. Mr. Manish Singhal was appointed to the Board as a non-executive director on 3rd January 2023.

Business outlook for 2023

Despite concerns about a global recession, it is projected that headwinds may subside in 2023 and that cautious growth will occur in several areas. With the reopening of China's economy from covid-induced limitations and the anticipated easing of inflationary pressures in the second quarter of the year, some positive signs are expected in global demand and consumption.

Based on general economic indicators; the increased cost of commodities, higher interest rates, anticipated petrol subsidy removal, CBN's cash management, and the change of government at the end of May 2023; all of which are expected to make a significant impact on

the economic landscape and will shape market direction through the year. In addition, the Nigerian banking sector has undergone significant reforms in recent years, such as the Cashless Policy and Implementation of Basel II and III, which have improved the regulatory environment and reduced systemic risks. These should help enhance the banking sector's stability and competitiveness in the years ahead. Overall, the outlook for Nigerian banks in 2023 is expected to be positive. Still, taking advantage of the opportunities and overcoming the challenges will require effective risk management, strategic planning, and innovation.

We remain very optimistic about our Bank's future and are devoted to effectively transforming our business to deliver optimal performance and significantly superior service to millions of Nigerians. We are steadfast in our commitment to lead with best-in-class customer experience, establish a work environment that helps our employees become the best version of themselves, become even more socially responsible as an institution, and create immense value for our shareholders.

Following the overwhelming support of Shareholders at the Court Ordered Meeting held on the 19th of September 2022, we are pleased to inform you that we have made giant strides in our transition into a holding company structure. Our transformation into a holding company will allow shareholders and customers to maintain continued exposure to the Bank's existing lines of business and gain exposure to new permissible business lines that would enhance shareholder value.

As we chart a new future for our organization, the expanded company structure (Holding company structure) will give us the renewed ambition to confront new challenges and solve more problems. The Alternative Bank will impact lives through ethical wealth generation while leveraging partnerships and digital platforms to tend to the needs of our retail, commercial, corporate, and institutional customer.

Appreciation

Finally, I would like to reaffirm our Bank's commitment to take advantage of all the opportunities available in 2023. The Bank will increase earnings, boost profitability and asset quality, and give our prestigious shareholders competitive returns.



On behalf of the Board, I thank our shareholders, regulators, business partners, and external stakeholders. To our management and staff, we value your support and extend our sincere appreciation for your diligence, hard work, passion, and dedication to accomplishing our shared goals.

Thank you, and may God Almighty bless you all.

Grammy Award

Asue Ighodalo

Chairman, Board of Directors



Abubakar Suleiman
Managing Director/CEO



33

Managing Director's Statement

Sterling...a force to reckon with in 2023 and beyond...

I am honoured to welcome you – our distinguished shareholders, our most cherished customers, and our regulators to our 61st Annual General Meeting.

Globally, the year 2022 witnessed the easing of inflationary pressures despite intermittent shocks and supply disruptions. In the US, growth slowed to 2.9% in Q4 owing to higher interest rates coupled with increased financing costs, and in China, stringent COVID controls delivered one of the country's worst output drops in about 50 years. These realities, along with the prevailing tensions between Russia & Ukraine, continue to dictate the outlook for the world's economy edging into the new year. While these risks exist, the re-opening of China's economy is expected to power global demand and propel mild growth in some advanced and developing countries. The IMF projects global growth to an average of 2.9% in 2023 from an estimated 3.4% in 2022.

On the domestic scene, the year-long increase in inflation continued to push commodity prices upwards; however, some moderation was seen in the fourth quarter with the commencement of the harvest season and the slight appreciation of the naira. As expected, growth slowed in Q3, reflecting the harsh effects of tighter financial regulatory policies and soaring inflation. While the non-oil sectors: ICT (telecoms), trade, transportation, financial services, and agriculture, continue to power the nation's growth; declining household incomes and spending caused unprecedented social and economic outcomes for Africa's most populous country.

The Nigerian Banking sector continues to swim against the tides given the barriers that exist within the economy. The instability in the FX market persisted despite the CBN's efforts to increase supply to commercial banks. Aside from its attempt at effectively fixing the friction in the nation's FX market in a bid to stem the tide of inflationary hikes, the CBN introduced a bouquet of cash management initiatives – the recent being the redesigning of the naira.

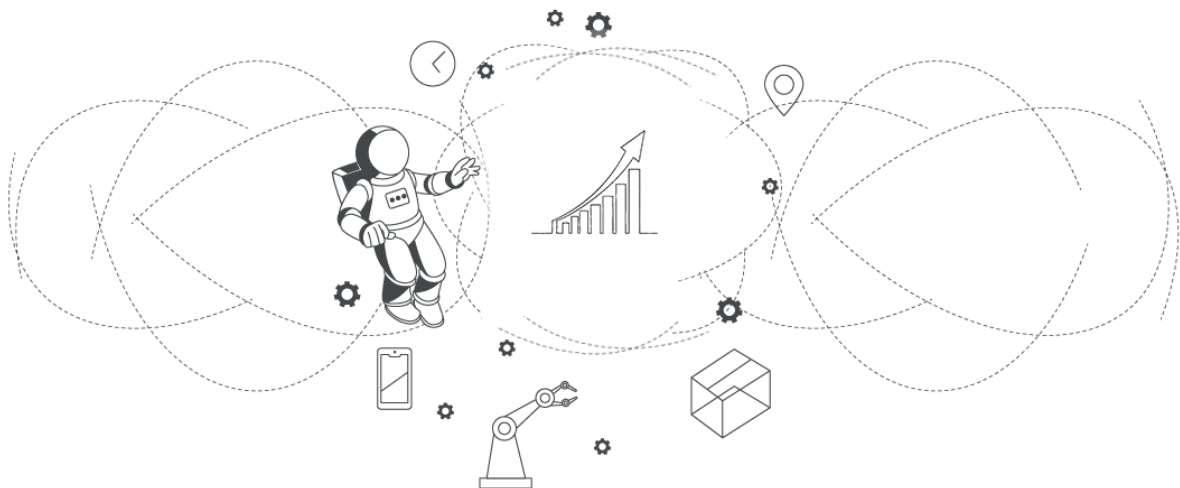
As I mark the 5-year stewardship of our bank, I am forced to deeply reflect on the path we have chosen. The challenge was daunting, but our ambitions remain unbridled, we recognize that our painstaking efforts at building an efficient customer-centric organization that answers societal questions have yielded some significant rewards. We have created an organization that is not only obsessed with our customers but with our people. Our commitment to empowering and

equipping our workforce has significantly improved productivity across all our business segments and gained the accolades of International HR standard-bearers; we have emerged as Overall Best Workplace in Nigeria for three consecutive years as awarded by Great Place to Work Institute. While the transformation in our organizational culture has been phenomenal, the growth in our business (numbers) has been even more profound. We have grown our customer deposit by 75% in five years; total assets have moved from N1.102trn in 2018 to an impressive N1.86trn in 2022, our investment in the economy (especially in our focus HEART sectors) through loans & advances has increased by 24%, and PBT has more-than-doubled from N9.4bn in 2018 to N20.8bn by FY 2022. In addition, as we committed to scaling our profits and strengthening our balance sheet, we have also managed to keep our costs relatively low despite constantly increasing inflation; we have brought down our cost-to-income ratio by 7.4% from 81.4% in 2018 to 74.5% in 2022. Over the years, we have built, bought, and partnered in the development of financial and non-financial solutions to serve our ever-evolving market. Alongside these innovations, we have continued to leverage and optimize our physical channels to support our rapidly expanding business.

We commenced the final stages of restructuring our businesses to becoming a financial holding company – our existing corporate arrangement could no longer contain our ambitions. This important work is projected to be completed by the end of 2023 and will unleash a whole new operating energy.

Ultimately, the true measure of our commitment to transforming from an undistinguishable midsize bank to a leading impact-focused specialized financial institution can be best measured by our progress in the HEART sectors. We have moved from scribbles on used papers to what has been rightly described as the most compelling vision by any bank in Africa in the last decade. We are now truly the bank with a heart, with our exposure to these sectors approaching our 20% mark, our pedigree in the industry now acknowledged and our impact in the lives of people impossible to ignore.

In the years to come, the seeds we have planted will lead to major transformation in the health sector as we reform how diseases are diagnosed using telemedicine, improve how drugs are distributed, refine and scale affordable healthcare, finance the development of major hospitals and pharmaceutical clusters and fund



the education of a new breed of healthcare workers that are better cared for and fully committed to the country.

We witnessed the first bright lights in education as our partners, Nexford University graduated more than 400 students in the middle of a nation-wide strike by ASUU, and as Decagon continued to transform the opportunities for young men and women in the tech sectors. Our partnership with Unify and Nigerian universities will enter a new phase in 2023, with implications for learning across all emerging markets.

You will also see our commitment to clean and affordable energy reflected in our newly refurbished HQ building where we combined thousands of BiPV solar panels to deliver the first scaled corporate head office in Sub-Saharan Africa that is completely off-grid. This is a testimony to our foresight as well as proof of our resilience.

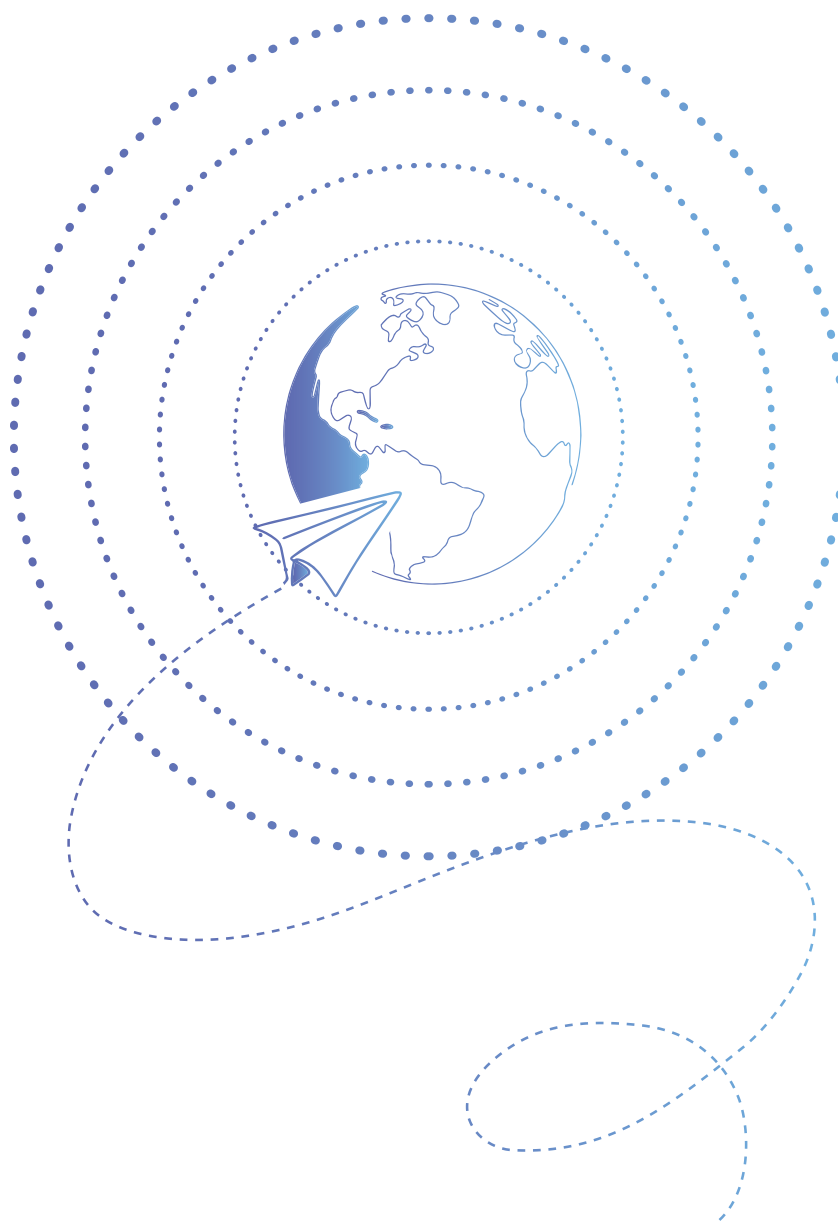
The gift of who we presently are is the true indicator of where we are headed, an indicator that the path we chose is working and I am immensely grateful to the Board for their support; our shareholders for their trust and you our loyal customers for the gift to serve you.

Team Sterling, you are game changers, thank you for showing up always. Sterling is a force to reckon with in 2023 and I am proud to be the servant through which this force moves.

Abubakar Suleiman
Managing Director/CEO

35

Market Disruptive Offerings



“From technology and reputation management to the talent wars and cyber threats, there is no shortage of issues that command the attention of financial services leaders.”

Disruption will not be a one-time event, but a continuous pressure that will shape customer behaviour, business models, and the long-term structure of the financial services industry.

Given this background, Sterling Bank intends to be the financial institution of choice for key stakeholders by enhancing technological capability and entrenching a customer-centric business model.



Double

This is an annuity savings product that offers its beneficiaries financial stability.



AltMall

This is an e-commerce platform that allows customers buy everyday items on credit. The platform hosts over 1,500 merchants and about 90,000 registered customers.



Switch

Switch is a one-stop financial hub for diaspora customers to initiate and seamlessly transact with their families back home.



OneBank

OneBank is our one-stop mobile banking app with about 800,000 users that ensures all banking needs are met without requiring physical interaction.



GoMoney

GoMoney simplifies payment by enabling users easy access to banking services.



Specta

Specta is a consumer lending service that allows individuals access up to N5 million within 5 minutes. Loans are easily available to Sterling and non-Sterling customers.



PayWithSpecta

This is our ecosystem that brings merchants and buyers together by enabling merchants to have better cash flow because customers are able to buy on credit, but merchants receive instant value.



Imperium

Provides alternative power to households without the individual users committing to the huge capital outlay required to power homes in Nigeria.



I-Invest

The growth of the middle class in Nigeria has provided the opportunity for growing investment portfolios. I-invest democratizes access to investments that enable Nigerians to grow their wealth.



TBH

TBH is our solution that helps businesses grow from ideation stage to maturity by offering a whole gamut of financial and non-financial services through partners.



Unify

Unify is an ed-tech platform that provides tertiary students with a practical curriculum and makes them employment ready upon completion of their program.



822

Allows for banking transactions to be done without access to data or smartphones. It is designed for quick and simple transactions.



OnePay for Business

OnePay for Business provides access to an alternative form of instant payment for merchants. Customers can pay with QR codes or payment links generated to facilitate easy payment and verification. Nearby payments can also be carried out with the locator payments feature that generates a Bluetooth-like initiation for instant remuneration.



OneWoman

Is a product designed to help women access finance easier. In a patriarchal society, women are sometimes financially disenfranchised, and one woman is designed to empower women financially.



Snapcash

This micro-credit platform grants customers access to instant loan facilities between N5,000 and N100,000.



AltInvest

This investment platform provides alternative and ethical investment options and focuses on real sector investments geared towards inclusion, growth, and development.



Amira & Friends

Amira & Friends is an initiative to develop and circulate educational content for disadvantaged children in rural communities aged 3-7 years through audio-visual platforms.



CaféOne

CaféOne is a community that allows individuals co-work, ideate, co-create and network.



Fusion

Fusion is a social app that leverages community to enable peer-to-peer transactions.



WasteBanc

WasteBanc is a waste-to-wealth product where individuals exchange their recyclable waste for cash while ensuring a cleaner, healthier, and safer environment.



Activ8

Activ8 is a platform that provides members direct access to year-round discounts across aspects of their lifestyle – health, insurance, travel, entertainment, fashion, finance, etc.



OmniX

OmniX is a digital platform that provides an integrated banking experience to financial institution clients.



SABEX

SABEX is a digital commodity exchange powered by blockchain technology. SABEX is built to facilitate the exchange of agro-commodities by building an ecosystem of buyers, financiers, warehouse operators and other players in agro-commodity trading across Nigeria.

2022 commenced with a positive performance across key financial indices and a marked improvement from our position in the previous year.

Highlights from the Statement of Comprehensive Income:

		2022		2021	Growth
In millions of Naira	N'millions	% of Total	N'millions	% of Total	Growth %
Gross earnings	175,140	100.0%	150,153	100.0%	16.6%
Interest income	128,434	73.3%	113,000	75.3%	13.7%
Interest expense	-52,042	-29.7%	-45,191	-30.1%	15.2%
Net interest income	76,392	43.6%	67,809	45.2%	12.7%
Fees & commission income	28,384	16.2%	25,171	16.8%	12.8%
Net trading income	7,692	4.4%	5,798	3.9%	32.7%
Other operating income	10,630	6.1%	6,184	4.1%	71.9%
Non-interest income	46,706	26.7%	37,153	24.8%	25.7%
Total Operating Income	123,098	70.3%	104,962	70.0%	17.3%
Impairment charges	-9,122	-5.2%	-9,821	-6.5%	-7.1%
Fees and commission expense	-6,009	-3.4%	-5,812	-3.9%	3.4%
Net Operating Income	107,967	61.7%	89,329	59.6%	20.9%
Personnel expenses	-16,944	-9.7%	-14,917	-9.9%	13.6%
Other operating expenses	-52,502	-30.0%	-44,689	-29.8%	17.5%
Depreciation & amortization	-4,879	-2.8%	-5,145	-3.4%	-5.2%
Other property, plant and equipment	-12,885	-7.4%	-8,516	-5.7%	51.3%
Total expenses	-87,210	-49.9%	-73,267	-48.8%	19.0%
Profit before income tax	20,757	11.9%	16,062	10.7%	29.2%
Income tax expense	-1,459	-0.8%	-1,040	-0.7%	40.3%
Profit after income tax	19,298	11.0%	15,022	10.0%	28.5%

Gross earnings moderated

We sustained our earnings growth momentum in 2022 with an increase in gross earnings from N150.2 billion (FY 2021) to N175.1 billion representing a 16.6% increase year-on-year. Our top-line earnings continued to improve with a compound annual growth rate of 4.6% over a five-year period (CAGR: 2017 – 2022).

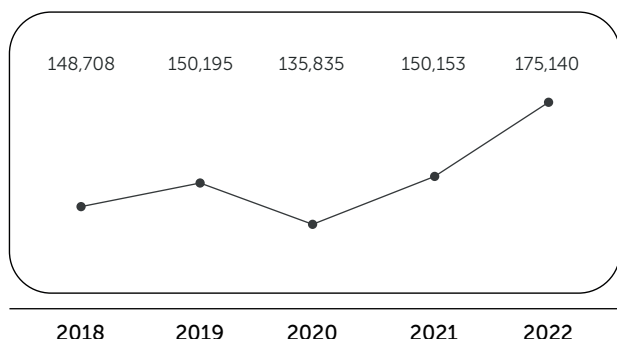
This was driven by a significant uptick in the volume of transactions and reflected in our non-interest income which grew by 25.7% to N46.7 billion (FY 2021: N37.2 billion). Net interest income also grew by 12.7% to N76.4 billion (FY 2021: N67.8 billion).

We continued efforts to moderate funding costs by actively growing our low-cost current and savings deposit base and repricing more expensive ones.

The significant increase in non-interest income was driven mainly by the rise in trading income which grew by 32.7% YOY to 7.69 billion (FY 2021: N5.79 billion). Net operating income rose to N108.0 billion from N89.3 billion, showing a 20.9% growth, a testament to our drive to improve efficiency in our process. We also implemented strategies to improve loan recovery, resulting in a recovery of N2.87 billion in 2022, an increase of 33.9% YOY.

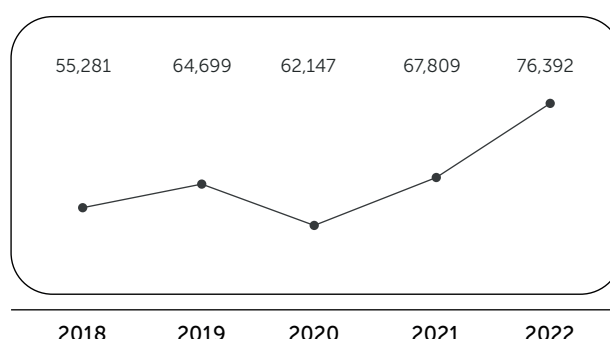
Gross Earnings N'm

16.6% ▲

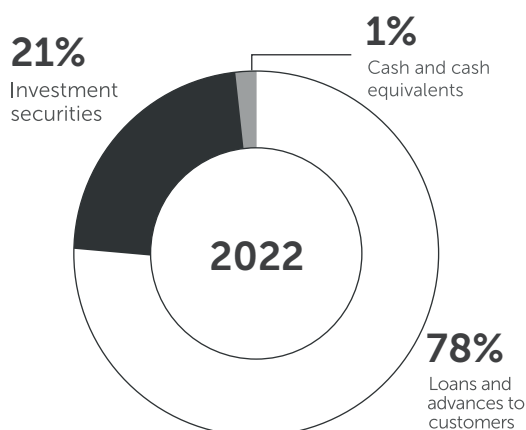


Net Interest Income N'm

12.7% ▲



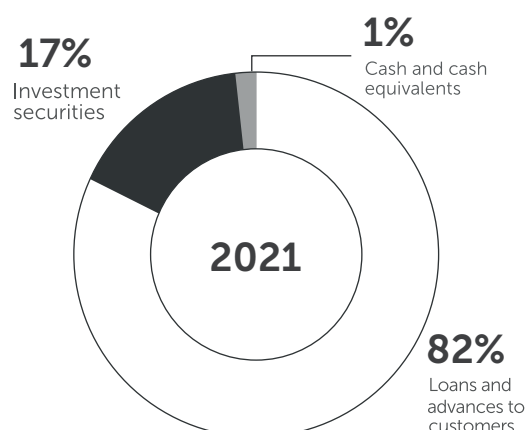
Interest Income Split



Net Interest Income

Net interest margin is the difference between the interest income generated and the interest paid to depositors and lenders. Although we experienced a high-interest rate regime in 2022, resulting in a 15.2% increase in interest expense and a corresponding decline in Net Interest margin to 43.6% from 45.2% in 2021, we efficiently managed our capital, delivering a 12.7% increase in net interest income to N76.4 billion (FY 2021: N67.8 billion). The Net Interest margin declined to 43.6% from 45.2% in 2021. Interest paid on customers' deposits accounted for 66.9% of the total interest expense, which increased by 12.8% reflecting the increase in volume and interest rates.

Interest paid to other borrowed funds, representing funds received from other lenders, accounted for 20.1% of the total interest expense, which increased by 52.9% mirroring the increase in volume of maturing funds received from international lenders during the period.



Operating expenses

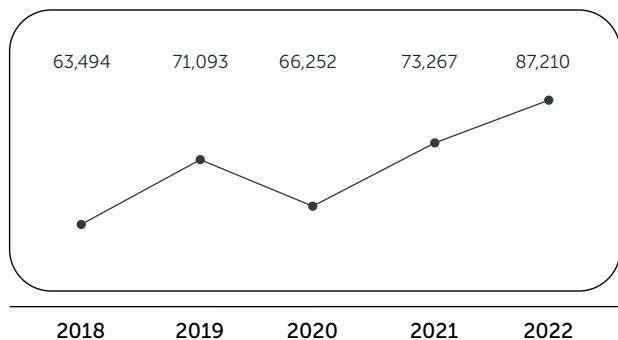
The Bank recorded a 19.0% increase in operating expenses, reaching N87.2 billion in 2022 (FY 2021: N73.3 billion,) representing a compound annual growth rate of 8.7% (CAGR: 2017-2022).

We implemented various strategic cost management initiatives, including process automation and digitization, which constrained growth in expenses despite the high inflationary environment. Regulatory expenses (Asset Management Corporation of Nigeria sinking fund, Banking resolution fund, and insurance premium) accounted for 31.6% and 19.0% of operating and total expenses respectively. Personnel costs increased by 13.6% to N16.9 billion (FY 2021: 14.9 billion) due to the increase in salaries and wages during the period under review.



Operating Expenses N'm

19.0% ▲

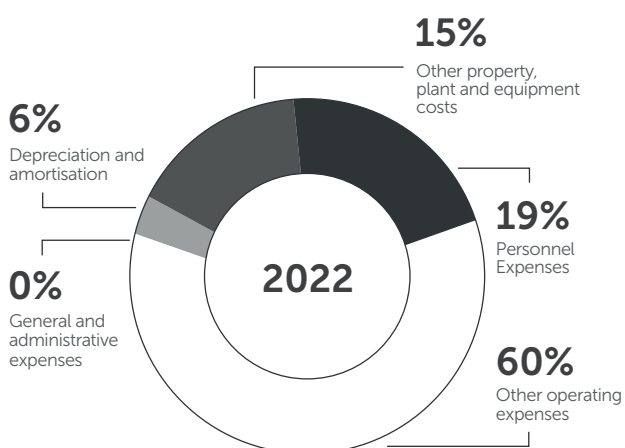


Profitability

For the year under review, the Bank grew 28.5% in profit after taxes to reach N19.3 billion compared to the profit of N15.0 billion reported for FY 2021.

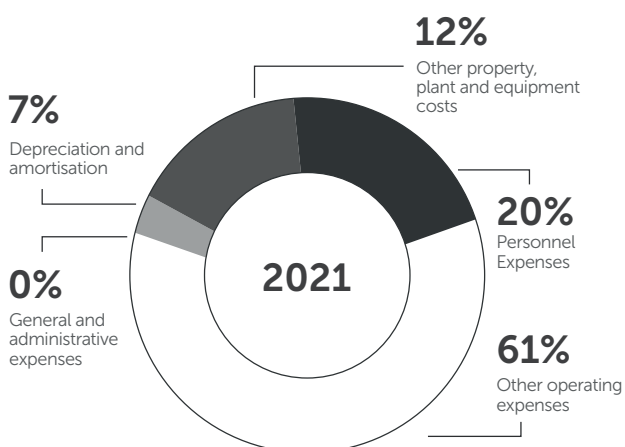
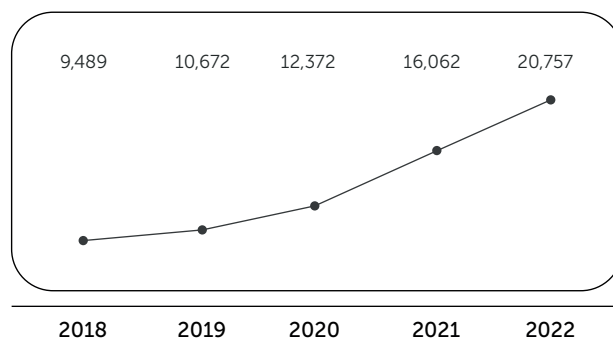
The bank declared a dividend of 15k per share, representing a 10% dividend yield on the average stock price over the past year and a 50% improvement on the previous year's payout.

Interest Income Split



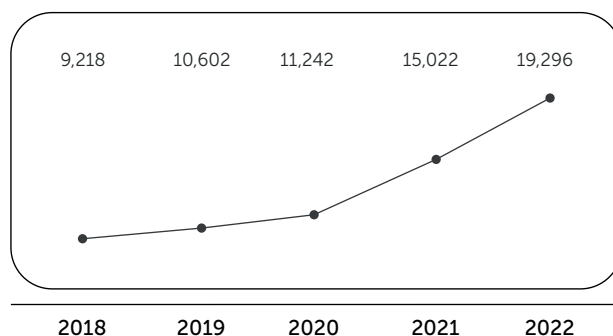
Profit Before Tax N'm

29.2% ▲



Profit After Tax N'm

28.5% ▲



Highlights from the Group's Statement of Financial Position

Assets	2022		2021		Growth
	N'millions	% of Total	N'millions	% of Total	%
Cash & balances with CBN	431,488	23.2%	370,873	22.8%	16.3%
Due from banks	86,459	4.7%	94,850	5.8%	-8.8%
Pledged financial assets	23,098	1.2%	10,786	0.7%	114.1%
Derivative financial assets	807	0.0%	0	0.0%	100.0%
Loans and advances	737,735	39.6%	711,900	43.8%	3.6%
Investment securities	363,673	19.6%	299,265	18.5%	21.5%
Non-Current assets held for sale	3,027	0.2%	0	0.0%	100.0%
Other assets	171,911	9.3%	96,554	6.0%	78.0%
Right-of-use asset	8,342	0.4%	8,141	0.5%	2.5%
Investment property	5,584	0.3%	6,918	0.4%	-19.3%
Property, plant, and equipment	17,913	1.0%	16,939	1.0%	5.8%
Intangible assets	950	0.1%	1,081	0.1%	-12.1%
Deferred tax assets	7,005	0.4%	6,971	0.4%	0.5%
TOTAL ASSETS	1,857,992	100.0%	1,624,278	100.0%	14.4%
LIABILITIES					
Deposits from Banks	37,178	2.0%	15,568	1.0%	138.8%
Deposits from customers	1,327,805	71.5%	1,208,753	74.4%	9.8%
Current income tax payable	1,607	0.1%	1,074	0.1%	49.6%
Other borrowed funds	133,270	7.2%	116,450	7.2%	14.4%
Debt securities issued	42,388	2.3%	42,327	2.6%	0.1%
Other liabilities	160,257	8.5%	102,367	6.2%	56.6%
Provisions	1,489	0.1%	1,180	0.1%	26.2%
Total Liabilities	1,703,994	91.7%	1,487,719	91.6%	14.5%
Equity	153,998	8.3%	136,559	8.4%	12.8%
Total Liabilities and Equity	1,857,992	100.0%	1,624,278	100.0%	14.4%

Improved balance sheet efficiency

The Bank's balance sheet grew by 14.4% to N1.9 trillion in 2022 (FY 2021: N1.6 trillion). On the liability side, Customer deposits was primarily driven by a 9.8% growth to N1.3 trillion, being the most significant contributor for 71.5% of the bank's books. Shareholders' funds grew by 12.8% to N154.0 billion (FY 2021: N136.6) due to a rise in retained earnings.

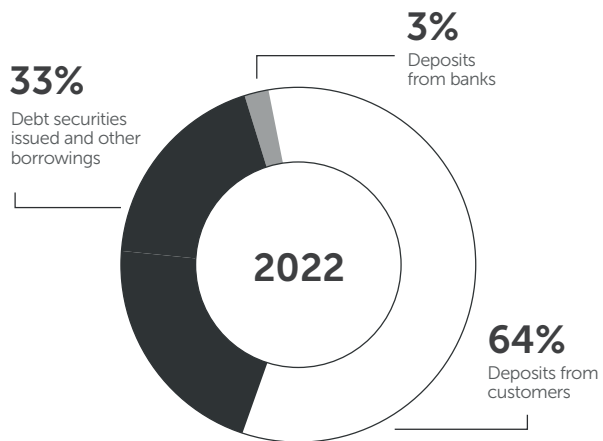
Over the last five years, the Bank's customer deposits have grown at a compound annual growth rate of 14.2% (CAGR: 2017 – 2022).

On the asset side, Cash and Balances with the Central Bank of Nigeria grew to N431.5 billion, in line with higher regulatory reserves. In general, earning assets grew to N1.1 trillion while the yield on earning assets stood at 11.5%.

Overall, during the year, we maintained a strong capital position. Our Capital Adequacy Ratio remained well above the regulatory benchmark of 10% at 14.7% (December 2021: 14.8%), while our liquidity ratio stood at 37.2%, well above the regulatory requirements.

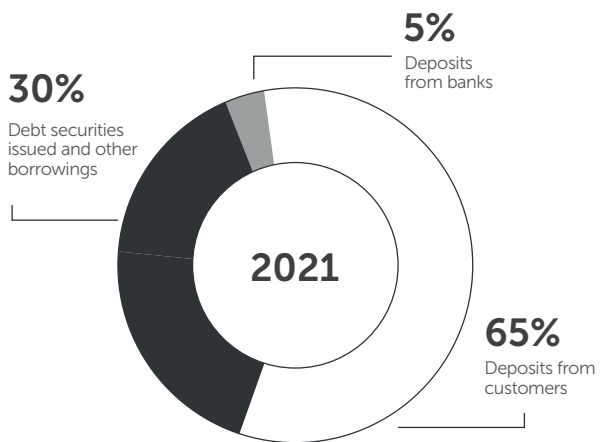
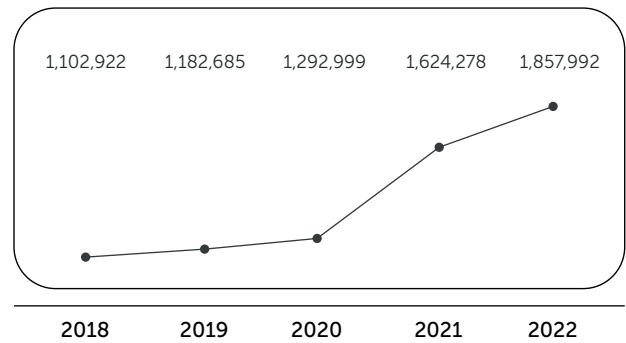


Interest Expense Split



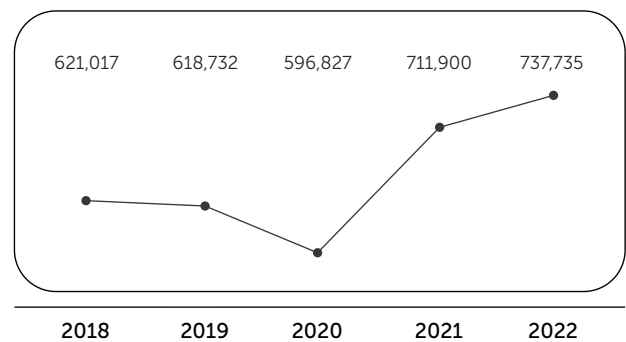
Total Assets N'm

14.4% ▲

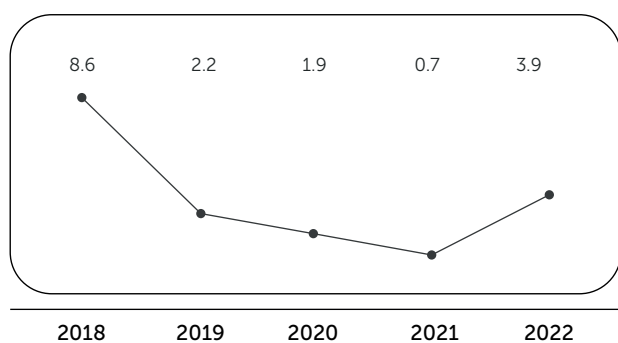


Net Loans and Advances N'm

3.6% ▲

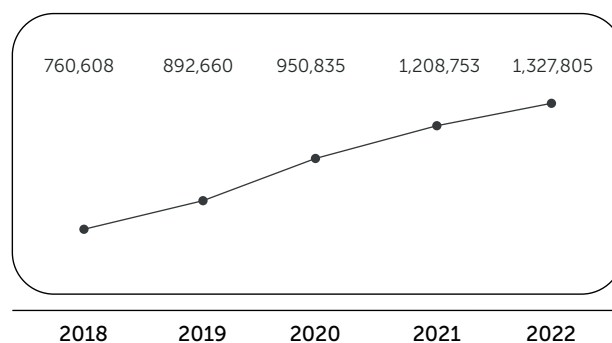


NPL Ratio %

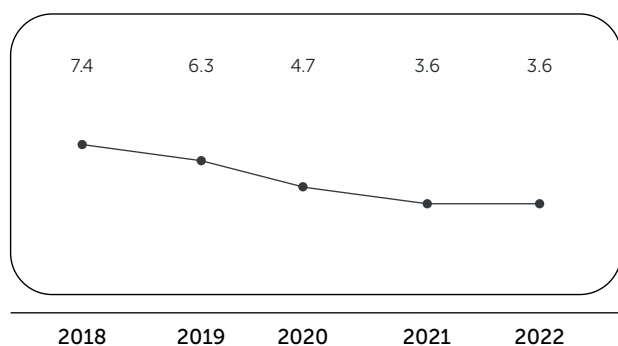


Deposits N'm

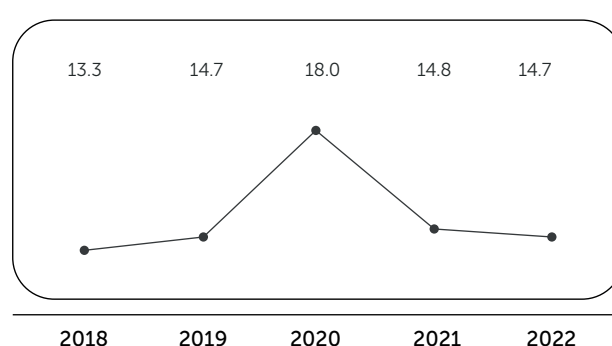
9.8%▲



Cost of Funds %



Capital Adequacy Ratio %





Refocusing of our loan book to deliver growth where it matters

Net loans and advances have grown by 3.6% to N737.7 billion (FY 2021: N711.9 billion), representing a compound annual growth rate of 3.6% (CAGR: 2017-2022).

NPL ratio grew to 3.9%, in line with the heightened risk in the macroeconomic environment and our commitment to prudent risk management.

Gross Loans By Sector

In millions of Naira	2022		2021		Growth
	N'millions	% of Total	N'millions	% of Total	%
SECTORS					
Agriculture	81,264	10.7%	76,727	10.6%	5.9%
Communication	21,580	2.8%	17,762	2.4%	21.5%
Consumer	99,250	13.1%	91,360	12.5%	8.6%
Education	4,840	0.6%	1,369	0.2%	253.5%
Finance and Insurance	18,958	2.5%	25,132	3.5%	-24.6%
Government	89,760	11.8%	101,375	14.0%	-11.5%
Manufacturing	22,641	3.0%	10,438	1.4%	116.9%
Mining & Quarrying	1,001	0.1%	0	0.0%	100.0%
Mortgage	2,154	0.3%	3,114	0.4%	-30.8%
Oil and Gas	164,313	21.7%	170,576	23.5%	-3.7%
Others	85,346	11.3%	48,437	6.7%	76.2%
Power	30,801	4.1%	36,011	5.0%	-14.5%
Real Estate & Construction	66,676	8.8%	80,940	11.1%	-17.6%
Transportation	40,039	5.3%	28,239	3.9%	41.8%
Non-interest banking	29,562	3.9%	34,600	4.8%	-14.6%
	758,183	100.0%	726,080	100.0%	4.4%

Performance By Business Segment

Institutional Banking

Focusing on Sustainable Business

As at 31st December 2022, our Institutional Banking directorate recorded assets of N435.4 billion (23.4% contribution to total bank) and a net interest margin of N21.9 billion (28.7% contribution to total bank).

In the Institutional Banking directorate, our speed of execution in driving customer-centric strategies created an opportunity to improve product offerings. We collaborated with governments, MDAs, and contractors to deploy sustainable, creative, and innovative solutions for their most pressing problems.

Accelerating Business Solutions

The government faced crucial challenges in 2022 which include dwindling revenues, high domestic & foreign debts, increased fuel subsidy, growing expenditure, and business disruption due to insecurity challenges across different regions. Despite the challenges, we were resilient and continued to provide financial and advisory solutions to help the government solve these pressing problems.

We made critical changes in the following business areas.

1. **Business Structure:** The business was restructured into seven profitable strategic business units (SBUs) for performance efficiency that will remain sustainable.
2. **Staffing:** There was a rationalization to optimize resources and build knowledgeable team members to capture market opportunities and create a robust service experience.
3. **Cost Optimization:** We adopted a value realization assurance model to improve the cost-to-income ratio.
4. **Revenue Collection:** We leveraged technology to drive collections and delivered a collection solution to LAWMA, leveraging Sterling-Pro. The plan is to replicate this in other states. Our prime focus is to partner with State Governments and other Government Agencies and provide solutions to help to rev up IGR collections.
5. **Risk Asset Optimization:** We supported critical infrastructural projects like the Lagos State Blue Rail. Also, we are continuously monitoring the risk asset portfolio to avoid potential losses.
6. **Deposit Mobilization:** We increased the drive for deposit mobilization, emphasizing CASA, creating quality contingent liabilities, and repricing expensive tenured deposits.

2023 Outlook

We will build on our optimism about the sustainability of our business and will continue to deploy solutions that will improve Government revenue streams and impact the polity.

Corporate & Investment Banking

Accelerated Growth

As at 31st December 2022, our Corporate & Investment Banking directorate recorded assets of N558.0 billion (30.0% contribution to total bank), a net interest margin of N15.8 billion (20.6% contribution to whole bank), and a profit before tax of N7.6 billion (36.7% contribution to the total PBT).

The business posted an impressive result despite the challenging macroeconomic conditions.

The Big HEART

As part of our strategy to drive specialization in business banking, we have also realigned our Corporate Banking business to operate within specific business sectors which include manufacturing, Oil & Gas, Infrastructure & Telecoms, Agriculture & Export, and Solid Minerals.

Our corporate banking clients are serviced through multidisciplinary teams comprising industry, client coverage, transaction banking, and funding & treasury management experts who offer a range of specialized corporate products and services to help our customer achieve their business goals.

Efficiency

We also significantly improved our efficiency ratio (CIF) in 2022. By optimizing our operations and processes, we achieved greater efficiency and reduced costs.

We remained resolute in our approach to business as we continued to define our main essence of being in business as a solution provider.

Maintaining this customer-centric stance in 2022, we improved relationships with key clients by assisting them in tackling problems critical to their business while developing value chain opportunities. The effect was an appreciable growth of 34.4% over the prior year in Wallet Share (measured by Turnover) across key group relationships in the FMCG, Manufacturing, Oil & Gas, Financial and Insurance, and Technology. In addition to deepening our share of existing clients' business, we further grew our customer base by signing clients in preferred sectors, resulting in a 35.4% growth in transactional balances.



Strategic Partnerships

As an evolving business, securing the right partnerships is critical to our long-term strategy. We built partnerships with the International Finance Corporation (IFC), which appreciably boosted our efforts around Funding, Product creation, Business development, technological advancement, and credit risk evaluation.

On the Supply Chain Finance side, we developed Inflo+, a new digital platform designed and deployed as a marketplace solution to manage and optimize liquidity/injection of short-term working capital into the supply chain process for customers and non-customers.

Diversified Focus

We deepened our focus on Digitization by leveraging investments in technology, continuing to set the pace for industry-wide transformation; consequently, our digital transactions grew by 29.4%.

We commissioned OminX, an all-inclusive digital platform developed for corporate clients and HNIs, to enable seamless access to diverse investment and financing opportunities alongside providing advisory services. The resultant impact was a boost in inflow from financial institutions, large corporates, and multinational clients.

Loan Book Cleanup

We identified asset quality improvement as one of our principal objectives for the year, and we set about this task with a single-minded focus.

We concentrated on strategically unwinding the trade book from peak levels to manage exposure on transferability and convertibility which were severely restricted. We also restructured the loan book by efficiently winding down sticky assets to reduce the volume of non-performing assets. We will continue to replace outstanding loans with higher-quality assets across the business for improved returns.

2023 Outlook

The main goals for 2023 are to improve transactional balances, enhance net earnings, and Improve Net Income spreads on the back of improved top lines via targeted capital deployment.

Retail banking

Enriching Customers' Experiencell

As at 31st December 2022, our Retail Banking directorate recorded assets of N373.4 billion (20.1% contribution to total bank), a net interest margin of N23.9 billion (31.3% contribution to the entire bank), and a profit before tax of N9.9 billion (47.7% contribution to the total PBT).

Digital Product basket

The Product Organization was established to drive the bank's digital consumer products' growth, customer acquisition, and profitability. It has four pillars: People, Growth, Product Design Excellence, and Process & Operational Risk to ensure we deliver customer-centric products. The organization operates with agility, digitization, and specialization & skill.

Digital products are classified well under Payment, Lending, Enterprise, and Investment Products.

Doing More for Entrepreneurs with Business Banking

In 2022, Retail Business Banking remained committed to supporting entrepreneurial growth. The bank successfully reclassified customer segments and collaborated with SMEDAN to launch funding for small businesses with reduced collateral requirements and single-digit interest rates. The bank also certified its Business Bankers as Business Development Service Providers for human business advisory and customer relationships. The SME loan book saw an average 210% increase over 2021 figures, reaching over N32 billion. In 2023, the bank aims to offer a more intelligent user experience and bespoke solutions for customers with a focus on innovation and a customer-centric mentality.

Expanding Micro banking

In 2022, the business provided loans totaling N4.6 billion to empower micro businesses and the financially excluded, focusing on micro-companies in the FMCG sector in rural areas. We plan to seek partnerships with relevant organizations to impact rural and economically excluded communities in the coming years and extend credits to micro-schools and women-run businesses.

Pushing Frontiers with Diaspora Banking

In 2022, Diaspora Banking with the Switch platform achieved significant growth by a 130% increase from the previous year. The team developed customers in 120 countries and built an expanding agent network, allowing them to provide BVN services for Nigerians in Diaspora. They plan to expand to more countries in Africa and Europe through partnerships.

2023 Outlook

Despite the challenging global economy, we retain a positive outlook for 2023 and are excited to take our retail banking business to new heights. Our focus on individual and SME customers drive us to continuously improve and innovate, launching more digital solutions to meet needs.

In addition, we are dedicated to creating more inclusive economy through our focus on sustainability financing, especially for women and the financially excluded. We aim to be the Top Retail Bank in Nigeria, empowering our customers and enriching lives.

Commercial banking

Sustainability

As at 31st December 2022, our Commercial Banking directorate recorded assets of N350.8 billion (18.9% contribution to the total bank), a net interest margin of N9.8 billion (12.8% contribution to the whole bank), and a profit before tax of N3.5 billion (16.9% contribution to the total PBT).

In 2022, we focused on sustaining the momentum of building an efficient and profitable business amidst economic uncertainties. This focus was evident as we maintained our growth trajectory across significant performance indicators.

We accomplished this by solving the most pressing problems for our customers, leveraging our digitization strategy, and being deliberate in making our business better and more profitable.

2023 Outlook

Our goal in 2023 is to build on our momentum and create more value for all our customers.

We will achieve this by the following.

- Grow our deposit book.
- Maintain quality risk asset portfolio in our chosen sectors and target a Loan to Deposit Ratio of 65% in 2023.
- Increase our support for non-oil export and create innovative solutions for trade transactions while seeking new revenue streams and opportunities.
- Continue our cost optimization drive to enable business value maximization and sustainability.

Non-interest banking

As at 31st December 2022, Sterling Alternative Finance (SAF), our Non-Interest Banking business, recorded assets of N123.0 billion (6.6% contribution to the total bank), a net profit margin of N5.0 billion (6.5% contribution to the entire bank), and a profit before tax of N2.7 billion (12.9% contribution to the total PBT).

With the transition of the business to standalone status, 2022 was spent bolstering our internal structures to ensure that The Alternative Bank emerges as a solid financial institution. With the establishment of sectoral business segments such as Agric and Solid Minerals, Commercial Banking, Health, and Education, we have consolidated our success in these sectors and others.

The Alternative Products

Trading Sukuk, Grain, and Gold

Establishing an Agric and Solid Minerals department has led to immense business growth. SAF has been established as a market leader in the sector through innovative structured trade products such as our Fertilizer Trade, Commodity Trade, and Gold Coin investment products.

Our novel Shariah-compliant treasury products have culminated in significant growth in gross earnings.

Focus on Financial Inclusion

Our agent banking segment, Wakeel, was established in 2022. As part of our drive for economic inclusion, we have partnered with several organizations to provide community-based facilities for micro-businesses within the agriculture, fashion, and cottage manufacturing sectors.

The launch of our waste recycling proposition, Wastebanc, provides a unique opportunity to solve social problems through financial inclusion, digital platforms, and the formalization of the informal waste collection community.

Platforms, Communities, and Ecosystems

We have built several unique propositions anchored to digital platforms, communities, and ecosystems. SAF has provided convenience, resource availability, cost, and risk management by creating solutions within an interconnected cluster of interdependent or codependent users.

We have developed personal banking solutions targeting customers' different needs at various stages of life, such as savings and trusts, lifestyle products and pilgrimage solutions, etc.

We have created business ecosystems that provide a platform for increased propagation of our business banking products, such as Altbiz and Altlease, which will culminate in exponential growth.



Going Digital

A new and improved version of our flagship e-commerce platform Altmall was deployed, doubling our user numbers in the past year. Our digital solutions for profit-sharing investments; Altinvest, Renewable energy solutions; Altpower, Vehicle Finance; Altdrive, and lifestyle platform; Active8, are poised to revolutionize digital banking.

The Alternative Bank 2023 Outlook

With our launch in 2023, The Alternative Bank will leverage its freshly minted license to impact lives through ethical wealth generation and distribution.

We remain focused on driving financial inclusion through economic inclusion and empowerment by leveraging partnerships, digital platforms, access to financial education, and other non-finance solutions for the economically disadvantaged.

We will continue to strive for customer excellence by providing convenience and value through comprehensive knowledge-driven, innovative solutions while improving on existing propositions through digitization.

Introduction

The Sterling Bank Sustainability Report provides disclosures on the environmental, social, and governance (ESG) performance of the Bank in the year-2022. Sterling Bank proactively embeds Sustainability in its business activities and operations, and in its corporate responsibility plan, thus assuring our stakeholders of our long-term profitability and viability while running a socially responsible institution.

We strive to ensure that economic, environmental and social considerations are included in our strategic business decisions, and they are implemented accordingly.

The Bank ensures that it manages the Environmental and Social risk aspects related to our banking operations and lending activities, allowing us to balance ethical and economic issues. Therefore, the Bank avoids, mitigates, measures, and compensates for its environmental and social impact. We are committed to fighting climate-related risks and building resilience against global climate change, as it enables us to make more informed investment decisions.

Therefore, Sterling Bank aims to continually improve its sustainability performance in all areas of its activities, which is accomplished by financing and promoting projects with direct or indirect environmental and social benefits. We use internationally accepted best practice, standards and frameworks to benchmark our performance and drive sustainable growth. In preparing this report core options of the GRI Standards were followed and reference was made to policies and frameworks that promote sustainable business practices which include the Sustainable Development Goals, the United Nations Global Compact, the Nigeria Sustainable Banking Principles (NSBPs), and the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations.

In line with our Sustainable business practice, we monitor and measure our goals and achievements, including accomplishments from the past years, which are highlighted in this report. Our core values of Customer Focus, Integrity, Teamwork and Excellence (CITE) enhances our stance on sustainability and the Nigerian Sustainable Banking Principles (NSBPs).

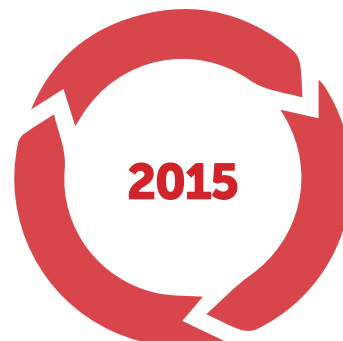


60

Our Sustainability Journey



- Establishment of a Sustainable Banking Unit under the Enterprise Risk Management Group to oversee the implementation of the Nigerian Sustainable Banking Principles (NSBPs).
- Establishment of a Sustainability Working Group with representatives from all Strategic Business Units (SBUs) within the Bank.
- Development of a compendium of policies and frameworks to institutionalize the adoption of best-practice sustainability principles.
- Commencement of the Environmental and Social risk assessment of credit transactions under the Agriculture, Oil & Gas, and Power sectors.
- Launched the 1st edition of our Sustainability Stakeholders Summit.
- Established a 5-year Sustainability Implementation Plan.
- Organization of the 1st edition of the Sterling Environmental Makeover Volunteer Program.
- Extension of our Waste Management partnership to six (6) additional states.



- Published our 1st standalone Sustainability Report.
- Established an internal reporting portal (Sustainability Reporting Portal) to capture and analyze sustainability metrics such as energy consumption, paper usage, water usage, waste management etc.
- Deployment of a Compressed Natural Gas Plant at our Sterling Towers location.
- Inclusion of Sustainability Capacity Building in staff recruitment training.
- Commencement of carbon footprint computations and assessments.
- Established an MSME Academy to provide training and financial services to micro, small, and medium enterprises.



- Commenced the onsite Environmental & Social risk assessment of credit requests.
- Successful adoption of a Waste Recycling initiative at the Head Office, Sterling Towers, in partnership with LAWMA and Wecyclers Limited.
- Launched the Market Women Quick Cash scheme at Kaduna in partnership with Afrigrants where over fifty (50) women were trained on financial literacy.
- Commencement of a Tree Planting Campaign where over 700 trees were planted to help tackle desertification in the northern region of Nigeria.
- Launched the e-Money Box to encourage a savings culture and financial literacy for children.
- Commencement of Uber for Business service which reduced the acquisition of company fleet by 27%.
- Established a "Flexi-Plan" and "Flexi-Place" initiative for staff to achieve a desirable work-life balance.



- Launched our "One Woman" proposition – an initiative focused on supporting women in business by granting them access to market and finance.
- Established a Recyclart competition to create further awareness around waste management practices such as recycling and upcycling. In the maiden edition, four (4) winners from the four (4) geo-political zones were awarded N1Mn each for creating unique sculptures and artworks from recyclable materials.
- Extension of Waste Management partnership to ten (10) states, providing branded kits for over 10,000 street sweepers as part of the initiative.
- Commemorated World Environment Day by encouraging all staff to plant a tree, and the organization of an event to recognize and award several environmental champions.
- Commenced the implementation of paper consumption reduction strategies such as "Print-as-a-Service".
- Implemented a medical insurance scheme for staff with leading Health Management Organizations (HMOs) to enhance qualitative medical care.
- Awarded the Bank of the Year in Women Economic Empowerment as the 1st edition of the 2017 Nigeria Sustainable Banking Awards organized by the Central Bank of Nigeria (CBN) and the 2017 Nigeria Sustainable Banking Awards for Financial Inclusion organized by SERAS-CSR Awards.



- Expansion of our Environmental and Social (E&S) risk assessment to eight additional sectors.
- Deployment of hybrid power and renewable energy to twenty-five (25) additional branches, bringing the total number of branches on hybrid power and renewable energy to 46.
- Commissioned 130 solar-powered ATMs bank-wide
- Disbursed N89 billion worth of credit and other financial products to four (4) key sectors that directly contribute to the achievement of the United Nations Sustainable Development Goals (SDGs) - Health, Education, Agriculture, and Transportation.
- Expansion of our waste recycling initiative to our Head Office Annex location where we recorded a 20.66% increase in categorized waste recycling from 6,432kg in 2017 to 7,761kg in 2018.
- Achieved a 1.84% reduction in carbon emissions by reducing the usage of diesel, petrol, and compressed natural gas (CNG) by 8.72%, 2.48%, and 71.78% respectively.
- Provision of over N2.88 billion grants to over 650 micro, small, and medium scale (MSMEs) businesses.
- Disbursed 2,381 retail loans with a value of N2.2 billion to women (MSME, Individual, and Specta), as part of our commitment to Women Economic Empowerment.
- Expended N764 million on employee capacity building.
- Invested N299.1 million in community development initiatives.
- Established a set of distinct behavioral codes for employees as part of our efforts to drive organizational change.



- Allocated 15% (N93 billion) of the entire loan portfolio to the HEART (Health, Education, Agriculture, Renewable Energy, and Transportation) sectors that directly contribute to the achievement of the Sustainable Development Goals.
- Provision of over 13,900 credit facilities to women with a corresponding value surpassing N10.865 billion.
- 67.14% increase in transaction count screened for Environmental and Social Risk.
- Over 7.632 billion credit granted to over 1,200 Micro, Small, and Medium scale (MSME) businesses.
- Expended N827 million on employee capacity building.
- 1480 man-hours devoted to volunteering activities.
- 10.87% increase in the number of female employees in the workforce, increasing the percentages of female employees in the workforce to 42%, with 32% and 25% representation at Senior Management and Board levels, respectively.
- N245.8 million expended on community initiatives.
- Over 112% increase in categorized waste recycling from 7,761kg in 2018 to 16,489kg in 2019.
- Commemoration of the World Clean-up Day with environmental clean-up exercises in Lagos, FCT, Oyo, Kwara, Rivers, Plateau, Gombe, Kaduna, Kogi States, amongst others.
- Deployment of Integrated Waste Treatment/ Biodigester Systems to additional three (3) locations.
- 17.5% increase in the number of business locations on the hybrid power model.
- N93.5 billion invested in the five (5) focus sectors – Health, Education, Agriculture, Renewable Energy, and Transportation (HEART) sectors.
- 6% increase in PAT from 2019.
- N250 million relief funds donation to the Federal Government to fight against COVID-19.
- 54.17% reduction in carbon footprint.
- Establishment of 'The Bloom Network' to support women empowerment.
- 6.5% increase in customers' deposit from 2019.
- Implemented a Human Rights Framework within the Bank's Diversity, Equality and Inclusion Policy.



- Over 20% increase in investments from N93.5 billion in 2020 to N116.7 billion in 2021, in the five (5) focus sectors – Health, Education, Agriculture, Renewable Energy, and Transportation (HEART) sectors.
- Launched a Paperless Drive Campaign which has contributed to a 7.8% reduction in paper usage bank wide.
- Increased female investments which led to our emergence as Nigeria's best company in investments in women as employees and entrepreneurs in Equileap's Gender Gap assessment of the 30 most capitalized companies listed on the Nigerian Exchange.
- Initiated a solarization project at the Sterling Towers that comprises the installation of a 955 kilowatts peak (kWp) Building Integrated Photovoltaic (BIPV) retrofit system which will source cleaner energy from the sun to power the towers.
- Increased the number of branches powered by solar energy to over 40% from 36% in 2020.

57

2022 Key Highlights

1

Obtained Environmental Audit Report and Environmental Management Plan certifications for all Bank locations in line with the National Environmental Standards and Regulations Enforcement Agency (NESREA) mandate.

2

Completed the installation of a 955 kilowatts peak (kWp) Building Integrated Photovoltaic (BIPV) solar retrofit system on the Sterling Towers, which will source cleaner energy from the sun to power the towers, to be commissioned within H1 2023.

3

Attained a 35.4% growth in the deployment of solar-powered ATMs at various locations nationwide.

4

Obtained a Certificate of Recycling for the collection and recycling of sixty-eight (68) 12V, 200Ah Used Lead Acid Batteries (ULABs) in accordance with the Extended Producer Responsibility Programme (EPR) of NESREA, in partnership with the Alliance of Responsible Battery Recycling (ARBR), an accredited Producer Responsibility Organization.

5

Commenced the Climate physical and transition risk analysis of the Bank's loan book in alignment with the Task Force for Climate Financial Disclosures (TCFD) recommendations.

6

Commenced the development of a robust ESG reporting & monitoring platform project for real-time ESG performance measurement, benchmarking, and reporting.

7

Development of an E&S risk categorization model and ESG risk rating tool to assess and improve customers ESG performance and reduce our loan portfolio exposure to ESG risks.

8

Increase in investments by 19.7%, from N116.7 billion in 2021 to N145.4 billion in 2022, in the five (5) focus sectors – Health, Education, Agriculture, Renewable Energy, and Transportation (HEART) sectors

9

Achieved a 50:50 male to female employee representation bank wide, from a 2% increase in the percentage of female employees in the workforce. We strive to attain the same at the senior management level.

2022 Awards



2022 Overall Best Workplace in Nigeria (Large Corporates)

Great Place To Work Institute.



5-Year Legends Awards for constantly creating a Great Place to Work

Great Place To Work Institute.



The Victor Ligbagbo Award for Best Workplace for Millennials, 2022

Great Place To Work Institute.



LinkedIn's 2022 List of Top 25 Workplaces in Nigeria

LinkedIn



BabyMigo's 2022 List of Top 30 Workplaces for Mums in Nigeria

BabyMigo



2022 Best Work-Life Harmony

HRPM (HR People Magazine)



HR Best Practice (Banking Sector)

CIPM (Chartered Institute of Personnel Management, Nigeria).



HR Optimization Award; Organization Development & Change Management

CIPM (Chartered Institute of Personnel Management, Nigeria).



HR Optimization Award; Adoption of Technology – Digital HR/SMAC

CIPM (Chartered Institute of Personnel Management, Nigeria).



HR Optimization Award; Talent Development

CIPM (Chartered Institute of Personnel Management, Nigeria).



Approved Employer Certification – Trainee Development; Gold Category

ACCA (Association of Chartered Certified Accountants)



2022 SeamlessHR Product Honor Roll

SeamlessHR

59

Executive Summary

Sterling Bank is deeply committed to continually improve its sustainability performance in all areas of its activities, which is accomplished by financing and promoting projects with direct or indirect environmental and social benefits. Therefore, over the years Sterling Bank has proactively embedded Sustainability in its business activities and operations, and in its corporate responsibility plan, thus assuring our stakeholders of our long-term profitability and viability while running a socially responsible institution. We strive to ensure that economic, environmental and social considerations are included in our strategic business decisions, and they are implemented accordingly.

The Bank ensures that it manages the Environmental and Social risk aspects related to our banking operations and lending activities, allowing us to balance ethical and economic issues. Therefore, the Bank avoids, mitigates, measures, and compensates for its environmental and social impact. We are committed to fighting climate-related risks and building resilience against global climate change, as it enables us to make more informed investment decisions.

We use internationally accepted best practice, standards and frameworks to benchmark our performance and drive sustainable growth. The standards, policies and frameworks which we adopted to promote our sustainable business practices include the United Nations Global Compact (UNGC), International Finance Corporation (IFC) Environmental and Social Performance Standards, the Nigeria Sustainable Banking Principles (NSBPs), Nigerian Stock Exchange (NGX) Sustainability Disclosure Guideline, the United Nations Sustainable Development Goals (SDGs), and the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations.

In line with our Sustainable business practice, we monitor and measure our set targets, goals and achievements, including accomplishments from the past years and majorly for the year-ended 2022, which are highlighted in this report. For the reporting period, the Bank recorded a total sum investment of N145.38 billion in the Health, Education, Agriculture, Renewable energy, Transportation (HEART) sectors, indicating a 19.7% increase in 2022 investments from year-2021. There has been significant growth in our investments in these sectors with the Agriculture and Transportation sectors having the largest investment record, followed by the health sector while we continue to build our expertise across the other sectors.

Through our Corporate Social Responsibility (CSR) Initiatives, we have made considerable progress in terms of investing in local communities and significant contributions were also made to the HEART sectors. During 2022, we worked and partnered with several organizations to increase our impact and completed initiatives in sectors such as Education, Agriculture, Arts, Sports, Empowerment, Health, Environment and Security, hence, a total sum donation of N281.1 million was made to several projects and causes. Some of the causes include Ake Arts and Book Festival, Africa Social Impact Summit, Sterling One Foundation, Health Insurance Summit, SWAY-Agfin Women Initiative Programme sponsorship, donation of Solar Powered Vehicle Security Barrier at Police Headquarters, among many others.

The Bank strongly believes in Empowering women as this is essential to the health and social development of families, communities, and our country. Some of the empowerment initiatives carried out by the Bank in 2022 include the GBV Advocacy Movie Screening-CHATROOM, which was orchestrated to advocate for and sensitize women and girls on Gender Based Violence leveraging entertainment, the International Widows Day Event in collaboration with the United Nations to draw awareness to widows' voices, experiences and to galvanize the unique support they need, with various others detailed in the report.

During 2022, the female representation bank-wide within our workforce increased to 50%, attaining a 50:50 male to female employee ratio, and we strive to attain same at the senior management level in the coming years. There was a 91% increase in the number of Female Employees promoted in 2022, and over N461 million approved funding for diverse capability development programs for Sterling female employees. With Sterling Bank being an equal opportunity employer, and hiring practices performed without prejudice to any attributes such as, but not limited to, gender, tribe, religion, political affiliations, or physical traits, the number of Female Employees recruited increased by 285%.

The Bloom Network, following the establishment of the Sterling Women Development Programme (SWDP) specifically aimed at promoting Women's career advancement, professional development, personal support, and sponsorship in the Workplace, held Health and Wellness awareness programs for female employees, Managing Stress and General Wellness



Webinar and discussion with 'Deep Expressions' Author on Mental Wellness during the year 2022. In line with the IWD mission to create an inclusive workplace where women's careers can thrive, Sterling brought together professionals to speak out against bias and stereotypes in the corporate world, to mark the 2022 International Women's Day (IWD) events.

The 2022 United Nations Climate Change Conference (COP27) which held in Egypt with a Sterling Bank representative in attendance, laid out insightful findings, stating clear guidelines and the need for nations and companies, especially financial institutions, to increase focus on Corporate Governance and to do more to prevent a continual rise in global temperatures by integrating robust climate risk management strategies into business activities and operations. Nigeria also renewed its commitment to reach net-zero carbon by 2060 and made updates to the Nationally Determined Contribution (NDC) document, committing to reduce carbon emissions by 20% below business-as-usual (BAU) by 2030. Sterling Bank is fully aligned to this course and putting in the efforts to achieving it.

This has led to our commencement of the Climate physical and transition risk analysis of the Bank's loan book in alignment with the Task Force for Climate Financial Disclosures (TCFD) recommendations.

Following our continuous efforts to efficiently use and manage our resources to reduce the Bank's carbon footprint, we have a set target to minimize greenhouse gas emissions by 10% in the next three years. As such, during 2022 we expanded the deployment of solar-powered ATMs bank-wide to 283 from 209 in 2021, achieving a 35.4% increase, and maintained the 60 solar-powered branches (over 40% of the Bank's locations). We also recycled sixty-eight (68) 12V, 200Ah Used Lead Acid Batteries (ULABs) in accordance with the Extended Producer Responsibility Programme (EPR) of NESREA, in partnership with the Alliance of Responsible Battery Recycling (ARBR) and obtained a Certificate of Recycling for the collection.

Environmental Audit Report and Environmental Management Plan certifications for all Bank locations in line with the NESREA mandate was also obtained.

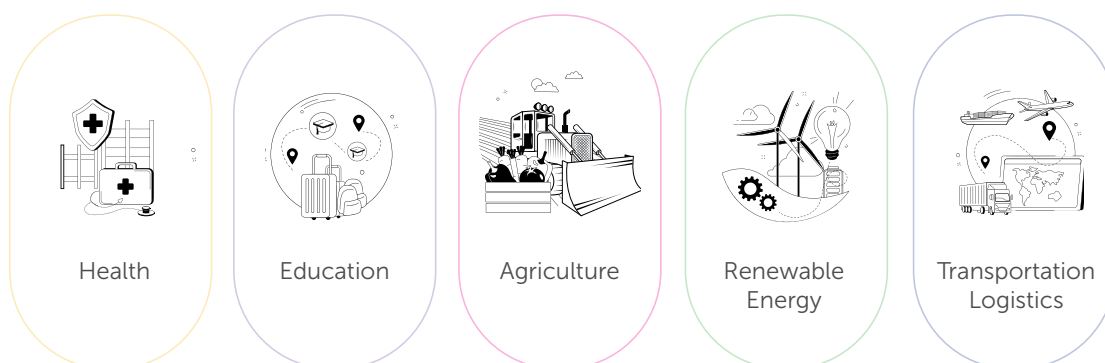
In addition, the Bank has completed the solarisation of the Sterling Towers (to be commissioned by H1 2023), which comprises the installation of a 955 kilowatts peak (kWp) Building Integrated Photovoltaic (BIPV) retrofit system and a 2.18 megawatt-hour (MWh) energy storage system to improve energy efficiency at the head office. This Solarization project is targetted at significantly reducing the Bank's emission in the coming years, among other initiatives, thereby, greatly contribute to our support in the transition to a low carbon economy.

The Bank recognizes that sustainability ranks high among the priorities of its financing activities and improves the predictability, transparency, and accountability of its actions, therefore, considers environmental, social and governance principles in investments decision making, which consequently promotes sustainable development in the economy.

We stay committed to providing innovative financial solutions that contributes to the realization of the

Sustainable Development Goals (SDG), focused on addressing global environmental, societal issues and advisory services such as funding solutions, climate change, education, financial inclusion, women empowerment, and food security. To further drive or enact our commitment, we have dedicated to investing in five (5) growing sectors (Health, Education, Agriculture, Renewable Energy and Transportation) that directly contribute to the achievement of the United Nation's Sustainable Development Goals (UN SDGs), and by extension, helping our clients achieve their sustainability goals.

Primary Markets



Sterling 'HEART' Journey

Our aim to offer a broader range of financial products and services that would create significant positive economic, social, and environmental impacts in the communities we operate, led to the commencement of the HEART sectors investment initiative in the year 2017.

The HEART sectors form the Bank's primary market and have facilitated growth in our business regardless of the state of the industry and economy. We remain focused on empowering all players across these spaces, providing them with access to information, markets, and capital to promote businesses.

The HEART sectors have facilitated growth in our business regardless of the state of the economy. We remain focused on empowering all players across these spaces, providing them with access to information, markets, and capital to promote businesses.

From the previous years, we have intensified our efforts and capabilities to add value to the various HEART sectors, strategically focusing on the existing businesses within them at all levels. There has been significant growth in our investments in these sectors with the Agriculture and Transportation sectors having the largest investment record, followed by the health

sector while we continue to build our expertise across the other sectors.

As of 2022 year-end, the total sum of investments recorded in the five (5) focus sectors was N145.37 billion, indicating a 19.7% increase in relation to the N116.7 billion recorded in 2021.

HEART Sector Investment

Sector	Amount (N'm)
Health	11,779,646,979
Education	4,839,588,683
Agriculture	81,264,181,004
Renewable Energy	7,453,414,381
Transportation	40,038,843,231
Total	145,375,674,278



Sustainable Financing

As we progress into the year 2023, we shall strive to improve profitability in our lending activities, with a focus in supporting more SME businesses, encouraging economic development and sustainable investments in technology innovation and techniques that promote the efficient use of resources, risks management and climate change resilience.

While we continuously focus on building long-term value and sustainable development, our relationship with customers, communities and stakeholders, our business practices, and our use of natural resources around us are all channeled towards improving lives for a sustainable future..

ESG Integration in our Lending Activities

The Bank has an obligation to ensure that our lending decisions consider the objectives of not only economic viability, but environmental responsibility, social and governance relevance.

This practice enables us to make sure that the environment is not degraded in the process, the costs of economic development do not affect the poor or vulnerable and that natural resources are managed sustainably.

The implementation of our robust Environmental and Social Management Systems (ESMS), which is well embedded in the Bank's lending processes, enables us to meet our objective of engaging in responsible banking.

Our ESMS ensures that the E&S risks and climate risk impact on activities financed by the Bank are managed within acceptable limits; these impacts may include climate physical and transition risks impact, environmental degradation, extreme weather, natural resource and biodiversity loss, threat to human health and safety, violation of labor rights or displacement of livelihood. We will continue developing the capacity to identify, assess, mitigate, and manage the inherent E&S risks and climate risk that the Bank may be exposed to, thereby preventing credit, liability, and reputation risks impact.

In line with E&S guidelines and best practice, a total of 207 transactions within the Bank's Environmental and Social coverage sectors (Agriculture, Education, Health, Renewable Energy, Transportation & Logistics, Manufacturing, Power, Oil & Gas, Real Estate, Mining and Construction) were screened for environmental and social risks, with recommended action plans and mitigation measures communicated to the customers in their loan covenants.

We maintain our commitment to continually improve our Environmental and Social Management System (ESMS), in compliance with Environmental, Social and Governance (ESG) country systems and best practice such as adoption of the International Finance Corporation Performance Standards (IFC PS), the Nigerian Sustainable Banking Principles (NSBPs) and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, which enhances economically viable, socially equitable and environmentally sustainable practices within the banking industry.

At Sterling Bank, environmental stewardship is a critical part of our sustainability strategy which begins with our operational footprint, where we actively strive to reduce the environmental impact of our operations. We continue to recognize the significant environmental impacts an ever-growing world can have, and we remain steadfast to ensure effective integration and management of environmental sustainability into our business operations and activities and by making sustainability considerations a fundamental part of our everyday decision-making.

In 2022, we acted in accordance with the provisions of environmental standards and regulations in every area we carried out our business activities and operations by carrying out environmental audit exercises on all business locations nationwide and obtaining environmental certifications. We also maintained our efforts in reducing greenhouse gas emissions by harnessing energy from renewable energy sources. Efforts were also made towards reducing solid waste, water consumption and paper use.

Our Response to Climate Change

Greenhouse gas emissions remain a significant environmental impact from our business operations and activities via fossil fuel combustion to power our business locations and business travels. Internally, we are responding by developing policies and systems to minimize the impact of our business operations' carbon footprint efficiently.

In 2022, we completed the installation of a 955 kilowatts peak (kWp) Building Integrated Photovoltaic (BIPV) solar retrofit system on the Sterling Towers, aimed at significantly decarbonising our operations and achieving net zero. There is a plan to attain a green building certification for our head office in the short-term using the IFC-EDGE green building certification standard. We have also taken steps to align our climate change strategy in a way that will deliver tremendous impact. This has led to the commencement of a climate physical and transition risk analysis of our loan portfolio in alignment with the Task Force for the Climate-related Financial Disclosures (TCFD) recommendations to identify, analyse, and evaluate our exposure to the potential climate related risks. This will enable the Bank to effectively measure, manage and report its financed emissions (Scope 3) from clients, and in turn improve our resilience and identify opportunities for climate adaptation finance.

Carbon Footprint Management

Scope 1 and Scope 2 Emissions – Our Operations and Energy Purchases

Our carbon footprint statement underscores our

commitment to reducing greenhouse gas emissions, in which a 3-year target was set in 2017 to reduce our carbon footprint by a minimum of 5%. This target was eventually achieved and surpassed by 2020. Having achieved the initial target, a new target was set to continually reduce greenhouse gas emissions by a minimum of 10% in the next 3-years.

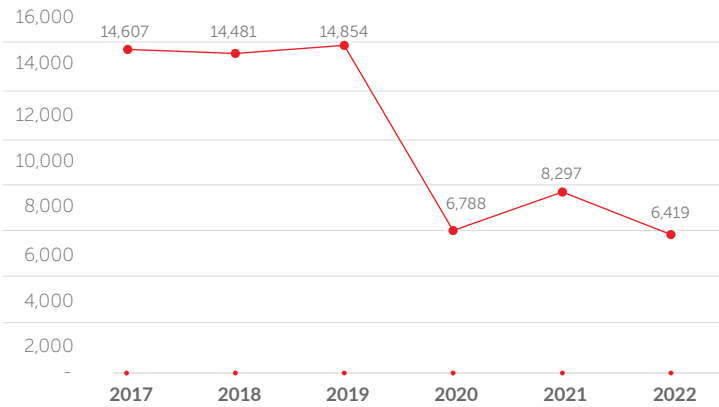
We are currently on track as we significantly reduced our operational emissions by 22.6% in 2022 from 2021. A noteworthy measure that helped to achieve this is the significant reduction in the use of diesel to power operations nationwide. The flexi-work policy is still maintained to reduce employee home-to-work commuting. Overall, from 2017, the Bank has reduced its operational carbon footprint by over 56.1% in 2022.

Bank-wide GHG emissions			
Financial Year	KgCO ₂ e	tCO ₂ e	% Change
2017	14,607,034.0	14,607.03	Base year
2018	14,481,245.7	14,481.25	-0.86
2019	14,853,632.6	14,853.63	+2.57
2020	6,788,151.4	6,788.15	-54.30
2021	8,297,231.6	8,297.23	+22.23
2022	6,419,215.5	6,419.2	-22.6

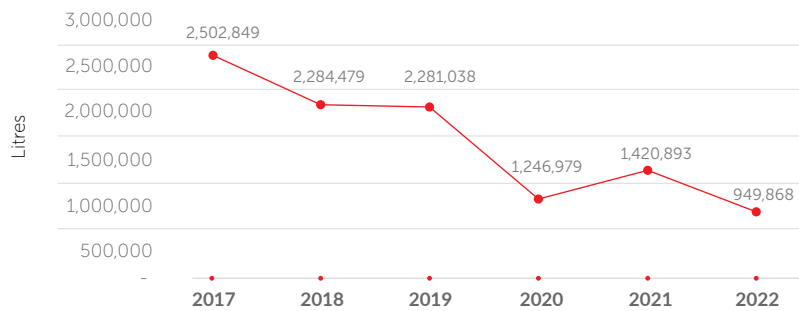


The graph below portrays the energy resource consumption of the Bank over the last five (5) years:

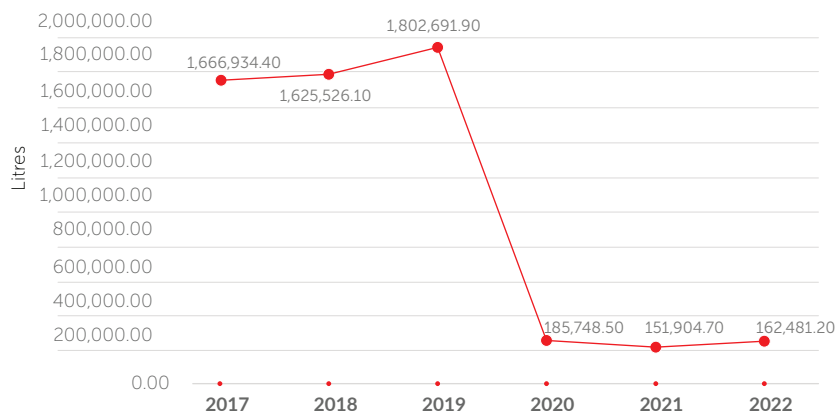
**Scope
1 & 2
Emission
Trend (in
tCO₂e)**



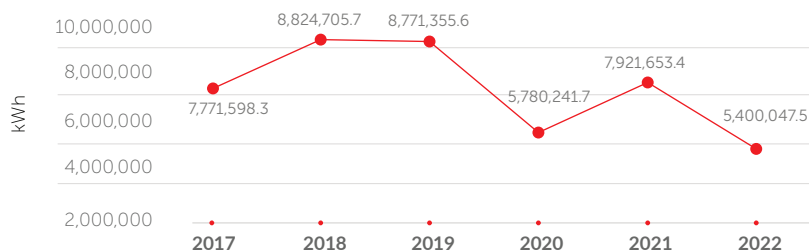
**Bank-wide
Diesel
Consumption
(Litres)**



**Bank-wide
Petrol (PMS)
Consumption
(Litres)**



**Bank-wide
Grid Electricity
Consumption
(kWh)**



Alternative Energy

As an eco-friendly institution, we have continually harnessed energy from environmentally friendly sources. Currently, 60 of the Bank branches in Nigeria are powered by solar energy, representing over 40% of the branches nationwide.

In the same vein, we were able to attain a 35.4% growth in the deployment of solar-powered ATMs nationwide in 2022 from 2021. Overall, from 2018, the bank has been able to establish a 117.7% increase in the number of active automated teller machines (ATMs) powered by solar energy, from 130 in 2018 to 283 in 2022. Currently, this represents 46% of active ATMs on the Bank's network.

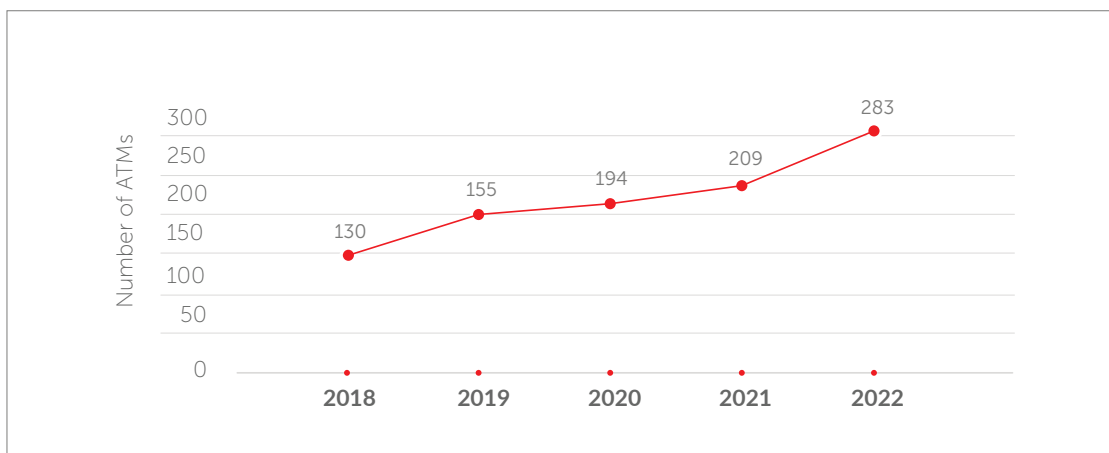
In addition, all heating, ventilation, air conditioning (HVAC) systems were replaced with more energy-efficient and environmentally friendly systems at the head office. We have also adopted standards that demand regular reporting, monitoring, and evaluation of electricity consumption across our branches.

It should be noteworthy that, in 2022, the completed installation of a 955 kilowatts peak (kWp) Building Integrated Photovoltaic (BIPV) solar retrofit system on the Sterling Towers was accompanied with the installation of a 2.18-megawatt hour (MWh) energy storage system. The project was finalized with the integration of the entire solar infrastructure solution with the Banks' current energy model to enhance the power supply options.

This solution is expected to generate about 634.85 megawatt hours (MWh) of solar power at the head office annually. It is anticipated that the Bank's carbon footprint will be significantly reduced in the long-term after the commissioning of the Sterling Towers solarization project 2023.

Other reduction strategies include full adoption of increased deployment of video conferencing and online meetings initiatives to reduce the frequency of employees air travel and company fleet.

Solar-powered ATM Growth



Responsible Paper Consumption

In 2022, we continued to actively encourage employees to adopt sustainable habits via our Paperless Drive campaign instituted in 2021 which demands the gradual reduction in the use of paper forms in operations and activities. So far, this campaign has encouraged the automation of processes and minimization of bank-

wide paper consumption, and an overall improvement in turnaround time focused on customer satisfaction.

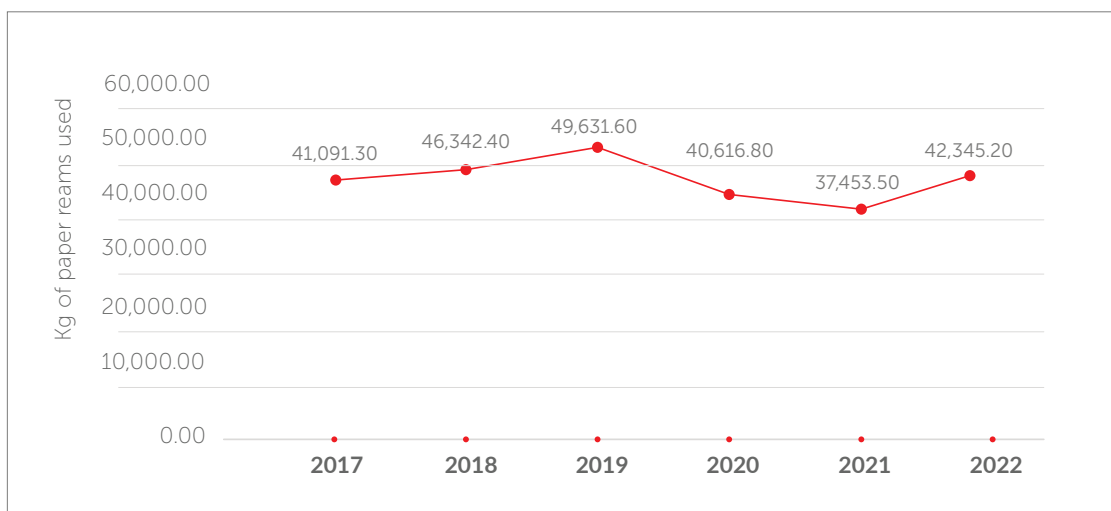
Other activities such as development of "paperless-themed" creatives and knowledge sharing sessions were also conducted nationwide to sensitize staff and



increase awareness on paper-saving tips. Although, paper use increased slightly by 13% in 2022, due to an increase in engagement with regulators via submission of hard copy returns, there is an ongoing engagement

with the regulators to come to a consensus on the submission of these returns in electronic formats in the future. This will significantly drive a reduction in the bank's paper use.

Paper Reams (Kg)



Financial Year	Number of Reams of Paper	Total weight of Paper Reams (Kg)	% Change
2017	17,121.36	41,091.26	Base year
2018	19,309.34	46,342.42	+12.78
2019	20,679.84	49,631.62	+7.10
2020	16,923.68	40,616.83	-18.16
2021	15,605.63	37,453.51	-7.78
2022	17,643.8	42,345.2	+13.1

Sustainable Waste Management

In our efforts to reduce the adverse environmental and health impacts of poor handling and recycling of used batteries in Nigeria, we partnered with the Alliance of Responsible Battery Recycling (ARBR) in 2022 as a Producer Responsibility Organization (PRO) to obtain a Certificate of Recycling (battery sector) for the management of 68 Used Lead-Acid Batteries (ULABs) of 12V, 175Ah and 200Ah capacities respectively, belonging to the Bank, via a Battery Stewardship Program. This is in accordance with the National Environmental Standards and Regulations Enforcement Agency (NESREA) under the Extended Producer Responsibility

(EPR) programme to ensure an environmentally sound management of used batteries in Nigeria. This signifies the Bank commitment to increasingly promote good waste management practices in line with local regulation and best practice.

Water Efficiency

In a bid to continually ensure sound water conservation techniques, we have continually engaged staff members on efficient water management practices, also including our clients. This is being monitored and measured in line with best practice.

67

Social Sustainability

It is general knowledge that Sterling Bank has always placed its social responsibility in high regards, so much so that we often say our most valuable asset is its people. Hence, our drive towards the Bank's vision "to be the financial institution of choice" by meeting the financial needs of our clients.

Following on from the previous years, 2022 has been no different and we strive to build a more sustainable future for our people. When we say our people, we don't mean just our stakeholders, staff and customers, but also the communities around us. Being Nigeria's most 'disruptive' bank, we implement our social initiatives in line with Innovative Digitalization and Cultural Impact.

Organisations globally have continued to find more ways to digitise their processes and Sterling Bank is no different in aligning to emerging trends. At Sterling Bank, we believe that a truly sustainable, connected, and collaborative workforce is not entirely physical; and since we have incorporated flexibility into our working patterns, we recently reviewed our Remote working policy and have decided that we can go the extra mile by allowing employees to work out of the country for up to a period of three (3) months. We continue to reshape our business model into a more modern and more sustainable version. Since the inception of the digital workplace we have honed our remote working and shift patterns to cater to our employees so they have the best work – life balance achievable.

Our digital solutions foster connectivity, ease of access to information, speed of response, a network of collaboration, performance and productivity management, and the ability to make real-time decisions. Some of our continued solutions are the Sterling Virtual monthly check-in, OneAccess, Bring-Your-Own-Device (BYOD), Work-from-home bundles, Relationship Management Portal, HCHub, Employee Referral Portal, Sterling bots, and other Future of Work initiatives.

We prioritize not just the physical well being of our employees but also the mental and emotional well-being. This enables us to ensure that we can effectively carry out our duties. We continue to monitor the health situation worldwide to ensure we keep our employees as safe as possible. We have maintained some social distancing aspects and have maintained the one desk policy where employees can book a desk before they come to work from the office. Additionally we still have hand sanitizer stations situated around our buildings for added protection.

The bank also continuously supports its employees by hosting the Employee Assistance Program where access to professional counsellors is available to provide any mental health assistance when necessary. The long implemented annual medical check-up remains mandatory for all staff members which helps us to promote healthy living.

In a bid to ensure we upskill our workforce, Flex, our online Learning Management System (LMS) portal, delivers several interactive courses that teach all employees various technical and operational skills. With initiatives such as specialized and bank-wide engagement sessions with Executive Committee and members of the senior management, the general town hall meeting "Let's Talk with Abu" which brings the Managing Director in contact with all employees online quarterly, Yammer Live campaigns.

Diversity and Equal Opportunity

To fully embrace sustainability, we made changes to our operating models to promote equality and flexibly accommodate every employee's lifestyle. To achieve this, we have nurtured the right culture which is critical to fostering a gender-balanced workplace that takes pride in attaining wholesale work-life integration.

In 2021 we implemented our reviewed our Diversity, Equity & Inclusion policy which included the following 3 main diversity targets to achieve by the year 2023 within our organisation:

- 50:50 male to female employee representation bank-wide.
- 30% increase in the number of employees with disabilities.
- Appointment of at least one female Executive Director by 2023.

Out of these three (3) targets, we achieved one (1) target in the form of an equal gender ratio of our workforce and hope to successfully achieve the others within the nearest years.

Our rolling diversity strategy is highlighted below:

- Attract and hire from a talent pool that is made up of qualified individuals drawn from our four strategic categories, with diverse backgrounds and experiences to increase the diversity of thinking and perspective.

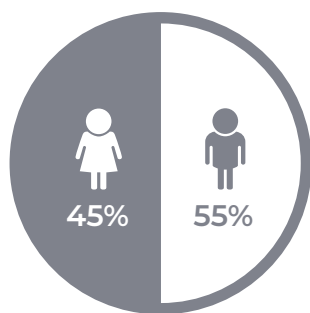


- Facilitate a culture that encourages collaboration, flexibility and fairness to enable all employees to contribute their potential, and a clear performance and talent management culture to encourage growth and increase retention.
- Identify and breakdown the existing systemic barriers to achieving inclusion by embedding diversity and inclusion in policies and practices and equipping leaders with the ability to manage diversity and be accountable for the results from their team members and mentees.

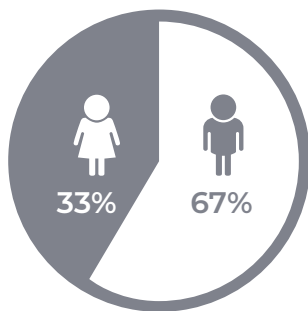
As active participating members of the United Nations Global Compact (UNGC) we always aim to contribute to the Sustainable Development Goals (SDGs) as best as we can. By actively investing in gender equality, we contribute positively to SDGs 5 (Gender Equality) and 10 (Reduced Inequalities).

Sterling Bank is an equal opportunity employer, and our hiring practices are based strictly on merit, competencies, and organizational cultural fit, and are performed without prejudice to any attributes such as, but not limited to, gender, tribe, religion, political affiliations, or physical traits.

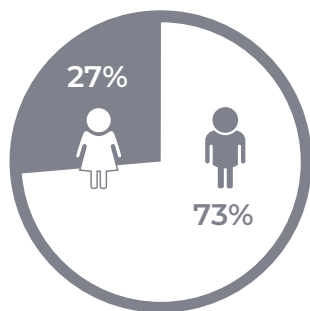
At the end of 2022, the female representation of the Bank was:



Employee Composition



Management Composition



Board of Directors

Key Diversity Highlights



N461,000,000+

Approved funding for diverse capability development programmes for Sterling female employees only in 2022.

91%

Increase in the number of female employees promoted in 2022.

285%

Increase in the number of female employees recruited.

15%

Increase in the number of female employees in senior management roles.

The Bloom Network

This advocacy group for all Sterling female employees was established in the year 2020, to achieve gender balance in decision-making levels throughout the organization. It is specifically aimed at promoting Women's career advancement, professional development, personal support, and sponsorship in the Workplace.

In the year 2022, the Bloom Network made some achievements which are listed below:

- 60% of participants in the maiden edition of the Sterling Women's Development Programme(SWDP) who got promoted during the 2021 FY performance review cycle and took on additional responsibilities.
- As we do and will continue to do every year, we mark International Women's Day with key events to celebrate and promote women. In 2022, in line with the IWD mission to create an inclusive workplace where women's careers can thrive, Sterling brought together professionals to speak out against bias and stereotypes in the corporate world.
- Held Health and Wellness awareness programmes for female employees, Managing Stress and General Wellness Webinar and Discussion with 'Deep Expressions' Author on Mental Wellness.
- For more information on the Bloom Network, kindly visit us at: <https://sterling.ng/bloomnetwork/>

70 Corporate Social Responsibility (CSR)

As a socially responsible organization, we recognize the link between our business and the communities in which we operate, and we have made considerable progress in terms of investing in local communities. During the fiscal year under review, we worked and partnered with a variety of organizations to increase our impact and completed initiatives in sectors such as Education, Agriculture, Arts, Sports, Empowerment, Health, Environment and Security.

Environment Impact

The Bank remains committed to minimizing our ecological footprint and to climate change actions that reduce greenhouse gas emissions. We understand the significance of waste recycling and the reduction of waste we generate. We consistently adopt the "Reduce, Reuse, and Recycle" approach to lessen the quantity of waste deposited in landfills.

1. Sterling Environmental Makeover (STEM)

Sterling Bank employees volunteered to assist sanitation agencies to clean major streets and marketplaces across the country as part of the Sterling Environmental Makeover (#STEM) program. The STEM initiative looks to promote long-term practices that preserve the quality of the environment. It is one of the efforts undertaken by the Bank to promote environmental sustainability in compliance with the Sustainability Development

Goals (SDGs). The project has subsequently evolved into a movement, with business entities and celebrities volunteering their support for this worthy cause.

The 2022 cleanup campaign was held across the country in 23 states concurrently. They include Ogun, Oyo, Osun, Kwara, Ondo, Ekiti, Kano, Jigawa, Abuja, Delta, Anambra, Edo, Abia, Imo, Rivers, Bayelsa, Akwa-Ibom, Gombe, Bauchi, Plateau, Katsina, Kaduna and Lagos - with **Oniru** and **Okun Ajah beaches** being the highlights of the Lagos exercise. Employees of Sterling Bank, in partnership with the Lagos State Waste Management Agency (LAWMA), Proshare, Bonnie Bio, giving.ng, Rite Foods, Sterling One Foundation, African Clean up Initiative and First Exploration & Petroleum Development Company Limited among other partners joined sanitation workers to clean the Okun Ajah and Oniru beaches and collected bio-degradable and non-biodegradable waste.

The waste was subsequently sorted, and the non-biodegradable waste was recycled, thereby enabling a sustainable business platform for recyclers. This is because Sterling Bank, as an environmentally conscious organization, recognizes the importance of waste recycling and reducing the amount of waste we generate. The bank continuously uses the "Reduce, Reuse, and Recycle" approach to reduce the amount of waste deposited in landfills.



Abiola Adelana, Head, Tourism Desk, Ali Baba, ace comedian and environmental enthusiast, Mojisola Bakare, General Manager, Corporate and Investment Banking, Tunde Adeola, Executive Director, Commercial and Institutional banking at the Oniru Beach Cleanup Exercise in Lagos to commemorate the World Recycling Day.



Cross section of participants at the Okun Ajah Beach Clean up



Cross section of participants at the Abia and Anambra street cleanup exercise



Cross section of volunteers at the Anambra Street Cleanup Exercise



Bayelsa Street Cleanup Exercise



Kaduna Street cleanup exercise



Kwara Street Cleanup Exercise



Plateau cleanup exercise



Oyo Street cleanup exercise

To manage the Bank's waste efficiently, Sterling Bank has succeeded in reducing the amount of waste being taken to landfills from the Bank's head office leveraging recycling over the last five years. By separating recyclable waste from biodegradable waste, the project enables the Bank to recycle its waste.

Biodegradable waste is disposed of by LAWMA, while recyclable waste (such as paper, cans, sachets, and pet waste) is further processed to create wealth and more jobs for small and medium-sized businesses. In the first year that the Bank's Waste Recycling Initiative was in operation, it gained 38,718 redeemable green points.



2. Climate Action Dialogue

In commemoration of the International Day for Climate Action Sterling Bank in partnership with Sterling One Foundation and the British Deputy High Commission, organized a media dialogue.

The dialogue was held at the British Deputy High Commissioner's residence in Lagos, with the theme: **"The Transition to a Circular Economy- Partnerships to Solve Pressing Challenges "**. The main aim of this dialogue was to promote media support for effective communication for development and raising awareness on critical issues with priority for Climate Action. This partnership was to activate pre-COP27 engagements

with young people, schools, educators, government, CSOs, media and the private sector.

Sterling Bank believes the people, organizations, and the media are essential parts of the intrinsic system to drive the required change, and there has never been a more urgent need to focus on this mandate than now in furtherance of the bank's passion and commitment to promoting sustainability in our environment, transformative recovery from COVID-19, and continuous Decade of Action for accelerating the implementation of the Sustainable Development Goals (SDGs).



L-R: Mr. Ben Llewellyn-Jones, British Deputy High Commissioner, Olapeju Ibekwe, CEO Sterling One Foundation, Mr. Ibrahim Odumboni, Managing Director/CEO LAWMA.



L-R: Temitayo Adegoke, Company Secretary, Sterling Bank | Temi Dalley, Chief Human Resource Officer, Sterling Bank | Moji Bakare, General Manager, Corporate and Investment Banking, Sterling Bank | Olapeju Ibekwe, CEO, Sterling One Foundation, | Ojiugo Emeruem, Group Head, Customer Experience, Sterling Bank



L-R: Mr. Ben Llewellyn-Jones, | British Deputy High Commissioner, Mr. Ibrahim Odumboni | Managing Director/CEO LAWMA Olapeju Ibekwe | CEO Sterling One Foundation, Desmond Majekodunmi | Founder, LUFASI Nature Park, Godfrey Orji |Project Manager, Sterling One Foundation.



3. Green Hub Africa Climate Action Superheroes School's outreach

As an environmentally friendly brand, Sterling Bank with Sterling One Foundation in collaboration with Green Hub Africa Foundation unveiled climate action superheroes in a school's outreach programme in commemoration of the 2022 International Day of the African Child.

The concept and aim of the climate action superheroes emanated from a United Nations (UN) comprehensive action plan developed by academics in New York, United States of America (USA) to positively engage children

during the lockdown of the COVID-19 pandemic.

Sterling Bank and Green Hub Africa are symbolically committed to supporting climate action superheroes such as Sultan from the North Central, who fights fumes, greenhouse gas emissions, and pollution, Adesuwa from the South-South, a waste collection and recycling ranger, Obi from the South East, who speaks the truth about climate change, and Amina, an energy expert from the North East, who discusses energy consumption levels and how to reduce or cut them.



Panelists at the Green Hub Africa Climate Action Superheroes School's Outreach

Environment Impact

Education is crucial for personal, social, and economic development. It helps individuals acquire knowledge, skills, values, and attitudes necessary for their growth and success. Education also provides opportunities for critical thinking, problem-solving, and decision-making. It helps to reduce poverty, inequality, and social tensions. Additionally, it fosters cultural understanding, enhances innovation and technological progress, and contributes to the overall development of society. Thus, education is a fundamental right and key to achieving a better quality of life for all.

We believe that education gives the necessary exposure for humans to reach their full potential. This influenced the Bank's decision to make it a cornerstone of its social investment program decades ago.

Sterling Bank has kept its commitment to education over the years, recognizing its strategic relevance to economic growth and social advancement. The most notable initiatives we supported in 2022 are stated below.

1. Cebar Learning Hub, Abuja - Abuja Education Conference

Cebar Learning Hub is a subsidiary of Cebar Consultancy operating in the UK, Nigeria and across other African countries with focus on Educational Leadership Training, Recruitments, Human capacity development and school improvement systems and structures.

Cebar Learning Abuja, in partnership with Sterling bank, facilitated the Abuja Education Conference, which was attended by over 5,000 representatives from key educational stakeholders. The National Union of Teachers (NUT), officials from NAPSS, and representatives from other educational groups were also present at the meeting. The conference was attended by business owners from the Education sector value chain, such as book distributors and technology providers. Sterling Bank, in its ongoing effort to promote education, met with several educational stakeholders during the conference to explore the potential to drive educational advancement in the country.



Former Minister of Education, Mrs. Oby Ezekwesili at the Abuja Education Conference



2. Ake Arts and Book Festival

The Ake Arts and Books Festival is an annual celebration of African culture and literature that features book conversations, roundtable discussions, performances, workshops, roundtable discussions, performances, stage plays, and art exhibitions by Nigerian and international artists. The festival brings together authors, artists, poets, musicians, dancers, actors, filmmakers, and thinkers from Africa and around the world to discuss and celebrate creativity.

Sterling Bank supported the festival in line with her prioritization of education and to assist storytellers and

artists who play a key role in developing the African continent to continue building and honing their craft as well as supporting Aké Festival's enormous influence on the typical Nigerian reading culture.

Over 1000 guests have directly benefited from this partnership, and so many seeds have been sown in the minds of many to display, promote, and celebrate African talent in its entire breadth and richness.

30 volunteers were taught in various aspects of festival organization, while spectators were instructed in several creative forms.



Sterling Bank MD/CEO, Abubakar Suleiman speaking at a panel session on Economic Growth in Our Lifetime at Ake Festival 2022.



At the end of a panel session on Japa vs Civic Participation with Tunji Lardner, Abake Adenle at Ake Festival 2022.

3. Kaduna Books and Arts Festival (KABAFEST)

Sterling Bank's regular investments in education are strategic and catalytic to being a mechanism for human capital development. One such investment is the Kaduna Book and Arts Festival (KABAFEST).

KABAFEST is a three-day cultural and literary festival that features booklogues, workshops, performances, film screenings, and panel discussions with Nigerian

and international writers and thinkers.

The Bank partnered with Book Buzz foundation and the Kaduna State Government to execute this event while providing N20,000 book tokens to 200 undergraduate citizens of Kaduna State. The festival sought to rekindle young enthusiasm for reading while promoting literacy as a source of recreation and amusement.



Presentation of lifetime achievement award by His Excellency, Nasir El-Rufai, Executive Governor of Kaduna state to Prof. Audee T. Giwa at Kabafest 2022.



Panelists on the Towards Sustainable Peace in Northern Nigeria session at Kabafest 2022.



4. Children's Developmental Centre Donation

Sterling Bank supported the Children's Developmental Centre that aids in providing a broad range of educational and support services for children and young people with special needs, and their families within the community. The Bank provided a donation meant to meet children's needs for a studio space for their future and present needs. Sterling Bank aims to see children and young people with developmental disabilities in communities receive proper and bespoke services suitable for their holistic development.

5. Lagos Chamber of Commerce and Industry (LCCI) Essay Writing Competition

The Lagos Chamber of Commerce and Industry (LCCI) Secondary Schools Essay Competition is an annual academic endeavor aimed at improving the critical thinking, logical reasoning, writing and literary skills of students in secondary schools, improving the quality of the country's future talent. In line with Sterling Bank's prioritization of education focused initiatives, the Bank supported the initiative and sponsored the Winners.

The winners included Master Nwomuma Wisdom who won the first prize of N500,000, followed by Nwokolo Ifena, who came in second and won a cash award of N350,000, and Miss Pamzat Debrah, who received a cash gift of N300,000.



General Manager, Corporate and Investment Banking, Sterling Bank, Mrs. Mojisola Bakare presenting the prizes at the Lagos Chamber of Commerce Essay Writing Competition

6. National Chess Championship Lagos

The Bank partnered with the Orchid-Lekki Chess Club to host the National Chess Championships, which are well-known across the world. The sponsorship reflects the bank's commitment to the development of education in Nigeria through chess, a game that develops intellectual thinking.

The greater influence is also on the youngsters in the junior categories, with 342 players ranging from juvenile to adult. The championship winners will also represent Nigeria in the World Chess Olympiad.

7. Chess in Slums Partnership

Sterling Bank collaborated with the Chess in Slums organization to provide scholarships and cover the tuition fees of ten children. This reflects the bank's goal to establish and/or support platforms to ensure that every child in Nigeria receives a quality education.

Other elements of the sponsorship directly and indirectly touched the lives of 10 children and 20 parents, as well as 10 distinct communities with over 1000 inhabitants in the Lagos slums.



The Orchid-Lekki Chess Club members, along with David Adebayo; the Group Head (Business Growth and Partnership), Sterling Bank at the National Chess Championship 2022.



8. The One Million Teachers Partnership

The One Million Teachers initiative is a platform to facilitate teachers' continuous professional development through collaboration and learning. Sterling Bank partnered with the initiative to execute ongoing learning for teachers and over 500 teachers were trained directly and indirectly during the year.

Other benefits include:

- Capacity building
- Personal development for the teachers that did train the trainer sessions at their locations
- Immense positive impact on over 10,000 students taught by these teachers.

Sterling Bank was drawn to partner with The One Million Teachers initiative because of its identification of significant gaps in teacher training, both directly and indirectly, and the need for investments to close these gaps, particularly in teacher ability building and personal development for teachers.

9. Schools Support: Premier International School, Abuja - 25th Anniversary

Among several schools supported, the Bank commemorated Premier International School's 25th anniversary. The school, which is 500 students strong, celebrated its anniversary with different activities ranging from sports activities by students and drama presentations.

10. Schools Support - Starville Schools, Abuja - Interhouse Sports

Sterling Bank also supported the Starville schools on its interhouse sports which provided recreational opportunities for the children with significant benefits for their overall wellbeing.

11. Schools Support - Benford International School, Abuja – Interhouse Sports

The Bank also supported the execution of various sports activities at Benford International School, Abuja at their annual Interhouse sports event providing an opportunity for the young ones to express their talents and potentials.

12. Schools Support - St. Paul Grammar School Delta State - Support for developmental Projects

To ensure a better learning environment for the students and help improve their academic performance, Sterling Bank supported the renovation of the St Paul Grammar School's facilities that were in need of repair. The school is located in Ebu, Delta State. This will have a direct influence on the students' learning given the more conducive environment, which will empower them, enable their dreams, boost their confidence, and offer them renewed hope for a brighter future..



Primary/Crèche Students of Premier International School, Abuja.

Social Empowerment

Sterling Bank is committed to social empowerment and has undertaken several initiatives to support and uplift communities in Nigeria. The bank's social empowerment programs are aimed at addressing the challenges faced by vulnerable groups, including women, youths, and people with disabilities.

Sterling Bank's social empowerment programs include advocacy, among other initiatives. These programs provide financial and non-financial support to small and medium-sized enterprises (SMEs) in Nigeria. Through the program, SMEs can access loans, training, and mentorship to help them grow and become more profitable. These initiatives have helped many entrepreneurs to improve their businesses and create employment opportunities in their communities.

Overall, Sterling Bank's social empowerment initiatives are aimed at promoting sustainable development and creating a better future for Nigerians. The bank's commitment to social responsibility is an essential part of its corporate culture, and it continues to explore innovative ways to make a positive impact on society.

1. Africa Social Impact Summit

The Africa Social Impact Summit is a global gathering of major influencers from the public, private, and development sectors, including the heads of government parastatals, the heads of UN organizations, international donors, civil society leaders, impact

investors, and entrepreneurs. Its objective is to forge regional coalitions and partnerships that accelerate impact investments into crucial economic sectors, shape market-led solutions, and accelerate action toward the achievement of the Sustainable Development Goal (SDGs) 2030.

The Summit's 2022 theme was "Rethink, Rebuild, Recover: Accelerating Growth for the SDGs," with focus on climate solutions, the circular economy, health, renewable energy, food security, gender equality and WASH.

Sterling Bank was a strategic partner on the first edition of this summit held for 2 days at the Transcorp Hilton Hotel, Abuja with delegates from over 66 countries.

2. 2022 National Conference on MSMEs

In demonstration of its commitment to owners of emerging businesses, Sterling Bank supported the 2022 National Conference on MSMEs with the theme: 'Driving MSME Competitiveness Via Public-Private Collaboration'.

The purpose of the Conference was to provide a much-needed venue for developing strategies and means of making the 39 million MSMEs competitive in the global market. Panel discussions during the conference emphasized how they intend to increase MSMEs' contributions to the national export basket from 6% to 10% within the next three years.



Abubakar Suleiman, MD, Sterling Bank, giving the Opening speech and welcome address.



Ben-Lewellyn James, British Deputy High Commissioner to Nigeria giving a goodwill message at the summit



Patricia Obozuwa, Vice President, Public (Government) Affairs, Communications & Sustainability, Africa, Coca-Cola giving the keynote address at the summit.



Matthias Schmale, United Nations Resident and Humanitarian Coordinator (Nigeria) giving the keynote address at the summit.



L-R: Chief Product officer Sterling Bank Plc, Mustapha Otaru; Honorable Commissioner, Ministry of Industry, Trade and Investments, Ogun State, Mrs. Kikelomo Longe; Director General, Small and Medium Enterprise Development Agency of Nigeria, Mr. Olawale Tunde; Chairman Odu'a Group, Bimbo Ashiru and Cluster Coordinator, Sustainable Economic Development Cluster and Promotion of Employment in Nigeria, Mr. Markus Wauschkuhn, at the 2022 National Conference on MSMEs in Lagos.

Health Impact

Sterling Bank is deeply committed to deploying resources in support of Nigeria's healthcare system. The Bank is in partnership with various state governments like Lagos, Cross River, Bayelsa, Kaduna and Ekiti state on building more robust and resilient structures to manage emergencies better.

In Cross River, Sterling Bank and a consortium of partners have been heavily involved in the design and implementation of a health insurance scheme, along with other policies, to digitize and improve access to records and ensure the availability and delivery of pharmaceuticals to create a de-risked health care value chain.

Apart from the above mentioned, other initiatives executed to promote better healthcare for the Nigerian people are as follows.

1. The Nigerian Healthcare Excellence Award

The Nigerian Healthcare Excellence Award (NHEA) is an annual event that recognizes and celebrates individuals and organizations that have made significant

contributions to the growth of Nigeria's healthcare industry over the years.

Sterling Bank, a pivotal player in the health sector, is a major sponsor of the award, which has had an overall positive impact on the health sector by promoting healthy competition among over 150 healthcare organizations - both private and public - to find innovative ways to deliver quality health care services across Nigeria. Sterling Bank was also recognized and awarded for her contributions to the health sector.

2. Protect the Needy Foundation

Protect the Needy Foundation provides the less privileged with aid and medical treatment, through donations of food, clothing, and adult, and children's medical care.

Sterling Bank partnered with Giving.ng and the Protect the Needy Foundation to offset the medical bills of 8 Nigerians in Abuja, Kwara, Lagos, and Nasarawa states who were unable to pay their medical bills.



The Group Head of Health Sector Financing, Ibironke Akinmade, and Adatugo Oyeboji, General Manager of Café One, presenting the award to one of the recipients of the Sterling Special Recognition Awards at the Nigerian Healthcare Excellence Awards 2022.



A beneficiary receiving her cheque from Giving.ng in partnership with Sterling Bank



An emotional moment when a beneficiary's medical bill was paid for by Protect the Needy Foundation

3. World AIDs Day Commemoration

In commemoration of World Aids Day, the Bank partnered with Giving.ng and Join the Cast, a unique initiative to raise awareness on the health challenge leveraging basketball. The theme of the year's World AIDS Day was 'Equalize'. Sports was used as an avenue to create sufficient awareness about the inequalities which slow down the eradication of AIDS.

The Basketball game targeted adolescents, youths, and adults while using the competitive, interactive, team-based, and communicative qualities of the game of basketball and entertainment components to amplify HIV prevention awareness.

Additionally, the initiative included free voluntary HIV consultation and testing, and other health screenings including blood pressure and diabetes tests.

Over 3,000 people benefited from the campaign.

4. Cancer Awareness Campaign by the 100k Club

Statistics reveal that the fourth most frequent cancer in women globally and the fourth leading cause of cancer-related fatalities is cervical cancer. Globally, there were 342,000 cervical cancer fatalities and 604,000 estimated diagnosed cases in 2020.

Cervical cancer is a danger for all women. Data, however, shows that women over 30 are more likely to experience it. Human papillomavirus (HPV), a prevalent

family of viruses spread through sexual contact, is the main cause of cervical cancer.

Over 14,000 cases and 28 estimated deaths per day are caused by Cervical cancer in Nigerian women. Despite being preventable, the rising number of cases in many women are attributed to late detection, which is why Sterling Bank, in partnership with the Sterling One Foundation and Giving.ng, partnered with the 100k Club in organizing outreaches to spread awareness on the importance of early detection of Cervical Cancer and providing free screenings to mark the Cervical Cancer awareness month. 411 women were screened and over 70 women received cryotherapy treatment for pre-cancer cells.

5. Gift A Pad Outreach 2.0

In commemoration of Menstrual Hygiene Day, Gift a Pad Outreach 2.0, in partnership with Sterling Bank and Giving.ng, organized a seminar to educate women and girls on proper menstrual hygiene and reproductive health. Over 100 million girls and women in the world lack access to menstrual care and hygiene.

The Gift A Pad Outreach project takes a multi-pronged approach to achieve menstrual equity by providing menstrual hygiene, self-esteem tips, sex education, and menstrual hygiene kits to women and girls with community partnerships, and sexual and reproductive health education in underserved communities, rural settlements, informal settlements, etc. Participants were given free pads.



On Air Personality, Soni Irabor and convener 'Join the Cast' with staff of Giving.ng at the Basketball match



Ruth Ozigbo of Giving.ng giving out dignity kits and educating Participants on Proper Hygiene



Dr. Chinonso Egemba (@aprokodoctor) receiving the grant award.



Dr. Wale Ogunlana of the 100k Club, Dr Chinonso Egemba of the 100k Club and staff of Giving.ng

Youth Development

1. Ajegunle Sports Center Launch

Sterling Bank has identified the need to harness sports to foster unity and youth development which informed the Bank's partnership with Nathaniel Idowu Foundation a 'youth development foundation through sports' to provide the popular Ajegunle Sports center in Lagos State with new and modern facilities.

The Sports Center was remodeled and unveiled with various athletic activities in which 128 teams competed. This would directly and indirectly, benefit approximately 4,000 youths, helping them hone their talent, express themselves, boost their morale, raise their esteem while paving the way for multiple career paths with possible international recognition for the teeming youths of Ajeromi Ifelodun Local Government.



2. Upsurge Royal Leadership Fellowship

The Royal Leadership Fellowship academy is a mentorship Initiative that looks to bridge the gap between leading voices in diverse industries and newcomers in the industry.

The Bank supported the initiative in partnership with giving.ng on their goal to organize a National Leadership Summit to promote youth innovation and entrepreneurship. This aligned with the Bank's prioritization of enabling youth leadership, enterprise and development. The academy selected 20 participants who were trained, and mentored, with different platforms provided for them to display and harness their skills, while connected to global leaders.



A cross-section of beneficiaries registering to use the facility and participants in action on one of the 19 football pitches at the launch event



Agriculture

Sterling Bank is committed to supporting Nigeria's agricultural sector and has undertaken several initiatives to promote agricultural empowerment. The bank recognizes that agriculture is a critical sector for economic development, job creation, and poverty reduction, and has designed several programs to support farmers and agribusinesses in Nigeria.

Sterling Bank supports capacity building in agriculture through its "Agricultural Summit" initiative. The summit brings together stakeholders in the agricultural value chain to discuss best practices, innovations, and policy solutions that can support the growth and development of the sector. The bank also partners with other organizations to provide training and extension services to farmers and agribusinesses.

Overall, Sterling Bank's agricultural empowerment initiatives are aimed at creating a more inclusive, sustainable, and productive agricultural sector in Nigeria. The bank's commitment to supporting agriculture is an essential part of its corporate culture, and it continues to explore innovative ways to support farmers and agribusinesses in the country.

1. Microsoft Agric Hackathon

In partnership with Sterling Bank, Microsoft organized an Agric Hackathon, which aimed to promote innovation and technology-driven solutions in the Nigerian agricultural sector. The hackathon brought together farmers, developers, technology experts, and other stakeholders to develop innovative solutions to the challenges facing the agriculture industry in Nigeria.

The Agric Hackathon provided a platform for participants to develop technology-driven solutions that could help farmers increase productivity, reduce post-harvest losses, and improve access to finance and market information. The participants were tasked with developing solutions that could help address some of the challenges facing the agriculture industry, such as lack of access to finance, climate change, inadequate storage facilities, and inefficient supply chain management.

The participants were grouped into teams, and each team was provided with mentorship and support to develop their ideas into prototypes. The teams had

to present their solutions to a panel of judges, who evaluated the solutions based on their innovation, feasibility, and potential impact on the agriculture sector.

The winning team was awarded a cash prize and the opportunity to work with Sterling Bank to implement their solution. The Agric Hackathon was a successful event that provided an opportunity for participants to collaborate, network, and learn from each other. The event also showed the potential of technology in transforming the agriculture sector in Nigeria.

Overall, the Microsoft Agric Hackathon sponsored by Sterling Bank supported innovation and technology-driven solutions in the agriculture industry. The event demonstrated the bank's commitment to supporting the growth and development of the agricultural sector in Nigeria and its recognition of the role of technology in achieving this goal.

2. Youth For Apiculture Initiative YFAI

Sterling Bank has been an ardent supporter of the Youth for Apiculture Initiative, which is aimed at promoting beekeeping as a viable source of income and employment for young people in Nigeria.

The Youth for Apiculture Initiative is a youth-led organization that seeks to promote the apiculture sector in Nigeria by providing training, mentorship, and access to finance to young beekeepers.

Through its support of the Youth for Apiculture Initiative, Sterling Bank has provided financial and technical support to young beekeepers across Nigeria. The bank's support has enabled young beekeepers to access training, mentorship, and finance to start and grow their beekeeping businesses.

One of the key achievements of the Youth for Apiculture Initiative is the creation of employment opportunities for young people in the apiculture sector. The initiative has helped young beekeepers to set up their own beekeeping businesses, which has provided them with a sustainable source of income and employment. The initiative has also contributed to the development of the apiculture sector in Nigeria, which has significant potential for economic growth and job creation.

Sterling Bank's partnership and sponsorship of the Youth for Apiculture Initiative demonstrates the bank's commitment to supporting youth entrepreneurship and promoting sustainable economic growth. The bank's support has helped to create a vibrant and dynamic apiculture sector in Nigeria, which has the potential to transform the lives of many young people in the country. The Bank's sponsorship of the Youth for Apiculture Initiative is an excellent example of how private sector organizations can support youth entrepreneurship and promote sustainable economic growth. The initiative has created a significant impact and serves as a model for other organizations looking to support young entrepreneurs in Nigeria.

Women Empowerment

Sterling Bank strongly believes in Empowering women as this is essential to the health and social development of families, communities, and our country. The bank believes that when women are living safe, fulfilled, and productive lives, they can reach their full potential, contribute their skills to the workforce and raise happier and healthier children.

Below are some of the Empowerment initiatives carried out by the Bank in 2022:

1. GBV Advocacy Movie Screening- CHATROOM

Sterling Bank continues to support women and young girls who have been victims of gender-based violence at one time or another to inspire them to develop the courage to break the silence and get help. In line with this, Sterling Bank supported the production of a movie titled CHATROOM to advocate for and sensitize women and girls on Gender Based Violence leveraging entertainment.

The movie, CHATROOM is aimed at creating awareness on the impact of gender-based violence on girl child education. Mental health and the wholeness of the woman and emphasizing the power of 'Breaking the Silence' as a first step to healing for gender-based abused survivors in the Nigerian society.

CHATROOM depicts the uplifting story of Ebieri, a young, demure woman who enters a dance reality TV show to forget her traumatic past. The events in the house change the odds on her, causing national chaos.



L-R: Temi Dalley, Chief Human Resource Officer, Sterling Bank | Mrs. Olapeju Ibekwe, CEO, Sterling One Foundation and Producer CHATROOM | Mojisola Bakare, General Manager, Corporate and Investment Banking, Sterling Bank and Friya Kimde Bulus, Director, Gender Affairs, representing the Minister of Women Affairs, Pauline Tallen at the movie premiere of CHATROOM in Lagos.



Guests and staff of Sterling One Foundation at the Movie screening at Ebonylife Place, Victoria Island, Lagos



L-R: Mrs. Adesuwa Onyenokwe | Publisher Today's Woman magazine, Mrs. Hansatu Adegbite | Executive Director, Women in Management, Business and Public Service (WIMBIZ), Her Excellency, First Lady of Ogun State, Mrs. Bamidele Abiodun and Mrs. Olapeju Ibekwe, CEO, Sterling One Foundation and Producer CHATROOM at the private screening of the movie as part of the activities to commemorate the 16 days of activism against gender-based violence.

2. International Widows Day Event

Sterling Bank, in collaboration with the International Women's Society, empowered and equipped up to 250 widows and marginalized women with skills, funding, and equipment to help them set up a future for themselves and their children through the One-Woman proposition.

The United Nations (UN) set up International Widows Day to draw awareness to widows' voices, experiences and to galvanize the unique support they need. The theme of the 2022 IWD was "There is a day for that."

3. Women Founders Conference Kano

The need to support women led businesses has grown significantly over the last few years. As part of her prioritization of women led businesses, Sterling bank supported the Women Founders conference in partnership with Start-Up Kano. This was to encourage the integration of youths and young women in agriculture and technology in Kano.

4. International Womens Day (Boardroom Readiness)

In commemoration of International Women's Day, Sterling Bank, through its One-Woman initiative, took part in and sponsored a roundtable discussion themed "Boardroom Readiness: Enlightening and Equipping Women." Many women from various professions were part of this timely initiative. The event had both virtual and physical participation.

5. Women in Business (WIMBIZ) Partnership⁹

Women in Management, Business, and Public Service, (WIMBIZ), is a reputable non-profit organization that engages women from a variety of professions, entrepreneurship, and the arts, inspires, empowers and advocates for greater representation of women in leadership positions in the public and private sector.

WIMBIZ's aim is to be a catalyst for advancing women's position and influence and their contribution to national development. As part of her women empowerment initiatives, Sterling Bank sponsored the WIMBIZ annual conference themed 'Firing Forward: The Future in Focus' with the aim of boosting their career and business growth. The event had over 2,000 women in attendance.



A cross-section of beneficiaries at the International Widow's Day event in 2022.



A beneficiary receiving her seed donation from the CEO, Sterling One Foundation, Olapeju Ibekwe at the International Widow's Day event.



The Sterling Bank Team at the Women Founders Conference Kano



Cheque presentation to the small businesses at the conference

6. Women Initiative Programme Sponsorship by SWAY - Agfin

Sterling Bank in partnership with the Women Initiative Programme (WIP) by SWAY - Agfin sponsored the education of 300 women on agricultural practices. The initiative aims to empower women in the agricultural sector with knowledge and skills to improve their yields, income, and livelihoods.

The Women Initiative Programme Sponsored by SWAY - Agfin is a non-profit organization that looks to empower women in agriculture through education and training. The organization focuses on addressing the unique challenges that women face in the sector,

including limited access to finance, markets, and information.

300 women benefited from the initiative, and they received training in various aspects of agriculture, including crop production, livestock management, and value chain development. The program also provided financial literacy training to help the women access financial services and manage their finances effectively.

Through this partnership, Sterling Bank played a key role in promoting gender equality and women empowerment in agriculture. The bank recognizes that investing in women in agriculture is critical to achieving food security, reducing poverty, and promoting economic growth in Nigeria.



Participants at the Boardroom readiness event



Security

Sterling Bank recognizes that security is a critical factor in enabling economic growth and development, and prioritized investments in this to contribute to creating a safe and secure environment for business and other activities to thrive.

1. Security Funds Support

To promote the safety of lives and properties, and to demonstrate its commitment to the well-being of its customers, employees, and the public, Sterling Bank supported the Anambra State Security Trust Fund with a donation. The funds were aimed at aiding the security operatives to combat criminality, insurgency and kidnapping in Anambra State.

As a socially responsible corporate organization, Sterling Bank also donated to the Lagos State Security Trust Fund to support the efforts of the Lagos State Government in enhancing security in the economic capital of the country. The Bank's donation was motivated by the need to support the government in its efforts to tackle the security challenges in the state, improve the security

of lives and property and stem criminal activities in the State. The Lagos State Security Trust Fund is an initiative of the Lagos State Government aimed at mobilizing funds from individuals and corporate organizations to support the security agencies in the state. The fund was used to provide equipment and logistics, training and capacity building for security personnel.

2. Nigeria Police Force (NPF) Radio Campaign against jungle justice

The Nigerian Police Force initiated a radio campaign against jungle justice in 2022. The campaign aimed to educate individuals against mob public executions of suspected criminals, resulting in innocent citizens' deaths. The Nigerian police decided to launch a radio campaign to educate the public about this illegal act, which is considered an offence in the eyes of the law.

Sterling Bank supported this initiative as it recognizes the value of human life and believes that no one should take another human's life without due process of law.

Corporate Social Investments

Donations and Charitable Gifts

The Bank donated a total sum of **N281** million during the year ended 31 December 2022 (2021: N250million) to various charitable organizations in Nigeria, details of which are shown below. No donation was made to any political organization.

104

Sustainability Governance

Sterling Bank is committed to setting high standards in all business activities we embark on and in the interactions with our stakeholders. Our governance structures are designed to make sure our business is running at its best. We review and update our processes and controls to make sure we are always following the highest standards. Our corporate standards and Business Principles serve as a guide for us to stay accountable, transparent, and ethical in our business practices.

We provide a safe, secure, and compliant financial system by working closely with our regulators to ensure we understand the spirit and letter of all rules and regulations. This has empowered us to manage the safety of our industry with courageous integrity and learn from past events.

A strong governance system is essential for our successful business strategy implementation. At our organization, we have established a governance system that ensures proper oversight from both the boards and executive levels in the implementation of our business objectives.

At an operational level, the governance system facilitates the development of policies, procedures and protocols that ensure compliance with all applicable laws, regulations, and ethical standards. It also ensures that there are systems in place to monitor performance, track risks, evaluate opportunities and make necessary strategic decisions. This help ensure that our organization can pursue its goals while adhering to all relevant legal requirements.

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Codes, Standards and Guidelines

Sustainable governance is essential for any financial institution, and the Bank has developed a set of codes, standards, and guidelines to ensure its practices are aligned with this goal. These codes, standards, and guidelines cover a wide range of topics such as environmental sustainability, corporate social responsibility (CSR), diversity and inclusion (D&I) strategies, risk management strategies, and responsible business conduct. They act as an important foundation for the Bank's sustainable governance approach.

Sterling Bank identifies that in order to create a culture of ethical behavior and compliance with the policies, all employees must be trained on the guidelines for integrity and compliance during onboarding and as a continuous process. These trainings provide employees with an understanding of the importance of ethics, governance, and sustainability in their roles, and employees are equipped with the required knowledge to make decisions that are in line with organizational values and goals.

Moreover, our ethics and compliance trainings are structured to create a sense of ownership among the employees towards the communities we serve, our reputation and bottom line. A specific training is conducted on adherence to the Code of Conduct policy and Standard Operating Manual which is mandatory and usually revalidated every two years. In 2022, 96% of employees and 100% of executives successfully completed the Trade Based Money Laundering Course, while 98% of employees and 100% of executives successfully completed the Ethics & Compliance Certification E-learning Course. The E&S Risk Management team also conducted quarterly trainings for the business units on E&S Risk Monitoring process and compliance with E&S regulations, with 85% participation level.

Whistleblowing

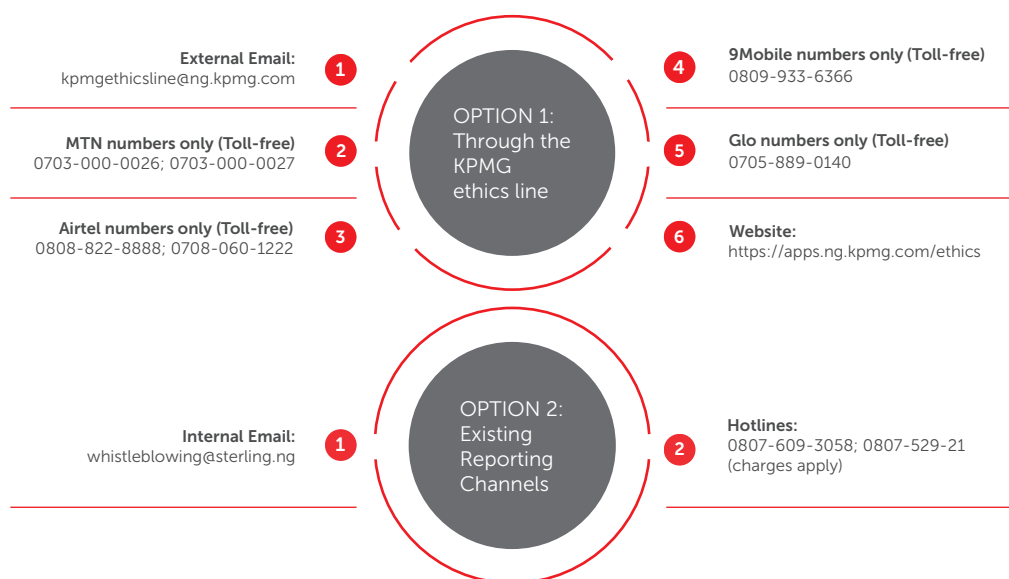
The Bank encourages employees, contractors, vendors, customers and any members of the public to speak up if they witness any inappropriate or irregular activity within the Bank. We have implemented a whistleblowing policy to ensure employees who whistle blow are protected from any victimization or harassment. We have a dedicated whistleblowing email and hotlines to report any ethical failures in the workplace.

The Bank objectively views and handles all reported cases in a quick and discreet manner, with the information made available only to those assigned for investigative and resolution purposes. No level of employee is exempt from being reported. All reports are handled with confidentiality and anonymity, as permitted by all legal and regulatory provisions.

Whistleblowing emails and hotlines representation:

They are responsible for overseeing the decision-making process concerning the Bank's policies, strategy, risk management approach, and other related matters such as climate change risks. Headed by the chairman, the Board comprises of a diverse group of industry experts. This helps in ensuring that all aspects are taken into consideration before decisions are made.

We acknowledge the need to build partnerships which



Sustainable Banking Governance

The Bank encourages employees, contractors, We focus on Sustainable banking best practice by ensuring transparency in our governance practices. This includes making sure that all roles and responsibilities are clearly defined and communicated to stakeholders. Every initiative related to sustainable banking takes into consideration the long-term impact on the environment, society, and economy.

The Bank's approach is to ensure that all aspects of our operations are conducted in a responsible manner with respect to sustainability principles.

The Board of Directors play a crucial key role in ensuring the implementation of sustainability and governance in Sterling.

currently is a major part of our strategy, therefore, we will continually create platforms and forums to enable global engagements and collaboration across the industry sectors.

Sustainability Working Group (SWG)

The Chief Risk Officer and the members of Sustainable Banking Working Group are instrumental in executing the Bank's Sustainable Banking Policy. Guided by the SWG Charter, they have a responsibility to ensure that the policy is effectively implemented, monitored, and reported on. The SWG communicates the Bank's sustainability initiatives and strategies while providing feedback on its effectiveness. Furthermore, they ensure that sustainability initiatives are closely aligned with the Bank's overall risk management strategy.

Nigerian Sustainable Banking Principles (NSBP)

Sterling Bank adopted the nine (9) Nigerian Sustainable Banking Principles, which is a set of principles aimed at promoting sustainability in banking and governance. The principles focus on responsible banking practices that are beneficial for both the financial sector and the environment.

They also promote good corporate governance and risk management practices to ensure long-term sustainability. By implementing these principles, Sterling Bank has achieved a higher level of transparency in its operations while mitigating risks to its customers, shareholders, stakeholders, and the environment.

United Nations Global Compact (UNGC)

Sterling Bank is committed to integrating the United Nations Global Compact (UNGC) into its operations. As a participatory member of the UNGC, adopted in December 2018, Sterling Bank has made a commitment to uphold the values and principles set out in the UNGC. This includes promoting human rights, labor standards, environmental protection, and anti-corruption initiatives. The bank is also committed to engaging with stakeholders to ensure it is meeting these objectives and contributing positively to society.

Sustainable Development Goals

Sterling Bank has been at the forefront of the Sustainable Development Goals (SDGs) since its inception. The bank has consistently strived to align our strategies with the SDGs while making positive contributions to their realization. From providing access to finance for small businesses, to promoting gender equality, Sterling Bank has been a leader in sustainable development initiatives.

The bank's commitment to sustainability is evident in our corporate social responsibility (CSR) initiatives, which include supporting local communities and providing financial literacy programs. Additionally, we work with non-governmental organizations and other stakeholders to create a more inclusive environment for all stakeholders involved in achieving the SDGs. By leveraging our resources and expertise, we will continue to make a difference in realizing the SDGs.

International Finance Corporation

Since 2015 we have adopted the International Finance Corporation's (IFC) Performance Principles and the World Bank Group Environmental Health and Safety (EHS) Guidelines in assessing Environmental and Social (E&S) risks in credit transactions. This move has enabled us to better understand and manage our E&S risk exposure while also providing an opportunity to improve on our sustainability performance.

To ensure that these principles are adequately implemented, we have updated and aligned our systems and processes to ensure compliance with these standards.

Task Force on Climate-related Financial Disclosures

Sterling Bank is committed to integrating and implementing the recommendations of the Task force on climate-related financial disclosures (TCFD) to ensure that the financial impacts of climate-related risks and opportunities in its business operations and activities are assessed and measured using the four TCFD core elements, which includes Governance,





Strategy, Risk Management, Metrics and Targets. Aligning to the TCFD recommendations enables the Bank to identify and assess Climate-related risk and opportunities over a short, medium and long term period, as well as manage the impact to the business.

As such, we have commenced a robust Climate physical risk analysis of the Bank's loan book and a transition risk analysis in line with the TCFD methodologies, to guide our transition to a low carbon economy and improved investment and decision -making.

Wolfberg Group

As a part of our commitment to sustainability and good governance, Sterling Bank adheres to the Wolfberg Group's anti-money laundering standards.

We believe compliance with these standards is essential for ensuring the safety of our customers and for protecting the financial system from criminal activities.

As such, we have actively taken steps to ensure that we meet all the requirements laid out by the Wolfberg Group. This includes implementing appropriate policies and procedures, training staff in anti-money

laundering regulations, customer identification, risk assessment, transaction monitoring, record keeping and customer due diligence.



CENTRAL
BANK OF
NIGERIA



Governance

Reports



100

Corporate Governance Report

For The Year Ended 31 December 2022

The Board of Sterling Bank Plc. ("the Bank") is pleased to present its Corporate Governance Report for the Financial Year 2022. The Bank ensures compliance with the relevant provisions of the Financial Reporting Council of Nigeria (FRCN), the Central Bank of Nigeria (CBN) Codes of Corporate Governance as well as the Bank's Corporate Governance Policy. The Board ensures that the Bank's Corporate Governance Policy and structure are reviewed regularly to align with changes in the industry and extant regulations.

The Board

The Board of Directors is responsible for determining the overall strategy for the Bank, assessing the Bank's risk appetite, and establishing rules for decision-making, financial reporting and financing and operations. During the 2022 Financial Year, two Directors were appointed to the Board - Mrs. Olusola Oworu (Independent Director) and Mr. Olatunji Mayaki (Non-Executive Director) with effect from 13 April 2022. Also, Dr. (Mrs.) Akanji (Independent Director) retired from the Board effective 25 February 2022, Mr. Emmanuel Emefienim (Executive Director) resigned from the Board effective 28 February 2022 and Mr. Paritosh Tripathi (Non-Executive Director) resigned from the Board effective 17 August 2022.

Board Composition

The Board is made up of the Chairman, Non-Executive Directors, Executive Directors and Independent Directors who ensure corporate governance practices and standards are maintained in the Bank. The Board members and details of their respective attendance at meetings are as follows:

SN	Director	Designation	Attendance	No. of Meetings
1	Mr. Asue Ighodalo	Chairman	6	6
2	Dr. (Mrs.) Omolara Akanji *	Independent Director	1	1
3	Mrs. Olusola Oworu***	Independent Director	5	5
4	Mr. Olaitan Kajero	Non-Executive Director	6	6
5	Mrs. Tairat Tijani	Non-Executive Director	6	6
6	Mr. Michael Jituboh	Non-Executive Director	6	6
7	Mr. Ankala Prasad (Indian)	Non-Executive Director	4	6
8	Mr. Paritosh Tripathi (Indian) ****	Non-Executive Director	2	2
9	Mrs. Folasade Kilaso	Non-Executive Director	6	6
10	Mr. Michael Ajukwu	Independent Director	6	6
11	Mr. Olatunji Mayaki ***	Non-Executive Director	5	5
12	Mr. Abubakar Suleiman	Managing Director / CEO	6	6
13	Mr. Yemi Odubiyi	Executive Director	6	6
14	Mr. Tunde Adeola	Executive Director	6	6
15	Mr. Raheem Owodeyi	Executive Director	6	6
16	Mr. Emmanuel Emefienim**	Executive Director	1	1

* Retired effective 25 February 2022 ** Resigned effective 28 February 2022

*** Appointed effective 13th April, 2022 **** Resigned effective 17 August 2022

Board Committees

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

Board Credit Committee

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

Terms of reference

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

The members and respective attendance in committee meetings are as follows:

SN	Director	Designation	Attendance	No. of Meetings
1	Mrs. Olusola Oworu***	Chairperson	2	2
2	Dr. (Mrs.) Omolara Akanji*	Chairperson	1	1
3	Mr. Olaitan Kajero	Member	4	4
4	Mr. Michael Ajukwu****	Member	3	3
5	Mrs. Tairat Tijani	Member	4	4
6	Mr. Abubakar Suleiman	Member	4	4
7	Mr. Yemi Odubiyi	Member	4	4
8	Mr. Emmanuel Emefienim**	Member	1	1
9	Mr. Tunde Adeola	Member	4	4

* Retired effective 25 February 2022 ** Resigned effective 28 February 2022 ***
Appointed effective 27 April 2022 **** Exited Committee effective 17 August 2022



Board Finance and General Purpose Committee

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

Terms of reference

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

The members of the Board Finance and General-Purpose Committee and respective attendance at meetings are as follows:

SN	Director	Designation	Attendance	No. of Meetings
1	Mrs. Tairat Tijani	Chairperson	5	5
2	Mrs. Folasade Kilaso**	Member	3	3
3	Mr. Michael Jituboh	Member	5	5
4	Mr. Olaitan Kajero**	Member	3	3
5	Mr. Olatunji Mayaki*	Member	3	3
6	Mr. Abubakar Suleiman	Member	5	5
7	Mr. Yemi Odubiyi	Member	5	5
8	Mr. Raheem Owodeyi	Member	5	5

* Appointed effective 27 April 2022

** Exited Committee effective 17 August 2022

Board Risk Management Committee

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

Terms of reference

- Review and recommend to the Board the risk management policy including risk appetite, risk limits, tolerance and risk strategy.
- Review and recommend to the Board for approval the Bank's Enterprise-wide Risk Management Policy and other specific risk policies.
- Monitor the Bank's plan and progress in meeting regulatory risk based supervision requirements.
- Monitor implementation and migration to Basel II, III, and IV and other local and international risk management bodies as approved by the regulators.
- Review the organization's risk-reward profiles including credit, market and operational risk-reward profiles and where necessary, recommend strategies for improvement.
- Evaluate the risk profile and risk management plans drafted for major projects, acquisitions, new products and new ventures or services to determine the impact on the risk reward profile.
- Oversight of Management's process for the identification of significant risks and the adequacy of prevention, detection and reporting mechanisms.
- Receive reports on, and review the adequacy and effectiveness of the Bank's risk and control processes to support its strategy and objectives.
- Endorse definition of risk and return preferences and target risk portfolio.
- Periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Bank's risk profile.
- Ensure compliance with the Bank's credit policies, applicable laws and statutory requirements prescribed by the regulatory/supervisory authorities.
- Review the effectiveness of the risk management system on an annual basis.
- To perform any other duties assigned by the Board from time to time.

The members and respective attendance in committee meetings are as follows:

SN	Director	Designation	Attendance	No. of Meetings
1	Mr. Olaitan Kajero	Chairman	5	5
2	Dr. (Mrs.) Omolara Akanji*	Member	1	1
3	Mr. Michael Ajukwu	Member	5	5
4	Mr. Ankala Prasad	Member	3	5
5	Mrs. Olusola Oworu***	Member	3	3
6	Mr. Olatunji Mayaki***	Member	3	3
7	Mr. Abubakar Suleiman	Member	5	5
8	Mr. Yemi Odubiyi	Member	5	5
9	Mr. Emmanuel Emefienim**	Member	1	1
10	Mr. Raheem Owodeyi	Member	5	5

* Retired effective 25 February 2022

** Resigned effective 28 February 2022

*** Appointed effective 27 April 2022



Board Audit Committee

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

Terms of reference

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

The members and respective attendance in committee meetings are as follows:

SN	Director	Designation	Attendance	No. of Meetings
1	Mr. Michael Ajukwu	Chairman	4	4
2	Dr. (Mrs.) Omolara Akanji*	Member	1	1
3	Mrs. Tairat Tijani****	Member	3	3
4	Mr. Michael Jituboh	Member	4	4
5	Mrs. Folasade Kilaso	Member	4	4
6	Mr. Paritosh Tripathi ***	Member	1	3
7	Mrs. Olusola Oworu**	Member	2	2

* Retired effective 25 February 2022 *** Resigned effective 17 August 2022

** Appointed effective 27 April 2022 **** Exited Committee effective 17 August 2022

Board Governance, Nomination & Remuneration Committee

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

Terms of reference

- Monitor, review and approve employee relations' issues such as compensation, bonus programs and profit-sharing schemes.
- Advise the Board on recruitment, promotions and disciplinary issues affecting Senior management staff of the Bank from Assistant General Manager grade and above.
- Appraise the Managing Director & Chief Executive and Executive Directors annually for appropriate recommendation to the Board.
- Approve training programmes for Non-Executive Directors.
- Review the need for appointments and note the specific experience and abilities required for each Board Committee, consider candidates for appointment as either Executive or Non-Executive Directors and recommend such appointments to the Board.
- Review the tenure of both Executive and Non-Executive Directors on the Board and Board Committees.
- Recommend any proposed change(s) to the Board.
- Recommend to the Board, renewal of appointment of Executive and Non-Executive Directors based on the outcome of the review of Directors' performance.
- Make recommendations on the level of experience required by Board Committee Members, Committee Appointments and removal, reporting and other Committee operational matters.
- Ensure that the Board evaluation is carried out on an annual basis.
- To review and make recommendations to the Board for approval of the Bank's organisational structure and any proposed amendments.
- Review and make recommendations on the Bank's succession plan for Directors and other Senior Management staff from Assistant General Manager grade and above.
- Regular monitoring of compliance with the Bank's Code of Ethics and Business Conduct for Directors and Staff.
- Determine the incentive arrangements and benefits of the Executive and Non-Executive Directors of the Bank for recommendation to the Board.
- Review and submit to the Board, recommendations concerning Executive Directors Compensation plans, salaries and perquisites and ensuring that the compensation packages are competitive.
- Review and submit to the Board, recommendations concerning Non-Executive Directors remuneration.
- Review and recommend for Board approval stock-based compensation, share option, incentive bonus, severance benefits and perquisites for Executive Directors and employees.
- Ensure that the level of remuneration is sufficient to attract, retain and motivate Executive Directors and all employees of the Bank while ensuring that the Bank is not paying excessive remuneration.
- Recommend to the Board, compensation payable to Executive Directors and Senior Management employees for any loss of office or termination of appointment.
- Develop, review and recommend the remuneration policy to the Board for approval.
- To engage a remuneration consultant (where necessary) at the expense of the Bank for the purpose of carrying out its responsibilities. Where such a consultant is engaged by the Committee, the consultant must be independent.
- To perform any other duties assigned by the Board from time to time.



The members of the Board Governance, Nomination & Remuneration Committee and respective attendance at meetings are as follows:

SN	Director	Designation	Attendance	No. of Meetings
1	Mrs. Folasade Kilaso	Chairperson	8	8
2	Dr. (Mrs.) Omolara Akanji*	Member	1	1
3	Mrs. Tairat Tijani	Member	8	8
4	Mr. Michael Ajukwu	Member	8	8
5	Mr. Michael Jituboh	Member	8	8
6	Mr. Olatunji Mayaki**	Member	5	5

* Retired effective 25 February 2022 | ** Appointed effective 27 April 2022

Statutory Audit Committee

The Committee is established in accordance with Section 404(2) of the Companies and Allied Matters Act 2020. The Committee's membership consists of representatives of the shareholders elected at the Annual General Meeting (AGM) and Non-Executive Directors. The Committee meets every quarter, but could also meet at any other time, as the need arises.

Terms of reference

- To make recommendations to the Board to be put to the Shareholders for approval at the AGM regarding the appointment, removal and remuneration of the external auditors of the Bank;
- To authorise the Internal Auditor to carry out investigations into any activities of the Bank which may be of interest or concern to the Committee;
- To review and approve the annual audit plan and ensure that it is consistent with the scope of audit engagement, having regard to the seniority, expertise and experience of the audit team;
- To review representation letter(s) requested by the External Auditors before they are signed by Management;
- To review the Management Letter and Management's Response to the Auditor's findings and recommendations;
- To assist in the oversight of the integrity of the Bank's financial statements, compliance with legal and other regulatory requirements, assessment of qualifications and independence of External Auditor, and performance of the Bank's internal audit function as well as that of External Auditors;
- To establish an internal audit function and ensure there are other means of obtaining sufficient assurance of regular review or appraisal of the system of internal controls in the Bank;
- To ensure the development of a comprehensive internal control framework for the Bank, obtain assurance and report annually in the financial report, on the operating effectiveness of the Bank's internal control framework;
- To review such other matters in connection with overseeing the financial reporting process and the maintenance of internal controls as the Committee shall deem appropriate;
- To oversee management's process for the identification of significant fraud risks across the Bank and ensure that adequate prevention, detection and reporting mechanisms are in place;
- At least on an annual basis, obtain and review a report by the Internal Auditor describing the strength and quality of internal controls including any issues or recommendations for improvement, raised by the most recent internal control review of the Bank;
- Discuss the annual audited financial statements and half yearly unaudited financial statements with Management and External Auditors;
- Discuss policies and strategies with respect to risk assessment and management;
- Meet separately and periodically with Management, Internal Auditors and External Auditors;
- To review and ensure that adequate whistle-blowing procedures are in place;

- To review, with the External Auditors, any audit scope limitations or problems encountered and Management's responses to same;
- To review the independence of the External Auditors and ensure that where non-audit services are provided by the External Auditors, there is no conflict of interest;
- To consider any related party transactions that may arise within the Bank or Group;
- Invoke its authority to investigate any matter within its terms of reference for which purpose the Bank must make available the resources to the Internal Auditors with which to carry out this function, including access to external advice where necessary;
- Prepare the Committee's report for inclusion in the Bank's Annual Report; and
- Report to the Board regularly at such times as the Committee shall determine necessary.

The members of the Statutory Audit Committee and respective attendance at meetings are as follows:

SN	Director	Role	Designation	Attendance	No. of Meetings
1	Alhaji Mustapha Jinadu, FIOD	Shareholders' Representative	Chairman	6	6
2	Mr. Olaitan Kajero	Non-Executive Director	Member	6	6
3	Mr. Idongesit Udoh	Shareholders' Representative	Member	6	6
4	Ms. Christie Vincent	Shareholders' Representative	Member	6	6
5	Mrs. Folasade Kilaso	Non-Executive Director	Member	6	6

Dates for Board and Board Committee meetings held in 2022 financial year:

Meetings	Dates							
Board	24 -Feb- 22	27 -Apr- 22	17 -Aug- 22	19 -Sep- 22	19 -Nov- 22	20 -Dec- 22		
Board Credit Committee	9 -Feb- 22	6 -Apr- 22	4 -Jul- 22	17 -Oct- 22				
Board Finance & General Purpose Committee	3 -Feb- 22	8 -Apr- 22	1 -Jul- 22	20 -Oct- 22	1 -Dec- 22			
Board Audit Committee	17 -Feb- 22	11 -Apr- 22	14 -Jul- 22	26 -Oct- 22				
Board Risk Management Committee	8 -Feb- 22	6 -Apr- 22	12 -May- 22	5 -Jul- 22	26 -Oct- 22			
Board Governance Nomination & Remuneration Committee	3 -Feb- 22	21 -Feb- 22	5 -Apr- 22	5 -May- 22	4 -Jul- 22	8 -Aug- 22	17 -Oct- 22	30 -Nov- 22
Statutory Audit Committee	16 -Feb- 22	21 -Feb- 22	17 -Mar- 22	12 -Apr- 22	18 -Jul- 22	24 -Oct- 22		



The Company Secretary

The Directors have separate and independent access to the Company Secretary. The Company Secretary is responsible for, among other things, ensuring that Board procedures are observed and that the Company's Memorandum and Articles of Association together with other relevant rules and regulations are complied with. She also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term shareholder value.

The Company Secretary assists the Chairman in ensuring good information flow within the Board and its committees and between Management and Non-Executive Directors. The Company Secretary also facilitates orientation of new Directors and coordinates the professional development of Directors.

The Company Secretary attends and prepares the minutes for all Board meetings. As Secretary for all Board Committees, she assists in ensuring coordination and liaison between the Board, the Board Committees and Management. The Company Secretary also assists in the development of the agendas for the various Board and Board Committee meetings.

The appointment and removal of the Company Secretary are subject to the Board's approval.

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 Technology Steering Committee (TSC)

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

7 Management Risk Committee (MRC)

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

Succession Planning

The Bank has a Succession Planning Policy which is aligned to the Bank's overall organisational development strategy. The policy provides a framework for the identification of key roles and potential candidates as well as the process for nomination of successors.

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

Code of Ethics

The Bank has a Code of Ethics that specifies the minimum acceptable behavior of its staff. It is a requirement that all staff should sign a confirmation that they have read and understood the document upon employment. In addition, employees are required to attest to the Code annually.

The Bank also has a Sanctions Manual which prescribes appropriate sanctions for various offences and violations listed therein. The Chief Human Resource Officer is responsible for the implementation and compliance of the Code of Ethics.

Whistle Blowing Process

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

Whistle blowing process is a mechanism by which suspected breaches of the Bank's internal policies, processes, procedures and unethical activities by any stakeholder (including employees and suppliers) are reported for necessary actions. It ensures a high degree of integrity and transparency in order to achieve efficiency and effectiveness in our operations.

The reputation of the Bank is of utmost importance and

every staff of the Bank has a responsibility to protect the Bank from any persons or act that might jeopardize its reputation.

Staff are encouraged to speak up when faced with information that would help protect the Bank's reputation.

An essential attribute of the process is the guarantee of confidentiality and protection of the whistle blower's identity and rights. It should be noted that the ultimate aim of the Whistle blowing process 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 dedicated Whistle Blowing channel and an externally managed channel, overseen by Messrs KPMG. The channels are accessible via the Bank's website, telephone hotlines and e-mail addresses in compliance with Section 6.1.12 of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks in Nigeria Post Consolidation.

The Bank's Chief Compliance Officer is responsible for monitoring and reporting on whistle blowing. Further disclosures are stated in Note 45 to the consolidated and separate financial statements.

Securities Trading Policy

In compliance with Rule 17.15 (Disclosure of Dealings in Issuers' Shares), Rulebook of the Nigerian Exchange Group 2015 (Issuers Rule), the Bank maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Bank's shares. The Policy undergoes periodic reviews by the Board and is updated accordingly. The Bank has made specific enquiries of all its Directors and other insiders and is not aware of any infringement of the Policy during the period.

Complaints Management Policy

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

Directors

Mr. Asue Ighodalo	Chairman
Mrs. Olusola Oworu	Independent Director
Mr. Olaitan Kajero	Non-Executive Director
Mrs. Tairat Tijani	Non-Executive Director
Mr. Michael Jituboh	Non-Executive Director
Mrs. Folasade Kilaso	Non-Executive Director
Mr. Michael Ajukwu	Independent Director
Mr. Olatunji Mayaki	Non-Executive Director
Mr. Ankala Prasad	Non-Executive Director
Mr. Manish Singhal	Non-Executive Director*
Mr. Abubakar Suleiman	Managing Director/CEO
Mr. Yemi Odubiyi	Executive Director
Mr. Tunde Adeola	Executive Director
Mr. Raheem Owodeyi	Executive Director

* Appointed effective 3 January 2023

Company Secretary

Mrs. Temitayo Adegoke

Registration Number

2392

Registered Office

Sterling Towers
20, Marina, Lagos
Tel: 2702300-8

Auditors

Deloitte & Touche, Nigeria
Civic Towers, Ozumba Mbadiwe Avenue,
Victoria Island, 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

115

Directors' Profile



Asue Ighodalo Chairman

Mr. Asue Ighodalo was appointed a Non-Executive Director of Sterling Bank in May 2014 and subsequently as Chairman in July 2014. A product of the prestigious Kings College, Lagos, Asue obtained a Bachelor of Science Degree (B.Sc.) in Economics from University of Ibadan in 1981; LL.B in 1984 from the London School of Economics & Political Science and a BL in 1985 from the Nigerian Law School.

He is a Partner in the law firm Banwo & Ighodalo, a leading corporate and commercial law practice 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 member of several professional associations, Asue sits on the Board of a number of public and private companies.



Olusola Oworu Independent Director

Mrs. Olusola Oworu was appointed an Independent Director on the Board of Sterling Bank Plc in April 2022. She holds a Bachelor of Arts (Honours) in Accounting and is a fellow of the Institute of the Chartered Accountants of Nigeria.

She is a seasoned professional with a strong bias for credit analysis, risk management and marketing. She worked with Coopers and Lybrand (now PricewaterhouseCoopers), NAL Merchant Bank (now Sterling Bank Plc.) and Citibank Nigeria where she rose to the position of Vice President.

Mrs. Oworu served as a Special Adviser on Commerce & Industry to the erstwhile Governor of Lagos State, Mr. Babatunde Raji Fashola SAN. She was also an Honourable Commissioner for Commerce & Industry with the primary responsibility to develop several greenfield projects, initiate schemes to improve the investment climate and lead the drive to attract new investments to Lagos State. She was an Independent Director of First Bank of Nigeria Limited from January 2016 to April 2021. Mrs. Oworu is currently the Chairperson, Lekki Concession Company, and a member of the Advisory Board of Landmark Village, Lekki.



Michael Ajukwu Independent Director

Mr. Michael Ajukwu was appointed an Independent Director on the Board of Sterling Bank Plc in June 2018. He holds a B.Sc. in Finance from the University of Lagos and an MBA in Accounting & Finance from New York University. He worked for 21 years in the banking industry retiring in 2002 as an executive board member of United Bank for Africa.

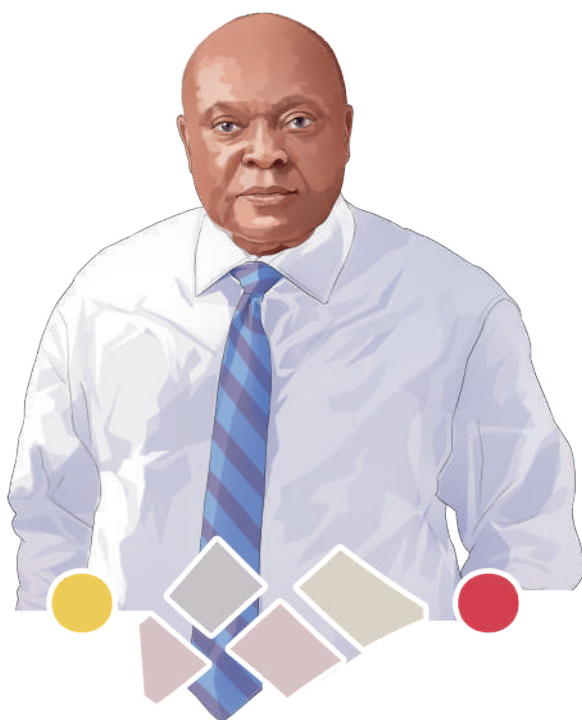
Mr. Ajukwu is currently a Non-Executive Director on the Boards of Novotel - A member of ACCOR (a French Hotel Group). He is also an Independent Director on the Board of Tiger Brands SA, MTN Nigeria Communications Plc and International Breweries.



Tairat Tijani Non-Executive Director

Mrs. Tairat Tijani joined the Board of Directors of Sterling Bank in November 2014. She graduated from 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 Fellow of the Association of Chartered Certified Accountants (ACCA) and a member of the Institute of Chartered Secretaries & Administrators of Nigeria. Mrs. Tijani 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 Ltd (a subsidiary of FBN Holdings Plc) where she had oversight responsibility for deal origination and transaction execution. Mrs. Tijani successfully completed the Financial Times Diploma for Non-Executive Directors in 2016 and has attended several executive education programs with a focus on Leadership and Corporate Governance at leading international institutions including Wharton School, Pennsylvania.



Michael Jituboh

Non-Executive Director

Mr. Michael Jituboh joined the Board of Directors of Sterling Bank in December 2015. He 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 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 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. He is an alumnus of the Harvard Business School, Program for Management Development (PMD). He was Executive Director, Special Projects at Globacom Limited.



Folasade Kilaso

Non-Executive Director

Mrs. Folasade Kilaso joined the Board of Sterling Bank Plc as a Non-Executive Director in June 2018. She holds a bachelor's degree in law from the University of Kent and an LLM from the prestigious University of Cambridge specializing in International Corporate law and Finance. She trained with leading international law firm Clifford Chance in the United Kingdom and is a solicitor of the Supreme Court of England and Wales. She is presently the Managing Partner at Berkeley Legal where she specializes in Banking & Corporate Finance, Asset Management, Energy, Real Estate, Insurance, Immigration and Risk Management.

Prior to setting up Berkeley Legal in 2015, she was an Executive Director at Standard Chartered Bank, Nigeria. Mrs. Kilaso had a multifunctional career at Standard Chartered during her 11 years with the Bank. She has served on the Board of the Financial Institutions Training Centre (FITC), and on the committees of various institutions such as the Nigeria Inter Bank Settlement Systems (NIBSS), Chartered Institute of Bankers Nigeria (CIBN) and Central Bank of Nigeria (CBN) - Sub Committee for Women Economic Empowerment. She is currently serving on the board of other companies.

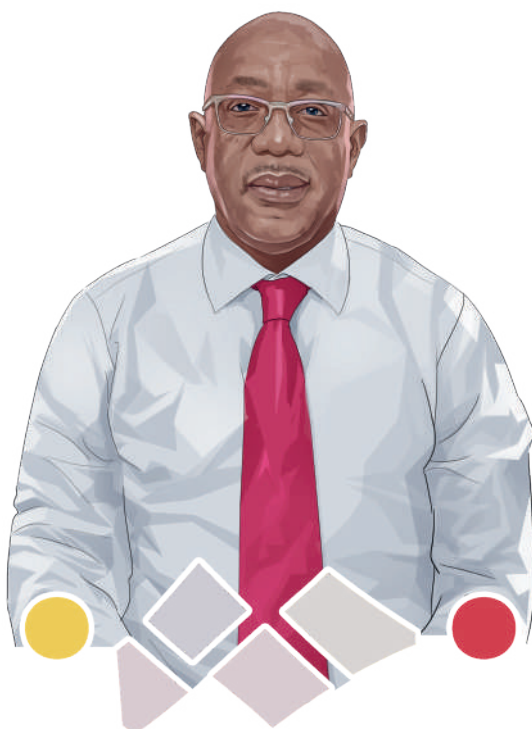


Olaitan Kajero

Non-Executive Director

Mr. Olaitan Kajero joined the Board of Directors of Sterling Bank in August 2014. 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 is currently 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. Mr. Kajero is a Fellow of the Chartered Institute of Bankers of Nigeria.



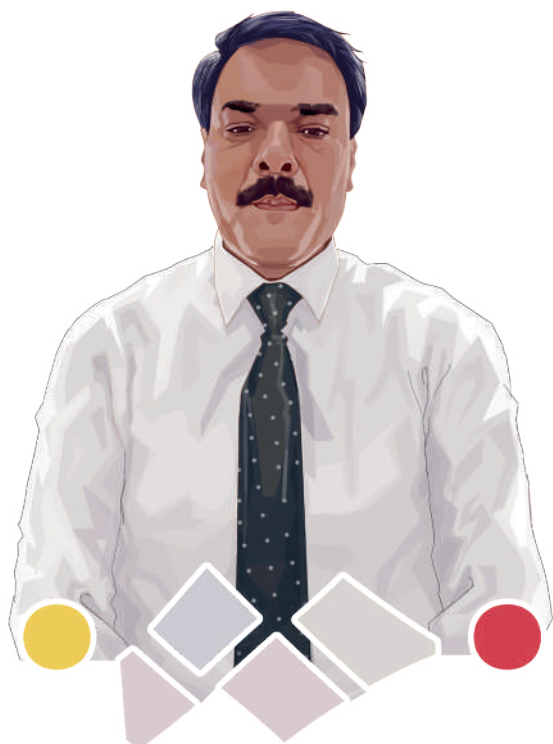
Olatunji Mayaki

Non-Executive Director

Mr. Olatunji Mayaki is an executive management, governance and risk consultant who holds B.Sc. and LLB degrees of the University of Ibadan. He has attended both Harvard and INSEAD business and executive leadership development programs. Called to the Nigerian Bar, he started his career with the law firm then known as Ajumogobia, Okeke, Oyebode & Aluko. He was the pioneer Vice President, Legal & Compliance of Asset & Resource Management Company Ltd, ARM.

He joined Shell Petroleum's Nigerian operations in 1996 as Legal Adviser, Contracting & Projects, and was pioneer Legal Adviser & Company Secretary of Shell Exploration & Production Africa Limited. In 2009 he was appointed as Country Head of Legal & Group Company Secretary for all the Shell Companies in Nigeria. In 2012, he joined Addax Petroleum Nigeria, as Deputy Managing Director, overseeing its External, Government & Regulatory Affairs, Human Resources & Admin, Legal, Community Relations, Security & Supply Chain Management Business Groups. He voluntarily retired from Addax in January 2022.

Tunji sits on the Governing Council of a Nigerian private university, Davidson, and a UK based NGO & Charitable Organisation, Chestrad.



Manish Singhal

Non-Executive Director

Mr. Manish Singhal joined the Board of Directors of Sterling Bank in January 2023. He holds a Master of Science (Mathematics) from Garhwal University and is a Certified Associate of Indian Institute of Bankers (CAIIB).

He has over twenty-six (26) years of experience in the Financial Service Industry. He is currently the General Manager (Operations), International Banking Group (IBG), State Bank of India, where he oversees the Operations and Information Systems, Human Relations & Expansion Planning, and Strategy. He also oversees the implementation of IT-related policies and the activities relating to the IT infrastructure of SBI, among other responsibilities.

Before his current role at SBI, Mr. Manish Singhal worked as a full-time director and Chief Financial Officer at SBICAP Securities Limited (a wholly owned subsidiary and broking arm of the State Bank of India).



Ankala Prasad

Non-Executive Director

Mr. Prasad is presently the Country Head and Chief Executive Officer and Chairman, Executive Committee of State Bank of India's South African Operations. He joined the State Bank of India in 1995 as a Probationary Officer and has served in various capacities. He has extensive banking experience and is an expert in project finance, with responsibility for large corporates, foreign exchange business including trade transactions. He is well versed in regulatory compliance and reporting, identifying risks and its mitigants.

Mr. Prasad obtained his Bachelor of Science and Master of Science degrees from Nagarjuna University, India. He also obtained an MBA (Financial Management) from the University of Mumbai, India.



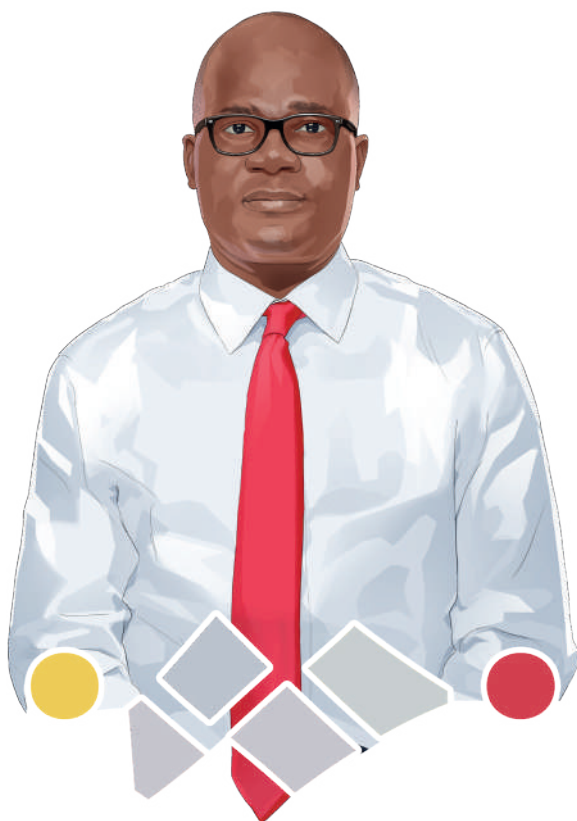
Abubakar Suleiman

MD/CEO

Mr. Abubakar Suleiman currently serves as the Managing Director/Chief Executive of Sterling Bank. He was appointed to the Board in April 2014 with responsibility for directly overseeing the Strategy & Innovation, Branding & Communication, and Human Resource Management Departments before assuming the role of the Managing Director. He is the executive sponsor of the Bank's non-interest banking business (Sterling Alternative Finance).

Mr. Suleiman joined the Sterling Bank family (Trust Bank of Africa) in 2003 with responsibility for Treasury and Finance. Following the merger in 2006, he was appointed Group Treasurer; a position he held until 2011 when he assumed the role of Integration Director – tasked with managing and integrating Equitorial Trust Bank (ETB) into Sterling.

He began his career as an Experienced Staff Assistant at Arthur Andersen (now KPMG Nigeria), before moving to MBC International Bank (now First Bank) as a Management Associate. He later worked in Citibank Nigeria in roles spanning Treasury and Asset & Liability Management. Mr. Suleiman earned a degree in Economics at the University of Abuja, a Master's degree in Major Programme Management from the University of Oxford, and has attended various executive education programmes at INSEAD, Harvard, Wharton, and Said Business Schools.



Tunde Adeola

Executive Director

Mr. Tunde Adeola serves as the Executive Director, Commercial and Institutional Banking. He was previously the General Manager and the Divisional Head, Commercial Banking Directorate at Sterling Bank where he is responsible for the growth, retention, sustainability and relationship management of the Bank's commercial banking portfolio. He had previously served as the Business Executive, Commercial & Institutional Banking Group, Lagos Mainland. Prior to joining Sterling Bank, Mr. Adeola was the Assistant General Manager (Ikeja Business Area) in Trust Bank of Africa. He had at various times worked in Kakawa Discount House and Liberty Merchant Bank Limited.

He holds a Bachelor of Arts degree in English from the Lagos State University and a Bachelor of Laws degree from the University of Lagos. He is an alumnus of the Wharton School, Pennsylvania.



Yemi Odubiyi

Executive Director

Mr. Yemi Odubiyi currently serves as the Executive Director, Corporate & Investment Banking at Sterling Bank. Mr. Odubiyi studied at the University of Lagos and holds a first degree in Estate Management (1994) as well as a Masters in International Law (1998) from the same institution. He started his banking career with the Nigeria unit of Citibank in 1995 as an Operations & Technology Generalist serving across all its Operations and Technology functions and was thereafter enrolled in its Management Associate program undertaking stints across all key units of the Bank.

He left Citibank 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.



Raheem Owodeyi

Executive Director

Mr. Raheem Owodeyi serves as the Executive Director, Operations & Retail Banking/Chief Operating Officer at Sterling Bank where he is responsible for overseeing the Bank's operations and services to meet business goals and projections. He had previously served as the Chief Compliance Officer of the Bank. Prior to joining Sterling Bank, Mr. Owodeyi was a General Manager and Chief Inspector at ASO Savings and Loans Plc. He previously served as a Deputy General Manager and Head, Compliance & Internal Controls (International) at Access Bank Plc. He had at various times worked in BDO Stoy Hayward LLP, United Kingdom, Triumph Bank Plc and Citigroup, Nigeria with a track record of excellent performance.

He obtained a Bachelor of Science degree in Economics (First Class) from Obafemi Awolowo University. He is a Senior Member of the Chartered Institute of Bankers of Nigeria, a Member of the Institute of Internal Auditors and a Fellow of the Compliance Institute, Nigeria. He is an alumnus of the Wharton School, Pennsylvania.

Board Of Directors



Back Row (From Left To Right)

Asue Ighodalo, Ankala Prasad, Yemi Odubiyi, Michael Ajukwu, Tunde Adeola,
Michael Jituboh, Raheem Owodeyi, Olatunji Mayaki, Manish Singhal, Olaitan
Kajero, Abubakar Suleiman



Front Row (From Left To Right)

Temitayo Adegoke (Company Secretary), **Tairat Tijani**,
Folasade Kilaso, **Olusola Oworu**

123 Report of the Directors

For The Year Ended 31 December 2022

The Directors present their report on the affairs of Sterling Bank Plc ("the Bank"), together with the audited Group Financial Statements for the year ended 31 December 2022.

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 liability company and was converted to a public limited 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, letters 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 in 2004, the Bank emerged from the consolidation of NAL Bank Plc, Indo-Nigerian Bank Limited, Magnum Trust Bank Plc, NBM Bank Limited and Trust Bank of Africa Limited. NAL Bank Plc as the surviving bank adopted a new name for the enlarged entity - 'Sterling Bank Plc'. The enlarged

Bank commenced post-merger business operations on January 3, 2006 and the Bank's shares are currently quoted on the Nigerian Stock Exchange (NSE). In October, 2011, the Bank had a business combination with Equitorial Trust Bank Limited to re-position itself to better compete in the market space.

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

In 2016, Sterling Bank Plc registered Sterling Investment Management Plc ("the SPV") with the Corporate Affairs Commission as a public limited liability company limited by shares with authorised capital of N2,000,000 at N1.00 per share. The main objective of setting up the SPV was to raise or borrow money by the issuance of bonds or other debt instruments. The SPV is a subsidiary and is consolidated in the financial statements of the Bank. The Bank and its subsidiary are collectively referred to as "the Group".

The Bank has 156 branches and cash centres as at 31 December 2022.

Operating Results

Highlights of the Group and the Bank's operating results for the year ended 31 December 2022 are as follows:

In millions of Naira	Group 2022	*Group 2021	Bank 2022	*Bank 2021
Gross earnings	175,140	150,153	172,832	147,759
Profit before income tax	20,757	16,062	20,769	15,931
Income tax expense	(1,459)	(1,040)	(1,442)	(1,021)
Profit after income tax	19,298	15,022	19,327	14,910
Profit attributable to equity holders	19,298	15,022	19,327	14,910
Total non-performing loans as % of gross loans	4%	1%	4%	1%
Earnings per share (kobo) – Basic	67k	52k	67k	52k
Earnings per share (kobo) – Diluted	67k	52k	67k	52k

*Restated

Dividend

In accordance with the provisions of Section 426 of the Companies and Allied Matters Act 2020, the Directors have proposed a dividend of 15k per share (31 December 2021: 10k per share), translating to a pay-out ratio of 22% (31 December 2021: 18%). The proposed dividend will be presented to shareholders for approval at the next Annual General Meeting and paid subsequently subject to withholding tax at an appropriate rate.

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		Moehi Nigeria Limited
Dr. (Mrs.) Omolara Akanji	Independent Director	Retired 25/2/2022	
Mr. Michael Ajukwu	Independent Director		
Mr. Olaitan Kajero	Non-Executive Director		STB Building Society Limited Eltees Properties Rebounds Integrated Services Ltd.
Mrs. Tairat Tijani	Non-Executive Director		Ess-ay Investment Limited
Mr. Michael Jituboh	Non-Executive Director		Dr. Mike Adenuga
Mr. Ankala Prasad (Indian)	Non-Executive Director		State Bank of India
Mr. Paritosh Tripathi (Indian)	Non-Executive Director	Resigned 17/8/ 2022	State Bank of India
Mrs. Folasade Kilaso	Non-Executive Director		Alfanoma Nigeria Limited Plural Limited Reduvita Limited Quakers Integrated Services Limited Concept Features Limited
Mr. Olatunji Mayaki	Non-Executive Director	Appointed 13/04/2022	Silverlake Investment Limited Slick Composite Ventures Ltd
Mrs. Olusola Oworu	Independent Director	Appointed 13/04/2022	
Mr. Abubakar Suleiman	Managing Director/CEO		
Mr. Yemi Odubiyi	Executive Director		
Mr. Emmanuel Emefienim	Executive Director	Resigned 28/2/2022	
Mr. Tunde Adeola	Executive Director		
Mr. Raheem Owodeyi	Executive Director		

Going concern

The Directors assess the Group and the Bank's future performance and financial position on an ongoing basis and have no reason to believe that the Group will not be a going concern in the next twelve months from the date of this report. For this reason, these consolidated and separate 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 301 of the Companies and Allied Matters Act of Nigeria were as follows:

S/N	Names	31-Dec-22	31-Dec-22	31-Dec-21	31-Dec-21
		Direct	Indirect	Direct	Indirect
1	Mr. Asue Ighodalo	-	62,645,242	-	62,645,242
2	Mr. Ankala Prasad (Indian)	-	2,549,505,026	-	2,549,505,026
3	Mr. Paritosh Tripathi (Indian)****	-	-	-	-
4	Mr Michael Jituboh	-	1,620,376,969	-	1,620,376,969
5	Dr. (Mrs) Omolara Akanji*	-	-	-	-
6	Mr. Michael Ajukwu	-	-	-	-
7	Mr. Olaitan Kajero	-	1,592,555,294	-	1,592,555,294
8	Mrs. Tairat Tijani	-	1,462,222,345	-	1,444,057,327
9	Mrs. Folasade Kilaso	-	1,440,337,670	-	1,440,337,670
10	Mr. Olatunji Mayaki***	-	7,200,063,818	-	-
11	Mrs. Olusola Oworu***	1,383,017	-	-	-
12	Mr. Abubakar Suleiman	250,803,107	-	47,325,727	-
13	Mr. Tunde Adeola	115,487,243	-	27,244,025	-
14	Mr. Yemi Odubiyi	192,708,480	-	26,471,708	-
15	Mr. Raheem Owodeyi	105,415,605	-	15,733,951	-
16	Mr. Emmanuel Emefienim**	-	-	20,527,369	-

* Retired effective 25 February 2022 **Resigned effective 28 February 2022

*** Appointed effective 13 April 2022 ****Resigned effective 17 August 2022



Director's interests in contracts

For the purpose of Section 303 of the Companies and Allied Matters Act, 2020, none of the current Directors had direct or indirect interest in contracts or proposed contracts with the Group during the year.

Director's Remuneration

The Bank ensures that remuneration paid to its Directors comply with the provisions of the codes of corporate governance issued by its regulators.

In compliance with Section 16.8 of the Nigerian Code of Corporate Governance, the Bank hereby disclose the remuneration paid to its Directors as follows:

S/N	Type of Package Fixed	Description	Timing
1	Basic Salary	Part of gross salary package for Executive Directors only, reflects the banking industry competitive salary package and the extent to which the Bank's objectives have been met for the financial year	Paid monthly during the financial year
2	Other Allowances	Part of gross salary package for Executive Directors only, reflects the banking industry competitive salary package and the extent to which the Bank's objectives have been met for the financial year	Paid periodically during the financial year
3	Productivity Bonus	Paid to Executive Directors only and tied to performance of their line reports. It is also a function of the extent to which the Bank's objectives have been met for the financial year	Paid annually in arrears
4	Director Fees	Paid annually in July to Non-Executive Directors only	Paid annually in July
5	Sitting Allowances	Allowances paid to Non-Executive Directors only for attending Board and Board Committee meetings	Paid after each meeting

Beneficial ownership

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

Analysis of shareholding

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

Range of shares	Number of holders	%	Number of units	%
1 - 1,000	32,965	37.32%	14,639,899	0.05%
1001 - 5,000	25,966	29.40%	58,531,986	0.20%
5,000 - 10,000	8,808	9.97%	59,566,869	0.21%
10,001 - 20,000	7,044	7.98%	95,461,599	0.33%
20,001 - 50,000	5,139	5.82%	151,301,267	0.53%
50,001 - 100,000	3,185	3.61%	221,909,669	0.77%
100,001 - 200,000	2,163	2.45%	310,778,983	1.08%
200,001 - 500,000	1,682	1.90%	523,223,028	1.82%
500,001 - 10,000,000	1,258	1.42%	1,960,284,971	6.81%
Above 10,000,001	108	0.12%	14,945,517,065	51.91%
Foreign shareholding	4	0.01%	10,449,202,790	36.29%
	88,322	100.00%	28,790,418,126	100.00%

The following shareholders have shareholding of 5% and above as at 31 December 2022:

	31-Dec-22	31-Dec-22	31-Dec-21	31-Dec-21
	Unit holding	% holding	Unit holding	% holding
Silverlake Investments Limited	7,197,604,531	25.00	7,197,604,531	25.00
State Bank of India	2,549,505,026	8.86	2,549,505,026	8.86
Dr. Mike Adenuga	1,620,376,969	5.63	1,620,376,969	5.63
Ess-ay Investments Limited	1,462,222,345	5.08	1,444,057,327	5.02

Donations and Charitable Gifts

The Bank donated a total sum of **N281million** during the year ended 31 December 2022 (2021: N250million) 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 (N'm)
28th National Economic Summit	Sponsorship	40.0
Ake Arts and Book Festival	Sponsorship	35.0
Collaboration/Partnership with State Governments on Security Matters	Corporate Social Responsibility/ Sponsorship	35.0
Donation to Sterling One Foundation for Education and Health Projects	Corporate Social Responsibility	25.0
Africa Social Impact Summit	Corporate Social Responsibility	23.0
9th Lagos Economic Summit (Ehingbeti 2022)	Sponsorship	20.0
Health Related Sponsorship/Collaborations	Corporate Social Responsibility/ Sponsorship	20.0
Education Support/Collaboration for Schools and Organisations	Corporate Social Responsibility/ Sponsorship	15.9
Collaboration/Partnership on Women Empowerment and Advocacy	Corporate Social Responsibility/ Sponsorship	15.8
Sports Related Sponsorship/Donations	Corporate Social Responsibility/ Sponsorship	14.1
Sponsorship of Professional Bodies' Conferences	Sponsorship	10.9
Collaboration/Partnership on Arts and Culture	Corporate Social Responsibility/ Sponsorship	7.2
Environmental Makeover - Beach Adoption Project	Corporate Social Responsibility	6.0
Microsoft Agric Hackathon	Sponsorship	5.0
Kaduna Books and Arts Festival	Sponsorship	2.0
Other Donations and Collaborations	Corporate Social Responsibility/ Sponsorship	6.2
		281.1



Gender Analysis of Staff

Analysis of staff employed by the Bank during the year ended 31 December 2022

Description	Number	% To Total Staff
Female new hire	550	46.3%
Male new hire	639	53.7%
Total new hire	1189	100.0%
Female as at 31 December 2022	1,355	44.5%
Male as at 31 December 2022	1,688	55.5%
Total staff	3,043	100.0%

Analysis of top management positions by gender as at 31 December 2022:

Grade	Female Number	Male Number	Total Number
Senior Management (AGM – GM)	13	34	47
Middle Management (DM – SM)	99	173	272
Total	112	207	319

Analysis of Executive and Non-Executive positions by gender as at 31 December 2022:

Grade	Female Number	Male Number	Total Number
Executive Director	-	3	3
Managing Director	-	1	1
Non-Executive Director	3	6	9
Total	3	10	13

Total remuneration of Senior Management (Assistant General Managers, Deputy General Managers, General Managers and Executive Directors) in 2022 amounted to N747million (2021: N736million).

Acquisition of own shares

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

Property, plant and equipment

Information relating to changes in property, plant and equipment is given in Note 24.1 to the consolidated and separate financial statements.

Employment and employees

Employment of disabled persons

The Group has a non-discriminatory policy on recruitment. Applications would always be welcomed from suitably qualified disabled persons and are reviewed strictly on qualification. The Group'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 Group is committed to keeping employees fully informed as much as possible regarding the Group'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 Group's performance are implemented whenever appropriate.

Events after the reporting date

Note 37 to the consolidated and separate financial statements discloses no events after the reporting date, that could have a material effect on the consolidated and separate financial position of the Group and the Bank as at 31 December 2022 or their profit for the year then ended.

Auditors

In accordance with Section 401(2) of the Companies and Allied Matters Act 2020 and Section 20.2 of Nigerian Code of Corporate Governance 2018, Messrs. Deloitte & Touche have indicated their willingness to continue as External Auditors of Sterling Bank Plc.

By Order of the Board:



Temitayo Adegoke
Company Secretary
FRC/2018/NBA/00000018142
20 Marina, Lagos, Nigeria
17 April 2023

120 Shareholding Structure

For The Year Ended 31 December 2022

Description	31-Dec-22		31-Dec-21	
	Unit holding	% holding	Unit holding	% holding
Silverlake Investments Limited	7,197,604,531	25.00	7,197,604,531	25.00
State Bank of India	2,549,505,026	8.86	2,549,505,026	8.86
Dr. Mike Adenuga	1,620,376,969	5.63	1,620,376,969	5.63
Ess-ay Investments Limited	1,462,222,345	5.08	1,444,057,327	5.02
Total Substantial Shareholdings	12,829,708,871	44.57%	12,811,543,853	44.51%

Director's Shareholdings (Direct, and Indirect), excluding directors with substantial interests

Mr. Asue Ighodalo (Indirect)	62,645,242	0.22%	62,645,242	0.22%
Mrs. Folasade Kilaso (Indirect)	-	0.00%	-	0.00%
Mr. Ankala Prasad (Indirect)	-	0.00%	-	0.00%
Mrs. Tairat Tijani (Indirect)	-	0.00%	-	0.00%
Mr. Olaitan Kajero (Indirect)	-	0.00%	-	0.00%
Mr. Michael Jituboh (Indirect)	-	0.00%	-	0.00%
Dr. (Mrs.) Omolara Akanji*	-	0.00%	-	0.00%
Mr. Paritosh Tripathi***	-	0.00%	-	0.00%
Mr. Michael Ajukwu	-	0.00%	-	0.00%
Mr. Olatunji Mayaki (Indirect)	2,459,287	0.01%	-	0.00%
Mrs. Olusola Oworu (Direct)	1,383,017	0.00%	-	0.00%
Mr. Abubakar Suleiman (Direct)	250,803,107	0.87%	47,325,727	0.16%
Mr. Yemi Odubiyi (Direct)	192,708,480	0.67%	26,471,708	0.09%
Mr. Tunde Adeola (Direct)	115,487,243	0.40%	27,244,025	0.09%
Mr. Emmanuel Emefienim (Direct)**	-	0.00%	20,527,369	0.07%
Mr. Raheem Owodeyi (Direct)	105,415,605	0.37%	15,733,951	0.05%
Total Directors Shareholdings	730,901,981	2.54%	199,948,022	0.68%

Description	31-Dec-22		31-Dec-21	
	Unit holding	% holding	Unit holding	% holding
Other Influential Shareholdings				
Hak Air Limited	968,205,643	3.36%	968,205,643	3.36%
Pacific Credit Limited	554,273,018	1.93%	554,273,018	1.93%
Adeola, Tajudeen Afolabi	504,035,555	1.75%	446,824,745	1.55%
Festus Alani Fadeyi	480,449,895	1.67%	480,449,895	1.67%
Rankinton, Investments Inc	702,093,233	2.44%	477,367,650	1.66%
Skyview Capital Limited	239,124,965	0.83%	428,301,886	1.49%
GLO mobile Limited	354,458,383	1.23%	354,458,383	1.23%
Kogi United Co. Nig. Ltd,	279,939,681	0.98%	346,835,811	1.20%
AX SCML Nominees,	339,181,010	1.18%	316,388,117	1.18%
Sterling Bank Co-operative Multipurpose Society Limited	561,156,385	1.95%	879,703,214	3.03%
Total other Influential Shareholdings	4,982,917,768	17.32%	5,252,808,362	18.30%
Free Float in Units and Percentage	10,246,889,506	35.59%	10,511,027,483	36.51%
Free Float in Value (N)	14,345,645,308.40		15,871,651,499.33	

* Retired effective 25 February 2022

**Resigned effective 28 February 2022

*** Resigned effective 17 August 2022

Declaration:

- (A) Sterling Bank Plc with a free float percentage of 35.59% as at 31 December 2022, is compliant with the Exchange's free float requirements for companies listed on the Main Board.
- (B) Sterling Bank Plc with a free float percentage of 36.51% as at 31 December 2021, is compliant with the Exchange's free float requirements for companies listed on the Main Board.



Statement Of Directors' Responsibilities In Relation To The Preparation Of The Consolidated And Separate Financial Statements

For The Year Ended 31 December 2022

The Directors of Sterling Bank Plc accept responsibility for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Bank as at 31 December 2022, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act 2020, Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act, 2011. In preparing the financial statements, the Directors are responsible for:

- (a) properly selecting and applying accounting policies;
- (b) presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- (c) providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

Going Concern:

The Directors have made an assessment of the Group and Bank's ability to continue as a going concern and have no reason to believe the Group and Bank will not remain a going concern in the year ahead.

The financial statements of the Group for the year ended 31 December 2022 were approved by the directors on 17 April, 2023.

Signed on behalf of the Directors by:

Abubakar Suleiman
Managing Director/CEO
FRC/2013/CIBN/00000001275

Asue Ighodalo
Chairman
FRC/2015/NBA/00000010680



Statement Of Corporate Responsibility For The Financial Statements

For The Year Ended 31 December 2022

- (a) In accordance with section 405 of the Companies and Allied Act of Nigeria, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the
 - (i) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and
 - (ii) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for, the periods covered by the audited financial statements;
- (b) We state that management and directors:
 - (i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Group is made known to the officer by other officers of the Group and Bank, particularly during the period in which the audited financial statement report is being prepared
 - (ii) have evaluated the effectiveness of the Group's internal controls within 90 days prior to the date of its audited financial statements, and
 - (iii) certifies that the Group's internal controls are effective as of that date;
- (c) We have disclosed:
 - (i) all significant deficiencies in the design or operation of internal controls which could adversely affect the Group and Bank's ability to record, process, summarize and report financial data, and has identified for the Group and Bank's auditors any material weaknesses in internal controls, and
 - (ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the Group and Bank's internal control; and
- (d) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The financial statements of the Group and the Bank for the year ended 31 December 2022 were approved by the directors on 17 April, 2023.

Signed by:

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

Abubakar Suleiman
Managing Director/CEO
FRC/2013/CIBN/00000001275



Advisory Committee Of Experts (ACE) Report

For Year Ended December 31, 2022



IN THE NAME OF GOD, THE BENEFICENT, THE MERCIFUL

We have evaluated the principles and contracts governing the transactions offered by Sterling Bank Plc's Non-Interest Banking (NIB) Window for the year ending December 31, 2022. We have also reviewed the work of the Shariah audit team to see if Sterling NIB has followed the Shariah rules as stated by the Financial Regulation Advisory Council of Experts (FRACE) of the Central Bank of Nigeria, the ACE of Sterling Bank, AAOIFI and other Shariah standards.

Sterling Bank Plc's management holds the responsibility of ensuring that Sterling NIB operates in full compliance with Shariah standards. After conducting an in-depth review of the business practices of Sterling NIB, it is our duty to provide an impartial assessment of those practices. Based on our evaluation, we are pleased to report that Sterling NIB has demonstrated exemplary adherence to Shariah standards.

We acknowledge the remarkable efforts of the board of directors and management in their decision to transition from a window to a standalone Bank. This strategic move represents a significant advancement for non-interest banking in Nigeria as well as bringing numerous advantages to the Sterling Bank Plc and its stakeholders.

We have conducted an evaluation of the work that was accomplished by the Shariah Audit team, which consisted of inspecting, on a test basis, each type of transaction, as well as the necessary documentation and processes that Sterling NIB had employed. The information we received was comprehensive and provided us with reasonable assurance that Sterling NIB has not committed any significant Shariah transgressions.

The Advisory Committee of Experts (ACE) of Non-Interest Banking Window of Sterling Bank Plc has reviewed the financial statements of the bank, and taken note of the Non-Permissible Income (NPI) declared by the bank during the review period. The ACE hereby certifies that the declared amount is correct and that the NPI has been disposed by the bank to the satisfaction of the ACE.

We the members of the Advisory Committee of Experts of the Non-Interest Banking Window of Sterling Bank Plc hereby confirm that the operations of Sterling NIB for the year ended 31 December 2022 have been conducted in conformity with Islamic commercial jurisprudence.

Date: **15-05-2023**

Hon. Justice AbdulRaheem A. Sayi
(Member)

Shaykh. AbdulKader Thomas
FRC/2023/PRO/AUDITCOM/002/005809
(Chairman)

Shaykh. Abubakar M. Musa
(Member)



Report Of The External Consultants On The Appraisal Of The Board Of Directors Of Sterling Bank Plc

For The Year Ended 31st December, 2022



"X KPMG HOUSE"
One King Ologunkutere Street,
Park View, Ikoyi, Lagos.
P.O. Box 75429, Victoria Island, Lagos.
Tel: 234 8034413013; 234 8166315170
E-mail: jkrandleintuk@gmail.com
Website: www.jkrandleandco.co.uk

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 in respect of the year ended 31st December, 2022. The exercise was guided by the provisions of the Central Bank of Nigeria (CBN) Code of Corporate Governance and other recognized best practices.

During the year, two Non-Executive Directors were appointed while two Non-Executive Directors and one Executive Director retired/resigned from the Board. As at 31st December 2022, the Board had thirteen members consisting four Executive Directors including the Managing Director/Chief Executive Officer and nine Non-Executive Director including the Chairman of the Board. Two of the Non-Executive Directors are Independent Directors appointed based on the criteria laid down by the Central Bank of Nigeria for the appointment of Independent Directors and core values enshrined in the Bank's Code of Corporate Governance.

The composition of the Board during the year was in accordance 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 three female members on the Board as at 31st December, 2022, the Board has almost achieved the CBN gender ratio requirement. The ratio in favour of female members now stands at 21% against the minimum requirement of 30% effective 2014.

The Bank changed its name from Sterling Bank Plc to Sterling Bank Ltd. This strategic decision was made by the Board in order to enable the Bank to expand its business activities and maximise profit.

Members of the Board remained conscious of their responsibilities in respect of the operations of the Board and the Bank. The frequency of meetings as well as the level of attendance at Board and Board Committee meetings were in conformity with regulations. The Board held six meetings during the year under review. The meetings were effectively managed with focus on relevant and strategic issues affecting the Bank. All the members had equal opportunities and contributed constructively to the deliberations of the Board. Management provided adequate information while the Company Secretariat maintained accurate records of the proceedings of the Board and Board Committees which facilitated informed 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 the Bank and ensured that Management remained within the risk appetite and strategy approved by the Board. In the performance of its oversight responsibilities, the Board supervised the internal audit and control processes while re-enforcing governance policies and practices. The Board also performed other statutory responsibilities including rendering accounts of the operations and activities of the Bank 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 of Sterling Bank Plc should continue to focus on its strategy to expand the business of the Bank and maximise profit. It should continue to strive to ensure the effectiveness of the internal control processes in order to avoid reputational damage. The board should consider re-balancing the gender diversity when making appointments in future, without compromising the already existing balance in knowledge, skills, experience, and independence. It should also continue its drive towards proper implementation of control processes in order to mitigate against re-occurrence of glitches in its banking applications software.

Bashorun J. K. Randle, FCA, OFR

Chairman/Chief Executive
FRC/2013/ICAN/00000002703

May 19, 2023





Report Of The Statutory Audit Committee

For The Year Ended 31 December 2022

TO THE MEMBERS OF STERLING BANK PLC:

In accordance with the provision of Section 404 (7) of the Companies and Allied Matters Act 2020, the members of the Statutory Audit Committee of Sterling Bank Plc and its subsidiary hereby report as follows:

- We are of the opinion that the accounting and reporting policies of the Group 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 2022 were satisfactory and reinforce the Group'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 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 404 (7) of the Companies and Allied Matters Act, 2020, 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 consolidated and separate financial statements of banks". We have reviewed insider-related credits of the Bank and found them to be as analysed in the consolidated and separate financial statements. The status of performance of these facilities is disclosed in Note 36(b) to the consolidated and separate financial statements.

Alhaji Mustapha Jinadu, F.IoD
Chairman, Statutory Audit Committee
FRC/2013/IODN/00000001516

27 March, 2023

Members of the Statutory Audit Committee are:

- | | | |
|----|-------------------------------|----------|
| 1. | Alhaji Mustapha Jinadu, F.IoD | Chairman |
| 2. | Mr. Olaitan Kajero | Member |
| 3. | Ms. Christie Vincent | Member |
| 4. | Mr. Idongesit Udoh | Member |
| 5. | Mrs Folasade Kilaso | Member |

In attendance

Temitayo Adegoke
Company Secretary

Independent Auditor's Report To The Shareholders Of Sterling Bank Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Sterling Bank Plc and its subsidiary (the Group and Bank) set out on pages 140 - 278, which comprise the consolidated and separate statements of financial position as at 31 December 2022, the consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in equity, consolidated and separate statements of cash flow for the year then ended and notes to the consolidated and separate financial statements including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Sterling Bank Plc as at 31 December 2022 and its consolidated and separate financial performance and consolidated and separate statement of cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act 2020, Banks and Other Financial Institutions Act 2020, relevant Central Bank of Nigeria guidelines and circulars and the Financial Reporting Council of Nigeria Act 6, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's

Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Bank in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA code and other ethical requirements that are relevant to our audit of consolidated financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of consolidated and separate financial statements in Nigeria.

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

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated and separate financial statements of the current year. This matter was addressed in the context of our audit of the consolidated and separate financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on this matter.

Key Audit Matter

Identification and measurement of impairment of financial assets	How the matter was addressed in the audit
<p>As disclosed in note 2.2.2 (vii) to the consolidated and separate financial statements, in line with the provisions of IFRS 9, The Bank identifies and measures loss allowances based on Expected Credit Loss (ECL) model on the following financial instruments.</p> <ul style="list-style-type: none"> Financial guarantee contracts issued; and Loan commitments issued Financial asset that are debt instruments 	<p>We evaluated the appropriateness of the Directors' assessment of whether credit risk has increased significantly since initial recognition of loans and advances and adequacy of the related disclosures made.</p>

Identification and measurement of impairment of financial assets	How the matter was addressed in the audit
The Bank applies a three-stage approach to measuring ECL on loans commitment issued which migrate through three stages based on changes in credit quality since initial recognition.	We evaluated the design and tested the implementation and operating effectiveness of the key controls over the computation of impairment loss.
At each reporting date, the Directors assess whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life of the financial asset at initial recognition and risk of default at the reporting date. And in determining whether credit risk has increased significantly since initial recognition, the Directors uses internal credit risk grading system, external risk ratings and forecast macroeconomics information like unemployment rate, interest rate, gross domestic product, inflation and commercial property prices.	Our audit procedures also included challenging the Directors on the reasonableness of the loans and advances staging categorization based on changes in credit quality and risk of default. We involved our Credit Specialist on the engagement to review and challenge the reasonableness of ECL model logic as well as inputs and assumptions (internal credit risk grading system, external risk ratings and forecast macroeconomics information like unemployment rate, interest rate, gross domestic product, inflation and commercial property prices) used by comparing these with industry trends and Banks's historical performance.
Identification and measurement of impairment of financial instruments is of significance to the audit of the financial statements due to the amount of judgement required by the Directors in determining whether the credit risk has increased significantly since initial recognition of financial assets that includes the consideration of current and future macroeconomics information.	<p>We assessed the adequacy of the disclosures in the financial statements relating to loans and advances.</p> <p>The impact of the various stimulus offered by the bank and Central Bank of Nigeria as well as the economic impact of the Covid-19 on customers' accounts have also been assessed based on Directors' judgement.</p>
Accordingly, for the purposes of our audit, we have identified identification and measurement of impairment of loans and advances as a key audit matter.	Based on the work performed, we found the Directors key judgements and assumptions to be reasonable. We are satisfied that the related disclosures in the financial statement are appropriate.

Other Information

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act 2020, Banks and Other Financial Institutions Act 2020, Financial Reporting Council Act, 2011, relevant Central Bank of Nigeria Guidelines and Circulars and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is

not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Group and Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures and whether the Group and Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group and Bank's audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee and the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee and directors with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee and the directors, we determine the matter that was of most significance in the audit of the financial statements of the current year and is therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the benefits derivable from such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the fifth Schedule of Companies and Allied Matters Act 2020 we expressly state that:

- We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- The Group has kept proper books of account, so far as appears from our examination of those books.
- The Group and Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.
- The Bank has complied with the requirements of the relevant circulars issued by Central Bank of Nigeria.
- In accordance with circular BSD/1/2004 issued by the Central Bank of Nigeria, details of insider-related credits are as disclosed in note 36b.

During the year the bank contravened certain sections of Banks and Other Financial Institutions Act 2020 and Central Bank of Nigeria circulars/guidelines, the details of the contravention and the related penalties are as disclosed in Note 42 to the financial statements.



Michael Daudu

FRC/2013/ICAN/00000000845

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
3 May, 2023





Financial Statements





Consolidated And Separate Statements Of Profit Or Loss And Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2022

In millions of Naira	Note(s)	Group 2022	Group 2021 *Restated	Bank 2022	Bank 2021 *Restated
Interest income using effective interest rate	6	128,434	113,000	126,126	110,606
Interest expense using effective interest rate	7	(52,042)	(45,191)	(49,765)	(42,931)
Net interest income		76,392	67,809	76,361	67,675
Fees and commission income	8	28,384	25,171	28,384	25,171
Fees and commission expense	8	(6,009)	(5,812)	(6,009)	(5,812)
Net fees and commission income***		22,375	19,359	22,375	19,359
Net trading income	9	7,692	5,798	7,692	5,798
Other operating income	10	10,630	6,184	10,630	6,184
Credit loss expense	11	(9,122)	(9,821)	(9,084)	(9,822)
Personnel expenses	12	(16,944)	(14,917)	(16,944)	(14,917)
Operating expenses****	13.1	(52,502)	(44,689)	(52,497)	(44,685)
Depreciation and amortisation	13.2	(4,879)	(5,145)	(4,879)	(5,145)
Other property, plant and equipment costs	13.3	(12,885)	(8,516)	(12,885)	(8,516)
Profit before income tax expense		20,757	16,062	20,769	15,931
Income tax expense	14(a)	(1,459)	(1,040)	(1,442)	(1,021)
Profit after income tax		19,298	15,022	19,327	14,910
Other comprehensive income:					
Items that will not be reclassified to profit or loss in subsequent period:					
Revaluation gains on equity instruments at fair value through other comprehensive income		5,648	4,801	5,648	4,801
Total items that will not be reclassified to profit or loss in subsequent period		5,648	4,801	5,648	4,801
Items that will be reclassified to profit or loss in subsequent period:					
Debt instruments at fair value through other comprehensive income**:					
- Net change in fair value during the year		(4,610)	(11,869)	(4,610)	(11,869)
- Changes in allowance for expected credit losses		(18)	368	(18)	368
Net losses on debt instruments at fair value through other comprehensive income		(4,628)	(11,501)	(4,628)	(11,501)
Total items that will be reclassified to profit or loss in subsequent period		(4,628)	(11,501)	(4,628)	(11,501)
Other comprehensive income/(loss) for the year, net of tax		1,020	(6,700)	1,020	(6,700)
Total comprehensive income for the year, net of tax		20,318	8,322	20,347	8,210
Profit attributable to:					
Equity holders of the Bank		19,298	15,022	19,327	14,910
Total comprehensive income attributable to:					
Equity holders of the Bank		20,318	8,322	20,347	8,210
Earnings per share - basic (in kobo)	15	67k	52k	67k	52k
Earnings per share - diluted (in kobo)	15	67k	52k	67k	52k

*See details of items restated in Note 49

**Income from these instruments is exempted from tax.

***See note 8 for the details.

****See note 13 for the details

The accompanying notes 1 to 49 form part of the consolidated and separate financial statements.

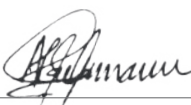


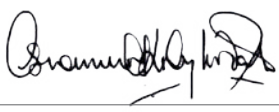
Consolidated And Separate Statements Of Financial Position

AS AT 31 DECEMBER 2022

In millions of Naira	Note(s)	Group 31 Dec 2022	Group 31 Dec 2021 *Restated	Group 1 Jan 2021 *Restated	Bank 31 Dec 2022	Bank 31 Dec 2021 *Restated	Bank 1 Jan 2021 *Restated
ASSETS							
Cash and balances with Central Bank of Nigeria	16	431,488	370,873	303,314	431,488	370,873	303,314
Due from banks	17	86,459	94,850	21,084	86,171	94,842	21,079
Pledged assets	18	23,098	10,786	34,860	23,098	10,786	34,860
Derivative financial assets	19	807	-	-	807	-	-
Loans and advances to customers	20	737,735	711,900	596,827	737,735	711,900	596,827
Investments in securities:							
- Financial assets at fair value through profit or loss	21(a)	921	10,237	1,454	921	10,237	1,454
- Debt instruments at fair value through other comprehensive income	21(b)	230,636	168,847	135,780	230,636	168,847	135,780
- Equity instruments at fair value through other comprehensive income	21(c)	25,227	17,956	10,745	25,227	17,956	10,745
- Debt instruments at amortised cost	21(d)	106,889	102,225	110,229	89,806	84,852	93,234
Investment in subsidiary	22	-	-	-	1	1	1
Other assets	23	171,911	96,554	37,874	171,911	96,554	37,628
Property, plant and equipment	24.1	17,913	16,939	15,956	17,913	16,939	15,956
Right-of-use asset	24.2	8,342	8,141	8,319	8,342	8,141	8,319
Investment property	24.3	5,584	6,918	8,004	5,584	6,918	8,004
Intangible assets	25	950	1,081	1,582	950	1,081	1,582
Deferred tax assets	14(i)	7,005	6,971	6,971	7,005	6,971	6,971
		1,854,965	1,624,278	1,292,999	1,837,595	1,606,898	1,275,754
Non-current assets held for sale	26	3,027	-	-	3,027	-	-
TOTAL ASSETS		1,857,992	1,624,278	1,292,999	1,840,622	1,606,898	1,275,754
LIABILITIES							
Deposits from banks	27	37,178	15,568	21,289	37,178	15,568	21,289
Deposits from customers	28	1,327,805	1,208,753	950,835	1,327,805	1,208,753	950,835
Current income tax payable	14(b)	1,607	1,074	551	1,573	1,055	551
Other borrowed funds	29	133,270	116,450	86,367	133,270	116,450	86,367
Debt securities issued	30	42,388	42,327	42,274	25,431	25,373	25,323
Other liabilities	31.1	160,257	102,367	61,552	160,324	102,435	61,621
Provisions	31.2	1,489	1,180	454	1,489	1,180	454
TOTAL LIABILITIES		1,703,994	1,487,719	1,163,322	1,687,070	1,470,814	1,146,440
EQUITY							
Share capital	32.1(b)	14,395	14,395	14,395	14,395	14,395	14,395
Share premium		42,759	42,759	42,759	42,759	42,759	42,759
Retained earnings		44,922	34,341	25,278	44,476	33,866	24,913
Other components of equity	34	51,922	45,064	47,245	51,922	45,064	47,247
TOTAL EQUITY		153,998	136,559	129,677	153,552	136,084	129,314
TOTAL LIABILITIES AND EQUITY		1,857,992	1,624,278	1,292,999	1,840,622	1,606,898	1,275,754

The consolidated and separate financial statements were approved by the Board of Directors on 17 April, 2023 and signed on its behalf by:


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


Asue Ighodalo
 Chairman
 FRC/2015/NBA/00000010680


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

*See details of items restated in Note 49

The accompanying notes 1 to 49 form part of the consolidated and separate financial statements.





Consolidated And Separate Statements Of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2022

EQUITY RESERVES												
In millions of Naira	Share capital	Share premium	Fair value reserve	Share capital reserve	Regulatory risk reserve	SMEIS reserve	AGSMEIS reserve	Statutory reserve	PPRA reserve	Total other components of equity	Retained earnings	Total
GROUP												
At 1 January 2022	14,395	42,759	5,675	5,276	10,247	235	2,381	25,301	(4,051)	45,064	34,341	136,559
Comprehensive income for the year:												
Profit for the year	-	-	-	-	-	-	-	-	-	-	19,298	19,298
Other comprehensive income for the year, net of tax:												
Net change in fair value of other financial instruments at FVOCI	-	-	(4,610)	-	-	-	-	-	-	(4,610)	-	(4,610)
Net change in fair value of equity instruments at FVOCI	-	-	5,648	-	-	-	-	-	-	5,648	-	5,648
Changes in allowance for expected credit losses of debt instruments at FVOCI	-	-	(18)	-	-	-	-	-	-	(18)	-	(18)
Total comprehensive income	-	-	1,020	-	-	-	-	-	-	1,020	19,298	20,318
Transactions with equity holders, recorded directly in equity:												
Dividends to equity holders (note 33)	-	-	-	-	-	-	-	-	-	-	(2,879)	(2,879)
Unwinding of PPPRA reserve (note 34f)	-	-	-	-	-	-	-	-	2,025	2,025	(2,025)	-
Transfer from regulatory risk reserve (Note 34d)	-	-	-	-	(52)	-	-	-	-	(52)	52	-
Transfer to statutory risk and AGSMEIS reserves (Notes 34a & 34c)	-	-	-	-	-	-	966	2,899	-	3,865	(3,865)	-
As at 31 December 2022	14,395	42,759	6,695	5,276	10,195	235	3,347	28,200	(2,026)	51,922	44,922	153,998

*See details of items restated in Note 49
The accompanying notes 1 to 49 form part of the consolidated and separate financial statements.

Consolidated And Separate Statements Of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2021

In millions of Naira	EQUITY RESERVES											Total
	Share capital	Share premium	Fair value reserve	Share capital reserve	Regulatory risk reserve	SMEEIS reserve	AGSMEIS reserve	Statutory reserve	*PPPR reserve	Total other components of equity	Retained earnings	
GROUP												
Balance at 1 January 2021	14,395	42,759	12,375	5,276	10,435	235	1,711	23,289	-	53,321	25,278	135,753
Impact of restatement	-	-	-	-	-	-	-	-	(6,076)	(6,076)	-	(6,076)
At 1 January 2021	14,395	42,759	12,375	5,276	10,435	235	1,711	23,289	(6,076)	47,245	25,278	129,677
Comprehensive income for the year:												
Profit for the year	-	-	-	-	-	-	-	-	-	-	15,022	15,022
Other comprehensive income for the year, net of tax:												
Net change in fair value of other financial instruments at FVOCI	-	-	(11,869)	-	-	-	-	-	-	(11,869)		(11,869)
Net change in fair value of equity instruments at FVOCI	-	-	4,801	-	-	-	-	-	-	4,801		4,801
Changes in allowance for expected credit losses of debt instruments at FVOCI	-	-	368	-	-	-	-	-	-	368		368
Total comprehensive income	-	-	(6,700)	-	-	-	-	-	-	(6,700)	15,022	8,322
Transactions with equity holders, recorded directly in equity:												
Dividends to equity holders (note 33)	-	-	-	-	-	-	-	-	-	-	(1,440)	(1,440)
Unwinding of PPPRA reserve (note 34f)					-	-	-	-	2,025	2,025	(2,025)	-
Transfer to regulatory risk reserve (Note 34d)					(188)	-	-	-	-	(188)	188	-
Transfer to statutory reserve and AGSMEIS reserves (Notes 34a & 34c)			-	-		-	670	2,012	-	2,682	(2,682)	-
As at 31 December 2021	14,395	42,759	5,675	5,276	10,247	235	2,381	25,301	(4,051)	45,064	34,341	136,559

*See details of items restated in Note 49.

The accompanying notes 1 to 49 form part of the consolidated and separate financial statements.



Consolidated And Separate Statements Of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2022

	EQUITY RESERVES											Total
	Share capital	Share premium	Fair value reserve	Share capital reserve	Regulatory risk reserve	SMEIS reserve	AGSMEIS reserve	Statutory reserve	*PPRA reserve	Total equity reserves	Retained earnings	
BANK												
Balance at 1 January 2022	14,395	42,759	5,675	5,276	10,247	235	2,381	25,301	(4,051)	45,064	33,866	136,084
Comprehensive income for the year:												
Profit for the year	-	-	-	-	-	-	-	-	-	-	19,327	19,327
Other comprehensive income for the year, net of tax:												
Net change in fair value of other financial instruments at FVOCI	-	-	(4,610)	-	-	-	-	-	-	(4,610)	-	(4,610)
Net change in fair value of equity instruments at FVOCI	-	-	5,648	-	-	-	-	-	-	5,648	-	5,648
Changes in allowance for expected credit losses of debt instruments at FVOCI	-	-	(18)	-	-	-	-	-	-	(18)	-	(18)
Total comprehensive income	-	-	1,020	-	-	-	-	-	-	1,020	19,327	20,347
Transactions with equity holders, recorded directly in equity:												
Dividends to equity holders (note 33)	-	-	-	-	-	-	-	-	-	-	(2,879)	(2,879)
Unwinding of PPPRA reserve (note 34f)	-	-	-	-	-	-	-	-	2,025	2,025	(2,025)	-
Transfer from regulatory risk reserve (Note 34d)	-	-	-	-	(52)	-	-	-	-	(52)	52	-
Transfer to statutory risk and AGSMEIS reserves (Notes 34a & 34c)	-	-	-	-	-	-	966	2,899	-	3,865	(3,865)	-
Balance at 31 December 2022	14,395	42,759	6,695	5,276	10,195	235	3,347	28,200	(2,026)	51,922	44,476	153,552

*See details of items restated in Note 49

The accompanying notes 1 to 49 form part of the consolidated and separate financial statements

Consolidated And Separate Statements Of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2021

In millions of Naira	EQUITY RESERVES											Total
	Share capital	Share premium	Fair value reserve	Share capital reserve	Regulatory risk reserve	SMEIS reserve	AGSMEIS reserve	Statutory reserve	*pppra reserve	Total equity reserves	Retained earnings	
BANK												
Balance at 1 January 2021	14,395	42,759	12,375	5,276	10,435	235	1,711	23,291	-	53,323	24,913	135,390
Impact of restatement	-	-	-	-	-	-	-	-	(6,076)	(6,076)	-	(6,076)
Balance at 1 January 2021	14,395	42,759	12,375	5,276	10,435	235	1,711	23,291	(6,076)	47,247	24,913	129,314
Comprehensive income for the year:												
Profit for the year	-	-	-	-	-	-	-	-	-	-	14,910	14,910
Other comprehensive income for the year, net of tax:												
Net change in fair value of other financial instruments at FVOCI			(11,869)						(11,869)		-	(11,506)
Net change in fair value of equity instruments at FVOCI			4,801						4,801		-	4,801
Changes in allowance for expected credit losses of debt instruments at FVOCI			368						368		-	368
Total comprehensive income	-		(6,700)	-	-	-	-	-	-	(6,700)	14,910	8,210
Transactions with equity holders, recorded directly in equity:												
Dividends to equity holders (note 33)	-	-	-	-	-	-	-	-	-	-	(1,440)	(1,440)
Unwinding of PPPRA reserve (note 34f)					-	-	-	-	2,025	2,025	(2,025)	-
Transfer to regulatory risk reserve (Note 34d)					(188)	-	-	-	-	(188)	188	-
Transfer to statutory risk & AGSMEIS reserve (Notes 34a & 34c)	-	-	-	-	-	-	670	2,010	-	2,680	(2,680)	-
Balance at 31 December 2021	14,395	42,759	5,675	5,276	10,247	235	2,381	25,301	(4,051)	45,064	33,866	136,084

*See details of items restated in Note 49

The accompanying notes 1 to 49 form part of the consolidated and separate financial statements..





Consolidated And Separate Statements Of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2022

In millions of Naira	Note(s)	Group 2022	Group 2021 *Restated	Bank 2022	Bank 2021 *Restated
Profit after income tax		19,298	15,022	19,327	14,910
Adjustments for non cash items:					
Credit loss expense	11	9,122	9,821	9,084	9,822
Depreciation and amortisation	13.2	4,879	5,145	4,879	5,145
Dividend income	10	(416)	(323)	(416)	(323)
Gain on disposal of property, plant and equipment	10	(197)	(396)	(197)	(396)
Unrealised gain on FVTPL instruments		(45)	(62)	(45)	(62)
Increase in provision		50	16	50	16
Net interest income		(76,392)	(67,809)	(76,361)	(67,675)
Net foreign exchange (gain)/loss	9	(166)	7,506	(166)	7,506
Income tax	14(a)	1,459	1,040	1,442	1,021
		(42,408)	(30,040)	(42,403)	(30,036)
Changes in operating assets:					
Deposits with the Central Bank of Nigeria		(51,426)	(15,078)	(51,426)	(15,078)
Investment securities at FVTPL		9,361	(8,721)	9,361	(8,721)
Pledged assets		(1,644)	24,074	(1,644)	24,074
Loans and advances to customers		(22,910)	(113,615)	(22,910)	(113,615)
Derivative financial assets		(807)	-	(807)	-
Other assets		(77,341)	(55,036)	(77,341)	(55,244)
		(187,175)	(198,416)	(187,170)	(198,620)
Changes in operating liabilities:					
Deposits from banks		21,610	(5,721)	21,610	(55,244)
Deposits from customers		97,982	236,149	97,982	236,149
Other liabilities		57,491	40,767	57,528	40,728
Cash generated from operations		(10,092)	72,779	(10,050)	72,536
Interest received		122,206	107,329	116,280	104,997
Interest paid on deposits from banks and customers		(34,552)	(31,581)	(34,552)	(31,581)
Income tax paid		(843)	(435)	(841)	(435)
Net cash flows from operating activities		76,719	148,092	70,837	145,517

In millions of Naira	Note(s)	Group 2022	Group 2021 *Restated	Bank 2022	Bank 2021 *Restated
Investing activities					
Purchase of property, plant and equipment	24.1	(4,948)	(4,701)	(4,948)	(4,701)
Purchase of intangible assets	25	(278)	(188)	(278)	(188)
Purchase of investment property	24.3	(560)	(667)	(560)	(667)
Proceeds from sale of investment property		1,846	1,651	1,846	1,651
Right-of-use-asset		(613)	(573)	(613)	(573)
Proceeds from sale of property, plant and equipment		400	495	400	495
Purchase of debt instruments at FVOCI		(1,018,044)	(705,215)	(1,018,044)	(705,215)
Proceeds from sale/redemption of debt instruments at FVOCI		962,554	660,642	962,554	660,642
Purchase of debt instruments at amortised cost		(34,144)	(2,381)	(30,817)	(2,066)
Redemption of debt instruments at amortised cost		14,978	10,451	14,978	10,451
Purchase of equity instrument at FVOCI		(1,623)	(2,410)	(1,623)	(2,410)
Dividends received	10	416	323	416	323
Net cash flows used in investing activities		(80,016)	(42,573)	(76,689)	(42,258)
Financing activities:					
Proceeds from other borrowed funds	29	35,182	39,844	35,182	39,844
Repayments of other borrowed funds	29	(18,362)	(9,761)	(18,362)	(9,761)
Interest paid on other borrowed funds & debt issued		(18,047)	(14,004)	(15,772)	(11,747)
Dividends paid	33	(2,879)	(1,440)	(2,879)	(1,440)
Net cash flows (used in)/from financing activities		(4,106)	14,639	(1,831)	16,896
Net (decrease)/increase in cash and cash equivalents		(7,403)	120,158	(7,683)	120,155
Effect of exchange rate changes on cash and cash equivalents		8,201	6,089	8,201	6,089
Cash and cash equivalents at 1 January		221,854	95,607	221,846	95,602
Cash and cash equivalents at 31 December	38	222,652	221,854	222,364	221,846

*See details of items restated in Note 49

The accompanying notes 1 to 49 form part of the consolidated and separate financial statements.



Statement Of Prudential Adjustments

The regulators, Central Bank of Nigeria and Nigeria Deposit Insurance Corporation, stipulate that impairment allowance for financial assets shall be determined based on the requirements of IFRS. The IFRS allowance should then be compared with the impairment determined under the prudential guidelines as prescribed by CBN and the difference should be treated as follows:

- (i) Prudential provision is greater than IFRS provision - transfer the difference from the Retained Earnings to a non-distributable Regulatory Risk Reserve.
- (ii) Prudential provision is less than IFRS provision - the excess should be transferred from the Regulatory Risk Reserve to the Retained Earnings to the extent of the non-distributable reserve previously recognized.

In millions of Naira	Note(s)	As at 31 Dec 2022	As at 31 Dec 2021
Transfer to Regulatory Risk Reserve			
Prudential provision		37,342	29,858
Total Prudential provision		37,342	29,858
IFRS provision			
Impairment allowance on loans to corporate entities	20.1	11,176	10,794
Impairment allowance on loans to individuals	20.2	9,272	3,386
Allowances for impairment for other assets	23	4,507	3,713
Impairment allowance on debt instruments at amortised cost	21(d)	172	6
Impairment allowance on pledged assets at amortised cost	18.2	17	-
Impairment allowance on pledged assets at FVOCI	18.3.1	3	-
Impairment allowance on debt instruments at FVOCI	21(e)	511	532
Provisions for litigation, letters of credits and guarantees	31.2	1,489	1,180
		27,147	19,611
Difference in impairment provision balances		10,195	10,247
Movement in the Regulatory Risk Reserve:			
Balance at the beginning of the year		10,247	10,435
Transfer from Regulatory Risk Reserve		(52)	(188)
		10,195	10,247



Notes To The Consolidated And Separate 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 Investment Management Plc (SPV) was established in 2016 to raise money by the issue of bonds and other debt instruments. The SPV is a subsidiary and is consolidated in the financial statements of the Bank.

Sterling Bank Plc (the "Bank") together with its subsidiary (collectively the "Group") is engaged in commercial banking with emphasis on retail and consumer banking, trade services, corporate, investment and non-interest banking activities. It also provides wholesale banking services including the granting of loans and advances, letter of credit transactions, money market operations, electronic and mobile banking products and other banking activities.

The consolidated and separate financial statements of Sterling Bank Plc and its subsidiary for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 17 April, 2023.

2. Accounting Policies

2.1 Basis of preparation and statement of compliance

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

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

(a) Functional and Presentation currency

The consolidated and separate financial statements are presented in Nigerian Naira, the Group's functional currency and all values are rounded to the nearest million (N'million) except when otherwise indicated.

(b) Presentation of financial statements

The Group 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 39 to the consolidated and separate financial statements.

Financial assets and financial liabilities are offset and the net amount reported in the consolidated and separate 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 income statement unless required or permitted by any IFRS accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

(c) Basis of Consolidation

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

Generally, there is a presumption that 51% or more of voting rights results in control. However, under individual circumstances, the Bank may still exercise control with less than 50% shareholding or may not be able to exercise control even with ownership over 50% of an entity's shares. When assessing whether it has power over an investee and therefore controls the variability of its returns, the Bank considers all relevant facts and circumstances, including:

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



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

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

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value. However, in the year under review, the Group did not have any investee company accounted for using equity method.

2.2 Summary of significant accounting policies

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

2.2.1 Taxes

Tax expense comprises current and deferred tax. Current tax and deferred taxes 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 profit 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.

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

(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 temporary differences:

- the initial recognition of goodwill; and
- the initial recognition of assets or liabilities in a transaction that is not a business combination and,

at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 sufficient future taxable profits or sufficient future taxable temporary differences 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.

2.2.2 Financial instruments

(i) Recognition and initial measurement

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

(ii) Classification of financial instruments

The Group classified its financial assets under IFRS 9, into the following measurement categories:

- Those to be measured at fair value through other comprehensive income (FVOCI) (either with or without recycling). Included in this classification are debt instruments at FVOCI and equity instruments at FVOCI;

- Those to be measured at fair value through profit or loss (FVTPL); and
- Those to be measured at amortised cost. Included in this classification are debt instruments at amortised cost, loans and advances e.t.c

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

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

(iii) Subsequent measurement

Financial assets -

(a) Debt instruments

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

Amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

The Group's financial assets at amortised cost include cash and balances with Central Bank of Nigeria, due from banks, loans and advances to customers, and other debt instruments at amortised cost.

Fair value through other comprehensive income (FVOCI): Investment in debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

The Group's financial assets at fair value through other comprehensive income include equity instruments at FVOCI, treasury bills, promissory notes, government bonds, corporate bonds and receivables.

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

The Group's financial assets at fair value through profit or loss include treasury bills and bonds.

(b) Equity instruments

The Group subsequently measures all equity investments at fair value. For equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an



investment-by-investment basis. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss.

Dividends from such investments continue to be recognised in profit or loss as other operating income when the Group's right to receive payments is established unless the dividend clearly represents a recovery of part of the cost of the investment. All equity financial assets are classified as measured at FVOCI. The Group presents fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss.

(iv) **Business model assessment**

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

- (a) The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- (b) How the performance of the portfolio is evaluated and reported to the Group's management;
- (c) The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- (d) How managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- (e) The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because

they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest on principal

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

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

Financial liabilities -

The Group classifies financial liabilities into financial liabilities at amortised cost and fair value through profit or loss. Financial liabilities are derecognised when extinguished, ie when the obligation specified in the contract is discharged or cancelled or expires.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities held for trading.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by the Group.

Gains and losses arising from changes in fair value of financial liabilities classified as fair value through profit or loss are included in the profit or loss and are reported as 'Net trading income on financial instruments classified as fair value through profit or loss'. Interest expenses on financial liabilities classified as fair value through profit or loss are included in 'Net trading income on financial instruments classified as fair value through profit or loss'.

The group does not have any financial liabilities at fair value through profit or loss.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

(ii) Financial liabilities at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost. Financial liabilities measured at amortised cost are deposits from banks or customers, debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

(v) Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets that are debt

instruments. A change in the objective of the Group's business occurs only when the Group either begins or ceases to perform an activity that is significant to its operations (e.g., via acquisition or disposal of a business line).

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

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

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

The Group may only sell insignificant portion of debt instruments measured at amortised cost frequently without triggering a change in business model. If the Group sells significant portions, this will not be more than twice a year subject to cases of unlikely to reoccur events such as:

- Run on the Bank/stressed liquidity scenarios
- Credit risk event i.e. perceived issuer default
- In the event of merger and takeover, the Bank may sell portion of the portfolio if the security holdings violates set limits
- Other one-off events

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

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

Sales close to maturity are acceptable if the proceeds from the sales approximate the collection of the remaining contractual cash flows. At the point of sale an assessment will be conducted to determine whether there is more than 10% different from the remaining cash flows.



(vi) Modifications of financial assets and financial liabilities

(i) Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

Any difference between the amortised cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded in profit or loss as 'gains and losses arising from the derecognition of financial assets measured at amortised cost'. If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss as part of interest income for the year.

In determining when a modification to terms of a financial asset is substantial or not to the existing terms, the Group will consider the following non-exhaustive criteria.

Qualitative criteria

Scenarios where modifications may lead to derecognition of existing loan and recognition of a new loan, i.e. substantial modification, are:

- Conversion of a bullet repayment financial asset to amortising financial asset or vice versa
- Extension of financial asset's tenor
- Reduction in repayment of principal and interest
- Capitalisations of overdue repayments into a new principal amount
- Change in frequency of repayments i.e. change of monthly repayments to quarterly or yearly repayments
- Reduction of financial asset's tenor

On the occurrence of any of the above factors, the Group will perform a 10% test (see below) to determine whether or not the modification is substantial.

Scenarios where modification will not lead to derecognition of existing financial assets are:

- Change in interest rate arising from a change in MPR which is a benchmark rate that drives borrowing rates in Nigeria
- Bulk repayment of financial asset

Quantitative criteria

A modification would lead to derecognition of existing financial asset and recognition of a new financial asset, i.e. substantial modification, if:

- The discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

A modification would not lead to derecognition of existing financial asset if:

- the discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is less than 10 percent different from the discounted present value of the remaining cash flows of the original financial asset.
- If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (see below) and Expected credit losses (ECL) are measured as follows:
 - if the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset
 - if the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flows from existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from existing financial asset that are discounted from expected date of derecognition to the reporting date using original effective interest rate of the existing financial asset.

(ii) Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. This occurs when the discounted present value of the

cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability.

In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

If the exchange or modification is not accounted for as an extinguishment (i.e. the modified liability is not substantially different), any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(vii) Impairment of financial assets

See also Note 37.1 on Credit risk disclosure

The Group recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments;
- Financial guarantee contracts issued; and
- Loan commitments issued.

No impairment loss is recognised on equity investments. The Group measures loss allowances at an amount equal to 12-month ECL for the following:

- Risk free and gilt edged debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition.

Otherwise, ECL is measured over the lifetime of instruments with significantly increased credit risk.

The Group considers a risk free and gilt edged debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

1. Measurement of Expected Credit loss (ECL)

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: ECL is the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive);
- Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit impaired financial assets) : ECL represents the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn loan commitments: ECL is the present value of the difference between the contractual cash flows that are due to Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- Financial guarantee contracts: This is the expected payments to reimburse the holder less any amounts that the Group expects to recover.

2. Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows on the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- For economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the Group would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties;
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has not reduced significantly and there are no other indicators of impairment. In addition, loans that are more than 90 days overdue are considered impaired except for specialised loans in which the Group has rebutted the 90 days past due presumptions.



The specialised loans include:

1. Project financing: >180 days past due backstop
2. Object financing (producing real estate and commercial real estate financing): >180 days past due backstop;
3. Commodity finance: > 180 days past due backstop
4. Income producing real estate: >180 days past due backstop.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

- The market's assessment of credit worthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

3. Presentation of allowance for ECL in the statement of financial position

Loan allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: generally, as a provision within other liabilities
- Where a financial instruments includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents as a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss

allowance is disclosed and is recognised in the "fair value reserve".

4. Write-off

After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure is recommended for write-off (either partially or in full):

- continued contact with the customer is impossible;
- recovery cost is expected to be higher than the outstanding debt;
- amount obtained from realisation of credit collateral security leaves a balance of the debt; or
- it is reasonably determined that no further recovery on the facility is possible.

All credit facility write-offs require endorsement at the board level, as defined by the Group. Credit write-off approval is documented in writing and properly initiated by the Credit collection and recoveries.

A write-off constitutes a derecognition event. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognised as income on a cash basis only.

(viii) Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host—with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty, is not an embedded derivative, but a separate financial instrument. Where a hybrid contains a host that is a financial asset in the scope of IFRS 9, the entire hybrid contract, including the embedded features, is assessed for classification under IFRS 9. The embedded derivative in such host contracts that are financial assets are not separated for accounting purposes.

The Group did not have any embedded derivative in the 2022 financial year (2021: nil).

(ix) Offsetting financial instruments -

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

(x) Derivative financial instruments:

Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset where there is a legal right of offset of the recognised amounts and the parties intend to settle the cash flows on a net basis, or realise the asset and settle the liability simultaneously.

(xi) De-recognition of financial instruments -

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(xii) Financial guarantees and loan commitments

The date that the entity becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of applying the impairment requirements. Financial guarantees issued are initially measured at fair value and the fair value is amortised over the life of the guarantee. Subsequently, the financial guarantees are measured at the higher of this amortised amount and the amount of expected loss allowance (See Note 35(b)).

The Group also recognises loss allowance for its loan commitments (See Note 35(b)). The expected loss allowance for the Loan commitment is calculated as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive.

The Group has issued no loan commitment that is measured at FVTPL.

2.2.3 Revenue recognition

Interest income and expense

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

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

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

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

a. Amortised cost and gross carrying amount

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

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

b. Calculation of interest income and expenses

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.



However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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

c. Presentation

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

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

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

Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in Net trading income on financial instrument.

**d. Non-interest income and non-interest expense
*Sharia compliant income***

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

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

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

e. Fees and commission income and expense

Fees and Commission that are integral to the effective interest rate on a financial asset are included in the measurement of the effective interest rate. Fees, such as processing and management fees charged for assessing the

financial position of the borrower, evaluating and reviewing guarantee, collateral and other security, negotiation of instruments' terms, preparing and processing documentation and finalising the transaction are an integral part of the effective interest rate on a financial asset or liability and are included in the measurement of the effective interest rate of financial assets or liabilities.

Other fees and commissions which relates mainly to transaction and service fees, including loan account structuring and service fees are recognised as the related services are performed.

f. 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, interest income on financial assets at fair value through profit or loss, dividends and foreign exchange differences.

g. Dividend income

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

2.2.4 Cash and cash equivalents

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

2.2.5 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 Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(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 - Non-current 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.

Leasehold land are not depreciated.

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

Leasehold buildings	50 years
Leasehold improvements	10 years
Furniture, fittings & equipment	5 years
Computer equipment	5 years
Motor vehicles	4 years
Farm equipment and machines (tractors and harvesters)	10 years
Farm equipment and machines (plough, harrow and sprayers)	5 years

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

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

(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.

2.2.6 Non-current assets held for sale

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

The group classifies repossessed assets as non-current assets held for sale as it intends to recover these assets primarily through sales transactions.

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

- (i) its carrying amount before the asset (or disposal group) was classified as held for sale or for distribution, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been so classified; and
- (i) its recoverable amount at the date of the subsequent decision not to sell or distribute.

2.2.7 Intangible assets

Software

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment. Expenditure on internally developed software is recognised as an asset when the Group 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 accounted for prospectively.

2.2.8 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. Leases are accounted for in accordance with IFRS 16.

(i) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

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

The right-of-use assets are presented in Note 24.2 and are subject to impairment in line with the Group's policy as described in Note 2.2.9 Impairment of non-financial assets.

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments and in substance fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value

guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

(ii) Group as a lessor

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

2.2.9 Impairment of non-financial assets

The carrying amounts of the Group'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 Group 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 Group 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 group of assets 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.

2.2.10 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are carried at historical cost less accumulated depreciation and impairment. The fair value and valuation inputs of the investment property are also disclosed in note 23.3 in accordance with IAS 40. The investment properties consist of buildings which are depreciated on a straight-line basis over their useful life of 50 years. Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

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

2.2.11 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 Group 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 Group's contributions to the scheme are recognised as an expense in the profit or loss account on an annual basis.

(ii) Termination benefits

The Group recognises termination benefits as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. The Group settles termination benefits within twelve months and are accounted for as short-term benefits.

(iii) 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 Group 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.

2.2.12 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.

(iii) Provisions

Provisions for restructuring costs and legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events; It is more probable than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The Group recognises no provisions for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

2.2.13 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.

(ii) Dividend on ordinary shares

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

2.2.14 Equity reserves

(i) Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of financial instruments at fair value through other comprehensive income 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 Group 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 expected 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 5 percent of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises.

(v) 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.

(vi) AGSMEIS reserve

The Banker's committee at its 331st meeting held on 9 February 2017 approved the Agric-Business, Small and Medium Investment Scheme (AGSMEIS) to support Federal Government efforts at promoting Agricultural businesses/Small and Medium Enterprises (SMEs). All deposit money banks are required to set aside 5% of Profit After Tax (PAT) annually after their financial statements have been audited by external auditors and approved by Central Bank of Nigeria (CBN) for publication and remit to CBN within 10 working days after the Annual General Meeting.

2.2.15 Earnings per share

The Group 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 Group by the weighted average number of ordinary shares outstanding during the year.

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

2.2.16 Segment reporting

An operating segment is a component of the Group 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 Group's other components, whose operating results are reviewed regularly by the Group'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 Group segment reporting is based on the following operating segments: Retail banking, Commercial banking, Institutional banking, Corporate & Investment banking, Non-Interest Banking and Special Purpose Vehicle (SPV).

2.2.17 Foreign currency translation

The Group'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).

2.2.18 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 debt instruments at FVOCI, and debt instruments at amortised cost 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.

2.2.19 Fair value definition and measurement

The Group 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 39.

Financial instruments (including those carried at amortised cost) are in Note 39.

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.

The Group 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 Group 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.

2.2.20 Non interest banking

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

Mudaraba 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 acts in negligence, error or violates the agreement. Mudaraba financing is reported 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 lease income not yet received and presented at its net realisable value, which is the outstanding balance of the receivables.

Mudaraba and Ijarah receivables are classified as debt instruments at amortised cost. Refer to Note 2.2.2 for the accounting policy on debt instruments at amortised cost.

Deposit Liabilities

Deposits liabilities on non-interest banking are classified as financial liabilities at amortised cost. Incremental costs directly attributable to acquisition 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 2.2.2(ii) 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 over one year.

2.3 Changes in accounting policies and disclosures

The following amendments and interpretations became effective in the annual period starting from 1 January, 2022. The new reporting requirements as a result of the amendments and interpretations have been considered and their impact or otherwise are presented below:

(i) Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform - Phase 2

In August 2020, the Board issued amendments that complement those issued in 2019 and focus on the effects of the interest rate benchmark reform

on a company's financial statements that arise when, for example, an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate.

The Phase 2 amendments, Interest Rate Benchmark Reform-Phase 2, address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate.

The amendment had no impact on the Group financial statements as the Group's existing contract indexed to an IBOR will mature before the cessation of the IBOR rate.

(ii) Amendments to IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021.

In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the covid19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The Group had no such Covid -19 related rent concessions as such there is no impact on the Group financial statements.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated and separate 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 that could result in outcome that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

Management discusses with the Audit Committee the development, selection and disclosure of the Group'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 uncertainty 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 Group 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 Group. Such changes are reflected in the assumptions when they occur.

(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.

See Note 24.1 for further disclosure on property, plant and equipment.

(ii) Amortisation and carrying value of intangible assets

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 intangible assets will have an impact on the carrying value of these items. See Note 25 for further information disclosure on intangible assets.

(iii) 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 Group 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.

(iv) 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 Group's quarterly reporting schedule, however some collateral, for example, cash or securities relating to margin requirements, is valued daily. To the extent possible, the Group 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. See Note 39 for further disclosure on collateral value.

(v) Business model assessment

For financial assets that are held for the purpose of collecting contractual cash flows, the Group has assessed whether the contractual terms of these assets are solely payments of principal and interest on the principal amount outstanding.

Allowances for credit losses

Judgement is required by management in the estimation of the amount and timing of future cash flows when determining an impairment loss for loans and advances. In estimating these cash flows, the Group makes judgements about the borrower's financial situation and the net realizable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

A collective assessment of impairment takes into account data from the loan portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.), and concentrations of risk and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups).

Impairment of financial assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable



inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's internal credit grading model, which assigns PDs to the individual grades
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Life time Expected credit losses (LTECL) basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

(vi) 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 2.2.19.

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.

(vii) 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(i) for further information on judgment and estimates relating to deferred tax assets.

(viii) Estimating the incremental borrowing rate

The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic

environment. The IBR therefore reflects what the Bank 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Bank estimates the IBR using observable inputs (such as market interest rates for similar transactions) and is required to make certain entity-specific adjustments or to reflect the terms and conditions of the lease.

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 Group's accounting policies, management has made the following judgements, which have significant effect on the amount recognised in the financial statements:

(i) Going Concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in 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 Group's ability to continue as a going concern. Therefore, the consolidated and separate financial statements continue to be prepared on the going concern basis.

(ii) 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(i) of the financial statements.

(iii) Determination of the lease term for lease contracts with renewal and termination options (Bank as a lessee)

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Bank has several lease contracts that include extension and termination options. The Bank applies judgement in evaluating whether it is reasonably certain if to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive to exercise either the renewal or termination. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects

its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization of the leased asset).

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

4 New standards and interpretations

4.1 New standards and interpretation issued but not yet effective

IFRS 17 Insurance Contracts

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

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

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

Amendments to IAS 8: Definition of Accounting Estimates

On 12 February 2021, the IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The amendment clarifies that a change in an input or a

change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

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

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

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

They will typically apply to transactions such as leases and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented.

In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - right-of-use assets and lease liabilities, and
 - decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

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

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

In February 2021, the IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material.

They further clarify that immaterial accounting policy information does not need to be disclosed.



If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

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

Annual Improvements to IFRS Standards 2018–2020

The Annual Improvements include amendments to four Standards.

IFRS 16 Leases

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

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

5 Segment Information

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

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

The Group has six reportable segments; Retail Banking, Commercial & Institutional Banking, Corporate & Investment Banking, Non-interest Banking (NIB), Special Purpose Vehicle (SPV) which are the Bank's strategic business units.

The strategic business units offer different products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic business units, the Executive Management Committee reviews internal management reports on a monthly basis.

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

- Corporate banking provides banking solutions to multinational companies and other financial institutions;
- Retail and Commercial banking provides banking solutions to individuals, small businesses, partnerships and commercial entities among others.
- Non-Interest banking provides solutions that are consistent with Islamic laws and guided by Islamic economics; and
- The Special Purpose Vehicle was used to borrow funds through the issue of debt securities.

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.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2022 (2021: none).

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

31 December 2022							
In millions of Naira	Retail Banking	Commercial Banking	Institutional Banking	Corporate & Investment Banking	Non-Interest Banking	SPV	Total
Interest and non - interest banking income	35,217	22,553	30,971	30,085	7,300	2,308	128,434
Interest and non - interest banking expense	(11,317)	(12,766)	(9,034)	(14,330)	(2,318)	(2,277)	(52,042)
Net interest and Non - interest margin	23,900	9,787	21,937	15,755	4,982	31	76,392
Net fees and commission income	8,158	2,890	3,582	7,700	45	-	22,375
Credit loss expense	(5,665)	(61)	(2,128)	(429)	(801)	(38)	(9,122)
Depreciation and amortization	(3,140)	(332)	(356)	(518)	(533)	-	(4,879)
Operating expenses	(18,367)	(12,316)	(28,091)	(20,832)	(2,720)	(5)	(82,331)
Segment profit/(loss)	9,906	3,512	(2,961)	7,624	2,688	(12)	20,757
Assets as at 31 December 2022							
Capital expenditure: Additions during the year							
Property, plant and equipment	3,982	-	-	12	954	-	4,948
Intangible assets	278	-	-	-	-	-	278
Total Assets	373,362	350,761	435,422	558,009	123,029	17,370	1,857,992
Total Liabilities	561,282	365,449	321,755	337,310	101,309	16,924	1,703,994

31 December 2021							
In millions of Naira	Retail Banking	Commercial Banking	Institutional Banking	Corporate & Investment Banking	Non-Interest Banking	SPV	Total
Interest and non-interest banking income	21,107	15,357	24,028	45,562	4,552	2,394	113,000
Interest and non-interest banking expense	(4,314)	(7,096)	(6,294)	(24,205)	(1,022)	(2,260)	(45,191)
Net interest and Non-interest margin	16,793	8,261	17,734	21,357	3,530	134	67,809
Net fees and commission income	7,796	2,177	4,181	5,110	95	-	19,359
Credit loss expense	(3,529)	(215)	(1,352)	(4,132)	(594)	1	(9,821)
Depreciation and amortization	(3,241)	(280)	(253)	(852)	(519)	-	(5,145)
Operating expenses	(12,762)	(7,929)	(19,057)	(26,920)	(1,450)	(4)	(68,122)
Segment profit	4,423	3,067	2,310	3,190	2,941	131	16,062
Assets as at 31 December 2021							
Capital expenditure: Additions during the year							
Property, plant and equipment	4,235	132	151	183	-	-	4,701
Intangible assets	188	-	-	-	-	-	188
Total Assets	182,212	149,373	262,774	923,286	89,253	17,380	1,624,278
Total Liabilities	395,098	330,322	282,691	389,451	73,252	16,905	1,487,719



In millions of Naira	Group 2022	Group 2021	Bank 2022	Bank 2021
6. Interest income using effective interest rate				
Loans and advances to customers	100,441	92,983	100,441	92,983
Investment securities	27,105	19,374	24,797	16,980
Cash and cash equivalents	888	643	888	643
	128,434	113,000	126,126	110,606

Modification gain of N188million (2021: N187million loss) for Group and Bank has been included in the interest income on loans and advances. This adjustment represents the changes in gross carrying amounts of the financial assets from immediately before, to immediately after modification using the effective interest rate of the initial contract.

Interest from investment securities were derived from:

Debt instruments at amortised cost	15,669	13,161	13,361	10,767
Debt instruments at fair value through other comprehensive income	11,436	6,213	11,436	6,213
	27,105	19,374	24,797	16,980

7. Interest expense using effective interest rate

Deposits from customers	33,275	29,497	33,275	29,497
Debt securities issued	6,726	6,702	4,449	4,442
Other borrowed funds	10,498	6,866	10,498	6,866
Deposits from banks	1,536	2,122	1,536	2,122
Interest on lease liability	7	4	7	4
	52,042	45,191	49,765	42,931

8. Net fees and commission income

Fee and commission income is disaggregated below and includes total fees in scope of IFRS 15, Revenues from Contracts with Customers:

Group & Bank In millions of Naira	Group 2022	Group 2021	Bank 2022	Bank 2021
E-business commission and fees	7,157	6,746	7,157	6,746
Other fees and commissions (Note 8.1)	5,306	7,636	5,306	7,636
Account maintenance fees	4,113	2,930	4,113	2,930
Commissions and similar income	4,011	2,399	4,011	2,399
Facility management fees	3,370	2,874	3,370	2,874
Total revenue from contracts with customers	23,957	22,585	23,957	22,585
Other non-contract fee income:				
Commission on letter of credit transactions	4,427	2,586	4,427	2,586
Total fees and commission income	28,384	25,171	28,384	25,171
Total fees and commission expense				
E-business expenses	(6,009)	(5,812)	(6,009)	(5,812)
Net fees and commission income	22,375	19,359	22,375	19,359

Fees and commission income and expense have previously been disclosed on a net basis on the statement of profit or loss. Consistent with IAS 1, the amount has been reflected on a gross basis in both the current year and comparative

8.1 Other fees and commission includes mostly advisory fees, facility agent fees among others.

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

In millions of Naira	Group 2022	Group 2021	Bank 2022	Bank 2021
9. Net trading income				
Bonds	854	2,026	854	2,026
Treasury bills	2,962	2,408	2,962	2,408
Foreign exchange trading	3,710	8,870	3,710	8,870
Foreign exchange revaluation gain/(loss)	166	(7,506)	166	(7,506)
	7,692	5,798	7,692	5,798

Foreign exchange trading income includes gains and losses from spot and forward contracts and other currency derivatives. Other foreign exchange differences arising on non-trading activities are presented as foreign exchange revaluation loss.

In millions of Naira	Group 2022	Group 2021	Bank 2022	Bank 2021
10. Other operating income				
Cash recoveries on previously written off accounts	2,874	2,146	2,874	2,146
Dividend income from FVOCI equity investments	416	323	416	323
Rental income	330	329	330	329
Gains on disposal of property, plant and equipment	197	396	197	396
Other sundry income (note 10.1)	6,813	2,990	6,813	2,990
	10,630	6,184	10,630	6,184

10.1 Other sundry income includes income on FX forward discounting, Mudaraba Commodity Income among others.

11. Credit loss expense

The table below shows the ECL charges on financial instruments for the year ended 31 December 2022 recorded in profit or loss:

In millions of Naira	Group 2022	Group 2021	Bank 2022	Bank 2021
11a. Credit loss expense (see note 11 b. below for breakdown)				
(i) Loans and advances impairment:				
Impairment on loans to corporate entities	6,914	10,294	6,914	10,294
Impairment on loans to individuals	7,399	2,815	7,399	2,815
Write-offs	1,302	170	1,302	170
Reversal of allowances no longer required	(8,532)	(6,563)	(8,532)	(6,563)
	7,083	6,716	7,083	6,716
(i) Impairment charge on other assets (note 23ii)	1,577	2,031	1,577	2,031
(ii) Impairment charge on investment securities (notes 18.3.1, 18.3.2, 21e and 21f)	203	364	165	365
(iii) Impairment charge on letters of credit and guarantees	259	710	259	710
	2,039	3,105	2,001	3,106
	9,122	9,821	9,084	9,822



11b. Credit loss expense

The table below shows the ECL charges on financial instruments for the year 31 December 2022 recorded in profit or loss:

				2022
Group In millions of Naira	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	(3,329)	1,636	8,776	7,083
Debt instruments measured at FVOCI	(18)	-	-	(18)
Debt instruments measured at amortised cost	221	-	-	221
Other assets	1,577	-	-	1,577
Financial guarantees	88	-	-	88
Letters of credit	171	-	-	171
Total credit loss expense	(1,290)	1,636	8,776	9,122

				2021
Group In millions of Naira	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	5,432	(496)	1,780	6,716
Debt instruments measured at FVOCI	368	-	-	368
Debt instruments measured at amortised cost	(4)	-	-	(4)
Other assets	2,031	-	-	2,031
Financial guarantees	704	-	-	704
Letters of credit	6	-	-	6
Total credit loss expense	8,537	(496)	1,780	9,821

				2022
Bank In millions of Naira	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	(3,329)	1,636	8,776	7,083
Debt instruments measured at FVOCI	(18)	-	-	(18)
Debt instruments measured at amortised cost	183	-	-	183
Other assets	1,577	-	-	1,577
Financial guarantees	88	-	-	88
Letters of credit	171	-	-	171
Total credit loss expense	(1,328)	1,636	8,776	9,084

				2021
Bank In millions of Naira	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	5,432	(496)	1,780	6,716
Debt instruments measured at FVOCI	368	-	-	368
Debt instruments measured at amortised cost	(3)	-	-	(3)
Other assets	2,031	-	-	2,031
Financial guarantees	704	-	-	704
Letters of credit	6	-	-	6
Total credit loss expense	8,538	(496)	1,780	9,822

12. Personnel expenses

	Group 2022	Group 2021	Bank 2022	Bank 2021
Wages and salaries	15,401	13,622	15,401	13,622
Defined contribution plan	1,543	1,295	1,543	1,295
	16,944	14,917	16,944	14,917

13.1 Operating expenses

Contract services	9,043	6,640	9,043	6,640
AMCON surcharge (see (a) below)	9,171	7,286	9,171	7,286
Insurance	5,789	4,768	5,789	4,768
Banking Resolution Fund (see note (b) below)	1,637	1,282	1,637	1,282
Other professional fees (see (c) below)	1,247	700	1,245	698
Administrative expenses	9,021	9,021	9,021	9,021
Office expenses	5,524	4,115	5,524	4,115
Communication cost	2,142	1,803	2,142	1,803
Rents and rates	325	618	325	618
Advertising and business promotion	1,397	2,640	1,397	2,640
Other general expenses (see (d) below)	707	825	704	823
Branding expenses	715	1,111	715	1,111
Seminar and conferences	1,202	411	1,202	411
Security	430	421	430	421
Cash handling and cash processing expenses	1,385	1,416	1,385	1,416
Transport, travel, accommodation	615	417	615	417
Directors other expenses	458	255	458	255
Annual general meeting expenses	240	140	240	140
Stationery and printing	272	199	272	199
Audit fees	190	190	190	190
Membership and subscription	720	266	720	266
Directors fee	54	165	54	165
Fines and penalties	218	-	218	-
	52,502	44,689	52,497	44,685

General and administrative expenses of N23.6 billion were previously reflected as a line item within operating expenses in the FY2021 Statement of Profit or Loss. The expenses have been included with operating expenses in line with IAS 1 in both the current year and comparative.

(a) AMCON sinking fund contribution

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



(b) Banking Resolution Fund

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

(c) Other professional fees include legal charges and filing fees.

(d) Included in other general expenses are loan recovery expenses, custodial services, debt capital expenses, miscellaneous office expenses, etc.

In millions of Naira	Group 2022	Group 2021	Bank 2022	Bank 2021
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13.2 Depreciation and amortisation

Depreciation of property, plant and equipment (see note 24.1)	3,655	3,619	3,655	3,619
Depreciation of right-of-use asset amortisation (see note 24.2)	651	735	651	735
Depreciation investment property (see note 24.3)	73	102	73	102
Amortisation of intangible assets (see note 25)	500	689	500	689
	4,879	5,145	4,879	5,145

In millions of Naira	Group 2022	Group 2021	Bank 2022	Bank 2021
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13.3 Other property, plant and equipment (PPE) costs

Repairs and maintenance of PPE	12,885	8,516	12,885	8,516
	12,885	8,516	12,885	8,516

14. Income Tax

(a) Current income tax expense:

Income tax (note 14d(ii))	863	387	863	387
Education tax (note 14d(iii))	351	429	351	429
Capital Gains Tax (note 14e)	1	-	1	-
	1,215	816	1,215	816
Information Technology levy (note 14f)	208	163	208	163
Nigeria Police Trust Fund levy (note 14g)	1	1	1	1
National Agency for Science and Engineering Infrastructure levy (note 14h)	52	41	52	41
	1,476	1,021	1,476	1,021
Deferred tax expense:				
Origination of temporary differences (note 14i)	(34)	-	(34)	-
Prior period under provision	17	19	-	-
Total income tax expense	1,459	1,040	1,442	1,021

(b) Current income tax payable

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

Balance, beginning of the year	1,074	551	1,055	551
Estimated charge for the year (see (14a) above)	1,215	816	1,215	816
Prior period under/(excess) provision	17	19	-	-
Payments during the year	(699)	(312)	(697)	(312)
Balance, end of the year	1,607	1,074	1,573	1,055

14 Income Tax (Contd.)

In millions of Naira	Group 2022		Group 2021		Bank 2022		Bank 2021	
(c) Reconciliation of total tax charge								
	%		%		%		%	
Profit before income tax expense	100%	20,757	100%	16,062	100%	20,769	100%	15,931
Income payable @ statutory tax rate of 30%	30%	6,227	30%	4,819	30%	6,231	30%	4,779
Tax effect of:								
Non-deductible expenses	26%	5,318	54%	8,652	26%	5,318	54%	8,652
Tax- exempt Income	(35%)	(7,327)	(55%)	(4,405)	(35%)	(7,331)	(55%)	(8,291)
Education tax	2%	351	3%	429	2%	351	3%	429
Capital Gains Tax	0%	1	0%	-	0%	1	0%	-
Nigeria Police Trust Fund	0%	1	0%	1	0%	1	0%	1
National Agency for Science and Engineering Infrastructure Act Levy	0%	52	0%	41	0%	52	0%	41
Information Technology Levy (NITDA)	1%	208	1%	163	1%	208	1%	163
Prior period under/(excess) provision	0%	17	0%	19	0%	-	0%	-
Current year tax loss utilized	(21%)	(4,315)	(27%)	(4,533)	(21%)	(4,315)	(29%)	(4,713)
Prior year unrecognised tax loss	0%	64	(27%)	(4,533)	0%	64	(3%)	(427)
Minimum tax	4%	862	2%	387	4%	862	2%	387
Effective tax rate/ Income tax expense	7%	1,459	6%	1,040	7%	1,442	6%	1,021

- d(i) The Companies Income Tax Act (CITA) in Nigeria requires companies having more than N100 Million Naira turnover to pay income tax at the rate of 30% of their taxable profits. Where the company do not have a taxable profit or where the income tax on the taxable profit is lower than the prescribed minimum tax, the minimum tax shall apply. Minimum tax in Nigeria is assessed at the rate of 0.5% of the turnover. Due to unutilized tax losses and unclaimed capital allowance, Sterling Bank has no taxable profit for the year ended 31 December 2022, as a result, was assessed to minimum tax for the year under review. The minimum tax charge for the year was N862million.
- d(ii) Education tax is imposed on Nigerian companies by the Tertiary Education Trust Fund Act. The applicable rate which used to be 2.0% of the assessable profit has been increased to 2.5% effective from 1 January 2022. The education tax charge of the Bank for 2022 financial year is N351million (2021:N429million).
- (e) Capital gains tax is levied on capital gains arising from sales of qualifying property, plant and equipment. During the year, the Bank disposed PPE and realized capital gains which resulted in capital gains tax of N1.33million for the year.
- (f) The National Information Technology Development Agency Act (NITDA) 2007 stipulates that specified companies contribute 1% of their profit before tax to the National Information Technology Development Agency. In line with the Act, the Bank has provided for Information technology levy at the specified rate.
- (g) Section 4 of the Nigeria Police Trust Fund (Establishment) Act 2019 stipulates that companies operating in Nigeria shall contribute 0.005% of their profit before tax to the Nigeria Police Trust Fund. The Act establishing the Fund will be in force for 6 years from the year of establishment. In line with the Act, the Bank has provided for Police Trust Fund levy at the specified rate.
- (h) National Agency for Science and Engineering Infrastructure Act (Cap N3 LFN 2004) stipulates that commercial companies and firms with income or turnover of N100million and above are required to contribute 0.25% of their profit before tax (the Levy), into the Fund. However, all contributions made to the fund shall be deductible against Companies Income Tax (CIT).



14 Income Tax (Contd.)

(i) Deferred tax assets and liabilities

31 Dec 2022 In millions of Naira	Balance at 31 Dec 2021	Recognised in profit or loss	Balance at 31 Dec 2022
Property, plant and equipment and software	1,097	-	1,097
Unutilised tax credit (capital allowance)	(5,368)	(22)	(5,390)
Tax loss	(2,343)	(10)	(2,353)
Provisions	(357)	(2)	(359)
	(6,971)	(34)	(7,005)

31 Dec 2022 In millions of Naira	Balance at 31 Dec 2020	Recognised in profit or loss	Balance at 31 Dec 2021
Property, plant and equipment and software	378	719	1,097
Unutilised tax credit (capital allowance)	(3,187)	(2,181)	(5,368)
Tax loss	(4,152)	1,809	(2,343)
Provisions	(10)	(347)	(357)
	(6,971)	-	(6,971)

The Bank has unutilized capital allowance of N66,429,600,662 (2021: N58,412,639,243), unused tax losses carried forward available of N11,123,603,367 (2021: N25,497,384,743) and deductible temporary differences of N78,945,186,677 (2021: N75,852,887,231) to be offset against future taxable profits. The Bank has recognized additional deferred tax asset of N34million for the year and there is no expiry date for utilization of tax assets in Nigeria.

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. This tax holiday expired at the end of 2021 financial year with the exception of Federal Government Bond which remains tax exempt. The income arising from investment in these tax exempt instruments has created the above unutilized tax assets for the Bank and accounts for the Bank's source of deferred tax assets. The management's judgment is that the deferred tax recognized in the book is recoverable after the expiration of exemption granted on Government securities.

15. Earnings per share (basic and diluted)

The calculation of basic earnings per share as at 31 December 2022 was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding calculated as follows:

	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021
	Units('millions)	Units('millions)	Units('millions)	Units('millions)
(a) Issued ordinary shares as at 31 December	28,790	28,790	28,790	28,790
Weighted average number of ordinary shares	28,790	28,790	28,790	28,790
(b) Profit for the year attributable to equity holders of the Bank (in millions Naira)	19,298	15,022	19,327	14,910
Basic earnings per share (in kobo)	67k	52k	67k	52k
Diluted earnings per share (in kobo)	67k	52k	67k	52k

In millions of Naira	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021
16. Cash and balances with Central Bank of Nigeria				
Cash and foreign monies	30,409	34,315	30,409	34,315
Unrestricted balances with Central Bank of Nigeria	105,784	92,689	105,784	92,689
Deposits with the Central Bank of Nigeria	295,295	243,869	295,295	243,869
	431,488	370,873	431,488	370,873

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

In millions of Naira	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021
17. Due from banks				
Balances held with banks outside Nigeria	85,929	85,791	85,929	85,791
Money market placements	242	9,051	242	9,051
Balances held with local banks	288	8	-	-
	86,459	94,850	86,171	94,842

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 31.1).

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

In millions of Naira	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021
18. Pledged assets				
18.1 Debt instruments at Fair value through other comprehensive income (FVOCI)				
Treasury bills FVOCI (see note (a) below)	13,281	10,427	13,281	10,427
Total debt instruments measured at FVOCI	13,281	10,427	13,281	10,427
18.2 Pledged assets Debt instruments at amortised cost				
Treasury bills at amortised cost (see note (b) below)	9,530	232	9,530	232
Other pledged assets (see note (c) below)	304	127	304	127
Sub-total	9,834	359	9,834	359
ECL on Pledged asset at amortised cost	(17)	-	(17)	-
Total debt instruments measured at amortised cost	9,817	359	9,817	359
Total pledged assets	23,098	10,786	23,098	10,786



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

- (a) Pledged for interbank transactions.
- (b) Pledged for clearing activities, as collection bank for government taxes and Interswitch electronic card transactions.
- (c) Included in other pledged assets are cash collateral for visa card transactions. The deposits are not part of the fund used by the Bank for day to day activities.

18.3 Pledged assets measured at FVOCI

18.3.1 Impairments Losses on pledged assets subject to impairment assessment

The table below shows the fair value of the Bank's pledged assets instruments measured at FVOCI by credit risk, based on the Bank's internal credit rating system and year-end stage classification. Details of the Bank's internal grading system are explained in Note 39 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 2.2.2:

Group and Bank In millions of Naira	31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	13,281	-	-	13,281
Total	13,281	-	-	13,281

An analysis of changes in the fair value and the corresponding ECLs is, as follows:

Group and Bank In millions of Naira	31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total
Fair value as at 1 January 2022	10,427			10,427
New assets originated or purchased	13,288	-	-	13,288
Assets derecognised or matured (excluding write-offs)	(10,427)	-	-	(10,427)
Change in fair value	(7)	-	-	(7)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes due to modifications not derecognised	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2022	13,281	-	-	13,281

Group and Bank In millions of Naira	31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2022	-	-	-	-
New assets originated or purchased	3	-	-	3
Assets derecognised or matured (excluding write offs)	-	-	-	-
At 31 December 2022	3	-	-	3

Group and Bank In millions of Naira	31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	10,427	-	-	10,427
Total	10,427	-	-	10,427

18.3.1 Impairments Losses on pledged assets subject to impairment assessment (Contd.)

An analysis of changes in the fair value and the corresponding ECLs is, as follows:

Group and Bank In millions of Naira	31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total
Fair value as at 1 January 2021	30,513	-	-	30,513
New assets originated or purchased	10,427	-	-	10,427
Assets derecognised or matured (excluding write-offs)	(30,513)	-	-	(30,513)
Change in fair value	-	-	-	-
At 31 December 2021	10,427	-	-	10,427

Group and Bank In millions of Naira	31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2021	4	-	-	4
New assets originated or purchased	-	-	-	-
Assets derecognised or matured (excluding write offs)	(4)	-	-	(4)
At 31 December 2021	-	-	-	-

18.3.2 Pledged assets instruments measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 39:

Group and Bank In millions of Naira	31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	9,834	-	-	9,834
Total	9,834	-	-	9,834

Group and Bank In millions of Naira	31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	359	-	-	359
New assets originated or purchased	9,696	-	-	9,696
Assets derecognised or matured (excluding write-offs)	(232)	-	-	(232)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes due to modifications not derecognised	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	11	-	-	11
At 31 December 2022	9,834	-	-	9,834

Group and Bank In millions of Naira	31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2022	-	-	-	-
Purchased not originated	17	-	-	17
Assets derecognised or matured (excluding write offs)	-	-	-	-
At 31 December 2022	17	-	-	17



18.3.2 Pledged assets instruments measured at amortised cost (Contd.)

Group and Bank In millions of Naira	31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	359	-	-	359
Total	359	-	-	359

Group and Bank In millions of Naira	31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	4,348	-	-	4,348
New assets originated or purchased	-	-	-	-
Assets derecognised or matured (excluding write-offs)	(3,996)	-	-	(3,996)
At 31 December 2021	352	-	-	352

Group and Bank In millions of Naira	31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2021	1	-	-	1
Assets derecognised or matured (excluding write offs)	(1)	-	-	(1)
At 31 December 2021	-	-	-	-

Group and Bank In millions of Naira	Fair Value Amount		Notional Contract Amount	
	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021

19. Derivative financial assets

Foreign currency swaps	807	-	36,891	-
	807	-	36,891	-

In millions of Naira	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021
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20. Loans and advances to customers

Loans to corporate entities and other organizations	652,165	626,563	652,165	626,563
Loans to individuals	106,018	99,517	106,018	99,517
	758,183	726,080	758,183	726,080
Less:				
Impairment allowance on loans to corporate entities	(11,176)	(10,794)	(11,176)	(10,794)
Impairment allowance on loans to individuals	(9,272)	(3,386)	(9,272)	(3,386)
	737,735	711,900	737,735	711,900

20.1 Loans and advances to corporate customers

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 39 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 2.2.2.

Group and Bank In millions of Naira	31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total
External rating grade				
RR1-RR2	93,222	-	-	93,222
RR3-RR4	332,358	-	-	332,358
RR5-RR6	78,128	132,196	-	210,324
RR7	-	-	14,801	14,801
RR8	-	-	42	42
RR9	-	-	1,418	1,418
Total	503,708	132,196	16,261	652,165



Group and Bank In millions of Naira	31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total
External rating grade				
RR1-RR2	161,132	-	-	161,132
RR3-RR4	247,640	-	-	247,640
RR5-RR6	110,102	105,718	-	215,820
RR7	-	-	805	805
RR8	-	-	19	19
RR9	-	-	1,147	1,147
Total	518,874	105,718	1,971	626,563

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

Group and Bank In millions of Naira	31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	518,874	105,718	1,971	626,563
New assets originated or purchased	103,334	3,996	391	107,721
Assets derecognised or repaid (excluding write-offs)	(88,956)	(5,862)	(453)	(95,271)
Transfers to Stage 1	13,267	(13,257)	(10)	-
Transfers to Stage 2	(48,578)	48,663	(85)	-
Transfers to Stage 3	(1,705)	(12,741)	14,447	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	7,473	5,679	-	13,152
At 31 December, 2022	503,708	132,196	16,261	652,165

Group and Bank In millions of Naira	31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	434,804	127,316	8,761	570,881
New assets originated or purchased	108,273	10,073	606	118,952
Assets derecognised or repaid (excluding write-offs)	(61,911)	(1,485)	(403)	(63,799)
Transfers to Stage 1	36,661	(36,624)	(37)	-
Transfers to Stage 2	(4,893)	4,893	-	-
Transfers to Stage 3	(824)	(3)	827	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	686	686
Amounts written off	-	-	(8,469)	(8,469)
Foreign exchange adjustments	6,764	1,548	-	8,312
At 31 December, 2021	518,874	105,718	1,971	626,563

Group and Bank In millions of Naira	31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2022	6,400	3,852	542	10,794
New assets originated or purchased	854	18	463	1,335
Assets derecognised or repaid (excluding write offs)	(178)	(35)	(97)	(310)
Transfers to Stage 1	90	(90)	-	-
Transfers to Stage 2	(1,384)	1,385	(1)	-
Transfers to Stage 3	(960)	(775)	1,735	-
Impact on year end ECL of exposures transferred between stages during the period	(1,531)	928	(530)	(1,133)
Unwind of discount	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	193	297	-	490
At 31 December 2022	3,484	5,580	2,112	11,176

Group and Bank In millions of Naira	31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2021	1,273	4,963	7,875	14,111
New assets originated or purchased	6,014	2,628	1,680	10,322
Assets derecognised or repaid (excluding write offs)	(3,689)	(752)	(700)	(5,141)
Transfers to Stage 1	3,129	(3,092)	(37)	-
Transfers to Stage 2	(4)	4	-	-
Transfers to Stage 3	(1)	-	1	-
Impact on year end ECL of exposures transferred between stages during the period	(352)	(13)	192	(173)
Unwind of discount	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Amounts written off	-	-	(8,469)	(8,469)
Foreign exchange adjustments	30	114	-	144
At 31 December 2021	6,400	3,852	542	10,794

The contractual amount outstanding on loans that have been written off, but were still subject to enforcement activity was N4.9 billion at 31 December (2021: N10 billion).



20.2 Loans to Individuals

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 39 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 2.2.2.

Group and Bank In millions of Naira	31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	9,089	-	-	9,089
RR3-RR4	63,111	-	-	63,111
RR5-RR6	3,938	16,685	-	20,623
RR7	-	-	7,975	7,975
RR8	-	-	99	99
RR9	-	-	5,121	5,121
Total	76,138	16,685	13,195	106,018

Group and Bank In millions of Naira	31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	5,250	-	-	5,250
RR3-RR4	73,318	-	-	73,318
RR5-RR6	1,712	16,057	-	17,769
RR7	-	-	166	166
RR8	-	-	457	457
RR9	-	-	2,557	2,557
Total	80,280	16,057	3,180	99,517

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to individual lending is, as follows:

Group and Bank In millions of Naira	31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	80,280	16,057	3,180	99,517
New assets originated or purchased	42,865	5,272	4,409	52,546
Assets derecognised or repaid (excluding write-offs)	(26,863)	(14,288)	(4,904)	(46,055)
Transfers to Stage 1	1,771	(1,733)	(38)	-
Transfers to Stage 2	(14,285)	14,545	(260)	-
Transfers to Stage 3	(7,637)	(3,168)	10,805	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	7	-	3	10
At 31 December, 2022	76,138	16,685	13,195	106,018

Group and Bank In millions of Naira	31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	39,529	293	2,656	42,478
New assets originated or purchased	58,533	8,722	251	67,506
Assets derecognised or repaid (excluding write-offs)	(9,326)	(56)	(662)	(10,044)
Transfers to Stage 1	659	(513)	(146)	-
Transfers to Stage 2	(7,663)	7,665	(2)	-
Transfers to Stage 3	(1,458)	(54)	1,512	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	(429)	(429)
Foreign exchange adjustments	6	-	-	6
At 31 December, 2021	80,280	16,057	3,180	99,517

Group and Bank In millions of Naira	31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2022	957	591	1,838	3,386
New assets originated or purchased	427	278	2,607	3,312
Assets derecognised or repaid (excluding write-offs)	(304)	(242)	(149)	(695)
Transfers to Stage 1	20	(20)	-	-
Transfers to Stage 2	(693)	705	(12)	-
Transfers to Stage 3	(4,462)	(1,884)	6,346	-
Impact on year end ECL of exposures transferred between stages during the period	4,792	1,368	(2,894)	3,266
Unwind of discount	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	3	3
At 31 December, 2022	737	796	7,739	9,272

Group and Bank In millions of Naira	31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2021	78	1	2,342	2,421
New assets originated or purchased	1,030	315	319	1,664
Assets derecognised or repaid (excluding write-offs)	(137)	(2)	(1,282)	(1,421)
Transfers to Stage 1	113	(1)	(112)	-
Transfers to Stage 2	(14)	16	(2)	-
Transfers to Stage 3	(3)	-	3	-
Impact on year end ECL of exposures transferred between stages during the period	(110)	262	999	1,151
Unwind of discount	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Amounts written off	-	-	(429)	(429)
Foreign exchange adjustments	-	-	-	-
At 31 December, 2021	957	591	1,838	3,386

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



In millions of Naira	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021
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20.3 Classification of loans and advances by rating

Rating				
RR1-RR2	102,311	166,382	102,311	166,382
RR3-RR4	395,469	320,958	395,469	320,958
RR5-RR6	230,947	233,589	230,947	233,589
RR7	22,776	971	22,776	971
RR8	141	476	141	476
RR9	6,539	3,704	6,539	3,704
	758,183	726,080	758,183	726,080

20.4 Classification of loans and advances by security

Cash	169,356	157,118	169,356	157,118
Real estate	80,207	116,881	80,207	116,881
Stocks/shares	20,760	25,493	20,760	25,493
Debentures	129,962	74,653	129,962	74,653
Other securities	357,401	351,716	357,401	351,716
Unsecured	497	219	497	219
	758,183	726,080	758,183	726,080

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

In millions of Naira	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021
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20.5 Classification of loans and advances by sector

Agriculture	81,264	76,727	81,264	76,727
Communication	21,580	17,762	21,580	17,762
Consumer	99,250	91,360	99,250	91,360
Education	4,840	1,369	4,840	1,369
Finance and insurance	18,958	25,132	18,958	25,132
Government	89,760	101,375	89,760	101,375
Manufacturing	22,641	10,438	22,641	10,438
Mining & quarrying	1,001	-	1,001	-
Mortgage	2,154	3,114	2,154	3,114
Oil and gas	164,313	170,576	164,313	170,576
Others	85,344	48,437	85,344	48,437
Power	30,801	36,011	30,801	36,011
Real estate & construction	66,676	80,940	66,676	80,940
Transportation	40,039	28,239	40,039	28,239
Non-interest banking	29,562	34,600	29,562	34,600
	758,183	726,080	758,183	726,080

In millions of Naira	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021
21. Investment in securities				
(a) Financial instruments held at fair value through profit or loss (FVTPL)				
Treasury bills	61	6,763	61	6,763
Euro bonds	-	374	-	374
Bonds	860	2,447	860	2,447
Promissory notes	-	653	-	653
Total financial assets measured at FVTPL	921	10,237	921	10,237
(b) Debt instruments at fair value through other comprehensive income				
Treasury bills	69,919	48,635	69,919	48,635
Government bonds	88,073	61,643	88,073	61,643
Euro bonds	20,192	7,615	20,192	7,615
Corporate bonds	16,042	17,904	16,042	17,904
Promissory notes	36,410	33,050	36,410	33,050
Total debt instruments measured at FVOCI	230,636	168,847	230,636	168,847
(c) Equity instruments at fair value through other comprehensive income				
Lotus Capital Halal	397	246	397	246
SCM Capital Halal	2,881	2,239	2,881	2,239
Zola Elect Nig Ltd.	553	508	553	508
Africa Export/Import Bank	980	1,044	980	1,044
Nigeria Interbank Settlement System plc	11,294	7,772	11,294	7,772
Africa Finance Corporation	3,256	2,699	3,256	2,699
Unified Payment System	552	456	552	456
Investment in AGSMEIS	2,889	2,219	2,889	2,219
Nigeria Mortgage Refinancing Corporation	393	393	393	393
Health Tracker Ltd.	231	-	231	-
SIV Limited	100	-	100	-
Binkabi Ltd	10	180	10	180
E-Purse System Ltd	1	120	1	120
Tremendoc Ltd	1,690	80	1,690	80
Total equity instruments at FVOCI	25,227	17,956	25,227	17,956
(d) Debt instruments at amortised cost				
Government bonds	79,660	99,594	65,706	82,553
Treasury Bills	21,863	245	21,863	-
Promissory notes	5,577	2,393	2,409	2,305
	107,100	102,232	89,978	84,858
Less: Allowance for Impairment losses	(211)	(7)	(172)	(6)
Total debt instruments measured at amortised cost	106,889	102,225	89,806	84,852



(e) **Debt instruments measured at FVOCI**

The table below shows the fair value of the Bank's debt instruments measured at FVOCI by credit risk, based on the Bank's internal credit rating system and year-end stage classification. Details of the Bank's internal grading system are explained in Note 39 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 2.2.2:

Group and Bank In millions of Naira	31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	230,636	-	-	230,636
RR3-RR4	-	-	-	-
RR5-RR6	-	-	-	-
Total	230,636	-	-	230,636

Group and Bank In millions of Naira	31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	168,847	-	-	168,847
RR3-RR4	-	-	-	-
RR5-RR6	-	-	-	-
Total	168,847	-	-	168,847

An analysis of changes in the fair value and the corresponding ECLs is, as follows:

Group and Bank In millions of Naira	31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total
Fair value as at 1 January 2022	168,847	-	-	168,847
New assets originated or purchased	122,490	-	-	122,490
Assets derecognised or matured (excluding write-offs)	(59,218)	-	-	(59,218)
Change in fair value	(1,483)	-	-	(1,483)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes due to modifications not derecognised	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December, 2022	230,636	-	-	230,636

Group and Bank In millions of Naira	31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total
Fair value as at 1 January 2021	135,780	-	-	135,780
New assets originated or purchased	98,094	-	-	98,094
Assets derecognised or matured (excluding write-offs)	(64,182)	-	-	(64,182)
Change in fair value	(845)	-	-	(845)
At 31 December 2021	168,847	-	-	168,847

An analysis of changes in the fair value and the corresponding ECLs is, as follows:

Group and Bank In millions of Naira	31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2022	532	-	-	532
New assets purchased	60	-	-	60
Assets derecognised or matured (excluding write offs)	(81)	-	-	(81)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Unwind of discount (recognised in interest income)	-	-	-	-
Changes due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2022	511	-	-	511

Group and Bank In millions of Naira	31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2021	159	-	-	159
New assets purchased	1	-	-	1
Assets derecognised or matured (excluding write offs)	(11)	-	-	(11)
Changes to models and inputs used for ECL calculations	383	-	-	383
At 31 December 2021	532	-	-	532

(f) **Debt instruments measured at amortised cost**

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 39 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 2.2.2:

Group In millions of Naira	31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	107,100	-	-	107,100
RR3-RR4	-	-	-	-
RR5-RR6	-	-	-	-
RR7	-	-	-	-
RR8	-	-	-	-
RR9	-	-	-	-
Total	107,100	-	-	107,100



Group In millions of Naira	31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	102,068	-	-	102,068
RR3-RR4	164	-	-	164
RR5-RR6	-	-	-	-
RR7	-	-	-	-
RR8	-	-	-	-
RR9	-	-	-	-
Total	102,232	-	-	102,232

Bank In millions of Naira	31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	89,978	-	-	89,978
RR3-RR4	-	-	-	-
RR5-RR6	-	-	-	-
RR7	-	-	-	-
RR8	-	-	-	-
RR9	-	-	-	-
Total	89,978	-	-	89,978

Bank In millions of Naira	31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	84,858	-	-	84,858
RR3-RR4	-	-	-	-
RR5-RR6	-	-	-	-
RR7	-	-	-	-
RR8	-	-	-	-
RR9	-	-	-	-
Total	84,858	-	-	84,858

Group In millions of Naira	31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	102,232	-	-	102,232
New assets originated or purchased	23,423	-	-	23,423
Assets derecognised or matured (excluding write-offs)	(18,555)	-	-	(18,555)
At 31 December 2022	107,100	-	-	107,100

Group In millions of Naira	31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	110,241	-	-	110,241
New assets originated or purchased	2,443	-	-	2,443
Assets derecognised or matured (excluding write-offs)	(10,452)	-	-	(10,452)
At 31 December 2021	102,232	-	-	102,232

Bank In millions of Naira	31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	84,858	-	-	84,858
New assets originated or purchased	20,098	-	-	20,098
Assets derecognised or matured (excluding write-offs)	(14,978)	-	-	(14,978)
At 31 December 2022	89,978	-	-	89,978

Bank In millions of Naira	31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	93,244	-	-	93,244
New assets originated or purchased	2,066	-	-	2,066
Assets derecognised or matured (excluding write-offs)	(10,452)	-	-	(10,452)
At 31 December 2021	84,858	-	-	84,858

Group In millions of Naira	31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2022	7	-	-	7
New assets purchased	42	-	-	42
Assets derecognised or matured (excluding write offs)	-	-	-	-
Unwind of discount (recognised in interest income)	-	-	-	-
Changes to models and inputs used for ECL calculations	162	-	-	162
At 31 December 2022	211	-	-	211

Group In millions of Naira	31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2021	(88)	-	-	(88)
New assets purchased	-	-	-	-
Assets derecognised or matured (excluding write offs)	(3)	-	-	(3)
Changes to models and inputs used for ECL calculations	98	-	-	98
At 31 December 2021	7	-	-	7



Bank In millions of Naira	31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2022	6	-	-	6
New assets purchased	42	-	-	42
Assets derecognised or matured (excluding write offs)	-	-	-	-
Changes to models and inputs used for ECL calculations	124	-	-	124
At 31 December 2022	172	-	-	172

Bank In millions of Naira	31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2021	10	-	-	10
New assets purchased	-	-	-	-
Assets derecognised or matured (excluding write offs)	(3)	-	-	(3)
Changes due to modifications not resulting in derecognition	(1)	-	-	(1)
Recoveries	-	-	-	-
At 31 December 2021	6	-	-	6

22. Investment in Subsidiary

In 2016, Sterling Bank Plc registered Sterling Investment Management Plc (the SPV) with the Corporate Affairs Commission as a public limited liability company limited by shares with authorised capital of N2,000,000 @ N1.00 per share. Total number of issued share capital is 500,000, with 499,999 shares held by Sterling Bank Plc and 1 share held by the managing director, Mr. Abubakar Suleiman. The main objective of setting up the SPV is to raise or borrow money by the issue of bonds or other debt instruments.

Name of company	Ownership/Percentage interest	In millions of Naira	
Sterling Investment Management Plc	99.9 percent	1	1

In millions of Naira	Group	Elimination Entries	Bank	Sterling SPV
Condensed Statement of Profit or Loss for the Year ended 31 December 2022				
Interest income	128,434	(4,376)	126,126	6,684
Interest expense	(52,042)	4,376	(49,765)	(6,653)
Net interest income	76,392	-	76,361	31
Other income	40,697	-	40,697	-
Operating income	117,089	-	117,058	31
Operating expenses	(87,210)	-	(87,205)	(5)
Credit loss expense	(9,122)	224	(9,084)	(262)
Profit for the year before tax	20,757	224	20,769	(236)
Income tax expense	(1,459)	-	(1,442)	(17)
	19,298	224	19,327	(253)

In millions of Naira	Group	Elimination Entries	Bank	Sterling SPV
Condensed Statement of Financial Position As at December 31, 2022				
ASSETS				
Cash and balances with Central Bank of Nigeria	431,488	-	431,488	-
Due from banks	86,459	-	86,171	288
Pledged assets	23,098	-	23,098	-
Derivative financial assets	807	-	807	-
Loans and advances to customers	737,735	-	737,735	-
Investments in securities:				
- Financial assets at fair value through profit or loss	921	-	921	-
- Debt instruments at fair value through other comprehensive income	230,636	-	230,636	-
- Equity instruments at fair value through other comprehensive income	25,227	-	25,227	-
- Debt instruments at amortised cost	106,889	(25,280)	89,806	42,363
Investment in subsidiary	-	(1)	1	-
Other assets	171,911	(75)	171,911	75
Property, plant and equipment	17,913	-	17,913	-
Right of use asset	8,342	-	8,342	-
Investment property	5,584	-	5,584	-
Intangible assets	950	-	950	-
Deferred tax assets	7,005	-	7,005	-
	1,854,965	(25,356)	1,837,595	42,726
Non-current assets held for sale	3,027	-	3,027	-
TOTAL ASSETS	1,857,992	(25,356)	1,840,622	42,726
LIABILITIES & EQUITY				
Deposits from banks	37,178	-	37,178	-
Deposits from customers	1,327,805	-	1,327,805	-
Current income tax payable	1,607	-	1,573	34
Other borrowed funds	133,270	-	133,270	-
Debt securities issued	42,388	(25,696)	25,431	42,653
Other liabilities	160,257	(75)	160,324	9
Provisions	1,489	-	1,489	-
Share capital	14,395	(1)	14,395	1
Share premium	42,759	-	42,759	-
Retained earnings	44,922	416	44,476	29
Other components of equity	51,922	-	51,922	-
TOTAL LIABILITIES AND EQUITY	1,857,992	(25,356)	1,840,622	42,726



In millions of Naira	Group	Elimination Entries	Bank	Sterling SPV
Condensed Statement of Cash Flows for the Year ended 31 December 2022				
Net cash flows from operating activities	76,719	(4,417)	70,837	10,299
Net cash flows used in investing activities	(80,016)	-	(76,689)	(3,327)
Net cash flows used in financing activities	(4,106)	4,417	(1,831)	(6,692)
Net (decrease)/increase in cash and cash equivalents	(7,403)	0	(7,683)	280
Exchange rate movements on cash and cash equivalents	8,201	-	8,201	-
Cash and cash equivalents, beginning of the year	221,854	0	221,846	8
Cash and cash equivalents, end of the year	222,652	0	222,364	288

In millions of Naira	Group	Elimination Entries	Bank	Sterling SPV
Condensed Statement of Profit or Loss for the Year ended 31 December 2021				
Interest income	113,000	(4,345)	110,606	6,739
Interest expense	(45,191)	4,345	(42,931)	(6,605)
Net interest income	67,809	-	67,675	134
Other income	31,341	-	31,341	-
Operating income	99,150	-	99,016	134
Operating expenses	(73,267)	-	(73,263)	(4)
Credit loss expense	(9,821)	165	(9,822)	(164)
Profit/(loss) for the year before tax	16,062	165	15,931	(34)
Income tax expense	(1,040)	-	(1,021)	(19)
Profit/(loss) for the year after tax	15,022	165	14,801	(53)
Condensed Statement of Financial Position As At 31 December 2021				
ASSETS				
Cash and balances with Central Bank of Nigeria	370,873	-	370,873	-
Due from banks	94,850	-	94,842	8
Pledged assets	10,786	-	10,786	-
Loans and advances to customers	711,900	-	711,900	-
Investments in securities:				
- Financial assets at fair value through profit or loss	10,237	-	10,237	-
- Debt instruments at fair value through other comprehensive income	168,847	-	168,847	-
- Equity instruments at fair value through other comprehensive income	17,956	-	17,956	-
- Debt instruments at amortised cost	102,225	(25,513)	84,852	42,886
Investment in subsidiary	-	(1)	1	-
Other assets	96,554	(75)	96,554	75
Property, plant and equipment	16,939	-	16,939	-
Right of use asset	8,141	-	8,141	-
Investment property	6,918	-	6,918	-
Intangible assets	1,081	-	1,081	-
Deferred tax assets	6,971	-	6,971	-
TOTAL ASSETS	1,624,278	(25,589)	1,606,898	42,969

In millions of Naira	Group	Elimination Entries	Bank	Sterling SPV
LIABILITIES & EQUITY				
Deposits from banks	15,568	-	15,568	-
Deposits from customers	1,208,753	-	1,208,753	-
Current income tax payable	1,074	-	1,055	19
Other borrowed funds	116,450	-	116,450	
Debt securities issued	42,327	(25,706)	25,373	42,660
Other liabilities	102,367	(75)	102,435	7
Provisions	1,180	-	1,180	-
Share capital	14,395	(1)	14,395	1
Share premium	42,759	-	42,759	-
Retained earnings	34,341	193	33,866	282
Other components of equity	45,064	-	45,064	-
TOTAL LIABILITIES AND EQUITY	1,624,278	(25,589)	1,606,898	42,969

In millions of Naira	Group	Elimination Entries	Bank	Sterling SPV
Condensed Statement of Cash Flows for the Year ended 31 December 2021				
Net cash flows from/(used in) operating activities	148,092	(4,354)	145,517	6,929
Net cash flows (used in)/from investing activities	(42,573)	-	(42,258)	(315)
Net cash flows (used in)/from financing activities	14,639	4,354	16,896	(6,611)
Net increase in cash and cash equivalents	120,158	-	120,155	3
Exchange rate movements on cash and cash equivalents	6,089	-	6,089	-
Cash and cash equivalents, beginning of the year	95,607	-	95,602	5
Cash and cash equivalents, end of the year	221,854	-	221,846	8



In millions of Naira	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021
23. Other Assets				
Financial assets				
Accounts receivable (see note (i))	154,414	92,599	154,414	92,599
	154,414	92,599	154,414	92,599
Non-financial assets				
Prepayments and other debit balances	6,372	4,444	6,372	4,444
Prepaid staff cost	1,209	1,574	1,209	1,574
Commodity mudaraba stocks	13,996	584	13,996	584
Stock of cheque books and administrative stationeries	427	1,066	427	1,066
Gross other assets	176,418	100,267	176,418	100,267
Allowance for impairment on other assets (see note (ii) below)	(4,507)	(3,713)	(4,507)	(3,713)
	171,911	96,554	171,911	96,554

- i. Included in accounts receivable are:
- a. Receivables from Cambridge Springs Investment Limited and Parthian Capitals in respect of loans sold to the companies.
- b. Forex deliverables due from CBN for the Bank's customers, among others.

In millions of Naira	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021
(ii) Movement of allowance for impairment on other assets				
Balance, beginning of year	3,713	1,801	3,713	1,801
Charge/(reversal) on other assets (note 11)	1,577	2,031	1,577	2,031
Write offs	(783)	(119)	(783)	(119)
Balance, end of year	4,507	3,713	4,507	3,713

24.1 Property, plant and equipment

Group & Bank

The movement during the year was as follows:

31 December 2022 In millions of Naira	Leasehold Land	Leasehold Building	Leasehold Improvement	Furniture, fittings and equipment	Computer equipment	Motor vehicles	Capital work-in- progress	Total
(a) Cost								
As at 1 January 2022	1,993	4,317	4,007	11,666	15,592	5,943	3,178	46,696
Additions	-	-	333	1,398	779	730	1,708	4,948
Reclassifications	-	-	73	58	34	59	(315)	(91)
Disposals	(3)	(82)	-	(155)	(5)	(877)	-	(1,122)
Written off	-	-	(93)	(2,222)	(1,919)	-	-	(4,234)
As at 31 December 2022	1,990	4,235	4,320	10,745	14,481	5,855	4,571	46,197
(b) Accumulated depreciation and impairment								
As at 1 January 2022	242	673	2,741	9,601	12,388	4,112	-	29,757
Charge for the year	-	86	275	867	1,405	1,022	-	3,655
Written off	-	-	(72)	(2,222)	(1,919)	-	-	(4,213)
Disposals	-	(6)	-	(151)	(4)	(754)	-	(915)
As at 31 December 2022	242	753	2,944	8,095	11,870	4,380	-	28,284
Net book value								
As at 31 December 2022	1,748	3,482	1,376	2,650	2,611	1,475	4,571	17,913
As at 31 December 2021	1,751	3,644	1,266	2,065	3,204	1,831	3,178	16,939

- (i). The gross carrying amount of fully depreciated property, plant and equipment owned by the Bank is N19.4billion (2021: N16.4billion).
- (ii). Included in furniture, fittings and equipment are farm mechanized equipment from the Non-Interest Banking Window of the Bank. The net book value of the farm mechanized equipment stood at N424million as at December 2022 (2021: Nil).
- (iii). No item of property, plant and equipment was pledged as security.

31 December 2021 In millions of Naira	Leasehold Land	Leasehold Building	Leasehold Improvement	Furniture, fittings and equipment	Computer equipment	Motor vehicles	Capital work-in- progress	Total
(a) Cost								
As at 1 January 2021	1,993	4,126	3,811	11,318	14,898	5,699	935	42,780
Additions	-	4	187	347	709	791	2,663	4,701
Reclassifications	-	187	9	213	5	6	(420)	-
Disposals	-	-	-	(212)	(20)	(553)	-	(785)
As at 31 December 2021	1,993	4,317	4,007	11,666	15,592	5,943	3,178	46,696
(b) Accumulated depreciation and impairment								
As at 1 January 2021	242	590	2,466	8,896	11,164	3,466	-	26,824
Charge for the year	-	83	275	911	1,243	1,107	-	3,619
Disposals	-	-	-	(206)	(19)	(461)	-	(686)
As at 31 December 2021	242	673	2,741	9,601	12,388	4,112	-	29,757
Net book value								
As at 31 December 2021	1,751	3,644	1,266	2,065	3,204	1,831	3,178	16,939
As at 31 December 2020	1,751	3,536	1,345	2,422	3,734	2,233	935	15,956

- (i). The gross carrying amount of fully depreciated property, plant and equipment owned by the Bank is N16.4 billion.



In millions of Naira	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021
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24.2 Right-of-use asset

Building				
Balance, beginning of the year	8,141	8,319	8,141	8,319
Additions during the year	852	573	852	573
Reversal	-	(16)	-	(16)
Depreciation charge	(651)	(735)	(651)	(735)
Balance, end of the year	8,342	8,141	8,342	8,141

In millions of Naira	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021
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24.3 Investment property

(a) Cost				
At 1 January	7,095	8,133	7,095	8,133
Additions	560	667	560	667
Disposal	(1,833)	(1,705)	(1,833)	(1,705)
As at 31 December	5,822	7,095	5,822	7,095
(b) Accumulated depreciation and impairment				
At 1 January	177	129	177	129
Depreciation	73	102	73	102
Disposal	(12)	(54)	(12)	(54)
Balance end of year	238	177	238	177
Balance as at 31 December	5,584	6,918	5,584	6,918
Fair value of investment property		Level 1	Level 2	Level 3
		-	-	6,914

The fair value of the Group's investment property at 31 December 2022 was determined by independent, appropriately qualified external valuers - Austin Otegbulu PhD. (FRC/2013/NIESV/00000001582) of A.C Otegbulu & Partners (FRC/2020/00000013592) and Oladapo Olaiya (FRC/2013/NIESV/00000004238) of Dapo Olaiya Consulting (FRC/2013/0000000000569). The entity maintains a valuation policy of three years (3yr) life in its investment properties assets in line with the policy of the Bank. The last valuation date was 31 December 2021. The valuations conform to the Estate surveyors and valuers registration board of Nigeria Standards. Fees paid to valuers are based on fixed price contracts.

The method of valuation adopted is the sales comparison and investment method.

The investment property is driven by the Non-interest banking window of the Group in line with the provisions of IAS 40 and the Central Bank of Nigeria guidelines.

In millions of Naira	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021
Rental income from investment property	159	182	159	182
Direct operating expenses	(73)	(102)	(73)	(102)
	86	80	86	80

In millions of Naira	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021
25 Intangible assets				
(a) Cost				
At 1 January	5,484	5,296	5,484	5,296
Reclassification (see note below)	91	-	91	-
Additions	278	188	278	188
Balance end of year	5,853	5,484	5,853	5,484
(b) Accumulated amortisation and impairment				
Beginning of year	4,403	3,714	4,403	3,714
Amortisation for the year	500	689	500	689
Balance end of year	4,903	4,403	4,903	4,403
Net book value				
Balance as at 31 December	950	1,081	950	1,081

Items reclassified were from work-in-progress. Capital expenditures that did not meet the capitalisation criteria of intangible assets were recorded in work-in-progress until they are available for use.

In millions of Naira	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021
26 Non-current assets held for sale				
At 1 January	-	-	-	-
Additions	3,027	-	3,027	-
Reclassification	-	-	-	-
Disposal	-	-	-	-
Write-off	-	-	-	-
At 31 December	3,027	-	3,027	-

Non-financial assets acquired in exchange for loans as part of an orderly realization are recorded as assets held for sale, as the carrying amounts of the assets are recovered principally through sale; the assets are available for sale in their present condition; and their sale is highly probable. The asset acquired is recorded at the lower of its fair value less costs to sell and the carrying amount of the loan (net of impairment allowance) at the date of exchange. No depreciation is charged in respect of assets held for sale. Any subsequent write-down of the acquired asset to fair value less costs to sell is recognized in profit or loss, in 'Other operating expenses'.

Any subsequent increase in the fair value less costs to sell, to the extent this does not exceed the cumulative write-down, is also recognized in 'Other operating income', together with any realized gains or losses on disposal. Assets that no longer meet the definition of non-current assets held for sale are reclassified to other assets.

In millions of Naira	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021
27 Deposits from banks				
Money market takings	12,039	-	12,039	-
Due to local banks	25,139	15,568	25,139	15,568
	37,178	15,568	37,178	15,568



In millions of Naira	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021
28 Deposits from customers				
Current accounts	696,187	618,698	696,187	618,698
Savings accounts	243,069	204,889	243,069	204,889
Term deposits	319,732	289,921	319,732	289,921
Pledged deposits	68,817	95,245	68,817	95,245
	1,327,805	1,208,753	1,327,805	1,208,753

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

In millions of Naira	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021
29 Other borrowed funds				
Due to CBN-Agric-Fund (see (29(ii)))	31,590	40,098	31,590	40,098
Due to Africa Agric and Trade Investment Fund (see (29(iii)))	773	2,100	773	2,100
Due to CBN-State ECA secured loans (see (29 (iii)))	12,677	13,746	12,677	13,746
Due to Blue Orchard (see (29(iv)))	11,961	-	11,961	-
Due to ECOWAS Bank for Investment and Development (see (29(v)))	22,454	-	22,454	-
Due to Islamic Corporation (see (29(vi)))	10,239	10,277	10,239	10,277
Due To Nigeria Mortgage Refinance Company (see (29(vii)))	1,710	1,954	1,710	1,954
Due to CBN - ABP (see (29(viii)))	25,897	29,352	25,897	29,352
Due to Master Card Foundation (MCF) (see (29(ix)))	10,089	9,322	10,089	9,322
Due to CBN - RSSF Fund (see (29 (x)))	3,205	4,537	3,205	4,537
Due to CBN - NESF Fund (see(29 (xi)))	2,370	2,823	2,370	2,823
Due to BOI (see (29 (xii)))	305	2,241	305	2,241
	133,270	116,450	133,270	116,450
Movement on other borrowed funds:				
Beginning of year	116,450	86,367	116,450	86,367
Additions during the year	35,182	39,844	35,182	39,844
Repayments during the year	(18,362)	(9,761)	(18,362)	(9,761)
Accrued interest	10,498	6,866	10,498	6,866
Interest paid	(11,381)	(7,355)	(11,381)	(7,355)
Foreign exchange difference	883	489	883	489
	133,270	116,450	133,270	116,450

29(i) 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 customers at two (2) percent for on lending to customers at a rate of 9% per annum. Repayment proceeds from CACS projects are repatriated to CBN on quarterly basis. Loans under the agriculture scheme are expected to terminate on 30 September 2025.

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

However, the CBN on August 17, 2022 issued a circular (reference No FPR/DIR/PUB/CIR/001/058) reinstating interest rate on all intervention funds back to 9% per annum; effective 01 September 2022.

29(ii) Africa Agriculture Trade Investment Fund

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

29(iii) Due to CBN-State ECA Secured Loans

This is a facility granted as a result of the decision made during the June 2015 National Economic Council (NEC) meeting for deposit money banks to extend concessionary loans to state governments using the balance in the Excess Crude Account (ECA) as collateral. Osun and Kwara State Governments indicated their willingness to work with Sterling Bank Plc on the transaction. The Osun State Government applied for N10 billion while Kwara State Government applied for N5 billion. The facility was approved at the June 2015 National Economic Council meeting. The purpose of the loan is for developmental and infrastructure projects in the States. CBN is granting the loan to the the States at 9% annually for 20 years.

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

However, the CBN on August 17, 2022 issued a circular (reference No FPR/DIR/PUB/CIR/001/058) reinstating interest rate on all intervention funds back to 9% per annum; effective 01 September 2022.

29(iv) Due to Blue Orchard

This represents Naira equivalent of \$25.5 million multi-credit on-lending facility from BlueOrchard Finance Ltd granted in March 2022. The purpose of the facility is to support and expand the Bank's financial intervention in the HEART (Health, Education, Agriculture, Renewable Energy and Transportation) sectors and MSMEs. The loan is for a period of 5 years and is priced at 6 months SOFR plus a margin of 545 basis points.

29(v) Due to ECOWAS Bank for Investment and Development

This represents Naira equivalent of \$50 million on-lending facility from ECOWAS Bank for Investment and Development granted in December 2022. The purpose of the facility is to support lending to Corporate and SMEs within the Bank's focus HEART (Health, Education, Agriculture, Renewable Energy and Transportation) sectors. The loan is for a period of 5 years and attracts 7% interest rate.



29(vi) Due to Islamic Corporation

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

29(vii) Due to Nigeria Mortgage Refinance Company Plc.

This represents a loan agreement between the Bank and Nigeria Mortgage Refinance Company PLC (NMRC) for NMRC to refinance from time to time Mortgage Loans originated by the Bank with full recourse to the Bank on the terms and conditions stated in the agreement. The agreement covers three facilities obtained in 2016 and 2018 at an interest rate of 15.5% & 14.5% per annum to mature on 7 May 2028, 7 August 2031 and 7 August 2034.

29(viii) Due to Central Bank of Nigeria - Anchor Borrower's Programme (ABP)

Anchor Borrowers Programme (ABP) is an initiative of the Central Bank of Nigeria and was launched by President Muhammadu Buhari in November 2015 in Kebbi State. CBN earmarked N40billion out of N220billion Micro, Small and Medium Enterprises Development Fund (MSMEDF) to be given to farmers in cooperative at a single rate of 9%, and the amount is dependent on the economics of production of each commodity. It is aimed at creating an ecosystem to link small holder farmers (borrowers) and processors (anchor) in the agricultural value chain to achieve job creation, increase domestic production of agricultural commodities/raw materials, improve farmers income and reduce import duty.

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

However, the CBN on August 17, 2022 issued a circular (reference No FPR/DIR/PUB/CIR/001/058) reinstating interest rate on all intervention funds back to 9% per annum; effective 01 September 2022.

29(ix) Due to Master Card Foundation (MCF)

This represents Naira equivalent of \$15.5 million from Master Card Foundation (MCF). It is a blended lending programme (MCF 65%, Sterling 35%) to MSMEs to help them withstand and respond to short term impacts of the COVID-19 pandemic, while strengthening resilience in the Agricultural sector. The agreed period for the scheme is 24 months in the first instance but with renewal option/fund utilization for charitable projects by MCF. The facility attracts a margin of 9%.

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

29(x) Due to CBN - Real Sector Support Facility (RSSF) Fund

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

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

However, the CBN on August 17, 2022 issued a circular (reference No FPR/DIR/PUB/CIR/001/058) reinstating interest rate on all intervention funds back to 9% per annum; effective 01 September 2022.

29(xi) Due to CBN - Non-Oil Support Export Stimulation Facility (NESF) Fund

Non-Oil Support Export Stimulation Facility (NESF) is designed to redress the declining export credit and reposition the sector to increase its contribution to revenue generation and economic development. It is designed to be accessed by exporters at a single digit of 9% and maximum obligor limit of N5 billion. It aims at improving export financing and additional opportunities for exporters to upscale and expand their businesses in improving their competitiveness.

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

However, the CBN on August 17, 2022 issued a circular (reference No FPR/DIR/PUB/CIR/001/058) reinstating interest rate on all intervention funds back to 9% per annum; effective 01 September 2022.

29(xii) Due to Bank of Industry (BOI)

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



In millions of Naira	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021
30 Debt securities issued				
18.86% Debt securities carried at amortised cost (See (i) below)	-	-	5,151	5,159
17.55% Debt securities carried at amortised cost (See (ii) below)	-	-	20,280	20,214
16.5% Debt securities carried at amortised cost (See (iii) below)	8,502	8,502	-	-
16.25% Debt securities carried at amortised cost (See (iv) below)	33,886	33,825	-	-
	42,388	42,327	25,431	25,373
Movements in debt securities issued				
As at 1 January	42,327	42,274	25,373	25,323
Accrued interest	6,726	6,702	4,449	4,442
Interest paid	(6,665)	(6,649)	(4,391)	(4,392)
As at 31 December	42,388	42,327	25,431	25,373

- This represents N4.7 billion 7-year 18.86% fixed rate subordinated notes issued by the Bank and approved on 25 August 2016 and 3 August 2016 by the Central Bank of Nigeria and the Securities & Exchange Commission, respectively. Interest is payable to the Joint Trustees semi-annually while principal is payable at maturity. The note issued was purchased by Sterling Investment Management SPV Plc.
- This represents N19.739 billion 7-year 17.55% fixed rate subordinated notes issued by the Bank and approved on 27 November 2018 and 5 October 2018 by the Central Bank of Nigeria and the Securities & Exchange Commission, respectively. Interest is payable to the Joint Trustees semi-annually while principal is payable at maturity. The note issued was purchased by Sterling Investment Management SPV Plc.
- This represents a N7.9 billion 7-year 16.50% subordinated unsecured non-convertible debenture stock issued by the SPV, and approved on 25 August 2016 and 3 August 2016 by the Central Bank of Nigeria and the Securities & Exchange Commission, respectively. Interest is payable semi-annually on the non-convertible debenture stock due in 2023. The effective interest rate is 17.16% per annum, and until the entire stock has been redeemed, the Issuer (Sterling Investment Management SPV Plc) is obliged to pay interest to the Trustees on behalf of the bond holders.
- This represents a N32.899 billion 7-year 16.25% subordinated unsecured non-convertible debenture stock issued by the SPV, and approved on 27 November 2018 and 5 October 2018 by the Central Bank of Nigeria and the Securities & Exchange Commission, respectively. Interest is payable semi-annually on the non-convertible debenture stock due in 2025. The effective interest rate is 16.887% per annum, and until the entire stock has been redeemed, the Issuer (Sterling Investment Management SPV Plc) is obliged to pay interest to the Trustees on behalf of the bond holders.

In millions of Naira	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021
31.1 Other liabilities				
Financial liabilities				
Other credit balances (see 31.1.1)	37,451	10,270	37,451	10,270
Customers' deposits for foreign trade	97,205	57,263	97,205	57,263
Lease liability (see 31.1.2)	295	60	295	60
Certified cheques	1,437	3,020	1,437	3,020
Creditors and accruals	23,547	31,549	23,614	31,617
Information Technology levy	228	163	228	163
Police Trust Fund levy	1	1	1	1
National Agency for Science and Engineering Infrastructure levy	93	41	93	41
Total Other Liabilities	160,257	102,367	160,324	102,435

31.1.1 Other credit balances includes mostly CBN I&E forward allocation N22.1 billion, FX Bond proceed Collection of N7.0 billion, e-business settlement N2.3 billion and long outstanding draft N2.5 billion. 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 contracts.

In millions of Naira	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021
31.1.2 Lease liability				
As at 1 January	60	114	60	114
Additions	239	-	239	-
Interest on lease liability	7	4	7	4
Payments	(11)	(58)	(11)	(58)
As at 31 December	295	60	295	60

Interest on lease liability is included in interest expense using effective interest rate (note 7).

Maturity analysis of lease liability In millions of Naira	Less than 3 months	6-12 months	1 - 5 years	Total
	224	9	62	295

In millions of Naira	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021
31.2 Provisions				
Provisions for litigations and claims*	211	161	211	161
Provision for guarantees and letters of credit	1,278	1,019	1,278	1,019
	1,489	1,180	1,489	1,180
Movement in Provisions				
At 1 January	1,180	454	1,180	454
Additions	309	726	309	726
At 31 December	1,489	1,180	1,489	1,180

* Provision for litigations: This is provision for litigations and claims against the Bank as at 31 December 2022. 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 crystallized from these claims. There is no expected reimbursement in respect of this provision.

In millions of Naira	Group 31 Dec 2021	Group 31 Dec 2020	Bank 31 Dec 2021	Bank 31 Dec 2020
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32.1 Share capital and equity reserves

Share capital				
(a) Authorised:				
28,790,418,126 Ordinary shares of 50k each	14,395	16,000	14,395	16,000
(b) Issued and fully-paid:				
28.79 billion (2019: 28.79 billion) Ordinary Shares of 50k each	14,395	14,395	14,395	14,395

In line with CAMA 2020, the Bank cancelled the un-issued portion of its authorised share capital while amending the memorandum of association to reflect the change. The cancellation of the un-issued part of the authorised share capital was approved at the last Annual General Meeting (AGM) held on Thursday June 16, 2022.



(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.

(ii) Movement in issued and fully paid share capital is as follows:

In millions of units	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021
28.79 billion (2018: 28.79 billion) Ordinary shares of 50k each	14,395	14,395	14,395	14,395
	14,395	14,395	14,395	14,395
Movement in nominal share capital in units				
At 31 December	28,790	28,790	28,790	28,790
	28,790	28,790	28,790	28,790

33 Dividends

In respect of 2022, the Directors proposed that a dividend of 15kobo for every 50kobo 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.

In 2022, the Directors declared and paid dividends of N2.88 billion (10k per share) in respect of 2021 results.

34 Other components of equity

(a) **Statutory reserve**

Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by Section 15(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. Amount transferred to statutory reserve for the year ended 31 December 2022 was (15% of N19.3billion) N2.90billion (2021: N2.01billion).

(b) **Share capital reserve**

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

(c) **AGSMEIS reserve**

The Bankers' committee at its 331st meeting held on 9 February 2017 approved the Agric-Business, Small and Medium Investment Scheme (AGSMEIS) to support Federal Government efforts at promoting Agricultural businesses/Small and Medium Enterprises (SMEs). All deposit money banks are required to set aside 5% of Profit After Tax (PAT) annually after their financial statements have been audited by external auditors and approved by Central Bank of Nigeria (CBN) for publication and remit to CBN within 10 working days after the Annual General Meeting.

(d) **Regulatory risk reserve**

The Central Bank of Nigeria stipulates that impairment allowance of financial assets and off balance sheet accounts shall be determined based on the requirements of International Financial Reporting Standards ("IFRS"). The IFRS impairment allowance should be compared with provisions determined under Prudential Guidelines and the difference in Retained Earnings should be treated as follows:

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

(e) 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. 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 Group 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.

(f) PPPRA reserve

This reserve was created to track the regulatory treatment of the Central Bank of Nigeria (CBN) directive on the amortisation the accrued interest on PPPRA facilities over a 5-year period (2019 to 2023). The balance in this reserve represents unamortised portion of the accrued interest which will be transferred to retained earnings over the amortisation period.

35 Commitments and Contingencies

(a) Litigations and claims

There are 73 (2021: 92) litigations and claims against the Group as at 31 December 2022. The total amount claimed against the Group is N42.4billion (2021: N43.5billion). These claims arose in the normal course of business and are being contested by the Group. The Directors, having sought advice of professional counsels, are of the opinion that no significant liability will crystallise from these claims. Provisions of N211 million at 31 December 2022 (2021: N161 million) have been made in these financial statements on crystallised claims, refer to note 31.2.

(b) Contingent liabilities and commitments

The Group 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 and we have not identified any factor to suggest the probability that the risk will crystallise.

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:

In millions of Naira	Group 31 Dec 2022	Group 31 Dec 2021	Bank 31 Dec 2022	Bank 31 Dec 2021
Bonds, guarantees and indemnities	116,156	109,448	116,156	109,448
Letters of credit	113,786	90,758	113,786	90,758
Performance bonds	23,278	22,224	23,278	22,224
	253,220	222,430	253,220	222,430

Above balances represent contingent liabilities for which the customers have not defaulted. As stated in note 2.2.12, any portion that is due for which the Group has become liable are recognised in Other Liabilities (Note 31).



(c) Impairment losses on guarantees and other commitments

An analysis of changes in the gross carrying amount and the corresponding allowance for impairment losses in relation to guarantees and other commitments is, as follows:

(i) Financial guarantees

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification.

Group and Bank In millions of Naira	Stage 1	Stage 2	Stage 3	Total
31 Dec 2022				
Internal rating grade				
RR1-RR2	95,435	-	-	95,435
RR3-RR4	4,221	-	-	4,221
RR5-RR6	16,500	-	-	16,500
RR7	-	-	-	-
RR8	-	-	-	-
RR9	-	-	-	-
Total	116,156	-	-	116,156

Group and Bank In millions of Naira	Stage 1	Stage 2	Stage 3	Total
31 Dec 2021				
Internal rating grade				
RR1-RR2	109,448	-	-	109,448
RR3-RR4	-	-	-	-
Total	109,448	-	-	109,448

An analysis of changes in the outstanding exposures and the corresponding ECLs are, as follows:

Group and Bank In millions of Naira	Stage 1	Stage 2	Stage 3	2022 Total
Outstanding exposure as at 1 January 2022	109,448	-	-	109,448
New exposures	66,567	-	-	66,567
Exposure derecognised or matured/lapsed (excluding write offs)	(60,202)	-	-	(60,202)
Foreign exchange adjustments	343	-	-	343
At 31 December 2022	116,156	-	-	116,156

Group and Bank In millions of Naira	Stage 1	Stage 2	Stage 3	2021 Total
Outstanding exposure as at 1 January 2021	124,165	-	-	124,165
New exposures	74,994	-	-	74,994
Exposure derecognised or matured/lapsed (excluding write offs)	(89,932)	-	-	(89,932)
Foreign exchange adjustments	221	-	-	221
At 31 December 2021	109,448	-	-	109,448

Group and Bank In millions of Naira	Stage 1	Stage 2	Stage 3	2022 Total
ECL allowance as at 1 January 2022	983	-	-	983
New exposures	922	-	-	922
Exposure derecognised or matured (excluding write offs)	(834)	-	-	(834)
At 31 December 2022	1,071	-	-	1,071

Group and Bank In millions of Naira	Stage 1	Stage 2	Stage 3	2021 Total
ECL allowance as at 1 January 2021	279	-	-	279
New exposures	1,246	-	-	1,246
Exposure derecognised or matured (excluding write offs)	(542)	-	-	(542)
At 31 December 2021	983	-	-	983

(i) **Letters of credit**

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification.

Group and Bank In millions of Naira	Stage 1	Stage 2	Stage 3	2022 Total
Internal rating grade				
RR1-RR2	113,702	-		113,702
RR3-RR4	84	-		84
Total	113,786	-	-	113,786

Group and Bank In millions of Naira	Stage 1	Stage 2	Stage 3	2021 Total
Internal rating grade				
RR1-RR2	90,758	-	-	90,758
Total	90,758	-	-	90,758

An analysis of changes in the outstanding exposures and the corresponding ECLs are, as follows:

In millions of Naira	Stage 1	Stage 2	Stage 3	2022 Total
Outstanding exposure as at 1 January 2022	90,758	-	-	90,758
New exposures	86,445	-	-	86,445
Exposure derecognised or matured/lapsed (excluding write offs)	(65,401)	-	-	(65,401)
Foreign exchange adjustments	1,984	-	-	1,984
At 31 December 2022	113,786	-	-	113,786

In millions of Naira	Stage 1	Stage 2	Stage 3	2021 Total
Outstanding exposure as at 1 January 2021	36,129	-	-	36,129
New exposures	92,993	-	-	92,993
Exposure derecognised or matured/lapsed (excluding write offs)	(38,364)	-	-	(38,364)
At 31 December 2021	90,758	-	-	90,758



In millions of Naira	Stage 1	Stage 2	Stage 3	2022 Total
ECL allowance as at 1 January 2022	36	-	-	36
New exposures	197	-	-	197
Exposure derecognised or matured (excluding write offs)	(26)	-	-	(26)
At 31 December 2022	207	-	-	207

In millions of Naira	Stage 1	Stage 2	Stage 3	2021 Total
ECL allowance as at 1 January 2021	29	-	-	29
New exposures	33	-	-	33
Exposure derecognised or matured (excluding write offs)	(26)	-	-	(26)
At 31 December 2021	36	-	-	36

36 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.

In millions of Naira	Group 2022	Group 2021	Bank 2022	Bank 2021
(i) Transactions with the related parties				
Loan advances				
a. Secured loans and advances (see 36b)	648	2,538	648	2,538
b. Contingent liabilities	1,612	1,758	1,612	1,758
c. Transactions and balances with the Bank's subsidiary				
Sterling Investment Management Plc				
Debt instruments issued by the Bank	-	-	25,696	25,706
Other liabilities	-	-	75	75
Interest expense	-	-	4,376	4,345

(ii) Transactions with key management personnel

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

In millions of Naira	Group 2022	Group 2021	Bank 2022	Bank 2021
Secured loans and advances	309	600	309	600
Deposit liabilities (related parties and key management personnel)	16,549	17,645	16,549	17,645

(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.

In millions of Naira	Group 2022	Group 2021	Bank 2022	Bank 2021
Short-term benefits (wages and salaries)	124	159	124	159
Post-employment benefits (pension contributions)	12	14	12	14
Termination benefits	82	-	82	-
	218	173	218	173

(iv) Directors' remuneration

Directors' remuneration below relates to payment made to non-executive directors and charged as expense during the year. The non-executive directors do not receive pension entitlements from the Bank.

In millions of Naira	Group 2022	Group 2021	Bank 2022	Bank 2021
Directors' remuneration				
Fees as directors	139	165	139	165
Other emoluments	102	81	102	81
	241	246	241	246

(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 2022, the related parties facilities are performing and the Group has not made any provision for impairment on the facilities. (2021: Nil).

36b Insider Related Credits

Insider Related Credits are disclosed below in accordance with Central Bank of Nigeria Circular BSD/1/2004.

The Group granted various credit facilities meeting the definition of insider related credits at rates and terms comparable to other facilities in the Group's portfolio. An aggregate of N2.4billion (2021: N6.0billion) relating to the Directors and some employees were outstanding on these facilities at the end of the period/year.



31 Dec 2022									
NAME OF BORROWERS	RELATIONSHIP TO REPORTING INSTITUTION	NAME OF THE RELATED INTEREST	DATE GRANTED	EXPIRY DATE	FACILITY LIMIT (N'million)	OUTSTANDING CREDIT (N'million)	STATUS	PERFECTED SECURITY/ NATURE	FACILITY TYPE
Globalmix Capital Ltd.	Related to a Director	Asue Ighodalo	27 -May- 22	27 -Nov- 23	520	580	Performing	Secured Against Real Estate	Term Loan
DO II Designs Limited	Related to a Director	Asue Ighodalo	13 -Jan- 22	30 -Mar- 25	34	21	Performing	Cash	Term Loan
Commercial Staff Loan	Employees	Employees	NA	NA	103	47	Performing	Lien on entitlements/ indemnity	Other Loans
TOTAL					657	648			

Letter of credit and bond guarantees

31 Dec 2022									
NAME OF BORROWERS	RELATIONSHIP TO REPORTING INSTITUTION	NAME OF THE RELATED INTEREST	DATE GRANTED	EXPIRY DATE	FACILITY LIMIT (N'million)	OUTSTANDING CREDIT (N'million)	STATUS	PERFECTED SECURITY/ NATURE	FACILITY TYPE
DO II Designs Limited	Related to a Director	Asue Ighodalo	29 -Jun- 22	31 -Mar- 23	68	68	Performing	Personal Guarantee	Bank Guarantee
Audeo Clothing Company Ltd	Related to a Director	Tunde Adeola	07 -Jan- 15	23 -Dec- 24	5	5	Performing	Personal Guarantee	Bank Guarantee
Blue Camel Energy Limited	Related to a Director	Abubakar Suleiman	07 -Aug- 20	04 -Feb- 23	296	296	Performing	Cash / Personal Guarantee	Letter Of Credit
Rite Foods Limited	Related to a Director	Tairat Tijani	09 -Mar- 20	02 -Jan- 23	728	728	Performing	Cash	Letter Of Credit
Rite Foods Limited	Related to a Director	Tairat Tijani	17 -Jun- 22	17 -Jun- 23	65	65	Performing	Cash	Bank Guarantee
Touchdown Travels Ltd	Related to a Director	Tunde Adeola	24 -Nov- 22	04 -Dec- 23	450	450	Performing	Personal Guarantee	Bank Guarantee
TOTAL - CONTINGENT (Letters of credit and bond guarantees)					1,612	1,612			



31 Dec 2021									
NAME OF BORROWERS	RELATIONSHIP TO REPORTING INSTITUTION	NAME OF THE RELATED INTEREST	DATE GRANTED	EXPIRY DATE	FACILITY LIMIT (N'million)	OUTSTANDING CREDIT (N'million)	STATUS	PERFECTED SECURITY/ NATURE	FACILITY TYPE
Globalmix Capital Ltd.	Related to a Director	Asue Ighadalo	10 -Aug- 18	07 -Feb- 22	1,267	379	Performing	Secured Against Real Estate	Term Loan
Rite Foods Limited	Related to a Director	Tairat Tijani	09 -Mar- 20	22 -Jan- 22	997	997	Performing	Cash	Overdraft
Commercial Staff Loan	Employees	Employees	NA	NA	1,821	1,162	Performing	Lien on entitlements/ indemnity	Other Loans
TOTAL					4,085	2,538			

Letter of credit and bond guarantees

31 Dec 2021									
NAME OF BORROWERS	RELATIONSHIP TO REPORTING INSTITUTION	NAME OF THE RELATED INTEREST	DATE GRANTED	EXPIRY DATE	FACILITY LIMIT (N'million)	OUTSTANDING CREDIT (N'million)	STATUS	PERFECTED SECURITY/ NATURE	FACILITY TYPE
Audeo Clothing Company Ltd	Related to a Director	Tunde Adeola	07 -Jan- 15	23 -Dec- 24	5	5	Performing	Personal Guarantee	Bank Guarantee
Rite Foods Limited	Related to a Director	Tairat Tijani	09 -Mar- 21	08 -Mar- 22	300	300	Performing	Personal Guarantee	Bank Guarantee
Blue Camel Energy Limited	Related to a Director	Abubakar Suleiman	13 -Apr- 21	31 -Mar- 22	545	545	Performing	Cash / Personal Guarantee	Letter Of Credit
Rite Foods Limited	Related to a Director	Tairat Tijani	09 -Mar- 20	22 -Jan- 22	458	458	Performing	Personal Guarantee	Letter Of Credit
Touchdown Travels Ltd	Related to a Director	Tunde Adeola	03 -Dec- 21	03 -Dec- 22	450	450	Performing	Personal Guarantee	Bank Guarantee
TOTAL - CONTINGENT (Letters of credit and bond guarantees)					1,758	1,758			



37 Events after reporting date

There were no events after the reporting date which could have a material effect on the financial position of the Group and the Bank as at 31 December 2022 and profit or loss and other comprehensive income attributable to equity holders on that date which have not been adequately adjusted for or disclosed.

In millions of Naira	Group Dec 2022	Group Dec 2021	Bank Dec 2022	Bank Dec 2021
38 Cash and cash equivalents				
Cash and foreign monies (Note 16)	30,409	34,315	30,409	34,315
Unrestricted balances with Central Bank of Nigeria (Note 16)	105,784	92,689	105,784	92,689
Balances held with local banks (Note 17)	288	8	-	-
Balances held with banks outside Nigeria (Note 17)	85,929	85,791	85,929	85,791
Money market placements (Note 17)	242	9,051	242	9,051
	222,652	221,854	222,364	221,846

39 Financial Risk Management

(a) Introduction and overview

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

The Group is exposed to various risks including Credit Risk, Liquidity Risk, Market Risk and Operational Risk in the trading book and banking book. The Group has put in place approved policies, procedures and guidelines for identifying, measuring, managing and controlling these risks.

Risk management framework

The Group's risk management framework consists of the governance structure, policies, strategy, processes and techniques for the management of risks faced by the Group. The risk governance structure is modelled according to the three lines of defense. 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 Group to ensure that all material risks are properly identified, measured, mitigated and monitored in order to minimize the impact of adverse events. The Chief Risk Officer (CRO) coordinates the process of monitoring and reporting identified risks. The Risk Management division is complemented by Finance and Performance Management Department, Strategy Department and the Conduct and Compliance

group in the management of strategic, regulatory compliance and reputational risks. Internal Audit department provides assurance to Management and Board that instituted controls are effective in mitigating identified and emerging risks.

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

- Risk management objectives and philosophy
- Governance structure
- Roles and responsibilities for managing risks
- Risk management process

Three Lines of Defense

The philosophy of three lines of defense have been adopted in the Group for proactive and efficient identification and management of risks inherent in the Group's activities, processes, system, products and external events as follows:

First line of defense – Strategic Business Functions

This consists of business units and line functions with primary responsibilities for risk management. The first line of defense includes business owners who execute transactions in the Group with the following risk management responsibilities;

- Identify emerging risks at the transaction/business unit level and conduct material risk assessments, at least annually;
- Imbibe risk culture in order to align risk management with business objectives; and
- 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 facilitating the implementation of risk controls to ensure that the business and process owners operate within the defined risk appetite and align with approved policies and procedures. They formulate risk management policies, processes and controls, provide guidance and coordination of activities of all other monitoring functions within the Group and identify enterprise trends, synergies and opportunities for change.

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 and policy. This function is performed by internal and external audit.

(b) Risk Management Structure

The responsibility for management of risk exposure of the Group 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 Group. 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 investment exposures, as well as other credit exposures that exceed the mandated approval limit of the Management.

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

The Management Credit Committee (MCC) is vested 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 Committee ensures that the Group has adequate liquidity to meet the funding need of the Group, and also manages the interest rate and foreign exchange risk of the Group. The Committee also reviews the economic outlook and its likely impact on the Group'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 Group's loan portfolio and validates collateral documentation.

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

The Conduct and Compliance Department monitors compliance with risk principles, policies and limits across the Group. Exceptions are reported on a daily basis to the Management and appropriate actions are taken to address the threats.

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 Group also carries out scenario analysis as stated in the Group's credit policy guide and stress testing to identify potential exposure under stressed market situations.

Monitoring and controlling of risk is done by ensuring that limits established are strictly complied with and that such limits reflect both the quantitative and qualitative risk appetite of the Group. Particular emphasis is placed on the Risk Acceptance Criteria (RAC). Furthermore, the Group'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 Group is analyzed and processed 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 on the risk profile of the Group through regular risk reports.

(d) Risk Mitigation

The Group has in place a set of management actions to prevent or mitigate the impact of business risks on earnings. 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 policies are also in place. Collateral policies are designed to ensure that the Group's exposure is secured, and to minimize the risk of credit losses to the Group 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; and
- 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

The Group's risk appetite is an expression of the maximum level of risk the Group is willing and able to accept in pursuit of its strategic and financial objectives expressed in the strategic plan.

The risk appetite statement expresses the degree of risk acceptable to the Group in achieving its strategic plan. The Group shall consider the following in defining the Risk Appetite Statement:

- Strategic Objectives
- Management perspective
- Economic conditions
- Stakeholders expectations
- Target benchmarking
- Regulatory threshold

The methodology described below is used in updating the Group's risk appetite framework.



1

Set Risk Appetite Statement

- Translate the Corporate strategy into explicit statements of risk preferences
- Consider economic and market conditions
- Ensure alignment with stakeholder

2

Limit Framework

- Define core set of measures aligned with risk appetite
- Determine tolerance limits
- Ensure metrics are practically achievable

3

Risk Based Decisions

- Cascade risk appetite down throughout organisation
- Align compensation and culture with risk appetite

4

Institute Governance

- State the roles and responsibilities of individuals on risk appetite
- Regularly monitor as-is risk profile against target risk profile

5

Revise Risk Appetite

- Review risk appetite in light of changing business, industry and market conditions
- Consider the evolution of business and strategy

(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 Group'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.

(g) Credit Risk Management

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

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

The Group's risk policy allows its personnel take initiatives and responsibility towards proactive identification of risks in products and services delivered to the market.

The Group's risk assets are managed to help provide the liquidity to meet deposit withdrawals, cover all expenses, and still make sufficient profit.

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

(h) Risk Management Architecture

Risks are managed such that the risk profile and the Group's reputation are aligned with the Group's objective of conservative risk appetite, balanced against a desire for reasonable returns.

(i) Organization Structure

Sterling Bank is a national bank having divested its subsidiaries and affiliates following receipt of 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 Banking
- Institutional Banking
- Retail and Consumer Banking
- Non Interest Banking
- Sterling Investment Management Plc

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 Banking – The Commercial Banking Group provides services to businesses with turnover above N600 million and below N5 Billion.

Institutional Banking - The Institutional Banking business covers government related institutions which include Federal Government ministries, departments, agencies; States and Local Governments.

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

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 Innovation
- Brand Marketing & Communication
- Finance and Performance Management
- Human Capital Management
- Channel Operations
- Trade Services
- Digital Organisation
- Customer Experience Management
- Legal and Company Secretariat
- Conduct & Compliance
- Central Processing Center

Non-Interest Banking: The Non-Interest Banking business segment of the Bank provides solutions that are consistent with Islamic laws and guided by Islamic economics. Non-Interest Banking is an alternative form of financial intermediation that is based on Islamic commercial jurisprudence. However, it is not exclusively for people of particular faith or religion, it is a financial product or service that is universally accessible by people of diverse religious or ethical beliefs across the globe.

Sterling Investment Management Plc: In 2016, Sterling Bank Plc registered Sterling Investment Management Plc ("the SPV") with the Corporate Affairs Commission as a public limited liability company. The main objective of setting up the SPV was to raise or borrow money by the issuance of bonds or other debt instruments. The SPV is a subsidiary and is consolidated in the financial statements of the Group.

(j) Methodology for Risk Rating

The Group has a credit rating and scoring system developed for rating exposures. They were developed in line with international best practice. Exposures are created by Corporate, Commercial, Institutional, Retail and Non Interest Banking business segments. The credit risk rating system assigns scores using various risk parameters based on the information provided by the borrower. The rating is derived by adding the scores from all



the risk parameters and the outcome of the rating is important for approval / rejection of the loan request.

Retail Loans:

Retail loans are governed by standard credit product programs and categorized as Consumer & MSME loans. Consumer loans are availed to individuals while MSME loans are granted to unstructured businesses. Unstructured businesses are small and medium scale businesses that rarely keep proper accounting records. Retail and SME scorecards are used for assessing Consumer and MSME loans respectively.

Commercial and Corporate Loans:

Commercial and Corporate Customers are rated using risk rating models. Depending on the underlying business transaction, Specialized Lending Models are also used for assessing specialized loans to Corporate and Commercial Customers. The rating methodology is based on both quantitative and qualitative factors. Quantitative factors are mainly the financial ratios, account conduct among others. Qualitative factors are based on the following risk categories: a. Business Risk b. Industry Risk c. Management Risk.

Credit Scoring System:

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

Structured Businesses

The factors to be considered are:
Quantitative factors are basically the financial ratios which include:

- a. Leverage ratios
- b. Liquidity ratios
- c. Profitability ratios
- d. Interest Coverage ratios
- e. Activity ratio

Qualitative factors. These include:

- a. Industry
 - i. Size of the business
 - ii. Industry growth
 - iii. Market Competition
 - iv. Entry/Exit barriers
- b. Management:
 - i. Experience of the management team
 - ii. Succession Planning
 - iii. Organizational structure

- c. Security:
 - i. Collateral type
 - ii. Collateral coverage
 - iii. Guarantee i.e. the worth of Personal Guarantee/ Corporate Guarantee pledged as support.
- d. Relationship with the Bank:
 - i. Account turnover (efficiency ratio)
 - ii. Account conduct
 - iii. Compliance with covenants/conditions
 - iv. Personal deposits with the bank.

Unstructured Businesses:

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

The factors to be considered are:
Quantitative factors. These include:

- (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

Qualitative factors. These include:

- (a) Management:
 - i. Experience/Technical competence with evidence
 - ii. Succession Planning
- (b) Industry
 - i. Industry growth
 - ii. Share of the market
 - iii. Regulations: Whether the industry is regulated or not
 - iv. Entry/Exit

In general, the following are considered in assessing facility request

(i) Character

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

(ii) 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.

(iii) Capital

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

(iv) Cash Collateralised Facilities

Cash collateralised 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 collateralised 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.

(v) Pricing

The pricing of facilities is done to reflect the inherent risks for accepting the exposure by the Group. 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 determines the minimum level of interest chargeable. This interest rate determined would be a guide.

(vi) Collateral/Security

Collateral, often referred to as credit risk mitigant, gives additional assurance to recovering loans granted to customers. The pledged collateral is documented and continuously reviewed as to its value and marketability.

Collaterals/securities are reviewed and scored based on the following parameters:

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

Enterprise risk review

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

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

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

39.1 Credit risk

Credit exposures arise principally in lending activities carried out through loans and advances, debt securities and other instruments in the Group's risk asset portfolio. Credit risk is also inherent in off-balance sheet financial instruments.

The Group manages credit risks, which has been defined as the potential for a counterparty to default on financial obligations leading to financial losses. Credit risk is the principal source of risk to the Group arising from loans and advances extended to customers under the corporate, commercial, and retail business lines.

There is also credit risk in off-balance sheet financial instruments. Credit risk is managed by the Enterprise Risk Management Group (ERM). They report to the MD/Chief Executive Officer and also to the Board Risk Management Committee.

Main Characteristics and Elements of Credit Risk Management;



(a) Credit Portfolio Planning

In line with the Group's planning cycle, credit portfolio plans are developed and approved at the overall Group and individual business unit level.

Credit portfolio planning entails definition and agreement of target risk asset threshold for different sectors, definition of target markets and criteria for risk acceptance at the corporate level and across each credit creating business unit in the Group.

(b) 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 Group's risk management policies.

(c) Exposure Management

To minimize the risk and occurrence of loss as a result of decline in quality and non-performance of risk assets, clear guidelines for management of the risk asset portfolio and individual risk exposures are defined. Exposure management entails collateral management, facility performance monitoring, quality reviews, risk asset classification and reporting.

(d) Delinquency Management/Loan Workout

In the undesired event of decline in risk asset quality, prompt identification and management of delinquent loans significantly reduces credit risk losses in the Group. 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.

(e) Credit Recovery

Deliberate actions are taken proactively to minimize the Group's loss on non-performing loans. Directions are provided in the Credit Policy guide for winding down the Group's exposure, waivers, write-offs, etc. In the event of recovery, process for recognizing income and previously written-off amounts is also defined.

The Group's Risk Management Objectives and Policies

The Group'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 criteria for decision making.
3. Description of specific activities and tasks with respect to the creation and management of risk assets.
4. Some criteria are defined for determining impaired loans. These include:
 - Borrower's business recording consistent losses which might impair the cash flow, and loan repayment.
 - Borrower's networth being grossly eroded due to some macroeconomic events.
 - Lack of communication from the borrower.
 - Security offered has deteriorated in value and full payment cannot be guaranteed from normal operating sources.
 - Where the Group consents to loan restructuring, resulting in 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 Income Statement.

(f) Risk Management Architecture

Risks are managed such that the risk profile and the Bank's reputation are aligned with the Group'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 made, the credit risk of the borrower or counterparty must be accurately assessed. Each application is analyzed and assigned one of 9 (nine) grades using a credit rating system developed by the Group for all exposures to credit risk. Each grade corresponds to a borrower's or counterparty's probability of default.

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

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

The Group'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 Group'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.

(iii) Credit granting process

Credit granting decisions are based 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 Group's

overall risk-adjusted returns objective. Each credit granting decision is made by authorities within the risk management teams and management who are independent of the business units and are at a reporting level commensurate with the size of the proposed credit transaction and the associated risk.

(a) Loans and advances

In measuring credit risk of loans and advances to customers and to banks at a counterparty level, the Group 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 Group's rating scale, which is shown below, reflects the range of scores defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their credit risk changes.

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

Risk Rating	External Rating	Score	Remarks
	Equivalent	Range	
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



(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 Group manages concentration risks to counterparties, groups, sectors and countries. The level of credit risk undertaken is controlled by setting limits on exposures to individuals, groups, geographical and sectoral segments and facilitate continuous monitoring of adherence to set limits. The limits set are reviewed periodically and approved by the Board of Directors.

The Group 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 borrower including banks and brokers is further restricted by sub-limits covering on and off balance sheet 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 Group also sets internal credit approval limits for various levels in the credit process and is shown in the table below:

Authority level	Approval limit (Naira)
Full Board	Above 1,500,000,000
Board, Credit Committee	1,500,000,000
Management Credit Committee	750,000,000
Managing Director	500,000,000
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 principles behind collateral acceptability are adequacy and marketability. The Group implements guidelines on the acceptability

of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

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

Long-term finance and lending to corporate entities as well as individuals are generally secured. However, in order to minimize losses, the Group will seek additional collateral from the counterparty when there are indicators of devaluation in existing collateral value.

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.

(b) Master Netting Arrangements

The Group 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 favorable contracts is reduced by a master netting arrangement to the extent that if default occurs, all amounts with the counterparty are settled on net basis.

In millions of Naira	31 Dec 2022	31 Dec 2021
Financial assets:		
Loans and advances	169,356	157,118
Financial liabilities:		
Collateralised deposits	131,714	122,223

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 asset will be presented on the statement of financial position:

In millions of Naira	31 Dec 2022	31 Dec 2021
Net financial assets/liabilities:		
Loans and advances	37,642	34,895

(c) Credit-related Commitments

The primary purpose of these instruments is to create other avenues for lending. 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 Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions - are collateralized by the underlying shipments of goods to which they relate and therefore, carry less risk than a direct loan.

(d) Credit Concentration

The Group 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:

Breakdown of Exposures by Geographic Areas.

S/N	Region	31 Dec 2022 (N'millions)	31 Dec 2021 (N'millions)
1	Abuja	46,123	34,967
2	Lagos	444,525	427,446
3	North Central	37,055	34,278
4	North East	6,599	4,370
5	North West	26,044	19,962
6	South East	13,168	8,920
7	South South	109,821	129,622
8	South West	74,848	66,515
Grand Total		758,183	726,080

Maximum exposure to credit risk before collateral held or other credit enhancements

The Bank's maximum exposure to credit risk as at 31 December 2022 and 31 December 2021 is represented by the net carrying amounts of the financial assets set out below:

Group

Type of collateral or credit enhancement

31 Dec 2022 Financial assets	Fair value of collateral and credit enhancements held								
	Maximum exposure to credit risk	Cash	Secured against Real Estate	Stocks/shares	Debenture	Others	Total collateral value	Net exposure	Associated ECLs
	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Cash and balances with Central Bank of Nigeria	431,488	-	-	-	-	-	-	431,488	-
Due from banks	86,459	-	-	-	-	-	-	86,459	-
Pledged assets	23,115	-	-	-	-	-	-	23,115	(17)
Loans and advances to customers									
- Corporate loans	652,165	130,925	67,897	37,323	847,943	-	1,084,088	-	(11,176)
- Individual/retail loans	106,018	789	9,087	-	1,149	-	11,025	94,993	(9,272)
Debt instruments at amortised cost	107,100	-	-	-	-	-	-	107,100	(211)
Total financial assets at amortised cost	1,406,345	131,714	76,984	37,323	849,092	-	1,095,113	743,155	(20,676)
Derivative financial assets	807	-	-	-	-	-	-	807	-
Debt instruments at fair value through profit or loss	921	-	-	-	-	-	-	921	-
Total financial assets at fair value through profit or loss	1,728	-	-	-	-	-	-	1,728	-
Debt instruments at fair value through other comprehensive income	230,636	-	-	-	-	-	-	230,636	(131)
Total debt instruments at fair value through other comprehensive income	230,636	-	-	-	-	-	-	230,636	(131)
Financial guarantees	116,156	30,513	-	-	-	-	30,513	85,643	(1,071)
Letters of credit for customers	113,786	14,791	-	-	-	-	14,791	98,995	(207)
	1,868,651	177,018	76,984	37,323	849,092	-	1,140,417	1,160,157	(22,085)



Bank

Type of collateral or credit enhancement

31 Dec 2022 Financial assets	Fair value of collateral and credit enhancements held								
	Maximum exposure to credit risk	Cash	Secured against Real Estate	Stocks/ shares	Debenture	Others	Total collateral value	Net exposure	Associated ECLs
	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Cash and balances with Central Bank of Nigeria	431,488	-	-	-	-	-	-	431,488	-
Due from banks	86,171	-	-	-	-	-	-	86,171	-
Pledged assets	23,115	-	-	-	-	-	-	23,115	(17)
Loans and advances to customers									
- Corporate loans	652,165	130,925	67,897	37,323	847,943	-	1,084,088	-	(11,176)
- Individual/retail loans	106,018	789	9,087	-	1,149	-	11,025	94,993	(9,272)
Debt instruments at amortised cost	89,978	-	-	-	-	-	-	89,978	(172)
Total financial assets at amortised cost	1,388,935	131,714	76,984	37,323	849,092	-	1,095,113	725,745	(20,637)
Derivative financial assets	807							807	-
Debt instruments at fair value through profit or loss	921	-	-	-	-	-	-	921	-
Total financial assets at fair value through profit or loss	1,728	-	-	-	-	-	-	1,728	-
Debt instruments at fair value through other comprehensive income	230,636	-	-	-	-	-	-	230,636	(131)
Total debt instruments at fair value through other comprehensive income	230,636	-	-	-	-	-	-	230,636	(131)
Financial guarantees	116,156	30,513	-	-	-	-	30,513	85,643	(1,071)
Letters of credit for customers	113,786	14,791	-	-	-	-	14,791	98,995	(207)
	1,851,241	177,018	76,984	37,323	849,092	-	1,140,417	1,142,747	(22,046)

Group

Type of collateral or credit enhancement

31 Dec 2021 Financial assets	Fair value of collateral and credit enhancements held								
	Maximum exposure to credit risk	Cash	Secured against Real Estate	Stocks/ shares	Debenture	Others	Total collateral value	Net exposure	Associated ECLs
	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Cash and balances with Central Bank of Nigeria	370,873	-	-	-	-	-	-	370,873	-
Due from banks	94,850	-	-	-	-	-	-	94,850	-
Pledged assets	10,786	-	-	-	-	-	-	10,786	-
Loans and advances to customers							-	-	
- Corporate loans	626,563	121,741	110,790	37,323	694,561	-	964,415	-	(10,794)
- Individual/retail loans	99,517	482	9,000	-	58	-	9,540	89,977	(3,386)
Debt instruments at amortised cost	102,232	-	-	-	-	-	-	102,232	(7)
Total financial assets at amortised cost	1,304,821	122,223	119,790	37,323	694,619	-	973,955	668,718	(14,187)
Debt instruments at fair value through profit and loss	10,237	-	-	-	-	-	-	10,237	-
Total Financial instruments at fair value through profit and loss	10,237	-	-	-	-	-	-	10,237	-
Debt instruments at fair value through other comprehensive income	168,847	-	-	-	-	-	-	168,847	(532)
Total debt instruments at fair value through other comprehensive income	168,847	-	-	-	-	-	-	168,847	(532)
Financial guarantees	109,448	50,783	463	-	-	45	51,291	58,157	(983)
Letters of credit for customers	90,758	99,713	-	-	-	-	99,713	-	(36)
	1,684,111	272,719	120,253	37,323	694,619	45	1,124,959	905,959	(15,738)



Bank

Type of collateral or credit enhancement

31 Dec 2021 Financial assets	Fair value of collateral and credit enhancements held								
	Maximum exposure to credit risk	Cash	Secured against Real Estate	Stocks/ shares	Debenture	Others	Total collateral value	Net exposure	Associated ECLs
	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Cash and balances with Central Bank of Nigeria	370,873	-	-	-	-	-	-	370,873	-
Due from banks	94,842	-	-	-	-	-	-	94,842	-
Pledged assets	10,786	-	-	-	-	-	-	10,786	-
Loans and advances to customers									
- Corporate loans	626,563	121,741	110,790	37,323	694,561	-	964,415	-	(10,794)
- Individual/retail loans	99,517	482	9,000	-	58	-	9,540	89,977	(3,386)
Debt instruments at amortised cost	84,858	-	-	-	-	-	-	84,858	(6)
Total financial assets at amortised cost	1,287,439	122,223	119,790	37,323	694,619	-	973,955	651,336	(14,186)
Debt instruments at fair value through profit or loss	10,237	-	-	-	-	-	-	10,237	-
Total financial instruments at fair value through profit or loss	10,237	-	-	-	-	-	-	10,237	-
Debt instruments at fair value through other comprehensive income	168,847	-	-	-	-	-	-	168,847	(532)
Total debt instruments at fair value through other comprehensive income	168,847	-	-	-	-	-	-	168,847	(532)
Financial guarantees	109,448	50,783	463	-	-	45	51,291	58,157	(983)
Letters of credit for customers	90,758	99,713	-	-	-	-	99,713	-	(36)
	1,666,729	272,719	120,253	37,323	694,619	45	1,124,959	888,577	(15,737)

Credit concentrations

The Group monitors concentrations of credit risk by sector and by geographical location. An analysis of concentrations of credit risk at 31 December 2022, is set out below:

Group 31 Dec 2022	Cash and bank balances	Due from banks	Pledged assets	Derivative financial assets	Loans and advances	Debt instruments at fair value through profit or loss	Debt instruments at amortised cost	Debt instruments at fair value through OCI	Financial guarantees	Letters of credit for customers	Total
	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Concentration by sector:											
Corporate	-	-	-	-	-	-	-	74	-	-	74
Agriculture	-	-	-	-	80,702	-	-	-	499	2,084	83,285
Capital Market	-	-	-	-	-	-	-	-	-	-	-
Communication	-	-	-	-	21,184	-	-	4,889	65	16	26,154
Consumer	-	-	-	-	90,556	-	-	-	16,713	25,314	132,583
Education	-	-	-	-	4,708	-	-	-	-	310	5,018
Finance and Insurance	30,409	86,459	304	807	18,758	-	-	1,031	-	-	137,768
Government	401,079	-	22,794	-	89,745	921	106,889	219,756	1,404	6,277	848,865
Manufacturing	-	-	-	-	22,627	-	-	238	2,500	16,370	41,735
Mining & Quarrying	-	-	-	-	1,001	-	-	-	-	-	1,001
Mortgage	-	-	-	-	2,139	-	-	-	-	-	2,139
Oil & Gas	-	-	-	-	162,541	-	-	-	26,471	60,555	249,567
Others	-	-	-	-	84,521	-	-	-	7,186	1,567	93,274
Power	-	-	-	-	30,797	-	-	280	12,160	828	44,065
Real Estate & Construction	-	-	-	-	64,847	-	-	-	43,764	174	108,785
Transportation	-	-	-	-	35,191	-	-	4,368	106	-	39,665
Non-Interest Banking	-	-	-	-	28,418	-	-	-	4,217	84	32,719
	431,488	86,459	23,098	807	737,735	921	106,889	230,636	115,085	113,579	1,846,697
Concentration by location:											
Nigeria	431,488	288	22,794	807	737,735	921	106,889	230,636	115,085	113,579	1,760,222
America	-	48,149	304	-	-	-	-	-	-	-	48,453
Europe	-	34,200	-	-	-	-	-	-	-	-	34,200
Africa	-	3,820	-	-	-	-	-	-	-	-	3,820
Asia	-	2	-	-	-	-	-	-	-	-	2
	431,488	86,459	23,098	807	737,735	921	106,889	230,636	115,085	113,579	1,846,697



Bank 31 Dec 2022	Cash and bank balances	Due from banks	Pledged assets	Derivative financial assets	Loans and advances	Debt instruments at fair value through profit or loss	Debt instruments at amortised cost	Debt instruments at fair value through OCI	Financial guarantees	Letters of credit for customers	Total
	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Concentration by sector:											
Corporate	-	-	-	-	-	-	-	74	-	-	74
Agriculture	-	-	-	-	80,702	-	-	-	499	2,084	83,285
Capital Market	-	-	-	-	-	-	-	-	-	-	-
Communication	-	-	-	-	21,184	-	-	4,889	65	16	26,154
Consumer	-	-	-	-	90,556	-	-	-	16,713	25,314	132,583
Education	-	-	-	-	4,708	-	-	-	-	310	5,018
Finance and Insurance	30,409	86,171	304	807	18,758	-	-	1,031	-	-	137,480
Government	401,079	-	22,794	-	89,745	921	89,806	219,491	1,404	6,277	831,517
Manufacturing	-	-	-	-	22,627	-	-	238	2,500	16,370	41,735
Mining & Quarrying	-	-	-	-	1,001	-	-	-	-	-	1,001
Mortgage	-	-	-	-	2,139	-	-	-	-	-	2,139
Oil & Gas	-	-	-	-	162,541	-	-	-	26,471	60,555	249,567
Others	-	-	-	-	84,521	-	-	-	7,186	1,567	93,274
Power	-	-	-	-	30,797	-	-	280	12,160	828	44,065
Real Estate & Construction	-	-	-	-	64,847	-	-	-	43,764	174	108,785
Transportation	-	-	-	-	35,191	-	-	4,368	106	-	39,665
Non-Interest Banking	-	-	-	-	28,418	-	-	-	4,217	84	32,719
	431,488	86,171	23,098	807	737,735	921	89,806	230,636	115,085	113,579	1,829,326
Concentration by location:											
Nigeria	431,488	-	22,794	807	737,735	921	89,806	230,636	115,085	113,579	1,742,851
America	-	48,149	304	-	-	-	-	-	-	-	48,453
Europe	-	34,200	-	-	-	-	-	-	-	-	34,200
Africa	-	3,820	-	-	-	-	-	-	-	-	3,820
Asia	-	2	-	-	-	-	-	-	-	-	2
	431,488	86,171	23,098	807	737,735	921	89,806	230,636	115,085	113,579	1,829,326

Credit concentrations

The Group monitors concentrations of credit risk by sector and by geographical location. An analysis of concentrations of credit risk at 31 December 2021, is set out below:

Group 31 Dec 2021	Cash and bank balances	Due from banks	Pledged assets	Loans and advances	Debt instruments at fair value through profit or loss	Debt instruments at amortised cost	Debt instruments at fair value through OCI	Financial guarantees	Letters of credit for customers	Total
	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Concentration by sector:										
Corporate	-	-	-	-	-	-	260	-	-	260
Agriculture	-	-	-	75,975	-	-	-	1,031	-	77,006
Capital Market	-	-	-	-	-	-	-	-	-	-
Communication	-	-	-	17,762	-	-	5,020	116	15	22,913
Consumer	-	-	-	88,113	-	-	-	1,181	2,737	92,031
Education	-	-	-	1,350	-	-	-	-	-	1,350
Finance and Insurance	34,315	94,850	127	24,873	-	-	-	237	-	154,402
Government	336,558	-	10,659	101,341	10,237	102,225	159,067	15,776	2,654	738,517
Manufacturing	-	-	-	10,429	-	-	-	2,387	39,446	52,262
Mortgage	-	-	-	3,087	-	-	-	-	-	3,087
Oil & Gas	-	-	-	166,611	-	-	-	13,588	37,327	217,526
Others	-	-	-	47,781	-	-	-	6,499	1,270	55,550
Power	-	-	-	36,008	-	-	302	2,926	6,590	45,826
Real Estate & Construction	-	-	-	76,862	-	-	-	33,700	212	110,774
Transportation	-	-	-	27,424	-	-	4,198	16,645	294	48,561
Non-Interest Banking	-	-	-	34,284	-	-	-	14,379	177	48,840
	370,873	94,850	10,786	711,900	10,237	102,225	168,847	108,465	90,722	1,668,905
Concentration by location:										
Nigeria	370,873	9,061	10,659	711,900	10,237	102,225	168,847	108,465	90,722	1,582,989
America	-	48,880	127	-	-	-	-	-	-	49,007
Europe	-	36,437	-	-	-	-	-	-	-	36,437
Africa	-	470	-	-	-	-	-	-	-	470
Asia	-	2	-	-	-	-	-	-	-	2
	370,873	94,850	10,786	711,900	10,237	102,225	168,847	108,465	90,722	1,668,905



Bank 31 Dec 2021	Cash and bank balances	Due from banks	Pledged assets	Loans and advances	Debt instruments at fair value through profit or loss	Debt instruments at amortised cost	Debt instruments at fair value through OCI	Financial guarantees	Letters of credit for customers	Total
	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Concentration by sector:										
Corporate	-	-	-	-	-	-	260	-	-	260
Agriculture	-	-	-	75,975	-	-	-	1,031	-	77,006
Capital Market	-	-	-	-	-	-	-	-	-	-
Communication	-	-	-	17,762	-	-	5,020	116	15	22,913
Consumer	-	-	-	88,113	-	-	-	1,181	2,737	92,031
Education	-	-	-	1,350	-	-	-	-	-	1,350
Finance and Insurance	34,315	94,842	-	24,873	-	-	-	237	-	154,267
Government	336,558	-	10,786	101,341	10,237	84,852	159,067	15,776	2,654	721,271
Manufacturing	-	-	-	10,429	-	-	-	2,387	39,446	52,262
Mortgage	-	-	-	3,087	-	-	-	-	-	3,087
Oil & Gas	-	-	-	166,611	-	-	-	13,588	37,327	217,526
Others	-	-	-	47,781	-	-	-	6,499	1,270	55,550
Power	-	-	-	36,008	-	-	302	2,926	6,590	45,826
Real Estate & Construction	-	-	-	76,862	-	-	-	33,700	212	110,774
Transportation	-	-	-	27,424	-	-	4,198	16,645	294	48,561
Non-Interest Banking	-	-	-	34,284	-	-	-	14,379	177	48,840
	370,873	94,842	10,786	711,900	10,237	84,852	168,847	108,465	90,722	1,651,524
Concentration by location:										
Nigeria	370,873	9,053	10,659	711,900	10,237	84,852	168,847	108,465	90,722	1,565,608
America	-	48,880	127	-	-	-	-	-	-	49,007
Europe	-	36,437	-	-	-	-	-	-	-	36,437
Africa	-	470	-	-	-	-	-	-	-	470
Asia	-	2	-	-	-	-	-	-	-	2
	370,873	94,842	10,786	711,900	10,237	84,852	168,847	108,465	90,722	1,651,524

Commitments and Guarantees

To meet the financial needs of customers, the Group 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 Group.

The table below shows the Group'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 Group 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.

GROUP & BANK In millions of Naira	31 Dec 2022	31 Dec 2021
Bonds, guarantees and indemnities	116,156	109,448
Letters of credit	113,786	90,758
	229,942	200,206

Maturity profile of contingents and commitments

As at 31 Dec 2022 In millions of Naira	On demand	Less than 3 months	3-12 months	1-5 years	Over 5 years	Total
Bonds, guarantees and indemnities	-	20	52,791	18,694	44,651	116,156
Letters of credit	-	9,391	74,914	26,412	3,069	113,786
Total undiscounted financial assets (A)	-	9,411	127,705	45,106	47,720	229,942

As at 31 Dec 2021 In millions of Naira	On demand	Less than 3 months	3-12 months	1-5 years	Over 5 years	Total
Bonds, guarantees and indemnities	-	4,044	54,831	33,184	17,389	109,448
Letters of credit	-	53,828	36,902	28	-	90,758
Total undiscounted financial assets (A)	-	57,872	91,733	33,212	17,389	200,206



Credit Quality of Financial Assets

The Standardised Approach has been used in assessing the Bank's capital requirement and all corporate exposures were classified as unrated in line with regulatory guidelines. Credit assessments applied to items in the Group's book and trading book are assigned in accordance with the regulatory guidelines.

31 Dec 2022 Assets In millions of Naira	carrying values of:				Total	Carrying Amount
	Defaulted exposures	Non defaulted exposures	Allowances/ impairments	Net values		
Loans and advances to customers	29,456	728,727	(20,448)	737,735		
Debt securities	-	25,431	-	25,431		
Off balance sheet exposures	-	229,942	(1,278)	228,664		
Total	29,456	984,100	(21,726)	991,830		

In millions of Naira	RR1 - RR2	RR3 - RR4	RR5 - RR6	RR7 - RR9	Total	Carrying Amount
Balances with Central Bank of Nigeria	431,488	-	-	-	431,488	431,488
Due from banks	86,459	-	-	-	86,459	86,459
Pledged assets	23,098	-	-	-	23,098	23,098
Derivative financial assets	807	-	-	-	807	807
Loans and advances to customers	102,311	395,469	230,947	29,456	758,183	737,735
Financial assets at fair value through profit or loss	921	-	-	-	921	921
Investments securities - FVOCI	230,636	-	-	-	230,636	230,636
Investments securities - amortised cost	107,100	-	-	-	107,100	106,889
Other assets	-	154,414	-	-	154,414	154,414
Total	982,820	549,883	230,947	29,456	1,793,106	1,772,447

The Standardised Approach has been used in assessing the Group's capital requirement and all corporate exposures were classified as unrated in line with regulatory guidelines.

31 Dec 2021 Assets In millions of Naira	carrying values of:				Total	Carrying Amount
	Defaulted exposures	Non defaulted exposures	Allowances/ impairments	Net values		
Loans and advances to customers	5,151	720,929	(14,180)	711,900		
Debt securities	-	25,373	-	25,373		
Off balance sheet exposures	-	200,206	(1,019)	199,187		
Total	5,151	946,508	(15,199)	936,460		

In millions of Naira	RR1 - RR2	RR3 - RR4	RR5 - RR6	RR7 - RR9	Total	Carrying Amount
Balances with Central Bank of Nigeria	370,873	-	-	-	370,873	370,873
Due from banks	94,850	-	-	-	94,850	94,850
Pledged assets	10,786	-	-	-	10,786	10,786
Loans and advances to customers	166,382	320,958	233,589	5,151	726,080	711,900
Financial assets at fair value through profit or loss	10,237	-	-	-	10,237	10,237
Investments securities - FVOCI	168,847	-	-	-	168,847	168,847
Investments securities - amortised cost	102,068	164	-	-	102,232	102,225
Other assets	-	97,450	-	-	97,450	97,450
Total	924,043	418,572	233,589	5,151	1,581,355	1,567,168

Credit Mitigation Techniques

The Group 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 policies are also in place. Collateral policies are designed to ensure that the Group's exposure is secured, and to minimize the risk of credit losses to the Group 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.

31 Dec 2022 Assets In millions of Naira	Exposures unsecured	Total Exposures	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by financial guarantees of which: secured
Loans and advances to customers	497	757,686	757,189	-	-
Debt Securities	25,431	-	-	-	-
Total	25,928	757,686	731,758	-	-
of which defaulted	-	29,456	-	-	-

Credit Risk Exposure and Credit Risk Mitigation (CRM)

Assets Classes In millions of Naira	Exposures pre Credit Conversion Factor and Credit Risk Mitigation		Exposures post Credit Conversion Factor and Credit Risk Mitigation		
	on balance sheet	off- balance sheet	on balance sheet	off- balance sheet	Risk Weighted Assets (RWA)
Sovereigns and their central banks	835,796	-	835,796	-	-
Non-central government public sector entities	118,014	7,680	65,768	1,956	67,603
Supervised institutions	92,256	-	91,675	-	26,048
Corporates	425,055	172,248	357,000	54,022	377,704
Regulatory retail portfolios	107,569	-	106,386	-	79,790
Secured by residential property	12,889	-	12,809	-	11,897
Secured by commercial real estate	68,969	-	67,651	-	67,651
Past due loans	19,603	-	19,603	-	25,671
Higher –risk categories	25,227	-	25,227	-	37,841
Other assets	135,421	73,292	135,421	36,495	128,851
Total	1,840,799	253,220	1,717,336	92,473	823,056



31 Dec 2021 Assets In millions of Naira	Exposures unsecured	Total Exposures	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by financial guarantees of which: secured
Loans and advances to customers	219	725,861	374,145	-	-
Debt Securities	25,373	-	-	-	-
Total	25,592	725,861	374,145	-	-
of which defaulted	51	5,100	-	-	-

Credit Risk Exposure and Credit Risk Mitigation (CRM)

Assets Classes In millions of Naira	Exposures pre Credit Conversion Factor and Credit Risk Mitigation		Exposures post Credit Conversion Factor and Credit Risk Mitigation		
	on balance sheet	off- balance sheet	on balance sheet	off- balance sheet	Risk Weighted Assets (RWA)
Sovereigns and their central banks	599,389	-	599,389	-	-
Non-central government public sector entities	132,317	22,201	75,921	7,854	83,614
Supervised institutions	86,265	-	86,061	-	17,633
Corporates	383,151	182,138	327,020	7,550	334,570
Regulatory retail portfolios	97,108	-	96,673	-	72,505
Secured by residential property	15,090	-	14,136	-	13,475
Secured by commercial real estate	104,783	-	100,033	-	100,033
Past due loans	135	-	133	-	95
Higher-risk categories	17,955	-	17,955	-	26,933
Other assets	166,751	18,090	166,751	8,460	140,768
Total	1,602,944	222,429	1,484,072	23,864	789,626

Exposure By Asset Classes And Risk Weights

31 Dec 2022 In millions of Naira	0%	20%	50%	75%	100%	150%	Exposure Amount (Post CCF and Post CRM)
Risk weight							
Sovereigns	835,796	-	-	-	-	-	835,796
Non-central government public sector entities (PSEs)	-	151	-	-	67,573	-	67,724
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-
Supervised Institutions	-	81,831	324	-	9,520	-	91,675
Corporates	-	-	-	-	411,022	0	411,022
Regulatory Retail Portfolios	-	-	-	106,386	-	-	106,386
Secured by Mortgages on Residential Properties	-	-	-	3,646	9,163	-	12,809
Exposures Secured by Mortgages on Commercial Real Estates	-	-	-	-	67,651	-	67,651
Past due loans	-	-	97	-	7,274	12,232	19,603
Higher-risk categories	-	-	-	-	-	25,227	25,227
Other assets	30,409	-	-	-	141,507	-	171,916
Total	866,205	81,982	421	110,032	713,710	37,459	1,809,809

Counterparty Credit Risk Exposures By Regulatory Portfolio And Risk Weights

31 Dec 2022 In millions of Naira	0%	20%	50%	75%	100%	150%	Total Credit Exposure Amount (Pre CCF and CRM)
Risk weight							
Sovereigns	835,796	-	-	-	-	-	835,796
Non-central government public sector entities (PSEs)	-	151	7,680	-	117,862	-	125,693
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-
Supervised Institutions	-	81,865	324	-	10,067	-	92,256
Corporates	-	107,006	65,242	-	425,055	0	597,303
Regulatory Retail Portfolios	-	-	-	107,569	-	-	107,569
Secured by Mortgages on Residential Properties	-	-	-	3,651	9,238	-	12,889
Exposures Secured by Mortgages on Commercial Real Estates	-	-	-	-	68,969	-	68,969
Past due loans	-	-	97	-	7,274	12,232	19,603
Higher-risk categories	-	-	-	-	-	25,227	25,227
Other assets	30,409	502	72,790	-	105,012	-	208,713
Total	866,205	189,524	146,133	111,220	743,477	37,459	2,094,018



Exposure By Asset Classes And Risk Weights

31 Dec 2021 In millions of Naira	0%	20%	50%	75%	100%	150%	Exposure Amount (Post CCF and Post CRM)
Risk weight							
Sovereigns	599,389	-	-	-	-	-	599,389
Non-central government public sector entities (PSEs)	-	201	-	-	83,574	-	83,775
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-
Supervised Institutions	-	85,112	676	-	272	0	86,060
Corporates	-	-	-	-	334,570	-	334,570
Regulatory Retail Portfolios	-	-	-	96,673	-	-	96,673
Secured by Mortgages on Residential Properties	-	-	-	2,643	11,493	-	14,136
Exposures Secured by Mortgages on Commercial Real Estates	-	-	-	-	100,033	-	100,033
Past due loans	-	-	76	-	57	0	133
Higher-risk categories	-	-	-	-	-	17,955	17,955
Other assets	34,443	-	-	-	140,768	-	175,211
Total	633,832	85,313	752	99,316	670,767	17,955	1,507,935

Counterparty Credit Risk Exposures By Regulatory Portfolio And Risk Weights

31 Dec 2021 In millions of Naira	0%	20%	50%	75%	100%	150%	Total Credit Exposure Amount (Pre CCF and CRM)
Risk weight							
Sovereigns	599,389	-	-	-	-	-	599,389
Non-central government public sector entities (PSEs)	-	6,524	15,878	-	132,116	-	154,518
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-
Supervised Institutions	-	85,112	676	-	476	-	86,264
Corporates	-	83,976	98,162	-	383,151	-	565,289
Regulatory Retail Portfolios	-	-	-	97,108	-	-	97,108
Secured by Mortgages on Residential Properties	-	-	-	2,644	12,446	-	15,090
Exposures Secured by Mortgages on Commercial Real Estates	-	-	-	-	104,783	-	104,783
Past due loans	-	-	76	-	59	-	135
Higher-risk categories	-	-	-	-	-	17,955	17,955
Other assets	34,443	458	17,633	-	132,308	-	184,842
Total	633,832	176,070	132,425	99,752	765,339	17,955	1,825,373

Impairment assessment

The references below show where the Group's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments (except for specialised lending facilities where the 90 days past due is rebutted and 180 days past due is used instead). The Group considers treasury and interbank balances defaulted and takes immediate action when the required intra-day payments are not settled by the close of business as outlined in the individual agreements.

As a part of the qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default (debt service default or technical default) or past due event.
- The Bank, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the Bank would not otherwise consider.
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- The disappearance of an active market for that financial asset because of financial difficulties.
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.
- Overdrafts will be considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current outstanding.
- The Bank puts the credit obligation on non-accrued status.
- The Bank consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or (where relevant) fees.
- The Bank has filed for the obligor's bankruptcy or a similar order in respect of the obligor's credit obligation to the Bank.

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least 90 consecutive days. The decision whether to classify an asset as Stage 2 or Stage 1 once cured, depends on the updated credit grade at the time of the cure, and whether this indicates there has been a significant reduction in credit risk. The following probationary period is applied in transferring financial assets back to a lower stage following a significant reduction in credit risk:

- When there is evidence of a significant reduction in credit risk for a financial instrument in stage 2, a probationary period of 90 days will be applied to confirm if the risk of default on such financial instrument has decreased sufficiently before upgrading such exposure to stage 1.
- When there is evidence that a financial asset in stage 3 (other than originated or purchased credit-impaired financial asset) is no longer credit-impaired and also that there is a significant reduction in credit risk for a financial instrument in stage 3, a probationary period of 90 days will be applied to confirm if the risk of default on such financial instrument has decreased sufficiently before upgrading such exposure to stage 2.
- When there is evidence that a financial asset in stage 3 (other than originated or purchased credit-impaired financial asset) is no longer credit-impaired and also that there is a significant reduction in credit risk for a financial instrument in stage 3, a probationary period of 180 days will be applied to confirm if the risk of default on such financial instrument has decreased sufficiently before upgrading such exposure to stage 1.

The Bank's internal rating and Probability of Default (PD) estimation process

The Group runs separate models for its key portfolios in which its customers are rated from RR-1 to RR-9 using internal grades. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplementary external information that could affect the borrower's behaviour. These information sources are first used to determine the ratings within the Bank's risk management framework. The internal credit grades are assigned based on these assessments.

PD is an estimate of the likelihood of default over a given time horizon which is based on the historical default data of the Bank which are then adjusted for IFRS 9 ECL calculations by incorporating forward-looking information. This is further assessed based on three economic scenarios (Base, Upturn and Downturn) with appropriate probability weights assigned to derive the probability weighted ECLs.

Treasury, trading and interbank relationships

The Group's treasury, trading and interbank relationships and counterparties comprise financial services institutions, banks, broker-dealers, exchanges and clearing-houses. For these relationships, the Group analyses available information such as financial information and other external data to conduct credit assessments and assign internal ratings.

Corporate lending

For corporate loans, the borrowers are assessed by specialised credit risk employees of the Group. The credit risk assessment is based on a credit rating model that takes into account various historical, current and forward-looking information such as:

- Historical financial information together with forecasts and budgets prepared by the client. This financial information includes realised and expected results, solvency ratios, liquidity ratios and any other relevant ratios to measure the client's financial performance. Some of these indicators are captured in covenants with the clients and are, therefore, measured with greater attention.
- Any publicly available information on the clients from external parties. This includes external rating grades issued by rating agencies, independent analyst reports and publicly traded bond.
- Any macro-economic or geopolitical information, e.g., GDP growth for the specific industry and geographical segments where the client operates. Industry or sector information to assess the competitive position of the obligors with regards to market share.
- Any other objectively supportable information on the quality and abilities of the client's management relevant to the company's performance.

The complexity and granularity of the rating techniques vary based on the exposure of the Group and the complexity and size of the customer. Some of the less complex small business loans are rated within the Group's models for retail products.

Retail/MSME lending

Retail lending comprises asset finance, unsecured personal loans, credit cards and overdrafts. These products, along with retail mortgages and some of the less complex small business lending are rated by an automated scorecard tool. Key inputs into the models are:

- Consumer/Retail lending products: personal income/salary levels based on records of current accounts, personal indebtedness, demographic information and loan-to-value ratios (mortgages).

- MSMEs: financial, management and industry information. In addition, historical account performance is evaluated.

The Bank's internal credit rating grades

Internal risk rating grade	External Rating Equivalent	Remarks
RR -1	AAA TO AA-	Superior
RR -2	A+ TO A-	Strong
RR -3	BBB+ TO BB-	Good
RR -4	BB+ TO BB-	Satisfactory
RR -5	B+ TO B-	High risk
RR -6	CCC+ TO CCC	Watch list
RR -7	CC+ TO C	Substandard
RR -8	D	Doubtful
RR -9	D	Lost

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12 months ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the reporting date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2, Stage 3 and purchased or originated credit-impaired (POCI) financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Group determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding to multiple scenarios.

Loss given default

LGD is the portion of the loan determined to be irrecoverable at the time of loan default. The Group estimates the general Life Time LGD curves based on an Intensity Matrix, which is built on top of the actual migration of exposure in between the Credit Risk States (buckets). The secured portion of the LGD adjusted for collateral values while recovery data is observed for the unsecured portion of the LGD. The models in calculating the LGD consider in its computation a wider set of transaction characteristics (e.g. product type, collateral, recovery cost, time to recovery e.t.c.).

The Group segments its products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or Lifetime (LT) ECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers both qualitative and quantitative factors in assessing whether credit risk has increased significantly on any exposure. Some of these factors include significant increase in PD since initial recognition, expectation of forbearance and restructuring due to financial difficulties.

Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a group of similar assets (as set out in Note 19c), the

Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 2.2 Summary of significant accounting policies and in Note 3.0 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Group obtains the data used from third party sources (Central Bank of Nigeria, Nigeria Bureau of Statistics, BMI Research, Trading Economics etc.) and a team of experts within its Enterprise Risk Management Department verifies the accuracy of inputs to the Group's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Group's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2021 and 2022.

The tables show the values of the key forward-looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

Group and Bank 31 Dec 2022 Key drivers	ECL Scenario	Assigned probabilities	2023	2024	2025	2026	2027	Subsequent years
GDP growth rate%	Upside	12%	3.41%	3.57%	3.57%	3.77%	3.77%	3.77%
	Base Case	65%	2.91%	3.07%	3.07%	3.27%	3.27%	3.27%
	Downside	23%	2.66%	2.82%	2.82%	3.02%	3.02%	3.02%
Exchange rate	Upside	12%	455.52	479.91	506.76	533.89	533.89	533.89
	Base Case	65%	460.52	484.91	511.76	538.89	538.89	538.89
	Downside	23%	480.52	504.91	531.76	558.89	558.89	558.89
Inflation rate %	Upside	12%	21.04%	20.04%	18.96%	18.04%	18.04%	18.04%
	Base Case	65%	21.54%	20.54%	19.46%	18.54%	18.54%	18.54%
	Downside	23%	22.04%	21.04%	20.46%	19.54%	19.54%	19.54%



Group and Bank 31 Dec 2021 Key drivers	ECL Scenario	Assigned probabilities	2022	2023	2024	2025	2026	Subsequent years
GDP growth rate%	Upside	23%	2.80%	2.80%	3.10%	3.50%	3.50%	3.50%
	Base Case	50%	2.30%	2.30%	2.60%	3.00%	3.00%	3.00%
	Downside	27%	1.80%	1.80%	2.10%	2.50%	2.50%	2.50%
Exchange rate	Upside	23%	440.00	473.29	492.53	514.19	540.00	540.00
	Base Case	50%	450.00	483.29	502.53	524.19	550.00	550.00
	Downside	27%	465.00	498.29	517.53	539.19	565.00	565.00
Inflation rate %	Upside	23%	13.00%	11.50%	11.20%	10.60%	10.60%	10.60%
	Base Case	50%	13.50%	12.00%	11.70%	11.10%	11.10%	11.10%
	Downside	27%	14.00%	12.50%	12.20%	12.10%	12.10%	12.10%

At the beginning of each year, the key economic indicators used in ECL models for the Group are always reassessed to reflect current and accurate data.

The following tables outline the impact of multiple scenarios on the allowance:

Group 31 Dec 2022 In millions	Debt instruments at FVOCI	Debt instruments at amortised cost	Corporate lending	Individual/ Retail lending	Financial guarantee	Letter of credit
Upside (12%)	62	28	1,348	1,118	129	25
Base (65%)	335	149	7,285	6,044	698	135
Downside (23%)	117	51	2,543	2,110	244	47
Total	514	228	11,176	9,272	1,071	207

Group 31 Dec 2021 In millions	Debt instruments at FVOCI	Debt instruments at amortised cost	Corporate lending	Individual/ Retail lending	Financial guarantee	Letter of credit
Upside (23%)	121	2	2,457	771	224	8
Base (50%)	266	4	5,397	1,693	492	18
Downside (27%)	145	2	2,940	922	267	10
Total	532	7	10,794	3,386	983	36

Bank 31 Dec 2022 In millions	Debt instruments at FVOCI	Debt instruments at amortised cost	Corporate lending	Individual/ Retail lending	Financial guarantee	Letter of credit
Upside (23%)	117	43	2,544	2,111	244	47
Base (50%)	257	95	5,588	4,636	536	104
Downside (27%)	140	51	3,044	2,525	291	56
Total	514	189	11,176	9,272	1,071	207

Bank 31 Dec 2021 In millions	Debt instruments at FVOCI	Debt instruments at amortised cost	Corporate lending	Individual/ Retail lending	Financial guarantee	Letter of credit
Upside (23%)	121	1	2,457	771	224	8
Base (58%)	266	3	5,397	1,693	492	18
Downside (27%)	145	2	2,940	922	267	10
Total	532	6	10,794	3,386	983	36

Overview of modified financial assets

From a risk management point of view, once an asset is forborne or modified, the Group's credit recovery department for distressed assets continues to monitor the exposure until it is completely and ultimately derecognised.

The table below includes Stage 2 and 3 assets that were modified and, therefore, treated as forborne during the period, with the related modification gain earned by the Bank.

Group	31 Dec 2022	31 Dec 2021
Amortised costs of financial assets modified during the period		
Loans and advances	41,306	78,992
Net modification loss	188	(187)
Amortised cost after modification	41,494	78,805

Bank	31 Dec 2022	31 Dec 2021
Amortised costs of financial assets modified during the period		
Loans and advances	41,306	78,992
Net modification loss	188	(187)
Amortised cost after modification	41,494	78,805



(e) Liquidity risk

Liquidity risk and Funding Management: The Group is exposed to two types of liquidity risk;

1. Market/Trading Liquidity Risk is the risk of 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 relates to the Group's ability to raise the necessary cash to roll over its debt; to meet the cash margin, and collateral requirements of counterparties; and to satisfy capital withdrawals. Funding liquidity risk is managed through holding cash and cash equivalents, setting credit lines in place, and monitoring buying power. (Buying power refers to the amount a trading counterparty can borrow against assets under stressed market conditions).

The Asset & Liability Committee (ALCO) is responsible for managing the liquidity of the Group, this function is delegated to the Asset & Liability Management (ALM) Department that manage the day-to-day liquidity requirements of the Group, 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 unexpectedly 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 Group. 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:

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 are borrowed by customers. The Group maintains an active presence in money markets to enable this to happen;

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

Monitoring balance sheets liquidity ratios against internal and regulatory requirements

(in conjunction with Financial and Regulatory Reporting Department).

Liquidity Risk Measurement Techniques

Liquidity positions are measured by calculating the net liquidity gap and by comparing selected ratios with targets as specified in the liquidity risk management policy.

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and Government Bonds for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitment. A similar calculation is used to measure the Group's compliance with the liquidity limit established by the CBN.

The following table reflects the Group's regulatory liquidity ratio for the years indicated.

	As at 31 Dec 2022	As at 31 Dec 2021
At end of year	37.22%	37.94%
Average for the year	31.58%	32.23%
Maximum for the year	42.76%	38.12%
Minimum for the year	21.12%	21.16%

In addition to the above, the Group also applies the following metrics in measuring liquidity risk and ensuring that day-to-day funding requirements are met.

1. **Liquidity Coverage Ratio (LCR)** - The LCR aims to ensure that the Group has sufficient unencumbered high-quality liquid assets ('HQLA') to withstand a stressed 30-day funding scenario. HQLA consist of cash or assets that can easily be converted into cash at little or no loss of value to cover any net outflow. The minimum requirement is 100%.

On a Business-As-Usual (BAU) basis, the Group's LCR as at 31 December 2022 was 143.12%. The LCR indicates that the Group has adequate liquidity to support its current level of growth.

2. **Net Stable Funding Ratio (NSFR)** - The Net Stable Funding Ratio (NSFR) is a longer-term structural ratio designed to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress.

It measures the amount of available stable funding relative to the required stable funding. This ratio should be equal to at least 100% on an ongoing basis. It is designed to complement the LCR.

The Group's NSFR of 145.37% as at 31 December 2022, was well above the Basel requirement of 100% and internal risk tolerance level.

3. Liquidity Gap: Liquidity Gap describe a discrepancy or mismatch in the supply or demand for cash inflows and outflows. The ALM Team use maturity gap analysis to compare cash inflows and outflows daily and over a series of time-bands. The liquidity gap reports are prepared using the projection worksheets created for different scenarios and stress levels. For each scenario, the assumptions used were approved by the ALCO. For liquidity in the normal or ordinary course of business, the minimum levels of projected liquidity shall be maintained. For liquidity in all other scenarios and stress levels, the ALCO establishes minimum guidance levels.

4. Liquidity Ratios: Liquidity ratios describe the structure and shape of the balance sheet in business-as-usual conditions and allow the ALCO to monitor changes in structural liquidity. The Group establishes various liquidity ratios to indicate the business's ability to meet short-term obligations with liquid assets, identify any mismatches between long-term funding sources and uses and review the ability of the banking business to fund loans through customer deposits.

The ALCO sets the internal liquidity ratios targets aimed at ensuring that the Group meets its liquidity needs under going concern and stressed market conditions.

Please find below key liquidity risk metrics as at 31 December 2022

	As at 31 Dec 2022	As at 31 Dec 2021
Liquidity Ratio	37.22%	37.94%
Net Interbank Borrowing /Total Deposit	0.89%	0.00%
Loan/ Deposit Ratio	54.10%	58.50%
Current and Savings Account/Total Deposit	70.74%	69.04%

*Loan to Deposit shown above is the average LDR for Q4 2022

5. Stress Testing: In addition, stress testing and scenario analysis are used to assess the financial and management capabilities of the Group to continue operating effectively under extreme but still viable trading conditions. A liquidity stress test is conducted, at least monthly, reviewing the impact of an accelerated run-off from funding sources and changes in normal business situation.

The ALCO integrates the results of the stress testing process into the Group's strategic planning process (e.g. Management could adjust its asset-liability composition) and the firm's day-to-day risk management practices (e.g. through monitoring sensitive cash flows or reducing concentration limits).

To ensure that liquidity risk is controlled within the Group, limits and triggers are set. These limits serve to control the overall extent and composition of liquidity risk taken by managing exposure to particular sources of liabilities, asset-liability mismatches and counterparty concentrations.

These limits include liquidity ratio limits (Loan/Deposit, Liquid Assets/Customer Liabilities, Medium Term Funding Ratio, Core Funding Ratio etc.), Maturity Mismatch limits, Cumulative Outflow limit as well as Concentration limits. Furthermore, diversification of the Group's funding profile in terms of investor types, regions, products and instruments is also an important element of controlling liquidity risk.

Liquidity Contingency Funding Plan

The Group has an approved liquidity Contingency Funding Plan (CFP or the Plan) for managing unanticipated stressful scenarios that could result in a significant erosion of group-specific or general market liquidity. The Plan details the policies, procedures and actions for responding to contingent liquidity events as well as incorporates early warning indicators to monitor market conditions.

Such early warning indicators include, among others, decline in the liquidity ratio below approved limits for a prescribed period, delays in disbursements of statutory allocations beyond a prescribed period, negative clearing balances for a prescribed period or a branch running out of physical cash.

The Contingency Funding plan covers the available sources of contingent funding to supplement cash flow shortages, the lead times to obtain such funding, the roles and responsibilities of those involved in the contingency plans, and the communication and escalation requirements when early warning indicators signal deteriorating market conditions. Both short term and long-term funding crises are addressed in the Contingency Funding Plan.

In the period between 31 December 2021 and 31 December 2022, the Group's total deposit base grew on a yearly basis by 10% from N1,209billion to N1,328billion. It is instructive to note that 52% of the customer deposits were Demand deposits.



Group

The table below shows the undiscounted cash flows on the Group's financial assets and 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 Dec 2022 In millions of Naira	Notes	Carrying amount	Gross nominal Inflow/ (outflow)	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years
Financial Assets								
Cash and balances with Central Bank of Nigeria	16	431,488	431,488	136,193	-	-	-	295,295
Due from banks	17	86,459	86,459	86,459	-	-	-	-
Pledged assets	18	23,098	23,098	23,098	-	-	-	-
Derivative financial assets	19	807	807	807	-	-	-	-
Loans and advances to customers	20	737,735	758,183	148,506	160,353	115,430	144,253	189,641
Investment securities:			-					
- Financial assets at fair value through profit or loss	21(a)	921	921	1	16	45	-	859
- Debt instruments at fair value through other comprehensive income	21(b)	230,636	299,935	89,753	20,069	10,489	66,218	113,406
- Equity instruments at fair value through other comprehensive income	21(c)	25,227	25,227	-	-	-	-	25,227
- Debt instruments at amortised cost	21(d)	106,889	128,723	19,550	12,015	10,000	51,814	35,344
Other assets	23	171,911	171,911	-	-	-	171,911	-
		1,815,171	1,926,752	504,367	192,453	135,964	434,196	659,772
Financial liabilities								
Deposits from banks	27	37,178	37,178	37,178	-	-	-	-
Deposits from customers	28	1,327,805	1,383,736	607,592	97,875	204,892	172,210	301,167
Debt securities issued & other borrowed funds	29&30	175,658	224,082	794	-	9,438	160,130	53,720
Other liabilities	31	160,257	160,270	224	341	-	159,705	-
		1,700,898	1,805,266	645,788	98,216	214,330	492,045	354,887
Gap (asset - liabilities)		114,273	121,486	(141,421)	94,237	(78,366)	(57,849)	304,885
Cumulative liquidity gap				(141,421)	(47,184)	(125,550)	(183,399)	121,486

Group

31 Dec 2021 In millions of Naira	Notes	Carrying amount	Gross nominal Inflow/ (outflow)	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years
Financial Assets								
Cash and balances with Central Bank of Nigeria	16	370,873	370,873	127,004	-	-	-	243,869
Due from banks	17	94,850	94,850	94,850	-	-	-	-
Pledged assets	18	10,786	10,786	10,786	-	-	-	-
Loans and advances to customers	20	711,900	993,996	193,682	89,560	140,333	283,338	287,083
Investment securities:				-	-	-	-	-
- Financial assets at fair value through profit or loss	21(a)	10,237	10,237	5,773	25	965	1,876	1,598
- Debt instruments at fair value through other comprehensive income	21(b)	168,847	234,537	42,955	33,694	6,618	71,612	79,658
- Equity instruments at fair value through other comprehensive income	21(c)	17,956	17,956	-	-	-	-	17,956
- Debt instruments at amortised cost	21(d)	102,225	147,443	21,603	-	7,273	81,551	37,016
Other assets	23	101,405	101,405	-	-	-	101,405	-
		1,589,079	1,982,083	496,653	123,279	155,189	539,782	667,180
Financial liabilities								
Deposits from banks	27	15,568	15,567	15,567	-	-	-	-
Deposits from customers	28	1,208,753	1,256,566	441,524	77,277	238,023	253,453	246,289
Debt securities issued & other borrowed funds	29&30	158,777	199,637	-	-	-	170,643	28,994
Other liabilities	31	102,342	102,342	-	-	-	102,342	-
		1,485,440	1,574,112	457,091	77,277	238,023	526,438	275,283
Gap (asset - liabilities)		103,639	407,971	39,562	46,002	(82,834)	13,344	391,897
Cumulative liquidity gap				39,562	85,564	2,730	16,074	407,971



Bank

31 Dec 2022 In millions of Naira	Notes	Carrying amount	Gross nominal Inflow/ (outflow)	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years
Financial Assets								
Cash and balances with Central Bank of Nigeria	16	431,488	431,488	136,193	-	-	-	295,295
Due from banks	17	86,171	86,171	86,171	-	-	-	-
Pledged assets	18	23,098	23,098	23,098	-	-	-	-
Derivative financial assets	19	807	807	807	-	-	-	-
Loans and advances to customers	20	737,735	758,183	148,506	160,353	115,430	144,253	189,641
Investment securities:								
- Financial assets at fair value through profit or loss	21(a)	921	921	1	16	45	-	859
- Debt instruments at fair value through other comprehensive income	21(b)	230,636	299,935	89,753	20,069	10,489	66,218	113,406
- Equity instruments at fair value through other comprehensive income	21(c)	25,227	25,227	-	-	-	-	25,227
- Debt instruments at amortised cost	21(d)	89,806	107,879	16,384	10,069	8,381	43,424	29,621
Other assets		171,911	171,911	-	-	-	171,911	-
		1,797,800	1,905,620	500,913	190,507	134,345	425,806	654,049
Financial liabilities								
Deposits from banks	27	37,178	37,178	37,178	-	-	-	-
Deposits from customers	28	1,327,805	1,383,736	607,592	97,875	204,892	172,210	301,167
Debt securities issued & other borrowed funds	29&30	158,701	201,155	794	-	5,799	140,842	53,720
Other liabilities	31	160,324	160,337	224	341	-	159,772	-
		1,684,008	1,782,406	645,788	98,216	210,691	472,824	354,887
Gap (asset - liabilities)		113,792	123,214	(144,875)	92,291	(76,346)	(47,018)	299,162
Cumulative liquidity gap				(144,875)	(52,584)	(128,930)	(175,948)	123,214

Bank

31 Dec 2021 In millions of Naira	Notes	Carrying amount	Gross nominal Inflow/ (outflow)	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years
Financial Assets								
Cash and balances with Central Bank of Nigeria	16	370,873	370,873	127,004	-	-	-	243,869
Due from banks	17	94,842	94,842	94,842	-	-	-	-
Pledged assets	18	10,786	10,786	10,786	-	-	-	-
Loans and advances to customers	20	711,900	993,996	193,682	89,560	140,333	283,338	287,083
Investment securities:				-	-	-	-	-
- Financial assets at fair value through profit or loss	21(a)	10,237	10,237	5,773	25	965	1,876	1,598
- Debt instruments at fair value through other comprehensive income	21(b)	168,847	234,537	42,955	33,694	6,618	71,612	79,658
- Equity instruments at fair value through other comprehensive income	21(c)	17,956	17,956	-	-	-	-	17,956
- Debt instruments at amortised cost	21(d)	84,852	122,385	21,603	-	7,273	56,492	37,017
Other assets	23	101,405	101,405	-	-	-	101,405	-
		1,571,698	1,957,017	496,645	123,279	155,189	514,723	667,181
Financial liabilities								
Deposits from banks	27	15,568	15,567	15,567	-	-	-	-
Deposits from customers	28	1,208,753	1,256,566	441,524	77,277	238,023	253,453	246,289
Debt securities issued & other borrowed funds	29 & 30	141,823	178,320	-	1,912	-	147,192	29,216
Other liabilities	31	102,410	102,410				102,410	
		1,468,554	1,552,863	457,091	79,189	238,023	503,055	275,505
Gap (asset - liabilities)		103,144	404,154	39,554	44,090	(82,834)	11,668	391,676
Cumulative liquidity gap				39,554	83,644	810	12,478	404,154

While there is a negative cumulative liquidity gap 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 risk

Market risk is the risk that earnings or capital would be adversely affected by changes in the level, correlation or volatility of market factors. Market factors include interest rates, foreign exchange rates, equity prices, and commodity prices. This risk arises mainly from trading activities as well as through non-traded risk in the banking book.

The Group's objective is to control and manage market risk exposures within the acceptable risk appetite approved by the Board while optimizing returns. The Group's ability to effectively identify, assess, monitor and manage market risks involved in its activities is critical to its soundness and profitability. Its strategy is to invest its own capital on a limited and carefully selected basis in transactions, underwritings and other activities that involve market risk.

Central to the Group's market risk management is the deployment of appropriate tools and methodologies tailored towards identifying, measuring, monitoring, controlling and reporting the Group's exposure to each market risk factor.

Market Risk Management and Control Framework

The Group has put in place a robust and clearly defined market risk management framework,

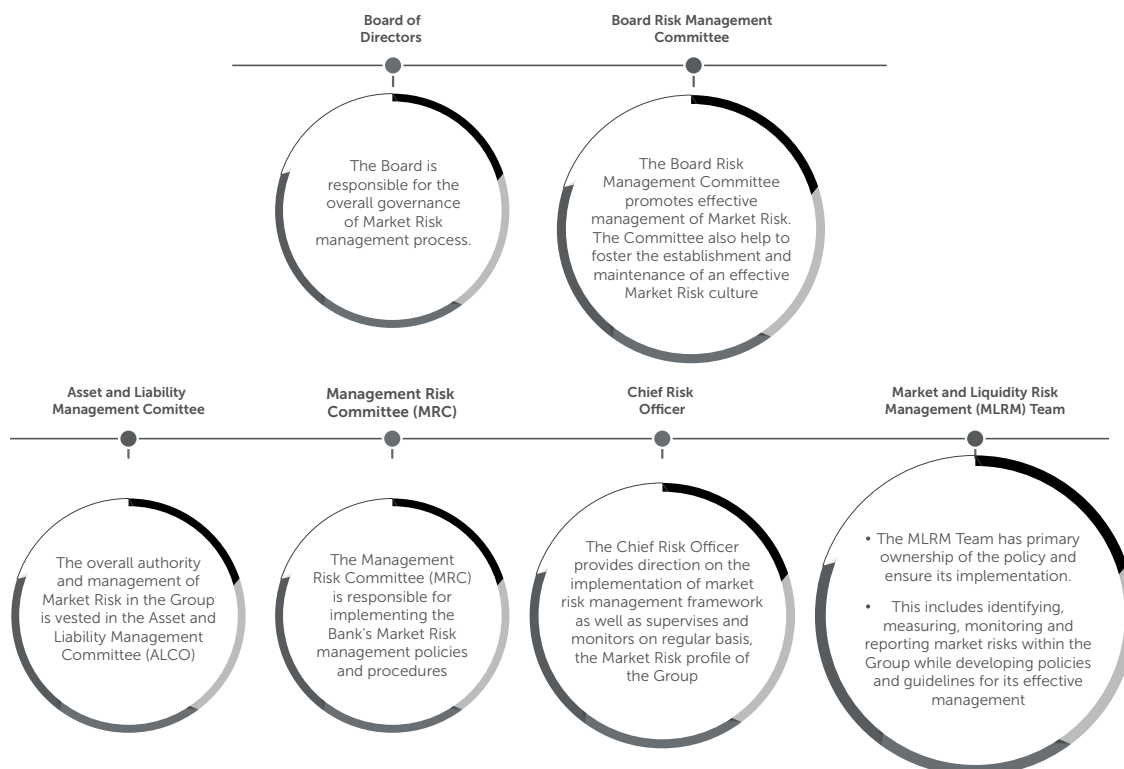
which essentially provides the Board and Management with guidance on market risk management processes. All teams involved in the management and control of market risk are required to fully comply with the policy statements to ensure the Group is not exposed to market risk beyond the qualitative and quantitative risk tolerances.

ALCO manages market and liquidity risks across the Group and meets monthly to review, approve and make recommendations concerning the risk profile including limits, utilization and strategy. They also recommend, to the Board, amendments to the market risk policy.

A dedicated market risk team, independent of the trading and business units, is responsible for implementing the market risk control framework and assumes day-to-day responsibility for market risk management. A limit framework is set within the context of the approved market risk appetite while daily market risk dashboard and stress testing reports are generated.

Risk limits, which are monitored daily by the Market Risk team include stop loss limits, unhedged open positions, VaR, duration amongst others. Daily positions of the Group's trading and FVTOCI portfolios are marked-to-market to enable the Group have an accurate view of its trading exposures.

Market Risk Governance Structure



Market Risk Measurement Techniques

The major measurement techniques used by the Group to monitor and control Market Risk exposures are outlined below.

1. **Value at Risk (VaR):** Is a technique that produces estimates of the potential change in the market value of a portfolio over a specified time horizon at a given confidence level. In line with the Group's policy, VaR assumes a time horizon of one trading day and a confidence level of 99% for internal risk management purposes bearing in mind present market realities, the Group's level of exposure as well as the composition of its portfolio.

The Group's trading VaR for the financial year is reflected in the table below.

2022 (all figures in N'million)	Interest Rate	Foreign Exchange
VaR as at 31 Dec 2022	12.84	1.32

Back-testing

In order to verify that the results acquired from VaR calculations are consistent and reliable, the model is always back-tested. Back-testing is an integral part of VaR reporting in the Group's risk management processes. Back-testing is a procedure where actual profits and losses are compared to projected VaR estimates aimed at ensuring that the model yields accurate risk estimates.

We would expect, on average, to see two or three profits and two or three losses in excess of VaR at the 99% confidence level over a one-year period. The actual number of profits or losses in excess of VaR over this period can therefore be used to measure how well the models are performing.

All exceptions generated from the back-testing process are documented with suitable explanation. Based on the exception classification, necessary action is taken on risk models by the Market & Liquidity Risk Management Team with directive from the ALCO.

2. **Stress Testing:** Due to volatilities in the operating environment, the Group conducts stress tests to evaluate the potential losses originating from impact of market risk factors under extreme market conditions. The stress testing includes the impact of exceptional changes in market rates and prices on the fair value of the Fair Value through P or L (FVPL) and Fair Value through Other Comprehensive Income (FVOCI) portfolios. The Group calculates:
 - risk factor stress testing, where stress movements are applied to each risk;
 - historical stress tests where shocks based on historical movements are assumed and applied; and

- ad-hoc stress testing, which includes applying possible stress events to specific positions.

The results of the stress tests are reviewed by the ALCO who may respond by modifying the portfolio and taking other strategic steps to reduce the expected impact in the event that these risks crystallizes. The stress test results may also be presented to the Board.

f(i) Interest Rate Risk

Interest rate risk in the banking book is the risk of an adverse impact on earnings or capital due to changes in market interest rates. Changes in interest rates affect earnings by changing its net interest income and the level of other interest sensitive income and operating expenses. Changes in interest rates also affect the underlying value of the assets, liabilities, and off-balance-sheet instruments because the present value of future cash flows (and in some cases, the cash flows themselves) change when interest rates change.

The Group's objective for management of interest rate risk in the banking book is to ensure a higher degree of interest rate mismatch margin stability and lower interest rate risk over an interest rate cycle. This is achieved by hedging material exposures with the external market.

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. In the case of floating rate assets and liabilities, the Group is also exposed to basis risk, which can arise due to the movement in the various floating rate indices, such as the savings rate and the 90-day NIBOR, until maturity. Non-traded interest rate risk arises in the Group's book from the provision of retail and wholesale banking products and services, as well as from certain structural exposures within the balance sheet, mainly due to the fact that assets, liabilities and equity may be re-priced at different times. These risks impact both the earnings and the economic value of the Group.

Overall, management of the Group's non-trading interest rate risk positions lies with the ALCO. In addition to various strategies, the ALCO defines the internal transfer pricing framework constructed to ensure that interest rate risk arising from mismatches in the maturity profile of assets and liabilities is managed to achieve a balanced repricing cumulative gap position that is in line with the limits set by the Board. The ALCO also makes judgmental assumptions about the behaviour of assets and liabilities that do not have specific contractual maturity or re-pricing dates.



Measurement of Interest Rate Risk in the Banking Book

Generally, the primary source of interest rate risk is the differences in the timing of the repricing of the assets, liabilities and off-balance sheet instruments. Repricing mismatches generally occur from borrowing short term to fund long term assets or borrowing long term to fund long term assets. These activities can expose an institution's earnings and economic value of equity (EVE) to changes in market interest rate.

The measures applied by the Group in monitoring and controlling interest rate risk in the banking book includes:

Net Interest Income (NII) Sensitivity – An integral part of the Group's management of non-traded interest rate risk is to monitor the sensitivity of expected net interest income while applying different rate scenarios (simulation modelling) where other macro-economic metrics are held constant. This monitoring is undertaken at the ALCO level. The Group applies a combination of scenarios and assumptions relevant to our peculiar businesses in forecasting one-year net interest income sensitivities across a range of interest rate scenarios.

Economic Value of Equity (EVE) - EVE represents the present value of the future banking book cash flows that could be distributed to equity providers under a managed run-off scenario, i.e. the current book value of equity plus the present value of future net interest income in this scenario. This can be used to assess the economic capital required to support interest rate risk in the banking book (IRRBB). An EVE sensitivity is the extent to which the EVE value will change due to a pre-specified movement in interest rates, where all other economic variables are held constant. Operating entities are required to monitor EVE sensitivity as a percentage of capital resources.

The following tables provide information on the extent of the Group's interest rate exposure. The assets and liabilities are grouped into brackets defined by their time to maturity or the date of the interest rate adjustment. The difference, or gap, between assets and liabilities in each time bracket makes the Bank sensitive to interest rate fluctuations. The amounts are based on interest rate maturities. However, savings and current accounts have a non-defined interest maturity. A quantitative assessment of the interest rate sensitivity of our savings accounts and current accounts has been executed. The outcome of this assessment is used in the calculations for interest rate risk.

Group 31 Dec 2022	Notes	Rate Sensitivity Of Assets And Liabilities					
		Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years	Total
		N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Non-derivative assets							
Due from banks	17	86,459	-	-	-	-	86,459
Loans and advances to customers	20	144,500	156,028	112,317	140,363	184,527	737,735
Investment securities :							
- Financial assets at fair value through profit or loss	21(a)	1	16	45	406	453	921
- Debt instruments at fair value through other comprehensive income	21(b)	93,390	20,583	9,911	53,485	53,267	230,636
- Debt instruments at amortised cost	21(d)	20,083	12,207	9,814	46,576	18,209	106,889
		344,433	188,834	132,087	240,830	256,456	1,162,640
Non-derivative liabilities:							
Deposits from Banks	27	37,178	-	-	-	-	37,178
Deposits from Customers	28	597,418	95,329	199,315	164,434	271,309	1,327,805
Other borrowed funds & Debt securities issued	29&30	773	-	8,502	129,542	36,841	175,658
		635,369	95,329	207,817	293,976	308,150	1,540,641
Total interest sensitivity gap		(290,936)	93,505	(75,730)	(53,146)	(51,694)	(378,001)

Impact of Standardized Interest Rate Shock on Earnings

Time Band	No. of Days	Upward 2%	Downward -2%	Interest Rate Gap (Net Positions)	Impact of upward movement	Impact of Downward movement
Up to 1 month	365	0.02	(0.02)	(238,178)	(4,764)	4,764
from 1 to 3 months	335	0.02	(0.02)	(52,756)	(1,055)	1,055
from 3 to 6 months	275	0.02	(0.02)	93,505	1,870	(1,870)
from 6 to 12 months	185	0.02	(0.02)	(75,730)	(1,515)	1,515
Total				(273,159)	(5,463)	5,463

Impact of Standardized Interest Rate Shock on Equity

Time Band	Weighting factor	Interest Rate Gap (Net Positions)	Impact on Equity
Up to 1 month	0.08%	(238,178)	(188)
From 1 to 3 months	0.31%	(52,756)	(164)
From 3 to 6 months	0.68%	93,505	640
From 6 to 12 months	1.34%	(75,730)	(1,013)
1 year to 2 years	2.51%	6,106	153
2 years to 3 years	3.86%	(37,487)	(1,446)
3 years to 4 years	5.22%	(3,714)	(194)
4 years to 5 years	7.10%	(18,118)	(1,286)
5 years to 7 years	9.07%	25,087	2,275
7 years to 10 years	10.75%	(54,729)	(5,882)
10 years to 15 years	13.66%	19,444	2,656
15 years to 20 years	16.93%	(11,604)	(1,965)
More than 20 years	21.71%	(29,893)	(6,489)
Total		(378,067)	(12,903)



Group 31 Dec 2021	Notes	Rate Sensitivity Of Assets And Liabilities					
		Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years	Total
		N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Non-derivative assets							
Due from banks	17	94,850	-	-	-	-	94,850
Loans and advances to customers	20	138,714	64,143	100,507	202,927	205,609	711,900
Investment securities :							
- Financial assets at fair value through profit or loss	21(a)	5,773	25	965	1,876	1,598	10,237
- Debt instruments at fair value through other comprehensive income	21(b)	30,924	24,257	4,764	51,554	57,348	168,847
- Debt instruments at amortised cost	21(d)	14,978	-	5,042	56,540	25,665	102,225
		285,239	88,425	111,278	312,897	290,220	1,088,059
Non-derivative liabilities							
Deposits from Banks	27	15,568	-	-	-	-	15,568
Deposits from customers	28	424,940	74,316	228,903	243,742	236,852	1,208,753
Other borrowed funds & Debt securities issued	29&30	-	-	-	135,717	23,060	158,777
		440,508	74,316	228,903	379,459	259,912	1,383,098
Total interest sensitivity gap		(155,269)	14,109	(117,625)	(66,562)	30,308	(295,039)

Impact of Standardized Interest Rate Shock on Earnings

Time Band	No. of Days	Upward 2%	Downward -2%	Interest Rate Gap (Net Positions)	Impact of upward movement	Impact of Downward movement
Up to 1 month	365	0.02	(0.02)	(188,678)	(3,774)	3,774
from 1 to 3 months	335	0.02	(0.02)	(91,091)	(1,822)	1,822
from 3 to 6 months	275	0.02	(0.02)	26,906	538	(538)
from 6 to 12 months	185	0.02	(0.02)	(68,207)	(1,364)	1,364
Total				(321,070)	(6,421)	6,421

Impact of Standardized Interest Rate Shock on Equity

Time Band	Weighting factor	Interest Rate Gap (Net Positions)	Impact on Equity
Up to 1 month	0.08%	(188,678)	(151)
From 1 to 3 months	0.32%	(91,091)	(290)
From 3 to 6 months	0.72%	26,906	193
From 6 to 12 months	1.42%	(68,207)	(971)
1 year to 2 years	2.61%	15,888	414
2 years to 3 years	4.20%	56,399	2,370
3 years to 4 years	5.56%	5,125	285
4 years to 5 years	6.48%	(61,430)	(3,979)
5 years to 7 years	9.33%	65,492	6,108
7 years to 10 years	11.37%	(45,413)	(5,163)
10 years to 15 years	16.05%	11,276	1,810
15 years to 20 years	18.62%	10,427	1,942
More than 20 years	22.81%	(31,733)	(7,237)
Total		(295,039)	(4,670)

Bank 31 Dec 2022	Notes	Rate Sensitivity Of Assets And Liabilities					
		Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years	Total
		N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Non-derivative assets:							
Due from banks	17	86,171	-	-	-	-	86,171
Loans and advances to customers	20	144,500	156,028	112,317	140,363	184,527	737,735
Investment securities :							
- Financial assets at fair value through profit or loss	21(a)	1	16	45	406	453	921
- Debt instruments at fair value through other comprehensive income	21(b)	93,390	20,583	9,911	53,485	53,267	230,636
- Debt instruments at amortised cost	21(d)	16,873	10,256	8,246	39,133	15,298	89,806
		340,935	186,883	130,519	233,387	253,545	1,145,269
Non-derivative liabilities:							
Deposits from Banks	27	37,178	-	-	-	-	37,178
Deposits from Customers	28	597,418	95,329	199,315	164,434	271,309	1,327,805
Other borrowed funds & Debt securities issued	29&30	773	-	5,151	115,936	36,841	158,701
		635,369	95,329	204,466	280,370	308,150	1,523,684
Total interest sensitivity gap		(294,434)	91,554	(73,947)	(46,983)	(54,605)	(378,415)

Impact of Standardized Interest Rate Shock on Earnings

Time Band	No. of Days	Upward 2%	Downward -2%	Interest Rate Gap (Net Positions)	Impact of upward movement	Impact of Downward movement
Up to 1 month	365	0.02	(0.02)	(241,387)	(4,828)	4,828
from 1 to 3 months	335	0.02	(0.02)	(53,044)	(1,061)	1,061
from 3 to 6 months	275	0.02	(0.02)	91,554	1,831	(1,831)
from 6 to 12 months	185	0.02	(0.02)	(73,947)	(1,479)	1,479
Total				(276,825)	(5,537)	5,537

Impact of Standardized Interest Rate Shock on Equity

Time Band	Weighting factor	Interest Rate Gap (Net Positions)	Impact on Equity
Up to 1 month	0.08%	(241,387)	(191)
From 1 to 3 months	0.31%	(53,044)	(165)
From 3 to 6 months	0.68%	91,554	627
From 6 to 12 months	1.34%	(73,947)	(989)
1 year to 2 years	2.51%	(948)	(24)
2 years to 3 years	3.87%	(23,881)	(925)
3 years to 4 years	5.22%	(4,104)	(214)
4 years to 5 years	7.06%	(18,118)	(1,278)
5 years to 7 years	9.07%	23,958	2,174
7 years to 10 years	10.74%	(56,151)	(6,033)
10 years to 15 years	13.66%	19,086	2,607
15 years to 20 years	16.93%	(11,604)	(1,965)
More than 20 years	21.71%	(29,893)	(6,489)
Total		(378,481)	(12,865)



Bank 31 Dec 2021	Notes	Rate Sensitivity Of Assets And Liabilities					
		Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years	Total
		N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Non-derivative assets:							
Due from banks	17	94,842	-	-	-	-	94,842
Loans and advances to customers	20	138,714	64,143	100,507	202,927	205,609	711,900
Investment securities :			-	-	-	-	
- Financial assets at fair value through profit or loss	21(a)	5,773	25	965	1,876	1,598	10,237
- Debt instruments at fair value through other comprehensive income	21(b)	30,924	24,257	4,764	51,554	57,348	168,847
- Debt instruments at amortised cost	21(d)	14,978	-	4,185	44,386	21,303	84,852
		285,231	88,425	110,421	300,743	285,858	1,070,678
Non-derivative liabilities:							
Deposits from Banks	27	15,568	-	-	-	-	15,568
Deposits from Customers	28	424,724	74,336	228,966	243,809	236,918	1,208,753
Other borrowed funds & Debt securities issued	29&30	-	-	-	118,763	23,060	141,823
		440,292	74,336	228,966	362,572	259,978	1,366,144
Total interest sensitivity gap		(155,061)	14,089	(118,545)	(61,829)	25,880	(295,466)

Impact of Standardized Interest Rate Shock on Earnings

Time Band	No. of Days	Upward 2%	Downward -2%	Interest Rate Gap (Net Positions)	Impact of upward movement	Impact of Downward movement
Up to 1 month	365	0.02	(0.02)	(191,974)	(3,839)	3,839
from 1 to 3 months	335	0.02	(0.02)	(91,099)	(1,822)	1,822
from 3 to 6 months	275	0.02	(0.02)	26,906	538	(538)
from 6 to 12 months	185	0.02	(0.02)	(68,207)	(1,364)	1,364
Total				(324,374)	(6,487)	6,487

Impact of Standardized Interest Rate Shock on Equity

Time Band	Weighting factor	Interest Rate Gap (Net Positions)	Impact on Equity
Up to 1 month	0.08%	(191,974)	(154)
From 1 to 3 months	0.32%	(91,099)	(290)
From 3 to 6 months	0.72%	26,906	193
From 6 to 12 months	1.42%	(68,207)	(971)
1 year to 2 years	2.61%	19,231	502
2 years to 3 years	4.20%	61,139	2,565
3 years to 4 years	5.56%	4,653	259
4 years to 5 years	6.48%	(61,916)	(4,010)
5 years to 7 years	9.33%	65,205	6,082
7 years to 10 years	11.37%	(48,886)	(5,557)
10 years to 15 years	16.06%	10,790	1,732
15 years to 20 years	18.62%	10,427	1,942
More than 20 years	22.81%	(31,733)	(7,237)
Total		(295,464)	(4,945)

f(ii) Foreign Currency Risk

Foreign exchange risk is the risk that fluctuations in the prevailing foreign exchange rates would affect the value of the Group's 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, securities, future cash flows in foreign currencies arising from foreign currency transactions. Exposures to foreign exchange risk are consistently monitored by limit structures for overnight and intraday positions.

The ALCO sets limits on the level of exposure by currency and in aggregate for both overnight

and intra-day positions, which are monitored daily since an effective overview of such risk is a critical element of the Group's asset/liability risk management. The Board defines the overall risk tolerance levels and expectations for foreign exchange risk management and Management aims to ensure that the risk tolerance is maintained at prudent levels.

Foreign exchange risk is quantified using the net balance of assets and liabilities in each currency, and their total sum. This net open position is measured on a daily basis and is to be kept within set limits. The assets and liabilities include current positions, forward positions, commitments, and the market value of derivatives in a foreign currency.



The table below summarises the Group's exposure to foreign exchange risk at 31st December 2022.

(a) Foreign Currency Concentrations risk as at 31 December 2022

Group 31 Dec 2022	Naira	Dollar	GBP	Euro	Others	Total
	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Assets						
Cash and balance with Central Bank of Nigeria	309,625	15,713	182	184	-	325,704
Add un-restricted balance	105,784	-	-	-	-	105,784
Due from other banks	253	66,179	4,246	15,597	184	86,459
Financial assets pledged as collateral	22,794	304	-	-	-	23,098
Derivative financial assets	-	807	-	-	-	807
Loans and advances to customers	570,108	167,507	1	119	-	737,735
Financial assets at fair value through profit or loss	921	-	-	-	-	921
- Debt instruments at fair value through other comprehensive income	210,444	19,114	-	1,078	-	230,636
Debt instruments at amortised cost	106,889	-	-	-	-	106,889
Other assets	84,472	87,366	(5)	-	78	171,911
Total financial assets (A)	1,411,290	356,990	4,424	16,978	262	1,789,944
Liabilities						
Due to banks	37,178	-	-	-	-	37,178
Due to customers	999,162	301,162	4,333	22,985	163	1,327,805
Debts issued and other borrowed funds	130,382	45,276	-	-	-	175,658
Other financial liabilities	124,434	34,955	147	549	172	160,257
Total financial liabilities (B)	1,291,156	381,393	4,480	23,534	335	1,700,898
Net financial assets/ (liabilities)	120,134	(24,403)	(56)	(6,556)	(73)	89,046

Sensitivity Analysis of Foreign Currency Balance Sheet

Currency	Dollar	GBP	Euro	Total
	N'million	N'million	N'million	N'million
Net On Balance Sheet Position	(24,403)	(56)	(6,556)	(31,015)
Closing Exchange Rate (Naira/Currency)	461	555	492	
10% Currency Appreciation (-)	415	500	443	
10% Currency Depreciation (+)	507	611	542	
Effect of 10% appreciation on Profit	2,440	6	656	3,102
Effect of 10% depreciation on Profit	(2,440)	(6)	(656)	(3,102)

Group 31 Dec 2021	Naira	Dollar	GBP	Euro	Others	Total
	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Assets						
Cash and balance with Central Bank of Nigeria	253,198	24,449	388	149	-	278,184
Add un-restricted balance	92,689	-	-	-	-	92,689
Due from other banks	5,009	75,811	4,510	8,809	711	94,850
Financial assets to maturity pledged as collateral	10,659	127	-	-	-	10,786
Loans and advances to customers	575,715	136,183	2	-	-	711,900
Financial assets at fair value through profit or loss	9,863	374	-	-	-	10,237
Financial assets at fair value through other comprehensive income	161,232	7,615	-	-	-	168,847
Financial investment at amortized cost	102,225	-	-	-	-	102,225
Other assets	53,585	47,780	(12)	-	52	101,405
Total financial assets (A)	1,264,175	292,339	4,888	8,958	763	1,571,123
Liabilities						
Due to banks	15,568	-	-	-	-	15,568
Due to customers	951,510	245,312	5,068	6,815	48	1,208,753
Debt issued and other borrowed funds	146,648	12,129	-	-	-	158,777
Other financial liabilities	63,828	36,474	56	1,279	705	102,342
Total financial liabilities (B)	1,177,554	293,915	5,124	8,094	753	1,485,440
Net financial assets/ (liabilities)	86,621	(1,576)	(236)	864	10	85,683

Sensitivity Analysis of Foreign Currency Balance Sheet

Currency	Dollar	GBP	Euro	Total
	N'millions	N'millions	N'millions	N'millions
Net On Balance Sheet Position	(1,576)	(236)	864	(948)
Closing Exchange Rate (Naira/Currency)	424	572	480	
1% Currency Appreciation (-)	382	514	432	
1% Currency Depreciation (+)	467	629	528	
Effect of 1% appreciation on Profit	158	24	(86)	95
Effect of 1% depreciation on Profit	(158)	(24)	86	(95)



Bank 31 Dec 2022	Naira	Dollar	GBP	Euro	Others	Total
	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Assets						
Cash and balance with Central Bank of Nigeria	309,625	15,713	182	184	-	325,704
Add un-restricted balance	105,784	-	-	-	-	105,784
Due from other banks	(35)	66,179	4,246	15,597	184	86,171
Financial assets to maturity pledged as collateral	22,794	304	-	-	-	23,098
Derivative financial assets	-	807	-	-	-	807
Loans and advances to customers	570,108	167,507	1	119	-	737,735
Financial assets held for trading	921	-	-	-	-	921
Financial assets at fair value through profit or loss	210,444	19,114	-	1,078	-	230,636
Debt instrument at amortised cost	89,806	-	-	-	-	89,806
Other assets	84,472	87,366	(5)	-	78	171,911
Total financial assets (A)	1,393,919	356,990	4,424	16,978	262	1,772,573
Liabilities						
Due to banks	37,178	-	-	-	-	37,178
Due to customers	999,162	301,162	4,333	22,985	163	1,327,805
Debt issued and other borrowed funds	113,425	45,276	-	-	-	158,701
Other financial liabilities	124,501	34,955	147	549	172	160,324
Total financial liabilities (B)	1,274,266	381,393	4,480	23,534	335	1,684,008
Net financial assets/ (liabilities)	119,653	(24,403)	(56)	(6,556)	(73)	88,565

Sensitivity Analysis Of Foreign Currency Balance Sheet

Currency	Dollar	GBP	Euro	Total
	N'millions	N'millions	N'millions	N'millions
Net On Balance Sheet Position	(24,403)	(56)	(6,556)	(31,015)
Closing Exchange Rate (Naira/Currency)	461	555	492	
10% Currency Appreciation (-)	415	500	443	
10% Currency Depreciation (+)	507	611	542	
Effect of 10% appreciation on Profit	2,440	6	656	3,102
Effect of 10% depreciation on Profit	(2,440)	(6)	(656)	(3,102)

Bank 31 Dec 2021	Naira	Dollar	GBP	Euro	Others	Total
	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Assets						
Cash and balance with Central Bank of Nigeria	253,198	24,449	388	149	-	278,184
Add un-restricted balance	92,689	-	-	-	-	92,689
Due from other banks	5,001	75,811	4,510	8,809	711	94,842
Financial assets to maturity pledged as collateral	10,659	127	-	-	-	10,786
Loans and advances to customers	575,715	136,183	2	-	-	711,900
Financial assets held for trading	9,863	374	-	-	-	10,237
Financial assets at fair value through profit or loss	161,232	7,615	-	-	-	168,847
Financial investments at amortized cost	84,852	-	-	-	-	84,852
Other assets	53,585	47,780	(12)	-	52	101,405
Total financial assets (A)	1,246,794	292,339	4,888	8,958	763	1,553,742
Liabilities						
Due to banks	15,568	-	-	-	-	15,568
Due to customers	951,510	245,312	5,068	6,815	48	1,208,753
Debts issued and other borrowed funds	129,694	12,129	-	-	-	141,823
Other financial liabilities	63,896	36,474	56	1,279	705	102,410
Total financial liabilities (B)	1,160,668	293,915	5,124	8,094	753	1,468,554
Net financial assets/ (liabilities)	86,126	(1,576)	(236)	864	10	85,188

Sensitivity Analysis of Foreign Currency Balance Sheet

Currency	Dollar	GBP	Euro	Total
	N'millions	N'millions	N'millions	N'millions
Net On Balance Sheet Position	(1,576)	(236)	864	(948)
Closing Exchange Rate (Naira/Currency)	424	572	480	
1% Currency Appreciation (-)	382	514	432	
1% Currency Depreciation (+)	467	629	528	
Effect of 1% appreciation on Profit	158	24	(86)	95
Effect of 1% depreciation on Profit	(158)	(24)	86	(95)



(g) Operational Risk Management

Operational risk in the Group 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 risk but excludes strategic and reputational risks.

Operational risk exists in all activities, processes, products and systems. The Group aims to maintain operational risk within its risk appetite through a strategy anchored on the sustenance of a strong risk culture of individual and collective awareness and understanding of operational risk, accountability and transparency on operational risk issues at all levels, deployment of robust operational risk policies, processes and tools, and collaboration across all the business units and support functions in managing operational risk.

Operational Risk Governance Structure

Operational risk is managed in the Group along three lines of defense. The first line consists of the business units who own and are directly responsible for managing the risk. They identify and report operational risks in their activities and communicate these risks to the second line of defense which includes the independent risk management and control functions. This line formulates the risk management policies, processes and tools, and provides support in enhancing and monitoring the effectiveness of controls in the business units and support functions, while the third line of defense, the Internal Audit department, provides independent assurance on the adequacy, appropriateness and effectiveness of the risk management policies and process on an ongoing basis.

The Group maintains a dedicated Operational Risk Management (ORM) function which formulates the operational risk management strategy, policy and framework. The department, through the Chief Risk Officer, has a reporting line to the Executive Management, Management Risk Committee and Board Risk Management Committee, depicting a robust governance structure. The Board approves the Group's ORM policy and appetite. The Management Risk Committee reviews operational risk management reports quarterly and defines action plans to minimize material risks to acceptable levels. In addition, the ORM department collaborates with the Conduct and Compliance Division to ensure effective implementation of the ORM framework in the business units and support functions. It also works closely with the business units to manage operational risk based on the outcomes of the monitoring activities of the Conduct and Compliance Division. The ORM department is audited regularly by the Group's internal and external auditors.

Operational Risk Management Framework

The Group has a robust framework for managing operational risk. The framework defines the core governing principles and processes for the effective identification, assessment, mitigation, and monitoring of operational risks in line with regulatory requirements and international best practices. The key processes and tools in the ORM framework include the following:

1. Risk and Control Self-Assessment

The Group's Risk and Control Self-Assessment (RCSA) program provides a structured approach for business owners to identify material risks in their business areas, assess the effectiveness of controls in mitigating the risks and implement actions to proactively address the identified vulnerabilities. RCSA helps senior management to assess the overall effectiveness of the control environment, improve risk decision making, and optimize controls to meet business objectives. The RCSA is also a rich source of information for developing heat maps that highlight the Group's areas of vulnerability, risk concentration and materiality.

The RCSA program was redesigned and enhanced in the third quarter of the year to improve the risk identification and control assessment process, ensure ownership of risks at senior levels within the business, and enhance the monitoring and resolution of issues.

Risk assessments of new and existing products, processes and applications are also conducted to identify material operational risks and ensure adequacy and effectiveness of implemented mitigating controls.

2. Key risk indicators

The Group uses Key Risk Indicators which provide early warning signals of changes in the risk profile to monitor and mitigate key threats to the achievement of strategic goals. Material breaches are reported monthly and quarterly to Management for timely remediation.

3. Operational Risk Event Data Collection

The Group maintains a comprehensive internal loss database aligned with regulatory and Basel standards for collecting, analyzing and reporting operational risk events and losses. The data on the Group's historical loss experience provides meaningful information for assessing the exposure to operational risk, developing risk scenarios, prioritizing risk decisions, and implementing controls to mitigate risks. Strict reporting requirements are in place to ensure that operational risk incidents are escalated to relevant stakeholders for timely decision making.

Adequate risk transfer mechanisms including insurance and outsourcing are in place to minimize the impact of operational risk events on the Group. The lessons learnt from operational risk events and losses are communicated across the Bank and used in improving the control environment.

4. Scenario Analysis

The Operational Risk Management department utilizes scenario analysis of the Group's internal historical losses and material external risk events in modelling tail risk events, determining the potential impact on the organization, and proactively developing action plans to mitigate the risks.

Business Continuity Management

The Group obtained the Business Continuity Management System (BCMS) certification (ISO 22301) within the year in line with international principles and standards. This certification indicates that a comprehensive Business Continuity Plan and robust recovery processes and systems are in place to build resilience, safeguard the

Bank's employees and assets, maintain strategic communications, minimize service disruption and losses, and ensure timely recovery and resumption of operations and technology infrastructure in the event of a disaster. The Bank's dedicated Business Continuity Manager coordinates the activities of the BCMS and ensures the development, implementation and testing of the BCP is in line with international standards and best practices.

The Operational Risk Management framework is supported by other departmental policies and procedures that guide the daily activities of the business units and functions and ensure adequate controls are implemented to mitigate risks. The policies and procedures are regularly reviewed and updated, and the processes redesigned or automated where required, to improve operational efficiency and the effectiveness of controls across the Bank.

Periodic reports on the identified operational risks are circulated to the relevant stakeholders for timely remediation of issues, enhancement of controls and to increase awareness of operational risk across the Bank.

Operational Risk Capital Charge

The Bank uses the Basic Indicator Approach for computing the capital charge for operational risk in line with regulatory requirements.

31 Dec 2022 Nature of item	capital charge factor	First year	Second year	Third year	Aggregate Gross Income (years 1 to 3)	Capital charges
		N'millions	N'millions	N'millions	N'millions	N'millions
Basic Indicator Approach (BIA)						
Gross Income	15%	86,336	98,620	116,861	301,817	45,273
Number of years with positive annual gross income						3
Mean Average of Aggregate Capital						15,091
Calibrated Risk Weighted Amount (BIA)						188,636
31 Dec 2021 Nature of item	capital charge factor	First year	Second year	Third year	Aggregate Gross Income (years 1 to 3)	Capital charges
		N'millions	N'millions	N'millions	N'millions	N'millions
Basic Indicator Approach (BIA)						
Gross Income	15%	87,126	86,336	96,595	270,057	40,509
Number of years with positive annual gross income						3
Mean Average of Aggregate Capital						13,503
Calibrated Risk Weighted Amount (BIA)						168,786



(h) Capital management

(a) 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 10% minimum ratio for 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, 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 Fair value through other comprehensive income.

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 subject to the limits set in paragraph 3.2 of the CBN Guidance, and Notes on the Calculation of Regulatory Capital.

(b) Capital Adequacy Ratio

In accordance with Central Bank of Nigeria regulations, a minimum threshold of 10% is to be maintained when computing the ratio qualifying capital to risk weighted assets.

The capital adequacy computation for the year ended 31 December 2021 is in line with revised guidance notes on implementation and the reporting template for capital adequacy ratio issued by the 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 the 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 years.

Constituents of Capital Tier 1 capital	Note	Group 2022	Group 2021	Bank 2022	Bank 2021
		N'millions	N'millions	N'millions	N'millions
Paid- up share capital	32.1	14,395	14,395	14,395	14,395
Share premium		42,759	42,759	42,759	42,759
General reserve (Retained earnings)		44,922	34,859	44,476	34,384
SMEIS reserve		235	235	235	235
AGSMEIS reserve		3,347	2,381	3,347	2,381
Statutory reserve		28,200	25,301	28,200	25,301
Other reserves		3,250	5,276	3,250	5,276
Tier 1 Capital Before Regulatory Deduction		137,108	125,206	136,662	124,731
Regulatory Deduction					
Deferred tax assets		(7,005)	(6,971)	(7,005)	(6,971)
Other intangible assets		(950)	(1,081)	(950)	(1,081)
Total Regulatory Deduction		(7,955)	(8,052)	(7,955)	(8,052)
Tier 1 Capital after Regulatory Deduction		129,153	117,154	128,707	116,679
Tier 2 capital: Instruments & Reserves					
Sub-ordinated debt *		13,198	18,235	13,198	18,235
Other comprehensive income		6,695	6,038	6,695	6,038
Eligible Tier 2 Capital		19,893	24,273	19,893	24,273
Total regulatory capital		149,046	141,427	148,600	140,952
Risk-weighted assets		1,013,589	951,825	1,012,661	951,379
Total tier 1 and tier 2 capital expressed as a percentage of risk-weighted assets		14.70%	14.86%	14.67%	14.82%

*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	Issue date	Date of maturity	Coupon rate	N'million
Non-convertible debenture stock	Nigeria	25 August 2016	25 August 2023	18.86%	5,151
Non-convertible debenture stock	Nigeria	5 October 2018	5 October 2025	17.55%	20,280



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. The 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 in line with 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 occurrence and minimize the impact of risk events on the business and includes information on the Bank's governance structure, and policies that support risk and capital management systems.

Risk Weighted Assets and Capital Requirement per Credit Exposure

S/N	Exposure	Risk Weighted Assets	Capital requirements
		N'millions	N'millions
1	Credit Risk		
1.01	Sovereign	-	-
1.02	Public Sector Entities	4,301	446
1.03	State and Local Government	61,346	6,356
1.04	Multilateral Development Bank	-	-
1.05	Supervised Institutions	26,048	2,699
1.06	Corporate and Other Persons	357,000	36,991
1.07	Regulatory Retail Portfolio	79,790	8,268
1.08	Secured by Mortgages on Residential Properties	11,897	1,233
1.09	Exposures Secured by Mortgages on Commercial Real Estates	67,651	7,010
1.10	Past Due	25,671	2,660
1.11	Higher Risk Exposures	37,841	3,921
1.12	Other Balance Sheet Exposures	105,012	10,881
1.13	Off Balance Sheet Exposures	46,500	4,818
1.14	Regulatory Adjustment	(10,195)	-
2	Market risk		
2.01	Interest Rate Risk	389	31
2.02	Foreign Exchange Risk	10,775	862
3	Operational risk	188,636	15,091
3.01	Basic Indicator Approach		
4	Capital Adequacy Ratio		
4.01	Tier 1 Capital Adequacy Ratio	12.71%	
4.02	Total Capital Adequacy Ratio	14.67%	

(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.

40. 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 2022.

Group Maturity analysis of assets and liabilities 31 Dec 2022	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years	Total
	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Cash and balances with Central Bank of Nigeria	136,193	-	-	-	295,295	431,488
Due from banks	86,459	-	-	-	-	86,459
Pledged assets	23,098	-	-	-	-	23,098
Derivative financial assets	807	-	-	-	-	807
Loans and advances to customers	144,500	156,028	112,317	140,363	184,527	737,735
Investment in securities:	-	-	-	-	-	-
- Financial assets at fair value through profit or loss	1	16	45	406	453	921
- Debt instruments at fair value through other comprehensive income	93,390	20,583	9,911	53,485	53,267	230,636
- Equity instruments at fair value through other comprehensive income	-	-	-	-	25,227	25,227
- Debt instruments at amortised cost	20,084	12,207	9,814	46,576	18,208	106,889
Other assets	-	-	-	171,911	-	171,911
Total	503,725	188,834	132,087	412,741	576,977	1,814,364
Deposits from bank	37,178	-	-	-	-	37,178
Deposits from customers	597,418	95,329	199,315	164,434	271,309	1,327,805
Debts issued and other borrowed funds	706	-	8,502	129,609	36,841	175,658
Other liabilities	-	-	-	160,257	-	160,257
Total	635,302	95,329	207,817	454,300	308,150	1,700,898
Net	(131,577)	93,505	(75,730)	(41,559)	268,827	113,466



Group Maturity analysis of assets and liabilities (Contd.) 31 Dec 2021	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years	Total
	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Assets						
Cash and balances with Central Bank of Nigeria	127,004	-	-	-	243,869	370,873
Due from banks	94,850	-	-	-	-	94,850
Pledged assets	10,786	-	-	-	-	10,786
Loans and advances to customers	138,714	64,143	100,507	202,927	205,609	711,900
Investment in securities:	-	-	-	-	-	-
- Financial assets at fair value through profit or loss	5,773	25	965	1,876	1,598	10,237
- Debt instruments at fair value through other comprehensive income	30,925	24,257	4,764	51,554	57,347	168,847
- Equity instruments at fair value through other comprehensive income	-	-	-	-	17,956	17,956
- Debt instruments at amortised cost	14,979	-	5,042	56,540	25,664	102,225
Other assets	-	-	-	101,405	-	101,405
Total	423,031	88,425	111,278	414,302	552,043	1,589,079
Liabilities						
Deposits from bank	15,568	-	-	-	-	15,568
Deposits from customers	424,724	74,336	228,966	243,809	236,918	1,208,753
Debts issued and other borrowed funds	-	-	-	135,717	23,060	158,777
Other liabilities	-	-	-	102,342	-	102,342
Total	440,292	74,336	228,966	481,868	259,978	1,485,440
Net	(17,261)	14,089	(117,688)	(67,566)	292,065	103,639

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 2022.

Bank Maturity analysis of assets and liabilities 31 Dec 2022	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years	Total
	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Cash and balances with Central Bank of Nigeria	136,193	-	-	-	295,295	431,488
Due from banks	86,171	-	-	-	-	86,171
Pledged assets	23,098	-	-	-	-	23,098
Derivative financial assets	807	-	-	-	-	807
Loans and advances to customers	144,500	156,028	112,317	140,363	184,527	737,735
Investment in securities:	-	-	-	-	-	-
- Financial assets at fair value through profit or loss	1	16	45	406	453	921
- Debt instruments at fair value through other comprehensive income	93,399	20,582	9,910	53,482	53,263	230,636
- Equity instruments at fair value through other comprehensive income	-	-	-	-	25,227	25,227
- Debt instruments at amortised cost	16,873	10,256	8,246	39,133	15,298	89,806
Investment in subsidiary	-	-	-	-	-	-
Other assets	-	-	-	171,911	-	171,911
Total	500,235	186,882	130,518	405,295	574,063	1,796,993
Deposits from bank	37,178	-	-	-	-	37,178
Deposits from customers	597,418	95,329	199,315	164,434	271,309	1,327,805
Debts issued and other borrowed funds	706	-	5,151	116,003	36,841	158,701
Other liabilities	-	-	-	160,324	-	160,324
Total	635,302	95,329	204,466	440,761	308,150	1,684,008
Net	(135,067)	91,553	(73,948)	(35,466)	265,913	112,985

Bank Maturity analysis of assets and liabilities (Contd.) 31 Dec 2021	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years	Total
	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Assets						
Cash and balances with Central Bank of Nigeria	127,004	-	-	-	243,869	370,873
Due from banks	94,842	-	-	-	-	94,842
Pledged assets	10,786	-	-	-	-	10,786
Loans and advances to customers	138,714	64,143	100,507	202,927	205,609	711,900
Investment in securities:	-	-	-	-	-	-
- Financial assets at fair value through profit or loss	5,773	25	965	1,876	1,598	10,237
- Debt instruments at fair value through other comprehensive income	30,925	24,257	4,764	51,554	57,347	168,847
- Equity instruments at fair value through other comprehensive income	-	-	-	-	17,956	17,956
- Debt instruments at amortised cost	14,979	-	5,042	39,167	25,664	84,852
Investment in subsidiary	-	-	-	-	-	-
Other assets	-	-	-	101,405	-	101,405
Total	423,023	88,425	111,278	396,929	552,043	1,571,698



Bank Maturity analysis of assets and liabilities (Contd.) 31 Dec 2021	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years	Total
	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Deposits from bank	15,568	-	-	-	-	15,568
Deposits from customers	424,724	74,336	228,966	243,809	236,918	1,208,753
Debts issued and other borrowed funds	-	1,521	-	117,066	23,236	141,823
Other liabilities	-	-	-	102,410	-	102,410
Total	440,292	75,857	228,966	463,285	260,154	1,468,554
Net	(17,269)	12,568	(117,688)	(66,356)	291,889	103,144

41. Fair Value of Financial Instruments

The Group's accounting policy on fair value measurements is discussed under note 2.2.19. The Group measures fair values using the following fair value hierarchy that reflects the nature and process used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in

markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using inputs that are not based on observable market data, i.e., unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair value measurement hierarchy for assets & liabilities as at 31 December 2022:

Group 31 Dec 2022	Note	Level 1	Level 2	Level 3	Total
		N'millions	N'millions	N'millions	N'millions
Assets measured at fair value					
Pledged assets – FVOCI	18.1	13,281	-	-	13,281
Debt instruments at FVTPL	21(a)	921	-	-	921
Debt instruments measured at FVOCI	21(b)	230,636	-	-	230,636
Equity instruments at fair value through other comprehensive income	21(c)	-	393	24,834	25,227
Assets for which fair value are disclosed					
Due from banks		-	86,459	-	86,459
Pledged assets at Amortised cost		9,513	304	-	9,817
Loans and advances to customers		-	-	557,364	557,364
Debt instruments at amortised cost		-	100,970	-	100,970
Liabilities for which fair values are disclosed:					
Deposits from banks		-	-	37,178	37,178
Deposits from customers		-	-	1,264,441	1,264,441
Other borrowed funds		-	-	113,795	113,795
Debt securities issued		-	30,839	-	30,839

Group 31 Dec 2021	Note	Level 1	Level 2	Level 3	Total
Assets measured at fair value		N'millions	N'millions	N'millions	N'millions
Pledged assets – FVOCI	18.1	10,427	-	-	10,427
Debt instruments at FVTPL	21(a)	10,237	-	-	10,237
Debt instruments measured at FVOCI	21(b)	168,847	-	-	168,847
Equity instruments at fair value through other comprehensive income	21(c)	-	393	17,563	17,956
Assets for which fair value are disclosed					
Due from banks		-	94,850	-	94,850
Pledged assets at Amortised cost		232	127	-	359
Loans and advances to customers		-	-	527,690	527,690
Debt instruments at amortised cost		-	70,874	-	70,874
Liabilities for which fair values are disclosed:					
Deposits from banks		-	-	15,568	15,568
Deposits from customers		-	-	1,162,285	1,162,285
Other borrowed funds		-	-	93,042	93,042
Debt securities issued		-	40,385	-	40,385

Fair value measurement hierarchy for assets & liabilities as at 31 December 2022:

Bank 31 Dec 2022	Note	Level 1	Level 2	Level 3	Total
Assets measured at fair value		N'millions	N'millions	N'millions	N'millions
Pledged assets – FVOCI	18.1	13,281	-	-	13,281
Debt instruments at FVTPL	21(a)	921	-	-	921
Debt instruments measured at FVOCI	21(b)	230,636	-	-	230,636
- Equity instruments at fair value through other comprehensive income	21(c)	-	393	24,834	25,227
Assets for which fair value are disclosed					
Due from banks		-	86,171	-	86,171
Pledged assets at Amortised cost		9,513	304	-	9,817
Loans and advances		-	-	557,364	557,364
Debt instruments at amortised cost		-	84,620	-	84,620
Liabilities for which fair values are disclosed:					
Deposits from banks		-	-	37,178	37,178
Deposits from customers		-	-	1,264,441	1,264,441
Other borrowed funds		-	-	108,996	108,996
Debt securities issued		-	18,512	-	18,512



Bank	Note	Level 1	Level 2	Level 3	Total
31 Dec 2021					
Assets measured at fair value		N'millions	N'millions	N'millions	N'millions
Pledged assets – FVOCI	18.1	10,427	-	-	10,427
Debt instruments at FVTPL	21(a)	10,237	-	-	10,237
Debt instruments measured at FVOCI	21(b)	168,847	-	-	168,847
Equity instruments at fair value through other comprehensive income	21(c)	-	393	17,563	17,956
Assets for which fair value are disclosed					
Due from banks		-	94,842	-	94,842
Pledged assets at Amortised cost		232	127	-	359
Loans and advances to customers		-	-	527,690	527,690
Debt instruments at amortised cost		-	58,829	-	58,829
Liabilities for which fair values are disclosed:					
Deposits from banks		-	-	15,568	15,568
Deposits from customers		-	-	1,162,285	1,162,285
Other borrowed funds		-	-	93,042	93,042
Debt securities issued		-	24,195	-	24,195

Group	Carrying amount		Fair value amount	
	2022	2021	2022	2021
Financial assets	N'millions	N'millions	N'millions	N'millions
Cash and balances with Central Bank of Nigeria	431,488	370,873	431,488	370,873
Due from banks	86,459	94,850	86,459	94,850
Pledged assets	23,098	10,786	23,098	10,786
Derivative financial assets	807	-	807	-
Loans and advances to customers	737,735	711,900	557,364	527,690
Investment in securities:				
- Financial assets at fair value through profit or loss	921	10,237	921	10,237
- Debt instruments at fair value through other comprehensive income	230,636	168,847	230,636	168,847
- Equity instruments at fair value through other comprehensive income	25,227	17,956	25,227	17,956
- Debt instruments at amortised cost	106,889	102,225	100,970	70,874
Total	1,643,260	1,487,674	1,456,970	1,272,113
Financial liabilities				
Deposits from banks	37,178	15,568	37,178	15,568
Deposits from customers	1,327,805	1,208,753	1,264,441	1,162,285
Other borrowed funds	133,270	116,450	113,795	93,042
Debt securities issued	42,388	42,327	30,839	40,385
Customer deposits for foreign trade	97,205	57,263	97,205	57,263
Creditors and accruals	23,547	31,549	23,547	31,549
Total	1,661,393	1,471,910	1,567,005	1,400,092

Bank	Carrying amount		Fair value amount	
	2022	2021	2022	2021
	N'millions	N'millions	N'millions	N'millions
Financial assets				
Cash and balances with Central Bank of Nigeria	431,488	370,873	431,488	370,873
Due from banks	86,171	94,842	86,171	94,842
Pledged assets	23,098	10,786	23,098	10,786
Derivative financial assets	807	-	807	-
Loans and advances to customers	737,735	711,900	557,364	527,690
Investment in securities:				
- Financial assets at fair value through profit or loss	921	10,237	921	10,237
- Debt instruments at fair value through other comprehensive income	230,636	168,847	230,636	168,847
- Equity instruments at fair value through other comprehensive income	25,227	17,956	25,227	17,956
- Debt instruments at amortised cost	89,806	84,852	84,620	58,829
Total	1,625,889	1,470,293	1,440,332	1,260,060
Financial liabilities				
Deposits from banks	37,178	15,568	37,178	15,568
Deposits from customers	1,327,805	1,208,753	1,264,441	1,162,285
Other borrowed funds	133,270	116,450	108,996	93,042
Debt securities issued	25,431	25,373	18,512	24,195
Customer deposits for foreign trade	97,205	57,263	97,205	57,263
Creditors and accruals	23,614	31,617	23,614	31,617
Total	1,644,503	1,455,024	1,549,946	1,383,970

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 FVOCI 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 Group'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 2022 was assessed to be insignificant.

For loans and advances, a discounted cash flow model is used based on various fair value of the loan portfolio by discounting the future cash flows on these loans using interest rates on loans and remaining days to maturity of each of the cash flows.

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. Unobservable inputs used in measuring fair value.



The table below sets out information about significant unobservable inputs used as at 31 December 2022 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Type of financial instrument	Fair value as at 31 -Dec- 2022	Fair value as at 31 -Dec- 2021	Valuation Technique	Unobservable Input	Range of estimates for unobservable inputs 31 Dec 2022	Range of estimates for unobservable inputs 31 Dec 2021	Relationship of unobservable inputs to fair value
	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Unquoted Equity	25,227	17,956	P/BV and EV/EBITDA	P/BV multiples	0.79x - 1.22x	0.79x - 0.88x	Significant increase in P/BV, would result in higher fair values. Significant reduction would result in lower fair values
				EV/EBITDA multiples	12.00x - 28.95x	13.75x - 25.30x	Significant increase in EV/EBITDA, would result in higher fair values. Significant reduction would result in lower fair values

42. Compliance with banking regulations

Included in fines and penalties are contraventions with certain Central Bank of Nigeria's guidelines and circulars listed below:

Circular/Letters (2022)	Nature of contravention	Penalty
		N'millions
CPD/MCD/CON/COM/001/080	Non compliance with the provision of section 3.3.1 (c) and (g) of CBN Consumer Protection Regulation 2019 (Unfair Contract Terms) in some of the Bank's offer letters	2.0
BSD/GCB/CON/STB/01/029	Contravention of the circular on "The Need for the Prior Clearance of Prospective Employees" referenced BSD/DIR/GEN/LAB/07/044 dated December 1, 2014	10.0
	Payment for infraction by defaulting bank under NEMSF 1	62.0
BSD/GCB/CON/STB/003/009	Closure of 2 branches in 2020 without CBN's prior approval	10.0
BSD/GCB/CON/STB/002/026 & BSD/GCB/CON/STB/004/005	Late rendition of regulatory returns.	56.0
BSD/MEG/CON/EPL/001/088	RBS2021 Exception - Contravention of CBN Guideline on Operations of Electronic Payment Channels in Nigeria, June 2020 on the resolution of ATM downtime/faults.	2.0
BSD/GCB/CON/STB/01/024	Acquisition of property for establishment of new branches prior to CBN's approval	20.0
BSD/MEG/CON/MLD/001/036	Risk asset examination 2020	4.0
BSD/MEG/CON/MLD/001/033	Risk based supervisory report 2019 - 2020	52.0
		218.0

43(a) Customer Complaints

In line with Circular No: FPR/DIR/CIR/GEN/01/020, the returns on customer complaints for the year ended 31 December 2022 is as set out below:

Financial year	Number		Amount Claimed		Amount Refunded	
	2022	2021	2022	2021	2022	2021
			N'millions		N'millions	
Pending complaints b/f	2,126	414	1,349	1,342	N/A	N/A
Complaints received	378,380	204,342	15,141	164	85	163
Complaints resolved/Cancelled tickets	372,511	202,630	2,274	157	85	157
Unresolved complaints escalated to CBN for intervention	3	NIL	10,439	N/A	N/A	N/A
Unresolved complaints pending with the bank c/f	7,992	2,126	3,777	1,349	N/A	N/A

43(b) Report to the CBN on Fraud and Forgeries

In line with Section 5.1.2 (L) of the CBN Code of Corporate Governance, the breakdown of fraud and forgeries for the year is presented below:

	2022	2021
Number of fraud incidents	51	74
Amount involved (N'000)	5,237,159	3,347,664
Amount involved (\$'000)	0	0
Actual/Expected Loss (N'000)	718,116	1,602,615
Actual/Expected Loss (\$'000)	0	0

44 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 2022 is set out below:

Product	31 Dec 2022		31 Dec 2021	
	Volume	Value	Volume	Value
		N'million		N'million
Visa	1,451	1,807	826	6,901
Mastercard	74,182	215,206	-	-
Verve	423,405	1,284,536	70,686	826,394



45 Whistle Blowing

The Bank complied with the provisions of 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 2022.

46 Non-Audit Services

During the year, the Bank's auditor, Deloitte & Touche, provided the following permissible non-audit services to the Bank:

Description of the service	2022
	N'million
(i) Independent Assessment of ECL Model Automation	8.0
(ii) Independent Assessment of the Risk Management Function	5.0
(iii) Scrutineering of Scheme of Agreement Meeting	3.0
(iv) Review of Technical Accounting for the Holdco Structure	5.0

In the Bank's opinion, the provision of these services did not impair the independence and objectivity of the external auditor as adequate safeguard was put in place.

47 Update on Corporate Restructuring

In accordance with the Bank's plan to restructure into a Holding Company to enable it spin off its Non-Interest banking business to a standalone bank, the Bank received the CBN's approvals-in-principle for Sterling Financial Holdings Company PLC (Holdco) and The Alternative Bank LTD, a standalone Non-Interest Bank in September 2020 and November 2021 respectively.

The restructuring would be implemented via a scheme of arrangement in line with the Guidelines for Licensing and Regulation of Financial Holding Companies in Nigeria, 2014.

Following the implementation of the scheme, the Bank's shareholders will exchange their shares in the Bank for shares in the Holdco in an amount equal to their current holdings. The Bank will be delisted from the Nigerian Exchange Limited's ("NGX") Daily List, and the Holdco will be listed in its place.

To successfully implement the scheme, the Bank has deployed strategies to ensure it efficiently operates within the guidelines and has achieved the following milestones:

At a court-ordered meeting held on the 19th of September 2022, the Bank's shareholders approved all the resolutions required to effect the scheme. The Bank also received the final approval of the Securities and Exchange Commission (SEC) to effect the scheme on the 20th of October 2022.

Subsequently, the bank applied to the Corporate Affairs Commission (CAC) in September 2022 and has re-registered the Holdco as a public company.

The court order sanctioning the scheme was obtained on the 19th of December 2022; after which, an application for the registration of the 28,790,418,124 ordinary shares of the Holdco was made to the SEC with approval received on the 20th of March 2023.

Subsequent to this, Sterling Bank Plc's shares were delisted from the NGX, and transferred to the Holdco; resulting in the listing of the Holdco as a public company on the NGX. In furtherance of the restructure and final licence requirements, the Bank would be re-registered as a private company with the Holdco as its shareholder.

Upon receipt of the final licences of both the Holdco and the Non-Interest Bank from the CBN, the Non-Interest banking business would be carved out from the Bank and the business transferred to the Holdco, making it a subsidiary of the Holdco.

The Holdco structure will enable the Group to increase funding sources, raise additional capital, and diversify into other permissible business areas, fostering growth and increasing shareholder value.

48 COVID-19 Impact Assessment

In 2022, the global economy witnessed record-high inflation rates with the attendant impact on the high cost of living across several economies. The elevated inflationary rates were attributed to the after effects of the Covid-19 pandemic as well as the Russian-Ukraine crisis. Although the global economy started to recover from the depths of the pandemic, the recovery was uneven and unstable. At present, 25.9% of people in low-income countries have received at least one dose of a COVID-19 vaccine compared to 69.1% of the world population that received the same dose.

According to the IMF World Economic Outlook, global growth is forecast to slow from 6.0% in 2021 to 3.2% in 2022 and 2.7% in 2023, the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic. The lingering pandemic is expected to have a resultant effect on global inflation which was forecast to rise to 8.8% in 2022 from 4.7% in 2021 but to decline to 6.5% and 4.1% in 2023 and 2024 respectively. Oil prices are expected to remain largely elevated as tensions between Russia and Ukraine linger. The transition to other sustainable forms of energy may however be accelerated by the prolonged crisis.

On the domestic front, the Nigerian economy accelerated by 2.25% year-on-year in the third quarter of 2022, decelerating from the second quarter's 3.54% expansion and missing market estimates of a 2.95% rise. This pace is at the slowest rate since Q1 2021, and it is attributed to the base effects of the recession and the challenging economic conditions that have hampered productive activities. The IMF however forecast a decline in Nigeria's inflation rate to 17% in 2023. GDP is also projected to increase by 3.0% in 2023. These growth projections are not unconnected with the faster recovery of the

economy, propelled by a reduction in new cases of COVID-19 infections, improved global oil prices as well as a boost in economic activities.

Considering the above dynamics, Sterling Bank has remained committed to being prepared and proactive, leveraging on its agile structure and optimized pre-pandemic initiatives and strategy in response to the pandemic and the resultant disruptions. Optimal risk management measures and operational process improvements, alongside the activation, monitoring, and optimization of the Bank's Business Continuity Plan (BCP), are some of the Bank's measures to ensure the best services to our customers whatever the circumstances. These initiatives have continued to prove effective in minimizing disruptions in the Bank's continued operations and optimal service rendering.

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

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



49 Prior period restatement

- (i) The Bank granted loan facilities to marketers in the Oil and Gas sector during the Federal Government of Nigeria (FGN) subsidy regime, known as PPPRA Facilities. The main source of funds for repayment of the facilities by the marketers is the proceed of subsidies from the FGN. Due to the delay in the subsidy payment by the Government, a portion of the interest accrued (receivable) on the facilities was outstanding in the Bank's books. In 2019, the FGN issued a directive to the banks who have issued PPPRA Facilities, including Sterling Bank, to stop accruing interest on the loans as well as reverse 18 months interest that have accrued on the loan up to December 2018. This directive was coupled with renegotiation of repayment terms for the facilities.

The total balance of accrued interest at that point was N10.13 billion. A further directive was issued by the Central Bank of Nigeria (CBN) that permitted the write-off of the accrued interest over a 5-year period from 2019 to 2023 to mitigate the impact on the Bank's performance and capital allocation. To give effect to these instructions, the Bank derecognised the portion of the loan receivable relating to the accrued interest and raised an asset to be amortised over the 5-year period.

This resulted in misalignment of the regulatory and accounting treatment for the directive.

In view of this misalignment, the Bank's financials have been adjusted to ensure compliance with the

requirements of IFRS 9. However, it is worthy to state that accounting for the restructured facilities is correct for all periods presented.

In accordance with IFRS 9, the accrued interest (receivables) amounting to N10.13 billion should have been derecognized in 2019. The impact has been quantified below with the relevant line items being impacted.

In order to track the regulatory treatment, a separate reserve named "PPRA reserve" has been created in the Statement of Changes in Equity disclosing the unwinding of the accrued interest over five years. Refer to the Statement of Changes in Equity where the impact is disclosed.

The impact of aligning the instruction issued by CBN to IFRS 9 are as detailed below, while the net impact on the Statement of Cashflow is nil.

- (ii) The bank restated the carrying value of receivable from Cambridge Spring Investment Limited for 2021 to reflect the impact of time value on the repayment cashflows falling due beyond one-year.

This was a result of the renegotiation of the receivable in 2021 resulting in derecognition, giving rise to a modification loss of N437 million. A new instrument was recognised at fair value through other comprehensive income with a fair value loss of N363 million recognised for the year.

Consolidated And Separate Statements Of Profit Or Loss And Other Comprehensive Income For The Year Ended 31 December 2021

31 December 2021	Group			Bank		
	As previously reported	Impact of restatement	As restated	As previously reported	Impact of restatement	As restated
	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Interest income using effective interest rate	110,975	2,025	113,000	108,581	2,025	110,606
Net interest income	65,784	2,025	67,809	65,650	2,025	67,675
Operating expenses	(44,252)	(437)	(44,689)	(44,248)	(437)	(44,685)
Profit before income tax expense	14,474	1,588	16,062	14,343	1,588	15,931
Income tax expense	(959)	(81)	(1,040)	(940)	(81)	(1,021)
Profit after income tax	13,515	1,507	15,022	13,403	1,507	14,910
Other comprehensive (loss)/income for the year	(6,337)	(363)	(6,700)	(6,337)	(363)	(6,700)
Total comprehensive income for the year	7,178	1,144	8,322	7,066	1,144	8,210
Earnings per share						Bank 2021
Restated basic and diluted earnings per share (EPS):						
<i>Earnings per share - basic (in kobo)</i>						0.52k
<i>Earnings per share - diluted (in kobo)</i>						0.52k

Consolidated And Separate Statements Of Financial Position As At 1 January 2021

1 January 2021	Group			Bank		
	As previously reported	Impact of restatement	As restated	As previously reported	Impact of restatement	As restated
	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Other assets	43,950	(6,076)	37,874	43,704	(6,076)	37,628
Others	1,255,125	-	1,255,125	1,238,126	-	1,238,126
TOTAL ASSETS	1,299,075	(6,076)	1,292,999	1,281,830	(6,076)	1,275,754
TOTAL LIABILITIES	1,163,322	-	1,163,322	1,146,440	-	1,146,440
Share capital and premium	57,154		57,154	57,154	-	57,154
Retained Earnings	25,278		25,278	24,913	-	24,913
PPRA Reserve	-	(6,076)	(6,076)	-	(6,076)	(6,076)
Others	53,321		53,321	53,323	-	53,323
TOTAL EQUITY	135,753	(6,076)	129,677	135,390	(6,076)	129,314
TOTAL LIABILITIES AND EQUITY	1,299,075	(6,076)	1,292,999	1,281,830	(6,076)	1,275,754

Consolidated And Separate Statements Of Financial Position As At 31 December 2021

31 December 2021	Group			Bank		
	As previously reported	Impact of restatement	As restated	As previously reported	Impact of restatement	As restated
	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Other assets	101,405	(4,851)	96,554	101,405	(4,851)	96,554
Others	1,509,768	-	1,509,768	1,510,344	-	1,510,344
TOTAL ASSETS	1,611,173	(4,851)	1,606,322	1,611,749	(4,851)	1,606,898
Current income tax payable	1,018	56	1,074	999	56	1,055
Other liabilities	102,342	25	102,367	102,410	25	102,435
Others	1,384,278	-	1,384,278	1,367,324	-	1,367,324
TOTAL LIABILITIES	1,487,638	81	1,487,719	1,470,733	81	1,470,814
Share capital and premium	57,154		57,154	57,154	-	57,154
Retained Earnings	34,859	(518)	34,341	34,384	(518)	33,866
PPRA Reserve	-	(4,051)	(4,051)	-	(4,051)	(4,051)
Fair value reserve	6,038	(363)	5,675	6,038	(363)	5,675
Others	43,440	-	43,440	43,440	-	43,440
TOTAL EQUITY	141,491	(4,932)	136,559	141,016	(4,932)	136,084
TOTAL LIABILITIES AND EQUITY	1,629,129	(4,851)	1,624,278	1,611,749	(4,851)	1,606,898



(iii) **Comparative information - Cash flow statement**

The comparative cash flow statement for the year ended 31 December, 2022 has been restated. The material adjustments in the cash flow statements are highlighted below.

Net interest income has been restated to reflect the write back of PPPRA accrued interest, this is the same amount that impacts the profit after tax, as such, no impact on the net cashflow from operating activities.

Loans and advances to customers and deposit from customers have been restated to adjust for foreign exchange movement.

Movement in other assets has been restated to reflect the adjustment on the Cambridge receivable and the correction of the treatment of the effect of foreign exchange movement.

Interest income has been restated with the interest receivable to adjust for the actual interest received.

Other adjustments include accrued interest expense adjustment on interest paid, additional income tax expense resulting from the PPPRA write-off adjustment and update to the effect of exchange rate changes on cash and cash equivalents.

31 December 2021	Group			Bank		
	As previously reported	Impact of restatement	As restated	As previously reported	Impact of restatement	As restated
	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Profit after tax	13,515	1,507	15,022	13,403	1,507	14,910
<i>Operating activities</i>						
Net interest income	(65,784)	(2,025)	(67,809)	(65,650)	(2,025)	(67,675)
Loans and advances to customers	(121,789)	8,174	(113,615)	(121,789)	8,174	(113,615)
Other assets	(73,066)	18,030	(55,036)	(73,312)	18,068	(55,244)
Deposit from customers	257,918	(21,769)	236,149	257,918	(21,769)	236,149
Interest received	110,913	(3,584)	107,329	108,581	(3,584)	104,997
Impact of other adjustments	(81,955)	(333)	(82,288)	(79,584)	(371)	(79,955)
Net cash flow from operating activities	39,752	-	39,752	39,567	-	39,567



Other National Disclosures



280 Other National Disclosures

Statements Of Value Added For The Year Ended 31 December 2022

	Group				Bank			
	2022		2021		2022		2021	
	N'million	%	N'million	%	N'million	%	N'million	%
Gross earnings	175,140		150,153		172,832		147,759	
Interest expense	(52,042)		(45,191)		(49,765)		(42,931)	
	123,098		104,962		123,067		104,828	
Net impairment	(9,122)		(9,821)		(9,084)		(9,822)	
Bought-in-materials and services -local	(71,396)		(59,017)		(71,391)		(59,013)	
Value added	42,580	100	36,124	100	42,592	100	35,993	100
Applied to pay:								
Employee as wages, salaries and pensions	16,944	40	14,917	41	16,944	40	14,917	41
Income taxes	1,459	4	1,040	3	1,442	4	1,021	3
Retained in business:								
Depreciation and amortisation	4,879	11	5,145	14	4,879	11	5,145	14
Profit for the year	19,298	45	15,022	42	19,327	45	14,910	41
	42,580	100%	36,124	100	42,592	100%	35,993	99%

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

Five-Year Financial Summary - Group

	31 December				
	2022	2021	2020	2019	2018
	N'million	N'million	N'million	N'million	N'million
		Restated*	Restated*		
ASSETS					
Cash and balances with Central Bank of Nigeria	431,488	370,873	303,314	156,059	117,685
Due from other banks	86,459	94,850	21,084	69,361	43,542
Pledged assets	23,098	10,786	34,860	11,831	11,423
Derivative financial assets	807	-	-	-	-
Loans and advances to customers	737,735	711,900	596,827	618,732	621,017
Investment securities:		-	-	-	-
- Financial assets at fair value through profit or loss	921	10,237	1,454	8,317	4,110
- Debt instruments at fair value through other comprehensive income	230,636	168,847	135,780	141,272	117,620
- Equity instruments at fair value through other comprehensive income	25,227	17,956	10,745	5,470	4,011
- Debt instruments at amortised cost	106,889	102,225	110,229	101,944	123,086
- Available for sale	-	-	-	-	-
- Held to maturity	-	-	-	-	-
Other assets	171,911	96,554	37,874	28,581	29,446
Property, plant and equipment	17,913	16,939	15,956	18,476	16,942
Right-of-use asset	8,342	8,141	8,319	8,896	-
Investment property	5,584	6,918	8,004	4,141	-
Intangible assets	950	1,081	1,582	1,933	1,850
Deferred tax assets	7,005	6,971	6,971	6,971	6,971
	1,854,965	1,624,278	1,292,999	1,181,984	1,097,704
Non-current assets held for sale	3,027	-	-	701	5,218
TOTAL ASSETS	1,857,992	1,624,278	1,292,999	1,182,685	1,102,922
LIABILITIES					
Deposits from banks	37,178	15,568	21,289	-	-
Deposits from customers	1,327,805	1,208,753	950,835	892,660	760,608
Current income tax liabilities	1,607	1,074	551	201	405
Other borrowed funds	133,270	116,450	86,367	82,702	119,526
Debt securities issued	42,388	42,327	42,274	42,655	86,609
Other liabilities	160,257	102,367	61,552	44,742	37,678
Provisions	1,489	1,180	454	167	295
TOTAL LIABILITIES	1,703,994	1,487,719	1,163,322	1,063,127	1,005,121
NET ASSETS	153,998	136,559	129,677	119,558	97,801
EQUITY					
Share capital	14,395	14,395	14,395	14,395	14,395
Share premium	42,759	42,759	42,759	42,759	42,759
Retained earnings	44,922	34,341	25,278	6,187	-3,307
Other components of equity	51,922	45,064	47,245	56,217	43,954
Attributable to equity holders of the Bank	153,998	136,559	129,677	119,558	97,801
Other Commitments and Contingencies	253,220	222,430	175,287	159,021	130,347
Profit or Loss Account					
	2022	2021	2020	2019	2018
	N'million	N'million	N'million	N'million	N'million
		Restated*			
Gross earnings	175,140	150,153	135,835	150,195	148,708
Profit before income tax expense	20,757	16,062	12,372	10,672	9,489
Income tax expense	(1,459)	(1,040)	(1,130)	(70)	(271)
Profit after income tax	19,298	15,022	11,242	10,602	9,218
Earning per share in Kobo (Basic/Diluted)	67k	52k	39k	37k	32k



Other National Disclosures

Five-Year Financial Summary - Bank

	31 December				
	2022	2021	2020	2019	2018
	N'million	N'million	N'million	N'million	N'million
		Restated*	Restated*		
ASSETS					
Cash and balances with Central Bank of Nigeria	431,488	370,873	303,314	156,059	117,685
Due from other banks	86,171	94,842	21,079	69,361	43,435
Pledged assets	23,098	10,786	34,860	11,831	11,423
Derivative financial assets	807	-	-	-	-
Loans and advances to customers	737,735	711,900	596,827	618,732	621,017
Investment securities:					
- Financial assets at fair value through profit or loss	921	10,237	1,454	8,317	4,110
- Debt instruments at fair value through other comprehensive income	230,636	168,847	135,780	141,272	117,620
- Equity instruments at fair value through other comprehensive income	25,227	17,956	10,745	5,470	4,011
- Debt instruments at amortised cost	89,806	84,852	93,234	84,767	106,147
- Available for sale	-	-	-	-	-
- Held to maturity	-	-	-	-	-
Investment in subsidiary	1	1	1	1	1
Other assets	171,911	96,554	37,628	28,581	29,446
Property, plant and equipment	17,913	16,939	15,956	18,476	16,942
Right-of-use asset	8,342	8,141	8,319	8,896	-
Investment property	5,584	6,918	8,004	4,141	-
Intangible assets	950	1,081	1,582	1,933	1,850
Deferred tax assets	7,005	6,971	6,971	6,971	6,971
	1,837,595	1,606,898	1,275,754	1,164,808	1,080,658
Non-current assets held for sale	3,027	-	-	701	5,218
TOTAL ASSETS	1,840,622	1,606,898	1,275,754	1,165,509	1,085,876
LIABILITIES					
Deposits from banks	37,178	15,568	21,289	-	-
Deposits from customers	1,327,805	1,208,753	950,835	892,660	760,608
Derivative financial liabilities	-	-	-	-	-
Current income tax liabilities	1,573	1,055	551	201	405
Other borrowed funds	133,270	116,450	86,367	82,702	119,526
Debt securities issued	25,431	25,373	25,323	25,709	69,355
Other liabilities	160,324	102,435	61,621	44,742	37,678
Provisions	1,489	1,180	454	167	295
TOTAL LIABILITIES	1,687,070	1,470,814	1,146,440	1,046,181	987,867
NET ASSETS	153,552	136,084	129,314	119,328	98,009
EQUITY					
Share capital	14,395	14,395	14,395	14,395	14,395
Share premium	42,759	42,759	42,759	42,759	42,759
Retained earnings	44,476	33,866	24,913	5,954	-3,101
Other components of equity	51,922	45,064	47,247	56,220	43,956
Attributable to equity holders of the Bank	153,552	136,084	129,314	119,328	98,009
Other Commitments and Contingencies	253,220	222,430	175,287	159,021	130,347
Profit or Loss Account					
	2022	2021	2020	2019	2018
	N'million	N'million	N'million	N'million	N'million
		Restated*			
Gross earnings	172,832	147,759	133,413	147,439	147,791
Profit before income tax expense	20,769	15,931	12,240	10,233	9,739
Income tax expense	(1,442)	(1,021)	(1,130)	(70)	(271)
Profit after income tax	19,327	14,910	11,110	10,163	9,468
Earning per share in Kobo (Basic/Diluted)	67k	52k	39k	35k	33k
Dividend per share	15k	10k	5k	3k	0k

283

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	Scrip
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

Notes

[illegible]



Basic **Information**



286

Senior Management

SN	Employee Name	Role	Grade
1	Abubakar Suleiman	Managing Director/Chief Executive Officer	Group Managing Director
2	Raheem Owodeyi	ED, Retail & Consumer Banking/ Chief Operating Officer	Executive Director
3	Tunde Adeola	ED, Commercial Banking & Institutional Banking	Executive Director
4	Yemi Odubiyi	ED, Corporate And Investment Banking	Executive Director
5	Adebimpe Olambiwoonu	Group Head, Finance & Performance Management	General Manager
6	Adegboyega Adegun	Group Head, Investment Banking	General Manager
7	Ayo Lewis	Chief Risk Officer	General Manager
8	Kelechi Nwaoba	Chief Compliance Officer	General Manager
9	Mojisola Bakare	Divisional Head, Corporate Client Coverage And Sales	General Manager
10	Olayinka Oni	Chief Digital Officer	General Manager
11	Temitope Dalley	Chief Human Resources Officer	General Manager
12	Abiola Ojo	Regional Business Executive (CB) - Lagos Island	Deputy General Manager
13	Bamidele Faseemo	Group Head, Oil And Gas	Deputy General Manager
14	Garba Mohammed	Group Head, SAF Sales, Products and Preposition	Deputy General Manager
15	Kashetolulope Lawal	Group Head, Client Coverage And Financial Institutions	Deputy General Manager
16	Obinna Ukachukwu	Divisional Head, Education and Health Sector	Deputy General Manager
17	Okafor Happiness	Head, Multinationals	Deputy General Manager
18	Olanrewaju Olalusi	Head, Structured Solutions	Deputy General Manager
19	Olawale Yinusa	Group Head, Central Processing Centre	Deputy General Manager
20	Temitayo Adegoke	Chief Legal Counsel and Company Secretary	Deputy General Manager
21	Abiodun Odutola	Unit Head, Downstream	Assistant General Manager
22	Adewunmi Faiga	Chief Information Security Officer	Assistant General Manager
23	Adewunmi Oluremi	Group Head, Learning and Development	Assistant General Manager
24	Akporee Idenedo	Regional Business Executive (CB) - Lagos Mainland	Assistant General Manager
25	Dare Alaiya	Head, Contract and Transactions	Assistant General Manager
26	Ebenezer Ahisu	Chief Information Officer	Assistant General Manager
27	Edward Onwubuya	Head, Intelligence and Investigation	Assistant General Manager
28	Fatai Tella	Chief Data Officer	Assistant General Manager
29	Ibidapo Martins	Chief Marketing Officer	Assistant General Manager
30	Ijeoma Adino	Retail Business Executive - Lagos Island	Assistant General Manager
31	Joseph Ikpo	Regional Business Executive (IB) - Mid-West	Assistant General Manager
33	Kehinde Dada	Group Head, Portfolio Management And Risk Analytics	Assistant General Manager
34	Ojiugo Emeruem	Group Head, Customer Experience	Assistant General Manager
35	Olugbenga Awe	Group Head, Agric Finance and Solid Minerals - SAF	Assistant General Manager
36	Olumuyiwa Ogunsanya	Group Head, Emerging Corporates	Assistant General Manager
37	Olushola Obikanye	Group Head, Agric Finance and Solid Minerals	Assistant General Manager
38	Olutoye Ambekemo	Head, Risk Strategy & Enterprise Risk Management	Assistant General Manager
39	Omolua Aikpokpo	Group Head, Treasury	Assistant General Manager
40	Taiwo Adewunmi-Oni	Group Head, Trade Services	Assistant General Manager
41	Ubong Isong	Retail Business Executive - FCT	Assistant General Manager

287

Branch Network

S/N	BRANCHES	STATE	ADDRESS
1	HEAD OFFICE	Lagos	20, MARINA LAGOS
ABUJA			
2	Area 3	Abuja	450, Mamman Kontagora Close Area 3 Garki
3	Sterling Boulevard	Abuja	Plot 1083 Muhammad Buhari Way, CBD, Abuja
4	Wuye Service Centre	Abuja	Plot 1135, Gidado Idris Strt, Eternal Oil Filling Station, Finance Junction, Wuye
5	Seda Close	Abuja	17, Sheda Close Area 8 Garki
6	National Assembly (NASS)	Abuja	Sb 67 National Assembly Complex
7	Conoil Utako	Abuja	Conoil Station, Utako, Abuja.

LAGOS ISLAND 1			
8	Idumota	Lagos	99, Enu -owa Street ,idumota Lagos
9	Igbosere	Lagos	198, Igbosere Road, Obalende, Lagos Island
10	Oke-Arin 1	Lagos	37b, John Street, Oke Arin
11	Idumagbo	Lagos	106, Iga-iduganran Street
12	Sura	Lagos	Blk 11 Suite 3 Sura Shopping Complex
13	Oke-Arin 2	Lagos	4, Issa Williams Street, Oke Arin, Lagos State

LAGOS ISLAND 2			
14	Adetokunbo Ademola 1	Lagos	30, Adetokunbo Ademola Street V/Island
15	Ikoyi 1	Lagos	228,awolowo Rd Ikoyi Lagos
16	Lekki	Lagos	Agungi Bus Stop Bakky Plaza Lekki
17	Ikota	Lagos	Shop 14/15 Blk F Ikota Shopping Complex Ajah
18	Ikoyi 2	Lagos	114, Awolowo Road, Ikoyi, Lagos
19	Adeola Odeku	Lagos	Plot 300 Adeola Odeku Street, V/Island Lagos
20	Langbasa Service Centre	Lagos	26, Langbasa Road, Ajah
21	Awoyaya Service Centre	Lagos	Awoyaya Beside Gommek Petrol Station, Awoyaya, Ajah

LAGOS MAINLAND 1			
22	Tin-Can	Lagos	10, Tincan Island Port Rd, Apapa Lagos
23	Lasu	Lagos	LASU Ojo, Lagos
24	Berger	Lagos	250, Kirikiri Rd Apapa Lagos
25	Creek Road	Lagos	26b Creek Rd Apapa Lagos
26	Conoil Cash Centre	Lagos	Mike Adenuga Building, Wharf Road, Apapa
27	Ibru Jetty	Lagos	31, Ikudaisi Str Apapa Oshodi Exp Way Lagos
28	Festac	Lagos	21 Road, Festac, Lagos.
29	Trade Fair	Lagos	57BBA, Private Plaza, Balogun Business Association, Trade Fair Complex
30	Alaba 1	Lagos	50/51, Alaba International Market Road, Alaba
31	Ajegunle	Lagos	66, Mobil Road, Ajegunle, Lagos
32	Coker	Lagos	29, Badagry Express Way Coker, Orile
33	Orile-Iganmu	Lagos	Orile Coker, 97, Baale Street, Coker, Orile

LAGOS MAINLAND 2			
34	Aromire	Lagos	9, Aromire Avenue, Ikeja
35	Ilupeju	Lagos	Akintola Williams Delloite Building, 235 Ikorodu Road
36	Adebola House	Lagos	38, Opebi Road, Ikeja
37	68 Opebi	Lagos	68, Opebi Street, Ikeja
38	Ogudu	Lagos	28,Ogudu Road, Ojota
39	Oworonsoki Service Centre	Lagos	10 Adams Street, Oworonsoki
40	Iju Road	Lagos	102, Iju Road, Ifako
41	Idimu	Lagos	294, Idimu Road, Isheri
42	Iyana-Ipaja	Lagos	109, Lagos Abeokuta Exp Way, Iyana-Ipaja
43	Shasha Road	Lagos	32, Shasha Road, Akowonjo
44	Ikotun	Lagos	18 Idimu-Ikotun Road, College B/Stop, Ikotun
45	Ogba	Lagos	38 Ijaiye Road, Ogba
46	Abule Egba	Lagos	585 Lagos-Abeokuta Expressway, Abule-Egba
47	Medical Road	Lagos	13, Medical Road, Computer Village, Ikeja



S/N	BRANCHES	STATE	ADDRESS
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LAGOS MAINLAND 4

48	Ojuwoye Service Centre	Lagos	9, Dada Iyalode Str Ojuwoye, Mushin
49	Adeniran Ogunsanya	Lagos	74, Adeniran Ogunsanya, Surulere
50	Willoughby	Lagos	28, Willoughby Street, Ebute Metta
51	Iddo	Lagos	Railway Terminus, Ebute Metta
52	Ogunlana Drive	Lagos	141, Ogunlana Drive, Surulere
53	Herbert Macaulay	Lagos	260/262 Herbert Macaulay Way, Yaba
54	Airport Road	Lagos	Airport Road, Ikeja
55	Daleko	Lagos	Plot 8, BLK E Daleko Market, Isolo Express Way
56	Matori	Lagos	26, Fatai Atere Way, Matori Industrial Estate
57	Matori Service Centre	Lagos	1/5 Jimade Close, Matori Market
58	Ire-Akari	Lagos	68, Ire-Akari Estate, Isolo
59	Okota Road	Lagos	101 Okota Road Isolo
60	Itire	Lagos	Itire Road By Iyana-Itire Bus Stop, Off Apapa-Oshodi
61	Oshodi	Lagos	Oyetayo Street, Oshodi Local Govt, Oshodi

NORTH CENTRAL

62	Makurdi	Benue	7, New Bridge Street, Makurdi
63	Ali Akilu	Kaduna	9, Ali Akilu Road, Kaduna
64	Kachia Road	Kaduna	236, Kachia Road, Kaduna
65	Zaria	Kaduna	1, River Road, Sabon-Gari, Kaduna
66	Kaduna Refinery	Kaduna	KM16, Kachia Road, Krpc Staff Co-operative Commercial Plaza, Kaduna
67	Kagoro	Kaduna	Along Kagoro Road, Kaduna
68	Lokoja	Kogi	64 Ibrahim Babangida Way, Lokoja
69	Minna	Niger	Federal Mortgage Bank Building, Bosso Road

NORTH EAST

70	Jimeta	Adamawa	28, Atiku Abubakar Way, Beside Sabru House, Jimeta
71	Bauchi	Bauchi	Yakubun Bauchi Road, Beside CBN, Bauchi
72	Maiduguri	Borno	39 Kashim Ibrahim Way, Maiduguri
73	Gombe	Gombe	New Market Road, Gombe
74	Terminus House	Plateau	Terminus House, 1, Ahmadu Bello Way, Jos
75	Jingiri Road	Plateau	13, Jingiri Road, Opp. Leventis Motors Jos
76	Jalingo	Taraba	26, Hammaruwa Way, Old Legacy Finbank branch, Jalingo
77	Damaturu	Yobe	5, Ahmadu Bello Way, Potiskum Road, Damaturu

NORTH WEST

78	Dutse	Jigawa	Kiyawa Road Opp Oando Filling Station Dutse, Jigawa
79	MM Way	Kano	110, Murtala Mohammed Way, Kano
80	Zaria Road	Kano	No 42, Zaria Road By Zoo Road Roundabout (Maitanguran House), Kano
81	Kwari Market	Kano	20, Unity Road (Kwari Market), Kano
82	Niger Street	Kano	2B, Niger Street, (Gidan Goldie), Kano
83	Kofar Ruwa	Kano	Aminu Dantata Estate, Kofar Ruwa, Kano
84	Bayero University	Kano	BUK New Campus, Kano
85	Katsina	Katsina	3, IBB Way Katsina
86	Kebbi	Kebbi	31 Sultan Abubakar Road, GRA
87	Sokoto	Sokoto	14 Kano Road Sokoto
88	Gusau	Zamfara	Zaria Road, Gusau

SOUTH EAST 1

89	Eziukwu Road	Abia	Plot 3, Eziukwu Road, Aba
90	Ariaria	Abia	A-Line, Ariaria International Market, Ariaria
91	Azikiwe Road	Abia	127 Nnamdi Azikwe Road, Aba
92	Ekeoha Cash Centre	Abia	Nos. KG 18,19, 20 & 21(UP) Ekeoha Shopping Centre, Aba
93	Eziukwu Mrkt. Service Centre	Abia	New Market Road, Eziukwu Cemetery Market, Aba
94	Library Avenue	Abia	2, Library Avenue, Opposite Michela Okpara Auditorium, Umuahia
95	Oron Road	Akwa-Ibom	52, Oron Road, Uyo
96	Uuth	Akwa-Ibom	University Of Uyo Teaching Hospital (UUTH)

S/N	BRANCHES	STATE	ADDRESS
SOUTH EAST 1			
97	Abak Road	Enugu	Plot 16, Block 1, Abak Road Est. Uyo
98	Clement Ebri	Anambra	1, Clement Ebri Drive, State Housing Estate, Calabar
99	Calabar FTZ	Anambra	Calabar Free Trade Zone
100	Whetheral Rd. (Old Douglas)	Enugu	Plot 24, Ikenegbu Layout, Wetheral Road, Owerri
101	Douglas Road	Anambra	71, Douglas Road, Owerri
102	Naze	Anambra	Naze Timber Market (Cash Centre)
SOUTH EAST 2			
103	Port Harcourt Road	Anambra	34, Port Harcourt Road, Fegge, Onitsha
104	Zik Avenue	Anambra	140, Zik Avenue, Awka
105	Uga Bridge Head Onitsha	Anambra	45 Uga Street, Fegge Bridgehead, Onitsha
106	Nottidge	Anambra	23 Nottidge Street, Onitsha
107	Market Road	Enugu	2A, Market Road, Enugu
108	Okpara Avenue	Enugu	Plot 23 (48), Okpara Avenue, Enugu
SOUTH SOUTH 1			
109	Warri	Delta	75, Warri/Sapele Road, Warri
110	Asaba 1	Delta	180, Nnebisi Road, Asaba
111	Odibo	Delta	Effurun Sapele Road Opp Urhobo College, Odibo Housing Estate
112	Asaba 2	Delta	290 Nnebisi Road, Asaba
113	Adesuwa Road	Edo	5, Adesuwa Street, Benin City
114	Sapele Road	Edo	56/58 Sapele Road, Benin City
115	Ikpoba Hill	Edo	40B, Ohovbe Qtrs., Ikpoba Hill, Benin City
116	Okada	Edo	Igbinedion University, Okada
117	Akpakpava	Edo	38, Akpakpava Street, Benin City
SOUTH SOUTH 2			
118	Mbiama Road	Bayelsa	268 Mbiama/Yenagoa Road, Yenagoa
119	Melford Okilo Road	Bayelsa	252 Melford Okilo Road, Amarata, Yenagoa
120	Yenagoa 3	Bayelsa	Sani Abacha Way, Yenagoa
121	13 Trans Amadi	Rivers	Plot 13, Transamadi, Ind Layout Port Harcourt
122	Olu Obasanjo	Rivers	4, Olu Obasanjo Road, Port Harcourt
123	Woji Road	Rivers	142, Woji Road, GRA 2, Port Harcourt
124	UPTH	Rivers	UPTH Permanent Site, Port Harcourt (Saturday Banking)
125	204 Aba Road	Rivers	204 Kalagbor Street, Rumuola, Port Harcourt
126	87 Rumuola	Rivers	87, Rumuola Road, Rumuokara Port Harcourt
127	Ogbunabali	Rivers	2A, Aguma Street, Port Harcourt
128	Aggrey Road	Rivers	14, Aggrey Road, Port Harcourt
129	Rumuibekwet	Rivers	Plot 6 And 7, (420), Aba Road, Rumuibekwe, Port Harcourt
IKORODU & BEYOND			
130	Ikorodu	Lagos	43, Lagos-Ikorodu Road
131	Ketu	Lagos	548, Ikorodu Road, Ketu, Lagos
132	Owode Onirin Service Centre	Lagos	Owode Onirin Iron Market
133	Akute	Lagos	22, Ogunlowo Street, Ajuwon. Akute-Alagbole
134	Igbogbo	Lagos	27, Obafemi Awolowo Way, Igbogbo
135	Abeokuta	Ogun	Abeokuta Sport Club Road, Opic Roundabout, Oke-Ilewo, Abeokuta (B/W Big Treat & Sweet Sensation)
136	Ijebu-Ode	Ogun	39 Ibadan Road, Ijebu-Ode
137	Shagamu	Ogun	Along Akarigbo Road, Shagamu
138	Ota	Ogun	64, Idiroko Road Ota
139	Magboro	Ogun	Former Fielding Arena, Beside Peace Estate Gate, Magboro
140	Mosinmi Service Centre	Ogun	NNPC Depot, Mosinmi Along Shagamu Road
141	Ijoko	Ogun	KM4, Ijoko Road, Cele Bus-stop, Ijoko, Sango-Otta
142	Ogijo	Ogun	1 Bishop Close, Ogijo, Lagos-Shagamu



S/N	BRANCHES	STATE	ADDRESS
SOUTH WEST 1			
143	Iwo Road	Oyo	49A, Iwo Road, Ibadan
144	Dugbe	Oyo	3, Obafemi Awolowo Way, Dugbe
145	Apata	Oyo	529, Old Abeokuta Road, Apata Gangan-Ibadan
146	Ring Road	Oyo	97 Lagos Road Challenge, Ibadan
147	Secretariat	Oyo	Oyo State Govt. Secretariat Complex, Ibadan
148	Oke-Ado	Oyo	2, Ososami Road, Oke-Ado, Ibadan
SOUTH WEST 2			
149	Ado Ekiti	Ekiti	Bank Road, By New Iyin Road, Ado Ekiti
150	Ikere Ekiti	Ekiti	Ikere Ekiti College of Education
151	MM Way	Kwara	11, Muritala Mohammed Way, Ilorin
152	Ibrahim Taiwo	Kwara	Plot 240, Ibrahim Taiwo Road, Ilorin
153	Ore	Ondo	82, Ondo Road, Ore
154	Akure	Ondo	142, Oba Oyemekun Road, Akure
155	Oshogbo	Osun	KM3 Ibadan Gbongan Road, Oshogbo
156	Bowen University	Osun	Bowen University, Iwo



Detachable Forms





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@paceregistrars.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: _____

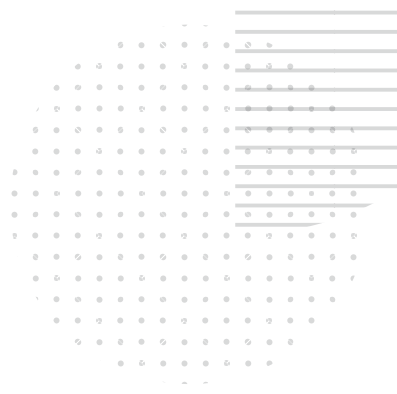
E-mail: _____

Mobile Phone No: _____

Shareholder's Signature

(1) _____

(2) _____



E-bonus/Offer/ Right Form

To:

The Registrar:
Pace Registrars Limited
8th Floor, Knight Frank Building
24, Campbell Street, Lagos.
Tel: 01-2806987-8, 2805538
info@paceregistrars.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 Shareholders)

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

To:

The Registrar:
Pace Registrars Limited
8th Floor, Knight Frank Building
24, Campbell Street, Lagos.
Tel: 01-2806987-8, 2805538
info@paceregistrars.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 signatures: (1) _____ (2) _____

NB: Corporate Seal/Stamp required for (Corporate Shareholders)

Authorised Signature and Stamp of Banker's:



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 _____

E-mail Address _____

Mobile Phone No.: _____

Shareholder's Signature OR Thumbprint _____

CSCS INFORMATION

I/We hereby request that subsequently all my/our dividends due or which may become due in my/our holding in Sterling Bank Ltd indicated below to transfer to CSCS electronically:

CLEARING HOUSE NUMBER:

C									
---	--	--	--	--	--	--	--	--	--

NAME OF STOCKBROKERS

--

Joint holders

(1) _____ (2) _____

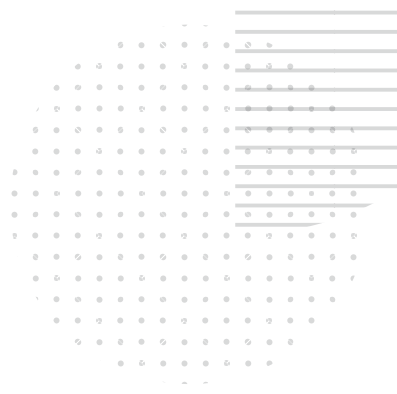
If Corporate

Authorised signatures: (1) _____ (2) _____

NB: Corporate Seal/stamp required for (corporate Shareholder)

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



Proxy Form

61st Annual General Meeting

I/WE, _____

being a member/members of Sterling Bank Plc hereby appoint _____

of _____ or failing him Mr. Asue Ighodalo or failing him Mr. Abubakar Suleiman as my/our proxy, to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at The Wheatbaker, 4, Onitolo Road, Ikoyi, Lagos on Wednesday, the 31st day of May 2023 at 10.00 a.m. or at any adjournment thereof.

Dated this _____ day of _____ 2023

Shareholder's Signature _____

S/N	ORDINARY BUSINESS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the year ended 31st December 2022, together with the reports of the Directors, Auditors and the Audit Committee thereon		
2.	To declare a Dividend		
3.	To elect/re-elect Directors		
	(a) To elect Mr. Manish Singhal as a Non-Executive Director		
	(b) To re-elect Asue Ighodalo, a Non-Executive Director retiring by rotation		
	(c) To re-elect Mr. Olaitan Kajero, a Non-Executive Director retiring by rotation		
4.	To authorize the Directors to fix the remuneration of the Auditors for the 2023 financial year		
5.	To disclose the remuneration of Managers of the Company		

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.

NOTE:

- 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/its stead. A proxy need not be a member of the Company.
- To be valid, a completed proxy form must be deposited at the office of the Company Secretary, Sterling Bank Plc, 10th Floor, Sterling Towers, 20, Marina, Lagos not less than 48 hours before the time fixed for the meeting.
- For the appointment of a proxy to be valid for the purposes of the meeting, the Company has made arrangements, at its cost, for the stamping of the instruments of proxy.

Before posting this form, please tear off and retain this part

STERLING BANK PLC
61st Annual General Meeting

Please admit the Shareholder named on this card or his duly appointed proxy to the Annual General Meeting of the Company to be held at The Wheatbaker, 4, Onitolo Road, Ikoyi, Lagos on Wednesday, the 31st day of May 2023 at 10.00 a.m.

Name of Shareholder/Proxy

Address

Signature

****This admission card must be produced by the Shareholder/Proxy to obtain access to the Annual General Meeting**



sterling.ng



 **1132**

 **2902**

 **4590**

 **3570**

 **2272**

