Sterling
Financial Holdings Company

2023 ANNUAL REPORT

& FINANCIAL STATEMENTS

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Temitayo Adegoke
Company Secretary

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 1st Annual General Meeting of Sterling Financial Holdings Company Plc (the "Company") will be held virtually via **sterlingholdco.ng/agm**; on **Monday, 24th June 2024** at **10:00** am to transact the following businesses:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31st December 2023, the reports of the Directors and the Statutory Audit Committee thereon.
2. To elect/re-elect Directors
   (i) **Mr. Adeyemi Adeola**
   (ii) **Mr. Abubakar Suleiman**
   (iii) **Ms. Aisha Bashir**
   (iv) **Ms. Eniye Ambakederemo**
   (v) **Mr. Shola Adekoya**
3. To appoint Deloitte & Touche as External Auditors of the Company
4. To authorize the Directors to fix the remuneration of the Auditors
5. To disclose the remuneration of Managers of the Company under Sections 238 and 257 of the Companies and Allied Matters Act 2020
6. To elect the Shareholders representatives of the Statutory Audit Committee

SPECIAL BUSINESS

To consider and if thought fit, pass the following resolution as an ordinary resolution:

7. That the Annual Directors' Fees for the year ending 31st December 2024 be fixed at N157, 178,000 (One Hundred and Fifty-Seven Million, One Hundred and Seventy-Eight Thousand Naira) until reviewed by the members at an Annual General Meeting.
8. **To consider and if thought fit, pass the following sub-joined resolutions as ordinary resolutions:**

i. That the Company be and is hereby authorized to raise additional capital of up to **N200,000,000,000 (Two Hundred Billion Naira)** through the issuance of shares in the Nigerian capital market by way of rights issues, private placements, public offerings, private and/or other transaction modes, at a price(s), coupon or interest rates determined through book building or any other acceptable valuation method or combination of methods, in such tranches, series or proportions, within such maturity periods and at such dates and upon such terms and conditions as may be determined by the Board of Directors of the Company, subject to obtaining the requisite approvals of the relevant regulatory authorities;

ii. In furtherance of the above, the Directors be and are hereby unconditionally authorized pursuant to sections 127(1) and 149(l)(a) of the Companies and Allied Matters Act 2020 as amended by the Business Facilitation Act 2022 to increase the share capital of the Company by the allotment of up to **40,000,000,000 (Forty Billion)** shares of 50 Kobo each ranking pari-passu with the existing ordinary shares of the Company at any time or times during the period of 2 (two) years from the date hereof;

iii. That in the event of a Rights Issue, any shares not taken up by existing shareholders within the period stipulated under the Rights issue may be offered for sale to other interested existing shareholders and where following such offer, any portion of the shares, remain unsubscribed, the Directors are hereby authorized to offer such shares to interested investors on similar terms to the Right Issue or offer for subscription.

iv. That the Directors be and are hereby authorized to appoint such professional parties and advisers and perform all other acts as may be necessary to give effect to the above resolutions, including obtaining relevant regulatory approvals and without limitation complying with the directives of any relevant regulatory authority.

v. That the Company Secretary be and is hereby authorized to register any increase(s) in share capital with the Corporate Affairs Commission in such incremental proportions or tranches as the Board of Directors in its absolute discretion may deem necessary or desirable; and the Board of Directors is hereby authorised to issue on behalf of shareholders; such resolutions as may be required by the Corporate Affairs Commission.

To consider and if thought fit, pass the following resolution as a special resolution:

9. That the Memorandum and Articles of Association (Memart) of the Company be amended to reflect the Company's new share capital after the capital raising exercise in the resolutions above; and

10. That the Board of Directors be and is hereby authorized to file the amended Memart at the Corporate Affairs Commission (CAC).

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 their 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 Registrar, Pace Registrars Limited, Akuro House (8th floor), 24 Campbell Street, Lagos not less than 48 hours before the time of the meeting. A blank proxy form is attached to this Notice.

2. Stamping of Proxy

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

3. E-Annual Report

The electronic version of the Annual Report is available at www.sterling.ng. Shareholders who have provided their email details to the Registrar will receive the electronic version of the Annual Report via email.

4. Questions from Shareholders

Shareholders reserve the right to ask questions not only at the meeting but also in writing before the meeting on any item contained in the Annual Report and Financial Statements. Please send questions, comments, or observations to ***investor.relations@sterling.ng*** no later than Monday, 10th June 2024.

5. Unclaimed Dividend and E-Dividend Mandate

Shareholders are requested to update their records and advise Pace Registrars Limited of their relevant bank accounts for the payment of their dividends. Detachable forms in respect of mandate for a-dividend payment, unclaimed dividend payment, and shareholder data updates are attached to the Annual Report for convenience. The forms can also be downloaded from Pace Registrars Limited's website at www.paceregistrars.com. The duly completed forms should be returned to Pace Registrars Limited, Akuro House (8th Floor), 24, Campbell Street, Lagos, or to the nearest Sterling Bank/Alternative Bank Branch.

The list of Unclaimed Dividends can be accessed by visiting **www.sterlingholdco.ng/claims**

6. Statutory Audit Committee

The Statutory Audit Committee consists of (3) three shareholders and 2 (two) Non-Executive Directors in accordance with Section 404 (6) of the Companies and Allied Matters Act 2020. Any member may nominate a shareholder as a member of the Statutory Audit Committee by giving notice in writing of such nomination by the Company Secretary at least 21 (twenty- one) days before the Annual General Meeting.

The Companies and Allied Matters Act 2020 and the Securities & Exchange Commission's Corporate Governance Guidelines provide that members of the Statutory Audit Committee should be financially literate and should be able to read financial statements. We therefore request that nominations should be accompanied by a copy of the nominee's curriculum vitae.

7. **Re-Election of Directors**

By the provisions of the Companies and Allied Matters Act, 2020 the following Directors of the Company are to retire from office at the 1st Annual General Meeting, Mr. Adeyemi Adeola, Mr. Abubakar Suleiman, Ms. Aisha Bashir, Ms. Eniye Ambakederemo and Mr. Shola Adekoya. The retiring Directors, being eligible, offer themselves for re-election. The profiles of the Directors are available in the Annual Report and on the Company's website at www.sterling.ng.

8. **Virtual Meeting link**

Further to the provisions of the Business Facilitation (Miscellaneous Provisions) Act which allows public companies to hold meetings electronically, this AGM would be held virtually. The virtual meeting link will be sent to shareholders electronically and will also be made available on the company's website at www.sterling.ng and on the Registrar's website at www.paceregistrars.com.

Dated 30th day of May 2024

BY ORDER OF THE BOARD

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

Performance Highlights

Financials N'billion

TOTAL ASSETS
2.5trn
36.2%
FROM FY 2022: N1.9 trillion

LOANS & ADVANCES
895.8bn
21.4%
FROM FY 2022: N737.7 billion

GROSS EARNINGS
221.8bn
26.6%
FROM FY 2022: N175.1billion

NET INTEREST INCOME
83.4bn
9.2%
FROM FY FY 2022: N76.4billion

INTEREST INCOME
156.1bn
21.5%
FROM FY 2022:N128.4b

CUSTOMERS DEPOSITS
1.8trn
38.8%
FROM FY 2022: N1.3 trillion

PROFIT BEFORE TAX
22.7bn
9.3%
FROM FY 2022: N20.8billion

PROFIT AFTER TAX
21.6bn
11.8%
FROM FY 2022: N19.3billion

NON INTEREST INCOME
65.7bn
40.6%
FROM FY 2022: N46.7billion

EARNINGS PER SHARE
75 Kobo
11.9%
FROM FY 2022: 67Kobo

Sterling Bank Ltd. | Channels

27,191	580	>4.2M	160	4.7M	3,487
POS	ATM	USSD USERS	BRANCHES	CUSTOMERS	PROFESSIONAL STAFF

The Alternative Bank Ltd. | Channels

268	>301k	9	368k	381
POS	USSD USERS	BRANCHES	CUSTOMERS	PROFESSIONAL STAFF

Ratings

Moody's	GCR	DataPro
Caa1 and B3	BBB and A3	BBB+ and A2

Our Business Model

Our Heritage

2006-2010 | The Birthing Process

2006

- Magnum Trust Bank
- NAL Bank Plc
- Trust Bank of Africa Ltd.
- Indo-Nigerian Merchant Bank
- NMB Bank Ltd.

We navigated through these years to:

- Establish a foothold to gain market share
- Integrate our people following the M&A
- Create a distinct brand identity
- Develop sustainable solutions, repositioning us as a key competitor
- Beef up capital to enable us achieve better scale
- Grow our retail footprint by investing in technology and service channel network growth
- Adopt social media to deepen customer interaction
- Grow our customer base

BRAND

- Low Branch Network
- Weak Customer Base
- Low Brand Visibility
- Deposit Book Concentration
- Low Capital Base

Improve our technology capability

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

Fund deposit book predominantly from the retail segment

Build a knowledge driven organization

Our Heritage

2011-2023 | 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).

2023
- Completed our restructuring into a financial holding company
- Launched The Alternative Bank Ltd
- Awarded Company Leadership Gender Diversity Award by IFC (International Finance Corporation) & NGX (Nigerian Exchange Group)
- Awarded Most Innovative Bank (Sterling Bank) by Business Day
- Attained the IFC EDGE Advance certification, certifying Sterling Towers as a green building.

WE BELIEVE THAT THE KEY OBJECTIVES OF FINANCIAL INSTITUTIONS IN NIGERIA WILL CENTRE ON:

1 Efficient Liquidity Management

2 Cost Efficiency

3 Excellent service delivery

4 Asset protection in order to sustain optimal returns on capital.

While...

Keeping abreast of global trends

Tracking competition and regulation

Leveraging technology to enable and harness opportunities

Our Purpose
"Enriching Lives"

We support and collaborate to improve the lives of the people in communities where we do business

For our employees, we strive to build an organization that motivates and inspires all to achieve their full potential

To our customers, we place a premium on value enhancement in our relationships

With our partners and vendors we prioritize long term relationships and offer fair terms in our dealings

For our shareholders we compete to be the best without compromising the future

Our Vision

"To be the financial institution of choice"

We intend 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

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

I Integrity
- Commitment, dependability, reliability and confidentiality geared towards winning the customers' implicit trust

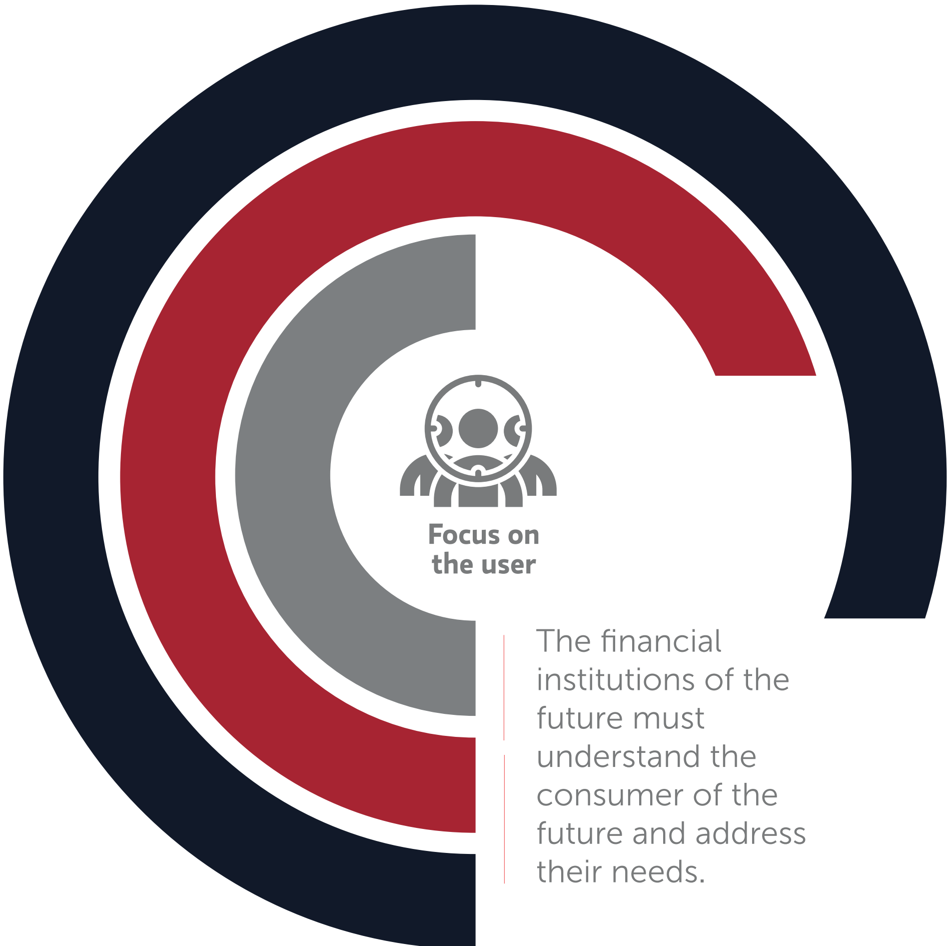
T Teamwork
- "The success of one is the success of all"
- Seamless interface of all parts of the business

E Excellence
- Commitment to excellence in all our engagements

Our Strategy

- 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

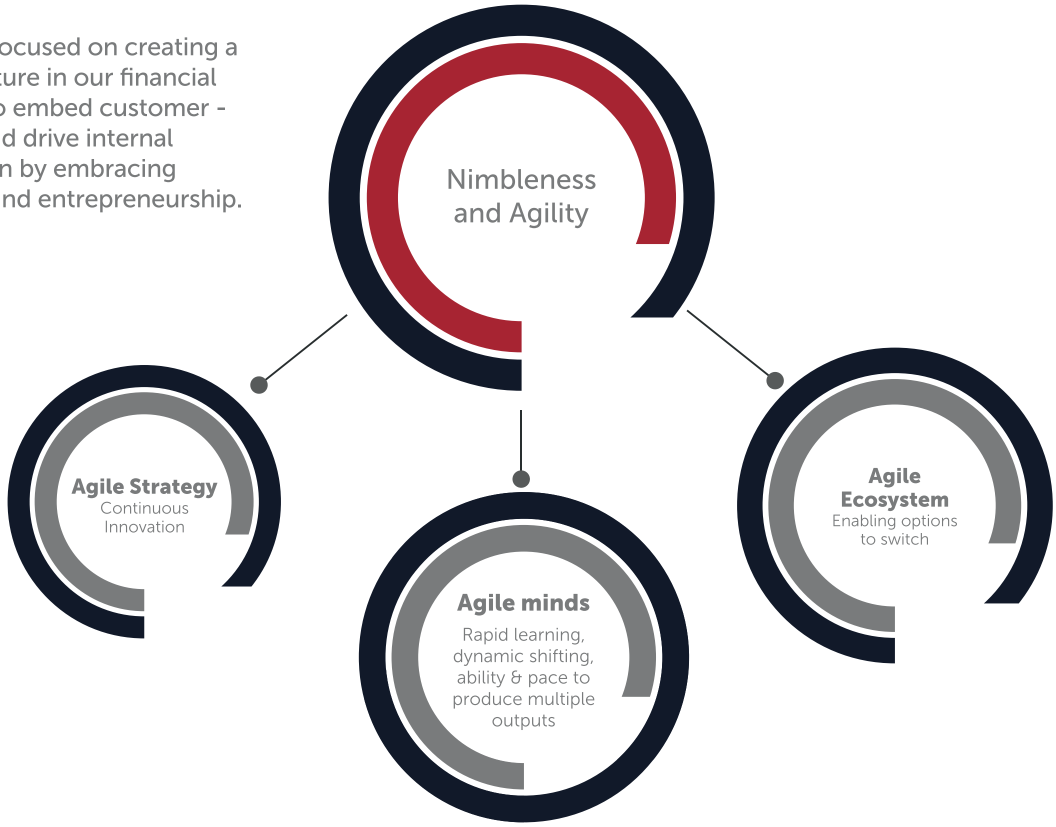


The financial institutions of the future must understand the consumer of the future and address their needs.

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 our financial institution to embed customer - centricity and drive internal collaboration by embracing innovation and entrepreneurship.



How we will create and grow value

Extracting natural synergies among business groups

- Leveraging synergies and cross-selling opportunities
- Forging deeper relationships with customers
- Building customer networks accross businesses

Targeting high-growth market and segment

- Acquiring new customers along defined segments
- Using digital revolution to transform banking in Nigeria

Efficiency for profitable and sustainable growth

- Driving focus in specific sectors including Health, Education, Agribusiness, Renewable Energy and Transportation
- Exploiting resources for value realization and enhanced operating efficiency

Our Roadmap

1. Focus on sustainable business lines

Building a stable funding base and lending securely

Retail Banking: “Growing with Nigeria”

Retail banking provides a sustainable business model for our ambitions.

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

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

...and marketing communications to make us "the brand" to associate with.

Corporate/Institutional Banking:

“The next frontier”

We are building our internal processes and capital to enable us play aggressively in this space efficiently.

Through educating our people, we are building a knowledgeable institution...

...able to cater to the complex financial needs of the next frontier in Nigeria's financial market development.

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

Our Roadmap

2. Engage Our Community

A wealthy community produces a wealthy financial institution. 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

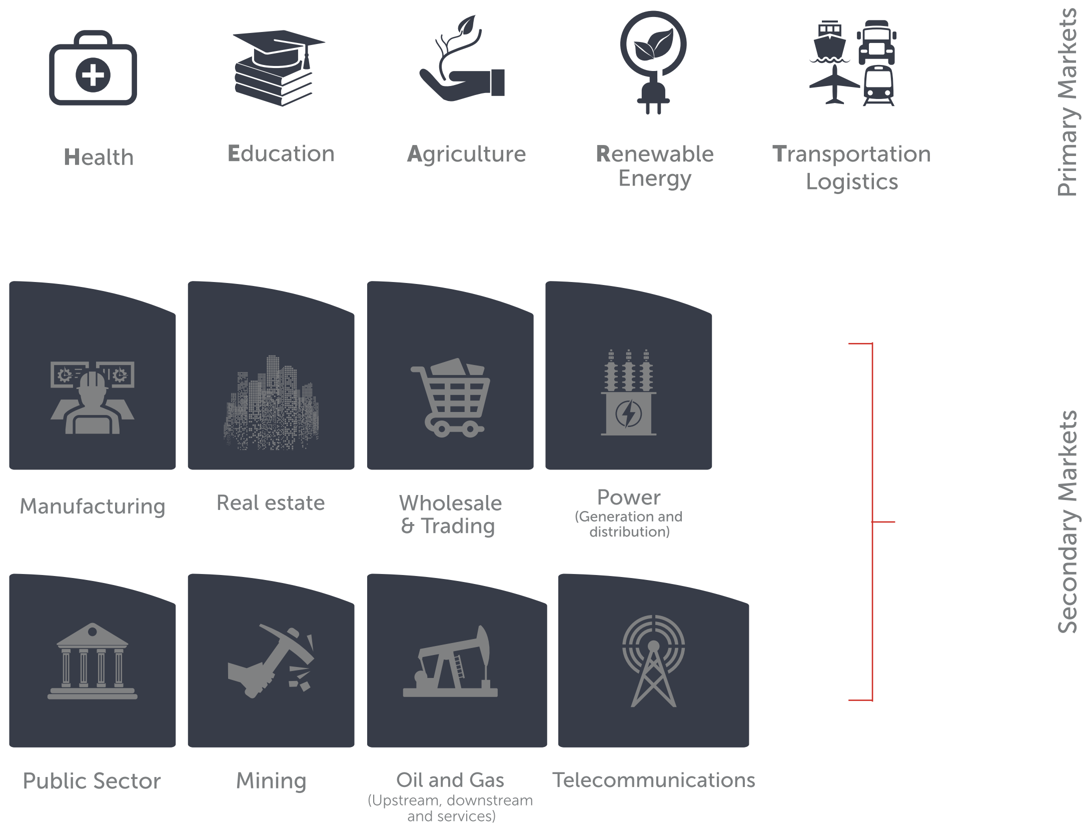
3. Build Leadership From Within

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.

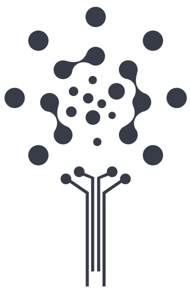
For this reason, we have designed an internal leadership programme that enables the best in the industry compete to lead and own the Bank. This allows our culture pervade and outlive the current owners and managers of the bank.

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

The HEART Strategy

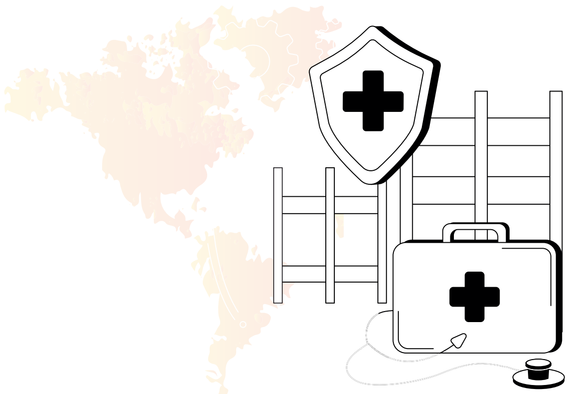
> Critical shortage of medical personnel dues to emigration, inadequate infrastructure, and limited health education.

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

Despite our numerous efforts in the health space, we still face challenges in the sector, including a critical shortage of medical personnel due to emigration, inadequate infrastructure, and limited health education. These factors ultimately lead to poor health outcomes as a nation. Our focus is on strengthening the healthcare sector to ensure sustainable, affordable, quality, and accessible healthcare delivery for all Nigerians.

In the last year, we have:

- Financed and partnered with over 150 healthcare facilities nationwide to deliver quality and first-level healthcare to citizens..
- Digitized revenue collection process across 10 facilities in Bayelsa State, Lagos and Ekiti to improve revenue collection.
- Launched a Pharmaceutical Supply Management Solution in Bayelsa State and Cross River, implemented in over 150 primary healthcare facilities, ensuring a constant supply of authentic medications.
- Launched the Ilera Eko Virtual Booth project at the Lagos State Health Insurance Summit to deepen healthcare access across the state's 20 LGSs and 37 LCDAs.

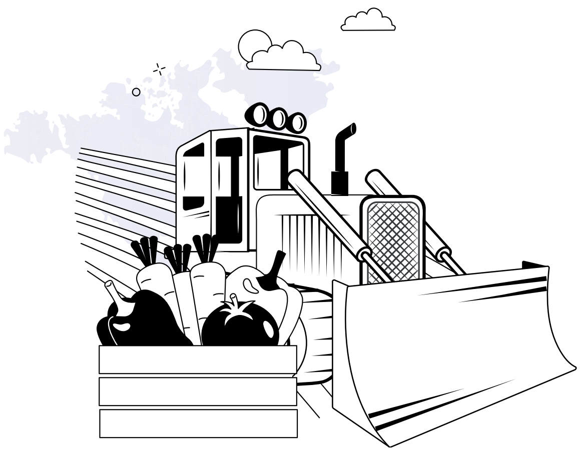
Education

Education shapes individuals, fostering skills and character that contribute to nation-building.

In the last year, we have:

- Partnered with the Lagos Chamber of Commerce and Industry (LCCI) for its 7th edition of the essay competition & prize-giving ceremony.
- Enabled over Ninety (90) employees to get a 40% discount for the Nexford MBA programme in 2023.
- Financed school fees for over 2,200 students across different levels of education.
- Partnered with the ICT Centre for Oxford Manor College, Abuja, to deepen access to technology skills with 500 students.
- Financed the training of 800 software developers in partnership with Decagon; financed over 1,300 schools and educators to improve the quality of education delivery.

Agriculture

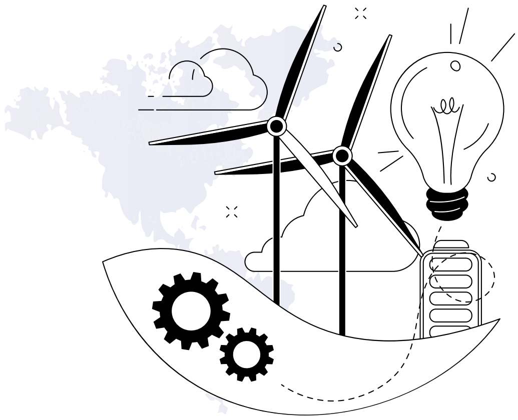


The potential of Nigeria's agricultural sector is irrefutable, and our partnerships and investments are fueling this exciting growth. We're actively working towards food security and sustainability by providing farmers with critical resources like credit, inputs, and expert advice. We also recognized the need to create and promote financial solutions or products that do not just focus on crops or seeds but target the mechanization of agriculture within the country.

In the last year, we have:

- Disbursed about N7.9 billion under the Sterling Women and Youths in Agric Finance (SWAY-AgFin) program, where over 20,200 smallholder farmers, SME businesses and 300,000 individuals have benefited from the program across 25 states, including the Federal Capital Territory (FCT).
- Disbursed over N1.7 billion through SABEX, a digital commodity trading platform and warehouse receipt financing platform.
- Organized the sixth Agriculture Summit Africa 2023 and an Agro-pitch edition to empower agricultural innovation, entrepreneurship, and agribusiness development. The edition provided access to 746 agribusinesses, of whom 21% were women.

Renewable Energy



We are committed to ushering in an era of cleaner energy sources while expanding access to renewable energy for over 200 million Nigerians by offering more sustainable modes of power.

In the last year, we have:

- Completed the 995KWp/2.18MWh BIPV solarization of the Sterling Towers.
- Partnered with Havenhill Synergy to develop a 1MW solar PV plant at Ado Bayero Mall, Kano State and Farm Milk at Oyo State.
- Got IFC EDGE certification for Sterling Towers and Green Bay Estate.
- Surpassed the N10billion threshold on financing for renewable energy transactions.
- Provided transaction advisory service for the 25.2KWp/90KWh solarization of Noor Takaful Head Office.

Transportation

Our focus is on driving the nation's economic engine by building a robust and efficient transportation system sustainably.

In the last year, we have:

- aunched and pioneered Nigeria's first commercial electric vehicle (EV) charging station under “Qoray.” With Qoray, we became the first EV company in Nigeria to manufacture 120 e-tricycles and multiple battery swap cabinets, facilitated the local conversion of ICE vehicles to electric and upgraded the Adeola Odeku EV Charging Station to AC fast chargers.
- Partnered with Enugu State to supply 100 EV sedans for ride-hailing.

Our People Journey: People Driven

Winning for and through our people in transformational moments

we must advance to solve the challenges of today while anticipating the problems our evolution will create in the future. A purpose driven organization must, by design, evolve with society. – Abubakar Suleiman.
In July 2023, Sterling as a Bank evolved, again, and got repurposed. Positively armed with an official license from the Central Bank of Nigeria to become a Holding Company, what used to be one organization became three before our very eyes with a possibility of becoming tens or maybe hundreds someday. What's our 'why', you may ask. In a dynamic environment like ours, we believe that our success depends on our ability to rethink our organization not just to deliver results, but to anticipate the future. There are commercial opportunities baked into the societal challenges we desire to solve. Rethinking and repurposing our organization stems from our desire to not only solve these problems, but to also deliver maximum returns to all stakeholders.

Here's where this ambitious aspiration gets very interesting for us. The Sterling people and culture drivers – The Human Capital and Corporate Services Division has remained committed by coming to work every day to find new ways to create a great place to work for our employees (people), thereby motivating them to give their best to creating a great place to bank for our customers (people), and ultimately Sterling Financial Holdings Company can become a great place to invest for all stakeholders (people). If you've been a follower of Sterling or paid even the slightest attention to us in past years, you will know that people are at the center of our strategy.

How well has our people strategy worked for us in past years? Four consecutive years of being named Best Workplace in Nigeria by the Great Place to Work Institute, soaring trust index and engagement scores, as well as increased profits amidst the macroeconomic challenges of the past year give us the assurance that we chose the right strategy.
With the repurposing of our business in 2023 came the need for us to power our people through our expanded businesses differently and sustainably. We are proud to say that we indeed innovatively widened our scope to anticipate, provide solutions to, and support the growing people needs across our three existing businesses.

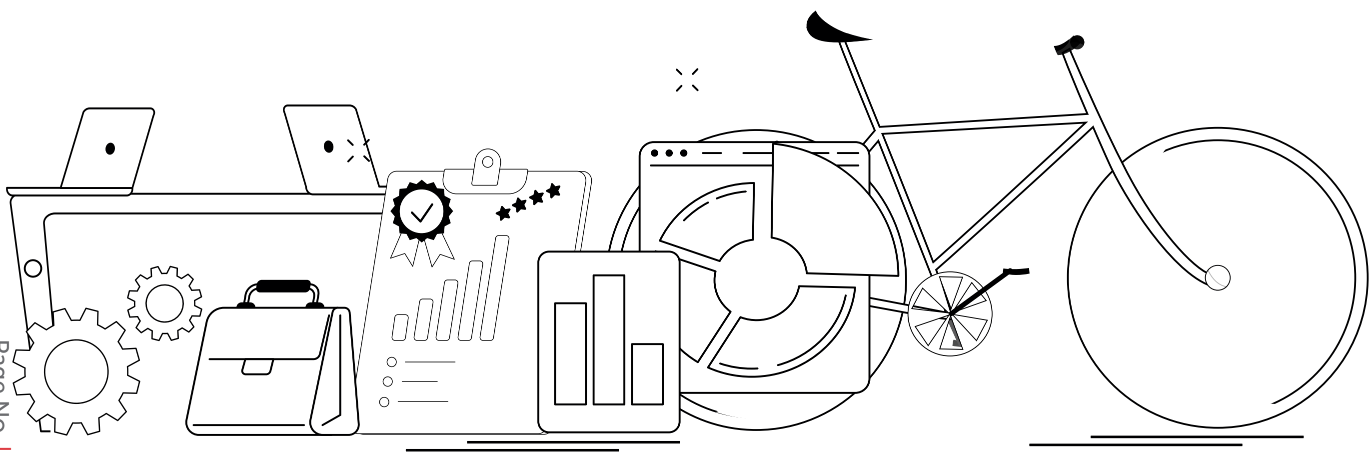
Here are the success stories of our people strategy journey in 2023:

Growing In Sterling

One new Group Chief Executive Officer, two new Non-Executive Directors, two new Executive Directors, new Group Level leaders, and countless leaders and associates advancing vertically, that's the number of existing Sterling talents who stepped into expanded roles the moment our business became bigger. This amongst many others is proof that we do not just pay lip service to our mandate of ensuring growth from within. When opportunities for growth arise in Sterling, our existing talents are our first point of focus. For us, it is a rewarding experience to see our talents across several levels thrive upward through our Internal Mobility Program, multiple promotion cycles, reward System, and other recognition schemes. We plan proactively and equip our talents for such expanded possibilities and once the time is right, we delightfully help them find their fit.

Sustaining Impact Through Meaningful Work

With growth comes welcomed challenges, increased responsibilities, and a chance to do more meaningful work. To match the enthusiasm of our employees to do and be more while maintaining a successful business, we adopted an interesting two-faced approach. One that ensures the exposure of employees to relevant skills through capacity building on the one hand while driving



optimum performance and accountability alongside. Sterling Academy, the overarching learning body of the enterprise went the extra mile to equip hundreds of leaders and associates with business specific trainings that are pertinent to our current and future realities. This includes trainings like the Islamic Finance Training to educate talents on the principles of our new Non-Interest Banking venture in partnership with SHAPE, multiple emerging leaders' trainings for people who experienced expanded opportunities, advanced Customer Experience trainings to keep everyone serving our customers uniquely, amongst many others, all in a bid to build word-class professionals who can mastermind and manage our growing influence as a business.

We also implemented performance enhancement tools like Checkify that provides talents with real time information on their performance, keeping both them and us on track with the value each single person brings to our vast business. Data proves that our productivity as an enterprise increased by a remarkable 7.1% thanks to our improved systems that empowered us to track, measure, identify loopholes faster, and act proactively to fill them.

Productivity Through Diversity & Inclusion

Thomas Berry said, 'the greater the diversity, the greater the perfection' and we couldn't agree more. We've seen firsthand how diverse perspectives give us an advantageous edge and we remain committed to building an inclusive environment where differences thrive – for our talents, for our customers, for our business, and for the society. We pay extra attention to ensure that our workplace aptly represents the diversity of the larger customer base we serve through our stellar initiatives like the Sterling Embrace Program that welcomed 10 new talents with different disabilities into our workforce, giving them the playing field to equitably live their best life and do their best work. We also have the Sterling Momship program, a best-in-class program that we newly introduced for working moms on a career break to gain their desired re-entry into an impactful workplace, which then leads us to the Sterling Tech Amazon Program which is all about increasing the representation of women into our ever-growing STEM functions across all three existing entities. We launched The Anchor, an ERG for men to learn how to contribute to the workplace by being effective allies and enablers of their female counterparts. All of these were in addition to our existing inclusion-smart programs, geared at sustaining an expanding but largely connected and thereby profitable workforce. Our efforts saw results because this was the year that for the first time, we won not one, but three awards along the lines of DEIB – Company Leadership Gender Diversity Award, Family-Friendly Workplace Excellence Award, and Gender Diversity in Supply Chains Award as awarded by the International Finance Corporation, a member of the World Bank Group.

Prioritizing Health, Wellness & A Wholesome Lifestyle

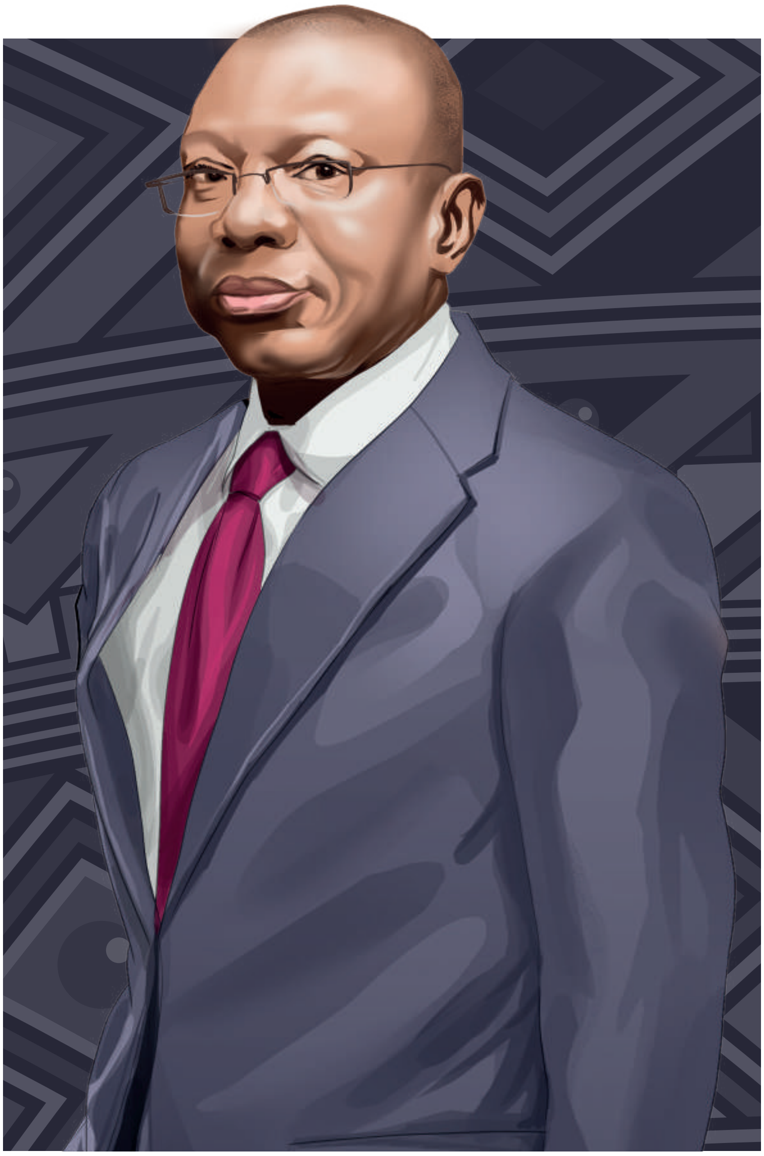
Like we mentioned earlier, an expanded business means expanded responsibilities which translates to increased inputs from employees. This placed a huge responsibility on us to introduce innovative ways to put the health and wellbeing of our talents first. Starting on a high note, we embarked on the first ever Sterling Health Walk, raising awareness about our commitment to empowering our talents to lead healthy lifestyles. This momentum was sustained by our engaging week-long Health Week and year-long campaign towards offering a paid day-off for employees to complete their annual medical checks.

We didn't stop there. As things got heated with the economy due to inflation and other macroeconomic elements, reasonably reviewing salaries upward across all grades and introducing salary advances were some ways we showed up for our talents to enable them sustain their quality of life.

What The Future Holds

From where we currently stand, there's only time to leap. In 2024 and beyond, we will continue to build a workplace that puts people first, that values freedom and respect, and that enriches people to live their best lives and do their best work. If the past year has taught us anything, it is that the power of engaged and motivated people can carry organizations through the most daunting transformations.

Who we are is because of our people and who we will become would be by and because of our people. In closing, we'll leave you with a rephrased version of the movie character Randall Pearson's quote which further fans to flame our motivation for putting people first, 'Choosing people over everything is the closest we can ever come to controlling our destiny. Because while everything else may change, people will remain and keep us going'.



Yemi Adeola
Group Chairman

Group Chairman's Statement

Dear esteemed shareholders and distinguished members of the Board of Directors, ladies and gentlemen,

It is with immense delight that I welcome you to the 1st Annual General Meeting of Sterling Financial Holdings Company Plc, and present to you the Annual Report and Financial Statements for the financial year ended December 31st, 2023.

I would like to express my gratitude for being honoured with the opportunity to serve as the first Chairman of the Company, particularly at this crucial time of our evolution into a full-fledged financial service holding company. Despite the challenging economic landscape and business environment, I am elated to announce that our financial performance for the year 2023 was a demonstration of our resilience and persistent pursuit of our vision of becoming Nigeria's preferred destination for investment capital whilst ensuring long-term value creation for our stakeholders.

The year 2023 was a turning point for us as an organization. We restructured our business into a holding company with two banking subsidiaries: Sterling Bank Ltd and The Alternative Bank Limited. I am optimistic that this expansion will be pivotal in charting a new course for us, bolstering our shareholder value, and positioning us as a more robust and dynamic player in the ever-evolving financial services industry. It is indeed noteworthy that the giant strides attained in the year would not have been possible without the continuous support of our customers, shareholders, and the incredible staff of the Sterling Group. On behalf of the Board, I sincerely thank you all for your efforts and commitment towards the success of our institution in the past year.

The Macroeconomic and Operating Environment

The global economy was faced with a myriad of challenges in 2023. The protracted geopolitical upheaval in Eastern Europe, the Israel-Hamas conflict, the United States banking sector turmoil in the first quarter of 2023, sluggish global trade performance, supply chain disruptions and the challenge of galloping inflation amidst high volatility in asset prices were responsible for shaping the global economic scene. Nonetheless, growth across major advanced economies demonstrated remarkable resilience. In all, the global economy in 2023 is estimated to have expanded at a slower pace of 3.1% relative to 3.50% growth recorded in 2022, while global inflation settled at 6.9%, a significant moderation from 8.7% recorded in 2022, according to the International Monetary Fund (IMF).

Global trade trended downwards as a result of sanctions arising from geopolitical tensions, a steep appreciation of the dollar amidst weak demand levels in China, and efforts by central banks to moderate skyrocketing inflationary pressures.

Consequently, the World Trade Organization revised its global trade growth forecast for 2023 to 0.8% from the previous 1.7%, a decline from the 2.7% recorded in 2022. In the same vein, the global purchasing managers' index (PMI) also declined to an average of 49.21 points from 53.95 points in 2022, an indication of slower manufacturing and industrial output.

On the domestic front, in 2023, there were major political and economic events which resulted in shocks that further exacerbated the already existing headwinds. We witnessed one of the most keenly contested elections in our democratic space, which produced a new President. Though the electioneering process was not free of glitches, gladly, expectations of post-election violence did not materialize. The economy continued to grapple with spiraling inflation despite elevated interest rates. Simultaneously, there was a steep decline in capital inflows, heightened insecurity, sluggish growth and a currency depreciation. Furthermore, the fiscal constraints continued to dampen investor confidence, widen income inequality, spur increased exodus of some of our brightest human resources, and increase the trust deficit in the government.

Nigeria's GDP recorded a positive but tepid growth in the year 2023 as the economy grew by 2.74%, a decline from the 3.1% of 2022 (NBS). The slow pace of growth stemmed from a myriad of events including the effects of the Naira redesign policy which resulted in a nationwide cash crunch, elevated consumer prices, and tightened financial conditions. These subdued the performance of the non-oil sector, which has been the major driver of our economic output. Inflationary pressures worsened against the backdrop of key policy reforms, including the removal of fuel subsidies and the exchange rate unification, effected later in the year by the new political administration.

As a result, headline inflation which was 21.82% in January 2023, ended at a 27-year high of 28.92%, while food inflation increased to 33.93% in December 2023, exacerbating the already depleted purchasing power of the Naira. The Monetary Policy Committee of the CBN maintained its restrictive stance to rein in inflation by increasing the MPR further by a cumulative of 225 basis points to 18.75%.

The oil sector, however, recorded significant improvements, underpinned by increased oil production across our terminals in the second half of the year. Consequently, the sector recorded a growth of 12.11% in the last quarter of 2023.

Notably, the fiscal conditions offered some glimmer of hope as the revenue generated by the Federal Government in 2023 was enhanced by the eradication of fuel subsidies and FX liberalization. The Federal Government was able to record N7.15 trillion, circa 11% above prorated revenue estimates of N6.47 trillion, according to the budget implementation report for January–September 2023. This was an indication of a positive turn from past trends of revenue underperformance. Also, major credit rating agencies revised their outlook for the Nigerian economy in a positive light; S&P Global Ratings upgraded from negative to stable; Moody's revised from positive to stable; and Fitch Ratings also affirmed a stable outlook, citing optimistic outcomes that should ensue from recent reforms.

Performance Overview and Shareholders' Returns

Our performance maintained a positive momentum despite a dim macroeconomic narrative as we remained focused on optimal value delivery to customers and stakeholders. Gross earnings recorded a growth of 26.6% to N221.8 billion in FY 2023.

This was driven by an increase of 21.5% to N156.1 billion in interest income. Similarly, non-interest income rose by 40.6% to N65.7billion in FY 2023. Although the elevated inflationary environment drove operating expenses up by 20.6% to N105.2 billion, operating income improved by 19.70% to N140.2 billion, a reflection of our concerted effort to boost cost efficiency.

In the period under review, we recorded an impressive balance sheet growth as total assets grew to N2.5 trillion in 2023 from N1.8 trillion, representing a 36.2% growth year-on-year. This was underpinned by the continued growth in customer deposits of 38.8% to N1.8 trillion from N1.3 trillion. Our low-cost current and savings accounts deposits recorded a growth of 46.9% from N939.3 billion in 2022 to N1.4 trillion in 2023, cascading into an improved mix of 74.9% CASA to total deposit in the year relative to 70.7% in the prior year. In all, we closed the year with a net profit of N21.6 billion in 2023, representing an increase of 11.8% from N19.3 billion recorded in 2022.

We maintained our excellent work culture with Sterling Bank winning the Overall Best Workplace in Nigeria awarded by the Great Place to Work Institute for the fourth consecutive year. Despite the severe economic challenges in the local environment, we remained resolute in bolstering our growth and maintaining adequate capital for our business. We will continue to ensure the delivery of world-class service to our customers, grow earnings, improve profitability, and contribute to the overall growth and prosperity of the Nigerian economy.

Business outlook for 2024

Looking ahead, for the Nigerian economy, GDP growth is expected to maintain its positive trajectory as business activities continue to rebound, with steady improvements in the oil sector, dissipating political apprehensions and the waning of the negative impact of recent economic reforms. Inflation pressures are bound to moderate later in the year on the back of a trickle-down effect from the disinflationary trend on the global front, and the continued efforts of the monetary authorities towards ensuring price stability.

In addition, the growth-oriented initiatives and interventions of the present government, and the concerted efforts to tackle insecurity and efforts to provide a suitable environment for foreign direct investments will be instrumental to propelling the economic growth of our nation.

The IMF and World Bank project 3.1% and 3.3% growth, respectively, for Nigeria in 2024.

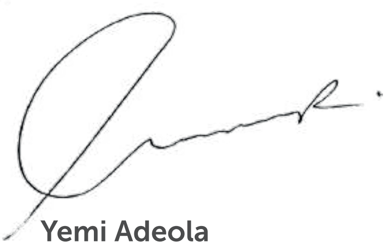
We remain optimistic about the Nigerian economy, as we expect to see the new administration focus on policy implementation both on the fiscal and monetary sides, consolidating on early efforts to eliminate rent-seeking activities that ensued from the oil and foreign exchange subsidies, thereby strengthening our economic institutions.

Appreciation

In conclusion, 2023 was a great year for us, despite the macroeconomic headwinds. We will continue to deliver excellent customer-centric services across board to ensure sustainable earnings from all business channels in 2024 and beyond. I am particularly confident in our capacity to stay ahead of the curve and be a frontliner in providing cutting-edge services within Nigeria's financial ecosystem.

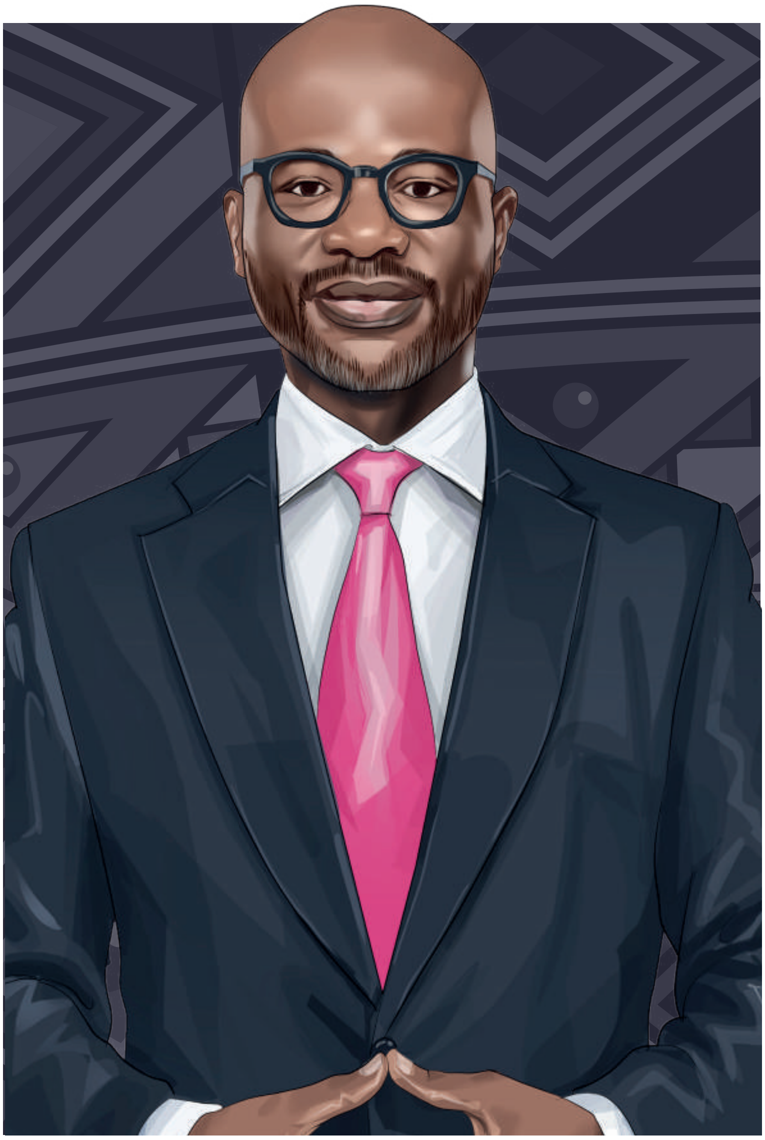
On behalf of the Board, I would like to take this opportunity to express our gratitude to all shareholders, customers, regulators, partners, management, and staff for the ardent and unwavering support given throughout the year.

Thank you for your attention.



Yemi Adeola

Group Chairman



Yemi Odubiyi
Group Chief Executive Officer

Group Chief Executive Officer's Statement

It gives me great pleasure to write my first statement to the shareholders of our company, subsequent to my appointment as the pioneer Group CEO and sequel to the legal formation of the Sterling Financial Holdings Company PLC which stemmed from the restructuring of the erstwhile entity; Sterling Bank PLC. This restructuring came about because of our shared vision to expand our hugely successful and fundamental approach to capturing value from emerging opportunities in the Nigerian, and global economy.

For many of our esteemed investors such as your kind selves, Sterling has been a trusted partner in navigating the Nigerian financial landscape for decades. Today, we build upon that legacy by establishing ourselves as a comprehensive financial holding company to march into a sustainable and lucrative future of impact.

Your new company, fondly called "**Sterling HoldCo**", is able, in its restructured form, to pursue opportunities beyond conventional banking, extending to other aspects of financial and adjacent services to enhance the return on your investment. As a result of this restructuring, it gives me great pleasure to write and inform you that the Sterling HoldCo is now the parent company, and 100% shareholder, of the following businesses:

1. **Sterling Bank Limited**
2. **The Alternative Bank Limited**

These 2 businesses constitute the banking division of the business of Sterling Financial Holdings Company PLC.

There is a plan to build a non-banking financial services to complement these businesses in 2024, and a number of options are currently under consideration. This strategic evolution will allow us, now more than ever, to better serve the evolving needs of the customer and market by offering a wider range of products and services under the trusted Sterling brand.

Highlights of our performance

Sterling Bank Limited

Despite the challenges of the past calendar year, the commercial bank has forged ahead in the Nigerian market, earning non-interest income of N61 billion; a 30% increase from 2022, and interest income of N150 billion; an increase of 17% from 2022, culminating in gross earnings of N212 billion for the year.

Sterling Bank grew customers' deposits to N 1.7 trillion, and advanced credits of N862 billion; representing 32% and 17% increase respectively from 2022's figures.

The Alternative Bank Limited

Upon its licensing by the Central Bank of Nigeria in June 2023, we formally commenced operations for The Alternative Bank Limited, ("AltBank"); offering a full range of cutting-edge ethical ("Non-Interest") banking products and services. Since the AltBank's launch, we have expanded across Nigeria with 30 branches, and service points.

Our new enterprise has begun to yield the desired results; posting gross earnings of N10.2 billion, profits (before tax) of N 2.7 billion, and total assets of over N 180 billion in its first six months of formally commencing operations. Together, the sister companies, Sterling Bank Ltd and The Alternative Bank Limited, have helped us grow the total assets of Sterling HoldCo to N2.5 trillion. Thereby, leading to an impressive 75 kobo in our earnings per share for 2023: an 11.9% increase from the previous financial year.

How We Will Create More Value

Our legacy as a trusted financial institution is built on a foundation of prudence, pragmatism, and ethical business practices, with our service delivery catalyzed by vision and innovation.

We recognize the interconnectedness of our financial ecosystem and the crucial role we currently, and must continue to play in fostering sustainable growth and development for our great country.

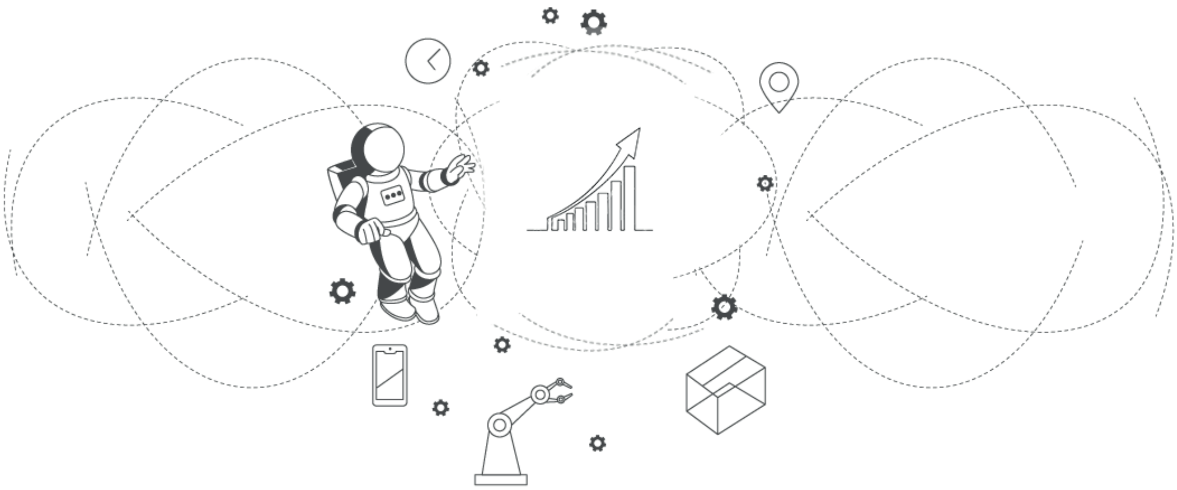
Our commitment to responsible stewardship manifests in several keyways, some of which include:

- **Economic and Financial Inclusion**

  We are dedicated to expanding the adoption of financial services for all Nigerians. This means developing innovative products and services that cater to the unbanked and underbanked population, as well as empowering them to fully participate in the creation and transfer of value within the economy.

- **Supporting the real sector**

  Small and Medium Enterprises are the backbone of any economy, and in our opinion, will be the major driver of the Nigerian economy's return to prosperity. As a group, we will continue to prioritize providing them with the financial tools and resources they need to thrive, fueling innovation, entrepreneurship, and wealth creation.



- **Sustainable Investments**

  We are committed to integrating Environmental, Social, and Governance (ESG) practices into our investment decisions. This ensures that our capital is directed towards initiatives that promote environmental sustainability, social well-being, and good corporate governance, while delivering returns to our society and your kind selves in an incremental, scalable, and sustainable way.

As custodians of your capital, and by prioritizing responsible stewardship, Sterling HoldCo aims to achieve a trifecta of success through strong financial performance for our company, increased prosperity for our shareholders, and a positive impact on the communities we serve.

Conclusions

As we march forward; charting new courses, and setting out for new horizons, we enjoin you to support our immediate future plans which include:

- **Raising Capital**

  In line with evolving regulatory standards and the recent introduction of minimum capital requirements by the Central Bank of Nigeria (CBN), we will be seeking shareholders' approval to raise up to N200 billion from the market. This capital infusion will strengthen and position us for sustained growth.

- **Making Strategic Investments**

  We remain committed to identifying strategic investment opportunities that align with our core values and enhance returns to our shareholders.

  The ultimate objective of these evaluations is to build non-banking revenue lines which will complement existing businesses, boost revenues, diversify earnings, and enhance the overall resilience of the Group.

  Our focus areas include digital transformation, sustainable finance, and expanding our footprint in key markets.

- **Maintain A Customer-Centric Approach**

  As the preferred steward of your capital for growth, we will continue to prioritize our customers' needs. Our commitment to exceptional service, innovative products, and financial inclusion will drive our success.

In closing, I extend my heartfelt appreciation to each of you for your trust and confidence in Sterling Financial Holdings Company Plc.

Thank you for being part of our journey.

Yemi Odubiyi
Group Chief Executive Officer

Performance Review

Our 2023 Group results, the first as a holding company, highlights the positive performance recorded across key financial indices and a sustained improvement from prior years despite the adverse operating and business environment.

Highlights from the Statement of Comprehensive Income:

	2023		2022		Growth
In millions of Naira	**N'millions**	**% of Total**	**N'millions**	**% of Total**	**Growth %**
Gross earnings	**221,773**	**100.0%**	**175,140**	**100.0%**	**26.6%**
Interest income	156,102	70.4%	128,434	73.3%	21.5%
Interest expense	(72,718)	-32.8%	(52,042)	-29.7%	39.7%
Net interest income	**83,384**	**37.6%**	**76,392**	**43.6%**	**9.2%**
Fees & commission income	34,956	15.8%	28,384	16.2%	23.2%
Net trading income	20,794	9.4%	7,692	4.4%	170.3%
Other operating income	9,921	4.5%	10,630	6.1%	-6.7%
Non-interest income	**65,671**	**29.6%**	**46,706**	**26.7%**	**40.6%**
Total Operating Income	140,205	63.2%	117,089	66.9%	19.7%
Impairment charges	(12,335)	-5.6%	(9,122)	-5.2%	35.2%
Fees and commission expense	(8,850)	-4.0%	(6,009)	-3.4%	47.3%
Net Operating Income	**127,870**	**57.7%**	**107,967**	**61.6%**	**18.4%**
Personnel expenses	(22,982)	-10.4%	(16,944)	-9.7%	35.6%
Other operating expenses	(59,474)	-26.8%	(52,502)	-30.0%	13.3%
Depreciation & amortization	(4,814)	-2.2%	(4,879)	-2.8%	-1.3%
Other property, plant and equipment	(17,907)	-8.1%	(12,885)	-7.4%	39.0%
Total expenses	**(105,177)**	**-47.4%**	**(87,210)**	**-49.8%**	**20.6%**
Profit before income tax	**22,693**	**10.2%**	**20,757**	**11.9%**	**9.3%**
Income tax expense	(1,109)	-0.5%	(1,459)	-0.8%	-24.0%
Profit after income tax	**21,584**	**9.7%**	**19,298**	**11.0%**	**11.8%**

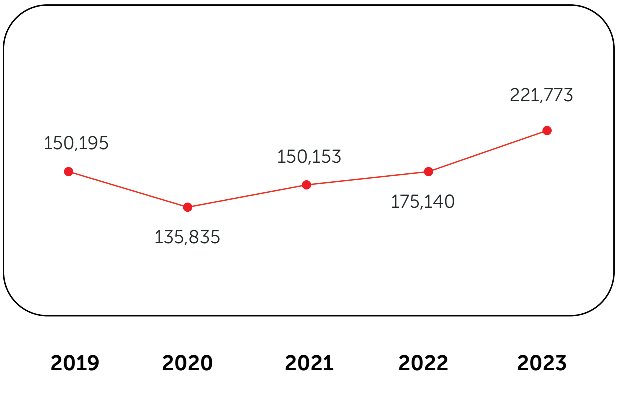
Resilient Growth In Gross Earnings

The growth trajectory in our gross earnings was sustained in 2023, with an increase of 26.6% year-on-year from N175.14 billion (FY 2022) to N221.77 billion with a compound annual growth rate of 8.1% over a five-year period (CAGR: 2019 – 2023). This was driven by a substantial uptick in the volume of transactions as reflected in our non-interest income which grew by 40.6% to N65.7 billion (FY 2022: N46.7 billion). Similarly, our net interest income also grew by 9.2%. to N83.4 billion (FY 2022: N76.4 billion).

The significant increase in non-interest income was primarily driven by a combination of the sturdy rise in trading income which grew by 170.3% year-on-year to N20.8 billion (FY 2022: N7.69 billion) and a 23.2% uptick in net fees and commission income to N34.9 billion (FY 2022: N28.4 billion) which outweighed the marginal decline of 6.7% in other operating income to N9.9 billion (FY 2022: N10.6 billion). As such, net operating income grew to N127.9 billion from N108.0 billion in the prior year.

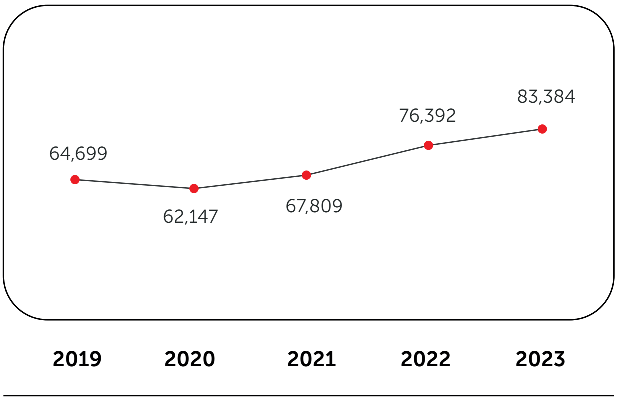
Gross Earnings
N'm

26.6% ▲

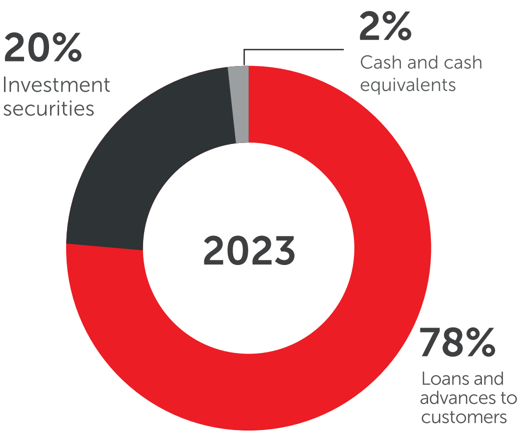


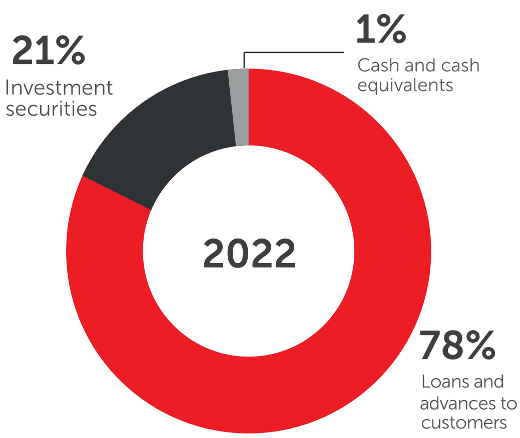
Net Interest Income
N'm

9.2% ▲



Interest Income Split





Net Interest Income

Net interest margin is the difference between the interest income generated and the interest payments made to depositors and lenders. The macro-economic space continued to witness further monetary policy contractionary stance with interest rates remaining elevated in 2023, resulting in a 39.7% jump in interest expense to N72.7 billion (FY 2022: N52.0 billion). Interest paid on customers' deposits, other borrowings and cash from other banks accounted for 55.2%, 41.3% and 3.5%, respectively. In the same vein, interest income grew by 21.5% year-on-year to N156.1 billion (FY 2022: N128.4 billion) with interest receipts on loan & advances to customers, investment securities and cash constituting 78.3%, 19.8% and 1.9%, respectively. Although the growth in interest expense outweighed interest income we efficiently grew our net interest margin to 8.5% ((FY 2022: 8.3%).

This underscores our continued efforts to contain funding costs amidst the tightened financial conditions in the year as the group's cost of funds inched up by 40 basis-points to 4.0% from 3.6% in 2022. While our yield on earning assets advanced by 60bps to 12.5% (FY 2022: 11.9%).

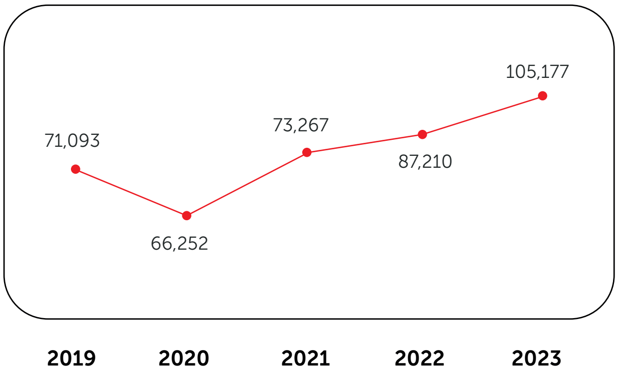
Operating expenses

The Group recorded a 20.6% increase in operating expenses, amounting to N105.18 billion in 2023 (FY 2022: N87.2 billion) representing a compound annual growth rate of 8.2% (CAGR: 2019-2023). This was underpinned by the high inflationary environment in the year which drove expenses on property, plant and equipment, personnel costs and other operating expenses up by 39.0%, 35.6% and 13.3%, respectively.

Operating Expenses

N'm

20.6% ▲

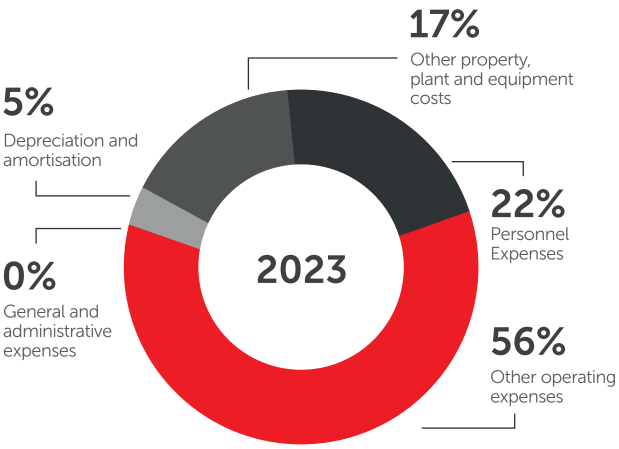


Profitability

Overall, the Group recorded a growth of 9.3% in profit before tax to N22.7 billion (FY 2022; 20.8 billion) and a growth of 11.8% in profit after tax to 21.6 billion from N19.3 billion in the previous year while earnings per share also grew by 11.9% to 75k (FY 2022: 67k).

Return on average equity (ROAE) and Return on Average Asset printed at 12.8% and 1.1% respectively.

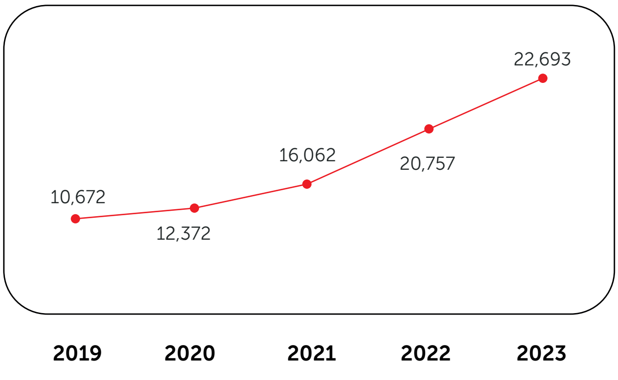
Operating Expenses Split

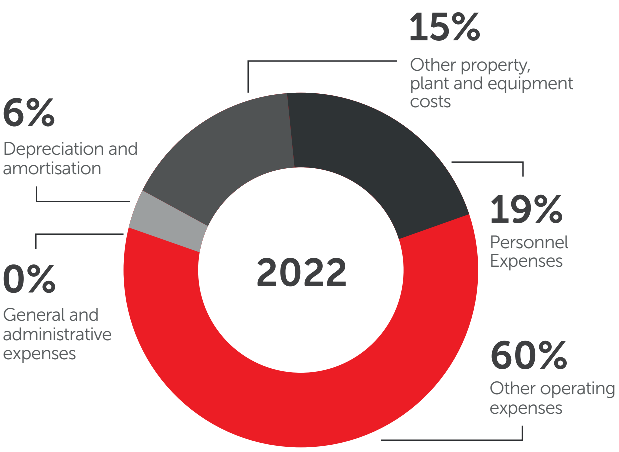


Profit Before Tax

N'm

9.3% ▲

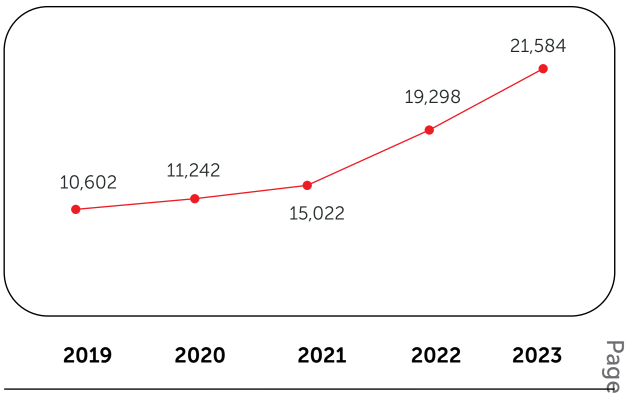




Profit After Tax

N'm

11.8% ▲



Highlights from the Group's Statement of Financial Position

Assets	2023 N'millions	2023 % of Total	2022 N'millions	2022 % of Total	Growth %
Cash & balances with CBN	604,599	23.9%	431,488	23.2%	40.1%
Due from banks	234,953	9.3%	86,459	4.7%	171.8%
Pledged financial assets	11,272	0.4%	23,098	1.2%	-51.2%
Derivative financial assets	276	0.0%	807	0.0%	-65.8%
Loans and advances	895,822	35.4%	737,735	39.7%	21.4%
Investment securities	485,952	19.2%	363,673	19.6%	33.6%
Non-Current assets held for sale	0	0.0%	3,027	0.2%	-100.0%
Other assets	242,110	9.6%	171,911	9.3%	40.8%
Right-of-use asset	9,103	0.4%	8,342	0.4%	9.1%
Investment property	4,790	0.2%	5,584	0.3%	-14.2%
Property, plant, and equipment	31,987	1.3%	17,913	1.0%	78.6%
Intangible assets	721	0.0%	950	0.1%	-24.1%
Deferred tax assets	9,507	0.4%	7,005	0.4%	35.7%
TOTAL ASSETS	**2,531,092**	**100.0%**	**1,857,992**	**100.0%**	**36.2%**
LIABILITIES					
Deposits from Banks	0	0.0%	37,178	2.0%	-100.0%
Deposits from customers	1,842,815	72.8%	1,327,805	71.5%	38.8%
Current income tax payable	1,468	0.1%	1,607	0.1%	-8.6%
Other borrowed funds	208,685	8.2%	133,270	7.2%	56.6%
Debt securities issued	33,959	1.3%	42,388	2.3%	-19.9%
Other liabilities	257,910	10.2%	160,257	8.6%	60.9%
Provisions	724	0.0%	1,489	0.1%	-51.4%
Deferred tax liabilities	1,927	0.1%	0	0.0%	100%
Total Liabilities	**2,347,488**	**92.7%**	**1,703,994**	**91.7%**	**37.8%**
Equity	**183,604**	**7.3%**	**153,998**	**8.3%**	**19.2%**
Total Liabilities and Equity	**2,531,092**	**100.0%**	**1,857,992**	**100%**	**36.2%**

Efficient Balance Sheet Growth

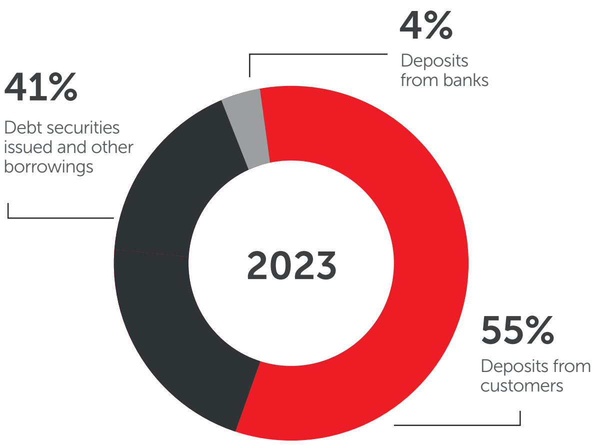
The Group's balance sheet grew by 36.2% year-on-year to N2.5 trillion in 2023 (FY 2022: N1.9 trillion) against the backdrop of a 38.8% rise in customers deposits to N1.8 trillion from N1.3 trillion in 2022 which had a significant contribution of 72.8% to our funding base.

Over the last five years, customers deposits have advanced at a compound annual growth rate of 15.6% (CAGR: 2019 – 2023). The increase in deposits from customers was buoyed by our consistent effort to drive up low-cost current and saving accounts which recorded an increase of 49.7% and 38.7% respectively with a cumulative rise of 46.9% year-on-year to N1.4 trillion (FY 2022: N939.3 billion).

On the asset front, Cash and Balances with the Central Bank of Nigeria grew to N604.6 billion (FY 2022: N431.5 billion), in line with higher regulatory reserves. In general, earning assets improved by 23.5% to N1.4 trillion in the period (FY 2022: N1.1 trillion) while the yield on earning assets stood at 12.5%. Shareholders' funds also recorded a steady growth of 19.2% to N183.6 billion (FY 2022: N154.0 billion).

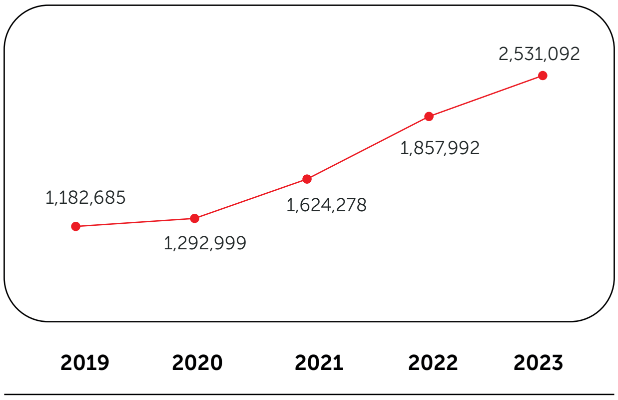
Overall, during the year, we maintained a capital adequacy ratio above the regulatory benchmark of 10% at 12.5% (December 2022: 14.7%), while our liquidity ratio remained strong at 32.4%, above the regulatory requirements.

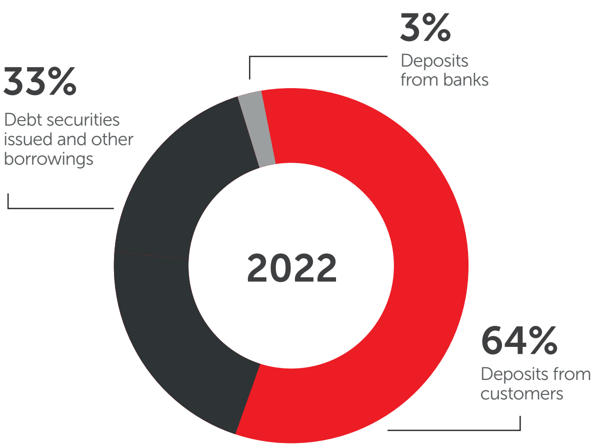
Interest Expense Split



Total Assets
N'm

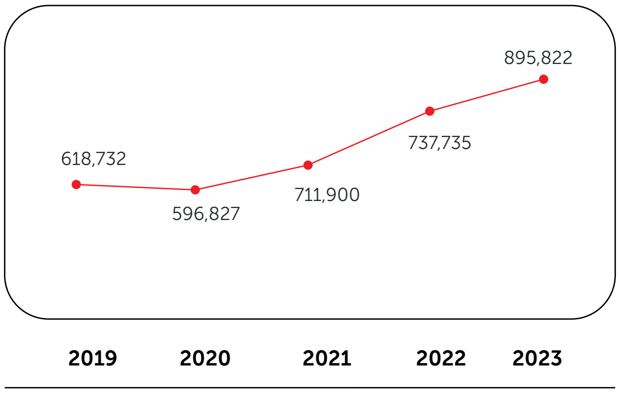
36.2%



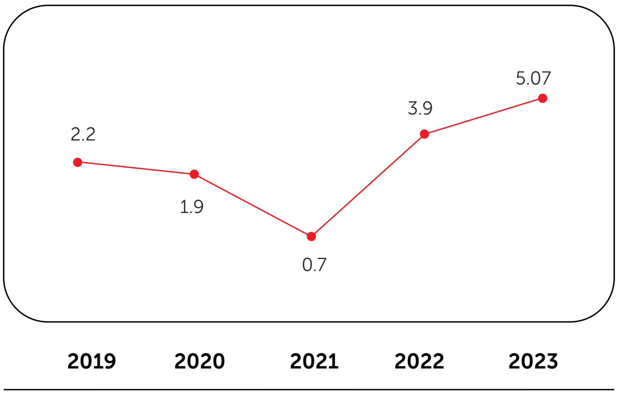


Net Loans and Advances
N'm

21.4%

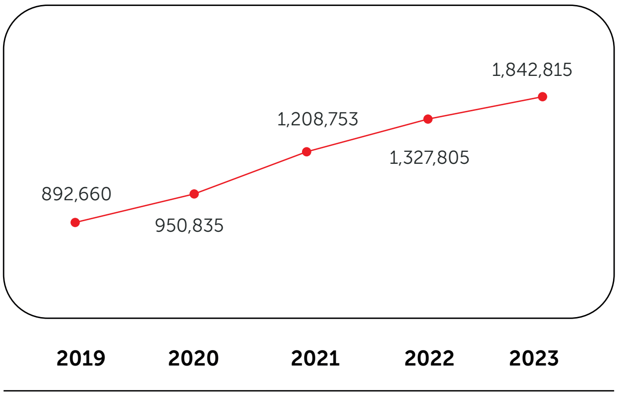


NPL Ratio %

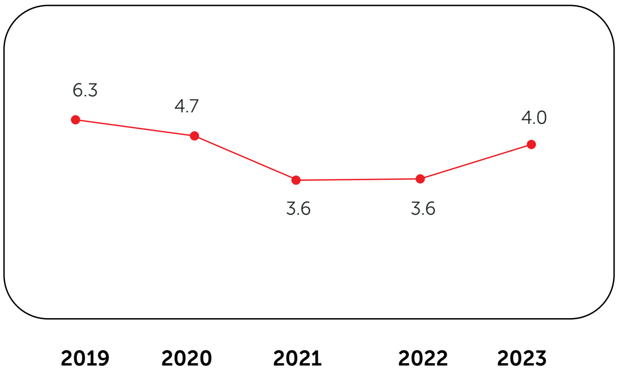


Deposits N'm

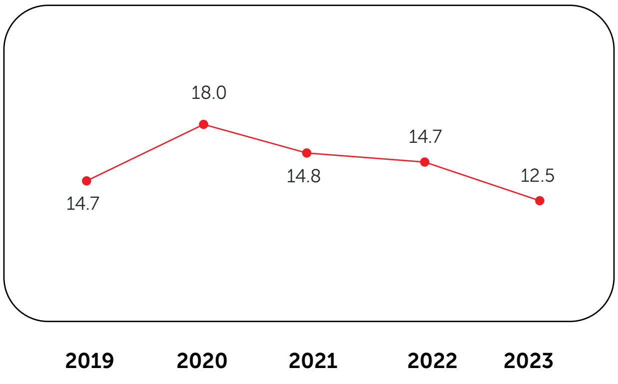
38.8%



Cost of Funds %



Capital Adequacy Ratio %



Strategic Approach to loan book growth

In 2023, our net loans and advances edged higher by 21.4% year-on-year to N895.8 billion (FY 2022: N737.7 billion), representing a compound annual growth rate of 7.7% (CAGR: 2019-2023) as we remained cautious in our approach to lending. Gross loans to Manufacturing, Oil & Gas, Education and Transportation recorded the highest year-on-year growth of 107.2%, 93.2%, 77.7% and 48.2%, respectively.

NPL ratio increased to 5.07%, in tandem with the heightened risk in the macroeconomic environment as we strengthened our commitment to effective risk management.

Gross Loans By Sector

	2023		2022		Growth
In millions of Naira	N'millions	% of Total	N'millions	% of Total	%
SECTORS					
Agriculture	105,129	11.3%	81,264	10.7%	29.4%
Communication	22,409	2.4%	21,580	2.8%	3.8%
Consumer	93,199	10.1%	99,250	13.1%	-6.1%
Education	9,350	1.0%	4,840	0.6%	93.2%
Finance and Insurance	22,135	2.4%	18,958	2.5%	16.8%
Government	73,161	7.9%	89,760	11.8%	-18.5%
Manufacturing	46,911	5.1%	22,641	3.0%	107.2%
Mining & Quarrying	64	0.0%	1,001	0.1%	-93.6%
Mortgage	2,271	0.2%	2,154	0.3%	5.4%
Oil and Gas	292,035	31.5%	164,313	21.7%	77.7%
Others	117,377	12.7%	85,346	11.3%	37.5%
Power	30,513	3.3%	30,801	4.1%	-0.9%
Real Estate & Construction	18,317	2.0%	66,676	8.8%	-72.5%
Transportation	59,345	6.4%	40,039	5.3%	48.2%
Non-interest banking	34,250	3.7%	29,562	3.9%	15.9%
	926,466	**100.0%**	**758,183**	**100.0%**	**22.2%**

Performance of Subsidiaries

Commercial Banking - Sterling Bank Ltd.

Sterling Bank Limited, our commercial banking group continued to post strong earnings performance in 2023 with a profit before tax growth of 2.3%, profit after tax increase of 5.7% and total asset growth of 30.3% year-on-year, despite the challenging economic environment. The bank has remained focused on leveraging investments in technology and digital channels to drive operational efficiency while maintaining a tight grip on its expense lines.

In the face of today's ever-more-competitive financial landscape we are committed to meticulously implementing our strategic plans to enhance the profitability of the Commercial Banking Group, achieve operational excellence, and surpass the expectations of all our stakeholders.

Below are the performance highlights of the Commercial Banking group:

- Gross earnings of N211.6 billion, up 20.8% year-on-year (FY 2022: N175.1billion)
- Net interest income of N80.0billion, rose by 4.8% year-on-year (FY 2022: N76.4billion)
- Interest income of N150.6 billion, up 17.2% year-on-year (FY 2022: N128.4billion)
- Non-interest income of N61.0 billion, up 30.6% year-on-year (FY 2022: N46.7billion)
- Operating expenses of N99.1 billion, up 13.6% year-on-year (FY 2022: N87.2billion)
- Profit before tax of N21.2 billion, up 2.3% year-on-year (FY 2022: N20.8billion)
- Profit after tax of N20.4 billion, up 5.7% year-on-year (FY 2022: N19.3billion)
- Total assets of N2.4 trillion, up 30.3% year-on-year (FY 2022: N1.9 trillion)
- Customers' loans and advances of N862.7 billion, up 16.9% year-on-year (FY 2022: N737.7 billion)
- Customers' deposits of N1.7 trillion, up 31.6% year-on-year (FY 2022: N1.3 trillion).

Non-Interest Banking - The Alternative Bank Ltd.

We're pleased to report a strong first year for The Alternative Bank, our non-interest banking subsidiary. Licensed in the first half of the year, the bank continued to leverage its existing infrastructure to make significant impact.

The Alternative Bank remains committed to driving financial inclusion through economic empowerment, creating ethical wealth-generating opportunities for all our via our already established partnerships, evolving digital platforms, financial education initiatives, and non-financial solutions that provide vital support to the underbanked.

Below are the performance highlights of the Alternative Bank:

- Gross Earnings: N10.2 billion
- Profit Before Tax: 2.7 billion
- Profit After Tax: 2.4 billion
- Total Assets: N182.7 billion
- Total Shareholders'Funds: N14.5 billion
- Total Customers Deposit: N71.7 billion

Sterling Financial Holdings Company
2023 Sustainability Report

Introduction

The Sterling Financial Holdings Sustainability Report provides disclosures on the sustainability performance of the Bank – Sterling Bank and The AltBank; including the business achievements and goals covering the environmental, social, and governance (ESG) dimensions, and our strategic plans towards building a disruptive sustainable organization. Sustainability, as part of our corporate strategy, strengthens our commitment to align informed decisions at every business line across the organization to benefit us and our stakeholders. We aspire to secure our leadership position in the industry on account of the practice of sustainable finance in line with best practices.

Therefore, in alignment with our sustainability principles, the organization constantly measures, monitors, and mitigates its environmental footprints, particularly in anthropogenic greenhouse gas emissions, resource consumption, and waste management. The company remains committed to being "nature's keeper" and addresses the adverse impacts of its operations on the environment and local communities. As such, the report establishes the efforts we made during the reporting year to build a more resilient, inclusive, leading financial institution in climate change initiatives, and sustainable business to fulfill the needs of our clients. It details our impact, holistically, on the economy, the environment, and society. It also specifies the different stakeholders' engagement and platforms employed for engagement.

As a leading financial institution, we recognize our pivotal role in addressing both national and international environmental and social challenges, guided by good sustainability reporting standards. Acknowledging the significant correlation between environment and social sustainability and economic performance, corporate governance, and resource capital enables us to strategically focus our investments on the environment, community engagement, workforce, and the primary sectors- Health, Education, Agriculture, renewable energy, transportation (H.E.A.R.T). The HEART sectors are a focal point of our sustainability initiatives. The bank is committed to constantly enhancing technological capabilities and ingraining a customer-centric business model within these strategic sectors.

This holistic approach underscores the organization's enduring commitment and aims to foster a sustainable culture that positively impacts the lives of the present and future generations.

As a socially responsible organization, we have taken into consideration the intrinsic connection between our business and the communities it serves. The bank has actively invested in local communities for CSR activities, collaborating with various organizations in sectors such as Education, Agriculture, Arts, Sports, Empowerment, Health, Environment, Entertainment, and Security during the reviewed fiscal year. Adhering to Principle 8 of the Nigeria Sustainable Banking Principles (NSBPs), we have forged numerous collaborative partnerships aimed at bolstering our Environmental, Social, and Governance performance and influence.

In 2023, our Environmental and Social Risk Management functions demonstrated notable enhancements, reflecting our steadfast commitment to continuous improvement. Moving forward, we remain dedicated to refining our processes and elevating our strategies to ensure the effective mitigation of environmental and social risks inherent in our operations.

This report was prepared by adopting core options of the Global Reporting Initiative (GRI) Standards, including additional sustainability standards and guidelines that promote sustainable business practices on a national and international level. These includes but not limited to, the Nigerian Exchange (NGX) Sustainability Disclosure Guidelines, United Nations Global Compact (UNGC), Sustainable Development Goals (SDGs), International Financial Reporting Standards S1 and S2, International Finance Corporation (IFC) Performance Standards and Nigeria Sustainable Banking Principles (NSBPs).

The organization's determination and efforts directed at making better investment decisions and tackling global ESG risks and climate change issues have led us to attain several milestones, which are disclosed in this sustainability report covering the period from 1 January 2023 to 31 December 2023.

Our Sustainability Journey & Key Achievement

- 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.

2021

- 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.

2022

- 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.
- 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 by Q1 2023.
- Attained a 35.4% growth in the deployment of solar-powered ATMs at various locations nationwide.
- Obtained a Certificate of Recycling for the collection and recycling of sixty-eight (68) 12V, 200Ah Used Lead Acid Batteries (ULABs) under the Extended Producer Responsibility Programme (EPR) of NESREA, in partnership with the Alliance of Responsible Battery Recycling (ARBR), an accredited Producer Responsibility Organization.
- 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.
- Commenced the development of a robust ESG reporting & monitoring platform project for real-time ESG performance measurement, benchmarking, and reporting.
- Development of an E&S risk categorization model and ESG risk rating tool to assess and improve customer's ESG performance and reduce our loan portfolio exposure to ESG risks.
- Increase in investments by 26%, from N116.7 billion in 2021 to N158.9 billion in 2022, in the five (5) focus sectors – Health, Education, Agriculture, Renewable Energy, and Transportation (HEART) sectors.

2023 Impact Highlights

1. Successful launch of the very first Electric Vehicle (EV) Charging station in Lagos Nigeria, QORE

2. Obtained EDGE Advanced Certification for the Sterling Towers on account of its efficient energy, water and materials measurement, issued by the International Finance Corporation (IFC) - World Bank Group.

3. Obtained Certificate of Recycling for the collection and recycling of thirty (30) 12V, 200Ah Used Lead Acid Batteries (ULABs) in partnership with the Alliance of Responsible Battery Recycling (ARBR) an accredited Producer Responsibility Organization, under the Extended Producer Responsibility Programme (EPR) of NESREA.

4. Conducted a Climate physical and transition risk analysis of the Bank's loan book in alignment with the Task Force for Climate-related Financial Disclosures (TCFD) recommendations and Partnership for Carbon Accounting Financial (PCAF) methodology.

5. Successfully hosted the Nigerian Sustainable Banking Principles (NSBP) champions monthly meeting (October 2023) at the Sterling Towers, with the participation of champions from leading 2023 Annual HoldCo Sustainability Report - Abridged commercial banks, following CBN and the Bankers' committee mandate on Sustainable banking practices.

6. Attained a 35% increase in our H.E.A.R.T Sectors investments, following a record of N196.28 billion in 2023 from N145.38 billion in 2022 year-end.

7. Collaboration and partnership with Sterling One Foundation and Giving.ng on the execution of Corporate Social Responsibility projects and events, such as hosting the African Social Impact Summit (ASIS) summit, 5km Race-Run for Her campaign, National clean-up day, World Environment Day commemoration and co-host of the beach clean-up activity, among others.

8. Deployment of the ESG reporting & monitoring platform targeted at providing real-time data optimization, visualization, ESG performance measurement, benchmarking, and reporting.

9. Improvement in the Bank's women's economic empowerment strategies resulting in increased loans to women-owned businesses, and in capacity development programmes for female employees.

10. Achieved a 5% increase in the deployment of alternative energy (solar power) at various branch locations.

11. In our efforts to limit the Bank's overall carbon footprint in line with the Paris Agreement, a 1% emissions reduction was achieved in 2023, year-on-year.

2023 Sterling Awards

2023 LinkedIn's Top 25 Workplaces in Nigeria list
LinkedIn

Company Leadership Gender Diversity Award
Nigeria2Equal Program by IFC (International Finance Corporation) & NGX (Nigerian Exchange Group)

Family-Friendly Workplace Excellence Award
Nigeria2Equal Program by IFC (International Finance Corporation) & NGX (Nigerian Exchange Group)

Gender Diversity In Supply Chains Award
Nigeria2Equal Program by IFC (International Finance Corporation) & NGX (Nigerian Exchange Group)

Most Innovative Bank
Business Day (Banks & Other Financial Institutions Award).

2023 Overall Best Workplace in Nigeria (Large Category)
Great Place To Work Institute

Best in Promoting Leadership Practices (Large Category)
Great Place To Work Institute

Best in Promoting Corporate Social Responsibility Initiatives (Large Category)
Great Place To Work Institute

Product Champion Honor Roll
SeamlessHR

Environmental Dimension

As a responsible organization, we recognize our impact on the environment and understand the attendant stewardship role that we are required to play in ensuring its sustainability. Thus, we continue to evolve our approach to suit the prevailing realities in our attempt to effectively integrate environmental sustainability into our business operations and activities. In 2023, we ensured to uphold the best standards and observed every legislation and regulation governing the environmental sustainability landscape. We undertook an E&S risk materiality assessment to determine the touchpoints within our environment and deciphered that our material impacts were in the areas of greenhouse gas (GHG) emissions, waste management, water management, and biodiversity conservation. Based on this, we sought the most efficient ways to reduce the negative impacts associated with these areas. We strengthened our efforts in reducing greenhouse gas (GHG) emissions as set out in our short to medium-term target. In this regard, we took further steps, setting the trail by exploring new frontiers in the sustainability of our business and operational boundaries, and got recognized for it by earning renowned certifications in operational sustainability.

It is noteworthy that while environmental considerations are integrated into our lending and investment practices, we also focus on supporting green initiatives like renewable energy ventures, sustainable agriculture, and eco-friendly infrastructure development. We prioritize sensitization and awareness among our stakeholders to improve their understanding of the importance of environmental sustainability and the need to make sustainable choices toward potential impacts.

Carbon Footprint Management

The unabated emission of greenhouse house gases (GHG) is a huge retardation in the fight against climate change. By being aware, and with continuous efforts we ensure that our operational GHG emissions are effectively monitored to stay on a steady decline through the times and our most recent scorecard is a testament to that. In 2020, we set a three-year rolling target to lower overall emissions by 10% by 2023. This target was successfully reached and exceeded as we reduced emissions by 22.6% between 2021 and 2022 and 0.8% between 2022 and 2023. Given these, we strive to maintain the reduction strategies, as such, aspiring for net zero emissions in line with global ambitions.

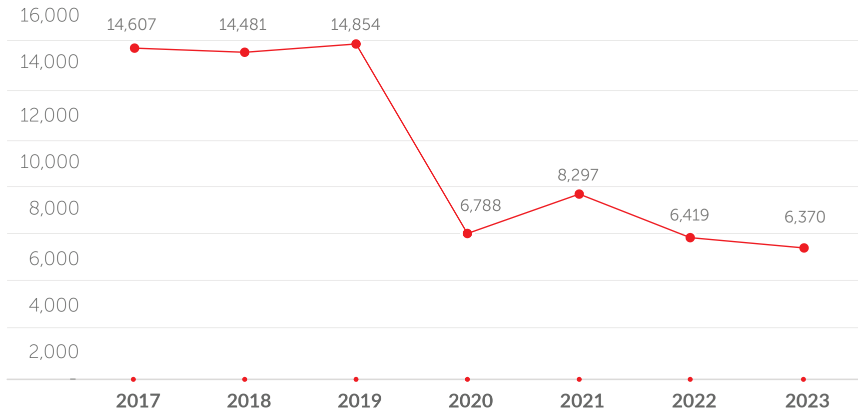
As stated in our last report for 2022, our head office building has been completely retrofitted with solar energy, an installation of a 955 kilowatts peak (kWp) Building Integrated Photovoltaic (BIPV) solar retrofits aimed at significantly decarbonizing our operations and achieving net zero. Following that successful feat, we have attained an "EDGE Advanced" certification for the Sterling Towers - issued by the International Financial Corporation (IFC), World Bank Group; ideally a Green Building Status, the penultimate level of sustainability for buildings only lower than a "Net Zero" status. This initiative underscores our commitment to managing our environmental footprint and setting new standards for renewable energy use in Africa's banking industry. Sterling Financial Holdings leads the charge in Africa's green revolution, shaping a sustainable future for generations to come. Furthermore, we influence our stakeholders' actions toward a green economy by acting in an advisory capacity, sustainable financing, and developing innovative solutions and services.

Scope 1 & 2 Emission Trend (in TCO2e)

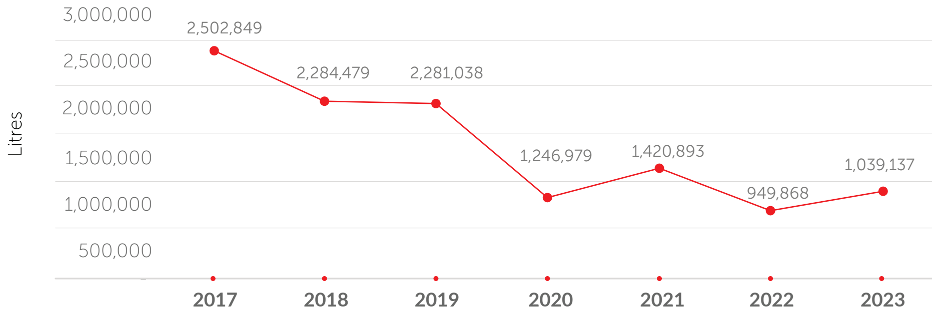
Year	GHG Emissions (TCO2e)	% Change
2017	14,607.03	Base year
2018	14,481.25	-0.9%
2019	14,853.63	2.6%
2020	6,788.15	-54.3%
2021	8,297.23	22.2%
2022	6,419.2	-22.6%
2023	6,370.0	-0.8%

The graph below portrays the energy resource consumption of the Bank over the last seven (7) years:

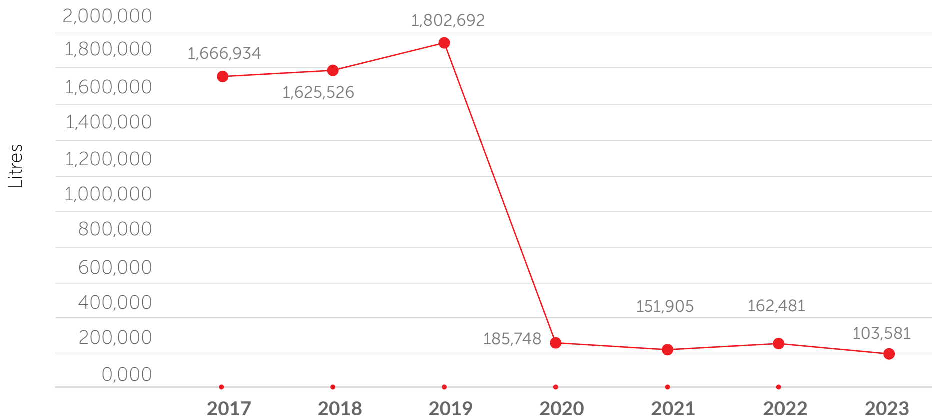
Scope 1 &2 Emission Trend (in tCO2e)



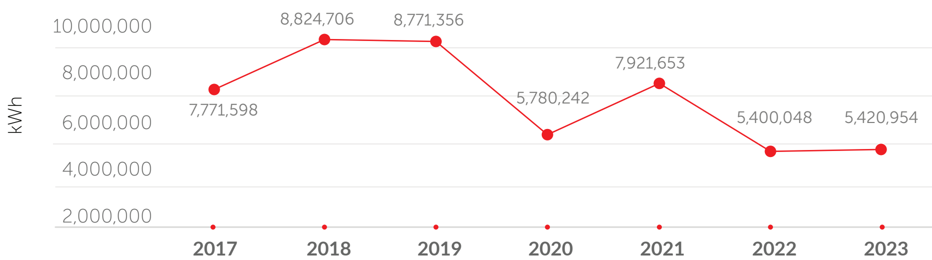
Bank-wide Diesel Consumption (Litres)



Bank-wide Petrol (PMS) Consumption (Litres)



Bank-wide Grid Electricity Consumption (kWh)



A. Reducing Our Footprint; Operational Emissions- Scope 1, 2, 3

There was a resolution at COP 26 for all participating nations to strive to attain Net Zero by 2050 to limit the temperature increase to 2 degrees Celsius by 2100 while making efforts to cap it at 1.5 degrees, we are fully aware of the imperativeness and as a responsible corporate body, we have aligned ourselves to this agenda. We understand that GHG emissions have a notable impact on our business operations as our materiality assessment reveals and aligns with a target to reduce emissions to the barest minimum.

The levers we intend to pull to attain this feat include the reduction of our operational and financed emissions such as diesel usage for minimizing scope 1 emissions, solarization of energy-intensive branches for scope 2, and promoting flexi-work and increased leverage on technology for staff business meetings and business travels, paper consumption and generated waste/E-waste for scope 3 reductions. Potentially, we aim to evaluate our investment-financed emissions to aid carbon footprint management.

We currently use the "Operational Control Approach" as defined by WRI's GHG protocol to define our organizational boundary. The Bank's operational boundary entails multiple direct and indirect sources of emissions including Diesel generator sets, grid electricity, purchased goods, company-owned vehicles, and business travel, as well as financed emissions of our investments. Therefore, we maintain an inventory of our operational emissions based on the GHG Scope classification - Scope 1, 2, and 3.

Our cumulative emissions and gradients broken down into different scopes are as follows.

GHG Scope	Emission Driver	2022 Position (kgCO2e)	2023 Position (kgCO2e)	2023 Position (TCO2e)	% Change
Scope 1 Direct GHG Emissions	Diesel	2,540,790.30	2,772,001.06	2,772.00	9%
	Petrol	773,704.86	493,232.73	493.23	-36%
Scope 2 Indirect Emissions	Electricity	3,084,392.60	3,096,333.83	3,096.33	0%
Scope 3 Other Indirect Emissions	Business travel (Air)	20,327.70	8,889.30	8.89	-56%
Total		**6,419,215.46**	**6,370,456.92**	**6,370.46**	**-1%**

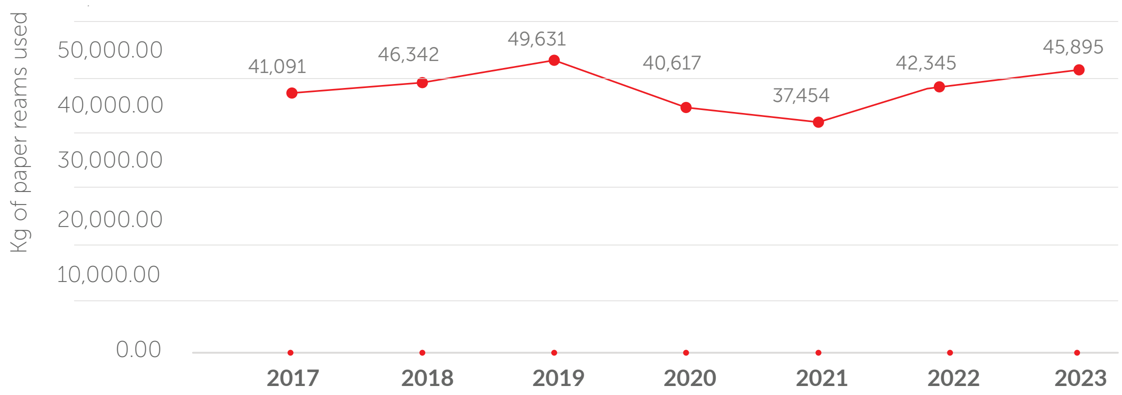
Diesel Consumption

Year	Diesel Consumption (Litres)	% Change
2017	2,502,850	Base year
2018	2,284,479	-8.7%
2019	2,281,038	-0.2%
2020	1,246,979	-45.3%
2021	1,420,893	13.9%
2022	949,868	33.1%
2023	1,039,136.7	9.4%

Electricity Use

Year	Electricity Use (kWh)	% Change
2017	7,771,598	Base year
2018	8,824,706	13.6%
2019	8,771,356	-0.6%
2020	5,780,242	34.1%
2021	7,921,653	37.0%
2022	5,400,048	-31.8%
2023	5,420,954	0.4%

Paper Reams (Kg)



Year	Number of Reams of Paper	Total weight of Paper Reams (Kg)	% Change
2017	17,121	41,091	Base year
2018	19,309	46,342	12.8%
2019	20,680	49,632	7.1%
2020	16,924	40,617	-18.2%
2021	15,606	37,454	-7.8%
2022	17,644	42,345	13.1%
2023	19,123	45,895	8.4%

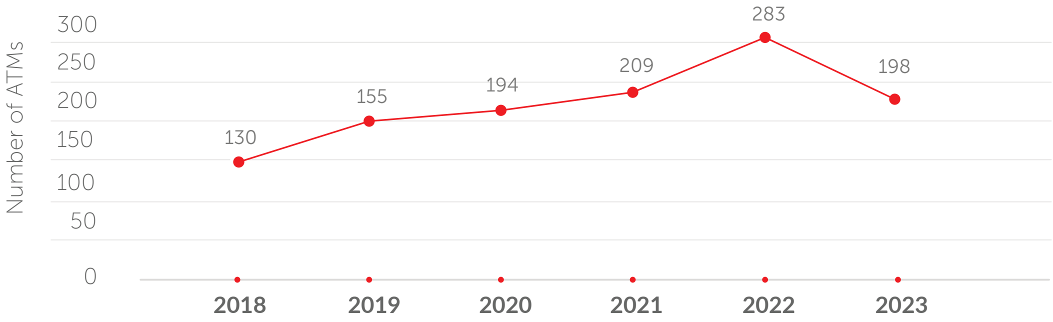
Alternative Energy

As part of our strategies to reduce overall GHG emissions, we have carried out a massive deployment of solar energy across our offices nationwide. Currently, 63 branches are now powered by alternative energy, representing a growth of 5% from last year's position. In the same vein, our solar powered ATMs stand at 198, representing 42.7% of active ATMs on the bank's network.

In addition, our efforts to improve the efficiency of the head office's heating, ventilation, air conditioning (HVAC) system was further proven with the IFC EDGE Advanced certification that was earned in 2023. Earning the certification indicates that we were able to achieve a minimum of 46% on on-site energy savings. The solarization of the head office complex turned out to be very rewarding as absolute emissions and emissions intensity also reduced significantly.

To extend the decarbonization efforts to our branches, we have also set up a system to assess our branches' energy consumption and decipher the locations with high emissions intensity for retrofitting to ensure an enhancement of our sustainable business practices.

Solar-powered ATM Growth



Year	Solar-powered ATMs	% Change
2018	130	Base Year
2019	155	19.2%
2020	194	25.2%
2021	209	7.7%
2022	283	35.4%
2023	198	-30.0%

This year-on-year reduction is due to shutdowns caused by new insights on economic infeasibility and technical issues

Unveilings Africa's First Solar-powered Headquarters

We demonstrated our leadership position in environmental sustainability by being the first financial services organizational headquarters in Africa to be fully powered by solar energy. This significant milestone caps off a year of impressive strides in sustainability and positions us at the forefront of the continent's green revolution. Located at historic Lagos Marina, Sterling Towers has transitioned to a sophisticated solar energy system, distinguishing itself as a landmark of innovation, and green energy, and a tangible representation of our commitment to reducing our ecological footprint and setting new standards for the use of renewable energy within Africa's banking industry and beyond.

The project, which stands as the largest photovoltaic integration in Africa, involved the installation of 3,250 crystalline silicon photovoltaic glass panels covering around 6,500 sqm of the towering 17-story structure. These panels are not only a testament to sustainable architectural design but are also expected to generate 10,500 MWh of electricity over the next 25 years, providing a 995kWp power supply to meet the building's operational needs.

These efforts contribute to a wide array of global goals which include mitigating climate change impacts, fostering sustainable community development, and stimulating economic growth. By adopting solar power, we join a unique cadre of international corporations that have adopted renewable energy solutions, including global frontrunners like Apple, IKEA, and Google. These entities have not only demonstrated environmental responsibility but have proven the financial viability of their green initiatives.

While this marks a milestone in our sustainability journey, it also underscores our commitment to setting new standards for renewable energy use in Africa. We lead the charge in Africa's green revolution, shaping a sustainable future for generations to come while inspiring other institutions to embark on similar paths toward renewable energy adoption.

Edge

Responsible Paper Use

We have embraced digital transformation and significantly reduced paper consumption, fostering a paperless work environment. The year 2023 served as one to consolidate our paperless campaign instituted in 2021. Throughout the year, we further automated our processes and ensured the reduction of needless bureaucracies that will require more than the usual use of paper. This campaign was ensured to be engrained into the bank's DNA as even staff joining the bank were required to solely use electronic means to submit all the pre-entry forms.

Other promotional activities were also geared at ensuring the reduced use of paper. Several think pieces were sent internally via email to make staff understand what the paperless campaign was about and the business sense of it. Although engagement with regulators prompted an exceptional use of paper, there is ongoing engagement with the regulators to modify this requirement and adopt electronic documentation.

Water Management

The EDGE Advanced Certification showcased our efficiency with energy and material usage, exemplifying 29% water savings at the Sterling Towers. This is the outcome of conscious efforts to conserve water both in design and operations. We actively engage staff members about an efficient water management practice, including our clients. We have also developed a module on the Bank's internal data reporting tool - the Sustainability Reporting Portal for adequate monitoring and reporting.

Sustainable Waste Management

As leaders in sustainability practices, we exemplify our commitment by reducing, reusing, and recycling waste, inspiring our colleagues and stakeholders to follow suit. Leading by that, we have established WasteBanc initiative at the Alternative Bank. This initiative is a reward system for environmental consciousness, enhancing our sustainability culture. The WasteBanc recycling program incentivizes individuals to trade used plastics for monetary rewards, promoting sustainability at every level. At designated locations across the Bank, waste disposal bins are strategically placed for drop-off of recyclables and picked up by the WasteBanc team for recycling in partnership with accredited end-users. Following our collaboration with WasteBanc- AltBank, recycling activities are being promoted, and awareness is created across the organization.

In line with best practices, we also aim to constantly reduce the adverse environmental and health impacts of poor handling of E-waste in Nigeria, as such, we partnered with the Alliance of Responsible Battery Recycling (ARBR) in 2022, as a Producer Responsibility Organization (PRO) to conduct Recycling of our used lead acid batteries. After having disposed of 73 units (12V 200Ah each) in 2022, we additionally disposed of 30 units (15V. 200Ah) in 2023 and obtained certificates for recycling.

The National Environmental Standards and Regulations Enforcement Agency (NESREA) had earlier promulgated the Extended Producer Responsibility (EPR) programme to ensure the proper disposal of waste throughout a product's entire life cycle. This e-waste disposal initiative further buttresses the bank's commitment to promote good waste management practices and alignment with local regulations and best practices.

B. Our Response To Climate Change

We understand that we have a role to play just as every entity, individual, or organization does in the fight against climate change. Given the nature of our business, we have established a 3-pronged approach to managing the issue. These include:

- Reducing our Footprint: We ensure as much as possible that our direct operational activities do not impair the environment. We have set long and short-term plans to reduce our impacts and are ratcheting these goals accordingly.
- Climate Finance: We are making deliberate attempts to finance projects that promote environmental and social sustainability.
- Climate Risk Management: We have added an extra layer of risk management to our regular E&S management system.

  This entails the assessment of loans to simultaneously assess our exposure to climate physical and transition risks, to guide investment decisions. We have also successfully carried out a climate risk and opportunities assessment both on the physical and transition risk sides to define our maturity as it pertains to climate risk management and help us form a basis for our climate risk reporting in line with the IFRS S2 standard on Climate risks disclosures, as directed by the Securities Exchange Commission (SEC).

Climate Finance

To aid our response to Climate Change, we are massively leveraging our position as a financial institution to key into climate finance. Plans are underway to issue a sustainability bond that targets finance to not just environmentally beneficial projects but socially beneficial projects as well. We are rolling out a mechanism that allows us to see through our risk assets at the assessment stage for their potential contributions to sustainability and where applicable, finance and refinance them accordingly. While at it, the process is supported by collaboration and partnership with industry experts, and facilitated by a developed sustainability bond framework using well-recognized taxonomies including the ICMA Sustainability Bond Principles, ICMA Green Bond Principles, and ICMA Social Bond Principles. For existing assets within a valid lookback period, we are also tagging our portfolio and especially collating potentially eligible assets for refinancing.

This way, we are not only able to make our portfolio more sustainable and resilient to climate change, but this strategic financing of sustainability-geared projects will also be able to encourage industry sector players to invest more efforts into climate finance and carry out their businesses more sustainably.

Climate Risk Management

We have realized that with climate change comes exposure to novelle risks including climate-related risks. As such, we have started to analyse our credits under a climate risk lens to enable informed lending decision-making. We also employed the services of one of the Big 4 consultancies to analyse our loan book exposure from a standardized and global perspective. The project was anchored and supported by the Bank's investor partner – the Africa Agriculture and Trade Investment Fund (AATIF) Facility through the Common Fund for Commodities (CFC), as part of a technical assistance project to the Bank. This was backed by a mutual contribution agreement executed by all parties involved, including the selection of the consultants over a consulting agreement.

The climate risk analysis project covered the physical risk and transition risk assessment of our business activities, conducted by two different consultants. The physical risk aspects include the risks associated with the physical impacts of climate change, which was evaluated using scenario (high, moderate and low) analysis on the loan book based on exposure and sensitivity to seven (7) key hazard types (water stress, wildfire, flooding, heatwave, coldwave, hurricane, and coastal flood). The transition risk aspects include risks resulting from policy action taken to transition the economy off of fossil fuels, which was evaluated using key thematic areas under strategy, governance, metrics & target, and risk management in line with the TCFD recommendations. We also estimated our financed emissions using the Partnership for Carbon Accounting Financials (PCAF) methodology to decipher our portfolio emissions' intensity and our most intensive sectors to strategize how to channel portfolio decarbonization efforts.

The analysis provided the Bank with an outlook on the impact of climate risk on the loan portfolio. It has helped to influence informed decisions towards managing climate risk and opportunities and promote sustainable investments to build economies resilient to climate-related uncertainties. There are ongoing plans to make this climate risk analysis process systemic. We are developing the required actions and measures to effectively carry out our maiden climate risk disclosure in line with the IFRS S2 standards, which was the consensus on climate disclosures from COP 28.

**Please note that the outcome of this analysis was a robust report detailing the Bank's loan book exposure to climate risk and opportunities and our emissions level, which is partially but not fully disclosed in this annual report*.*

Our Approach To Operational Risk Management

The organization recognizes the importance of effective operational risk management, and the need to align with the rapidly changing landscape of technological advancements and customer expectations. Operational risk management plays a vital role in minimizing financial losses, ensuring compliance with regulations, protecting the brand's reputation, and strengthening customers' trust. The operational risks that influence our business operations include the potential threats and uncertainties arising from the organization's internal processes, systems, people, or external events that may impact the day-to-day operations and objectives. Therefore, managing these risks is not just a requirement; it is fundamental to preserving organizational interests and integrity. In essence, addressing operational risk is crucial as it safeguards the organization's resilience, and financial stability, and sustains business continuity, adaptability, and overall organizational health.

The Bank has strategic measures to proactively manage potential disruptions, such as technological failures, supply chain issues, or human errors, ensuring uninterrupted business operations. As such, there is a designated digital and operational risk management desk (DORM) with key competent staff and a unit head overseeing the functions; each staff having adequate capacity and knowledge, clearly defined roles and responsibilities with measurable metrics. In line with best practices and standards, the DORM team ensures the effective implementation of a board-approved digital and operational risk management framework across the Bank and the embedding of risk culture among employees to sustain an improved outlook.

We effectively manage operational risks in the organization through the following actions and strategies:

- Operational Risk Management Committee (ORMC): Following Management's approval, an Operational Risk Management Committee was established to aid the implementation of the operational risk management framework across the Bank and ensure adequate closure of all action plans while mitigating risks in the Bank. The Committee is fully functional, and there has been a significant reduction in operational risk exposures of the Bank. Action items are evaluated and addressed by committee members across various business units for the mitigation of risk concerns.

- Risk and Control Self-Assessment (RCSA) Implementation: A risk control self-assessment (RCSA) is performed across the organization with the leadership of risk champions in the various business units who are well embedded in the process. Risk champions have been appointed across the business units, saddled with the responsibility of supporting the department or divisions with the identification, assessment, mitigation, and reporting of material risks, as well as supporting the implementation of the operational risk management framework across the organization. In this regard, there's an approved RCSA Framework that has been adopted.

- Risk Register: Within the period, a consolidated/ comprehensive enterprise risk register was established. This includes the identification of inherent risks and residual risks across the entire organization. Appropriate control measures were adequately embedded to mitigate risk exposures within the risk universe as contained in the risk register.

- Creation and Review of Standard Operating Procedures: The standardization of the SOP documents across the entire Bank is performed to ensure the availability of the necessary details/ elements and that the inherent and residual risks are well mitigated across the organization. A repository was created for the manuals which enables centralization and easy access.

- Products and Solutions Assessment: There is an increased involvement of digital and operational risk management as a key stakeholder in the products and solutions development cycle to identify inherent and residual risks. This includes the involvement in user acceptance testing, demos, and the review of BRDs, SWRs, and product papers in the organization for risk identification, assessment, monitoring and mitigation in the processes.

- Operational Risk Awareness: Training and awareness were conducted for staff in different capacities in the reporting year. Awareness campaigns were created in different modes/styles of communication including video communication, materials creation, and physical training across the organization.

- Loss Database Management: This involves the process of recording, tracking, analyzing, and reporting various types of operational loss events that may occur within the organization. This has been implemented in line with best practices and the Basel-II guidelines. The purpose of the Loss Database Reporting system is to provide a structured and centralized repository for capturing information related to losses, incidents, or adverse events. It also helps in the development of strategies and initiatives to mitigate losses based on insights from loss data analysis. This may include implementing internal control measures, improving safety protocols, enhancing security measures, and providing training to employees.

- Key Risk Indicators: This entails using quantitative metrics or indicators of various risk factors to monitor risk levels, identify emerging risks, and facilitate risk reporting. KRIs provide insight into the Bank's risk profile and help in monitoring risk trends. KRIs are well-defined for key activities in each process of all the Bank's Strategic Business Units and tolerance levels are clearly defined for each risk indicator. The tolerance levels are well aligned with the overall risk appetite of the Bank.

Economic Sustainability

As part of our sustainability priorities and financing activities, we take into consideration environmental, social, and governance principles in investment decision-making, which consequently promotes sustainable development in the economy. The organization is committed to providing innovative financial solutions that contribute to the realization of the United Nations Sustainable Development Goals (SDG), aimed at addressing global environmental and societal issues such as funding solutions, climate change, education, financial inclusion, women empowerment, and food security.

Sterling 'HEART' Strategy

Since 2017, we have remained dedicated to our transformation agenda to improve efficiency and future readiness 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. Therefore, in line with our commitment, the Bank strategically focuses on investments towards the five (5) sectors - Health, Education, Agriculture, Renewable Energy, and Transportation (H.E.A.R.T), which 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. Furthermore, we will continue to drive our strategy across the five sectors -HEART sectors with the following objectives:

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.

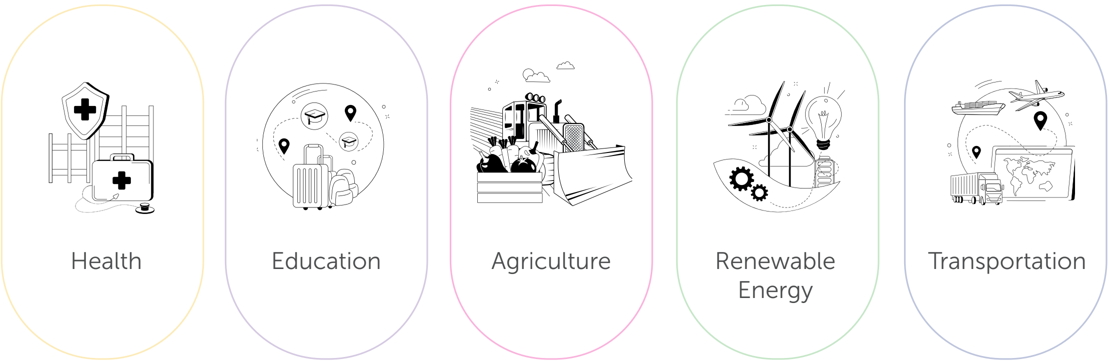
The HEART sectors which form the Bank's primary market, have facilitated growth in our business regardless of the state of the industry and economy. We aim to consistently empower all stakeholders across these spaces, providing them with access to information, new markets, and capital to promote businesses. Over the years, we have intensified our efforts and capabilities in the industry to add significant value in the various HEART sectors. As such, 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 impact across the other sectors..

As of the 2023 year-end, the total sum of investments recorded in the Bank's five (5) focus sectors was N1962.28 billion, indicating a 35% increase relative to the N145.38 Billion recorded in 2022.

HEART Sector Investment

Sector	Value (N' millions) 2023	Value (N' millions) 2022	% Value
Health	14,590.64	11,779.98	23.9
Education	9,349.76	4,839.68	93.1
Agriculture	105,129.05	81,264.04	29.4
Renewable Energy	7,865.25	7,453.38	5.5
Transportation	59,344.74	40,038.23	48.2
Total	**196,279.44**	**145,375.31**	**35.02**

Primary Markets



In the coming year(s), we shall strive to improve our financial performance and profitability in our lending activities by supporting more SME businesses, fostering economic development, and sustainable investments in technology innovation and techniques that promote the efficient use of resources, risk management, and climate change resilience. While we continuously focus on building long-term value sustainable development, and better relationships with customers, communities, and stakeholders, it is noteworthy that the organization's business practices, and our use of the natural resources around us are all channeled towards improving lives for a sustainable future.

Environmental & Social Management System For Lending Activities

The organization's core strategies include the effective implementation of an Environmental and Social Risk Management System (ESRMS) in line with best practices and national laws. Implementing the Environmental and Social Management Systems (ESMS) as it relates to the Bank's lending processes enables us to meet our objective of engaging in responsible banking. Therefore, an approved environmental and social (E&S) risk policy and framework is adopted across the Bank. This ensures that the impact of E&S risks and climate risks on activities financed by the Bank are constantly assessed and managed within acceptable limits; these impacts may include environmental degradation, extreme weather events, natural resource impairment, 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 risks that the Bank may be exposed to, thereby preventing credit, liability, and reputational risks impact.

The environmental and social considerations that are strategically integrated into our lending and investment activities enable our support of green initiatives like renewable energy, sustainable agriculture, clean transportation, and eco-friendly infrastructure development among others. We prioritize capacity building and awareness among employees and our customers to improve the understanding of the impact of business operations and, as such enable sustainable choices. As a customary practice, we ensure that our lending decisions consider the objectives of not only economic viability but also environmental responsibility, as well as 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. Essentially, sustainable practice is encouraged in the bank's everyday operations, corporate strategy, and decision-making, evident by a decade-long track record of substantial contributions to Nigeria's social, economic, and environmental development.

For the reporting period, we screened over 137 transactions for environmental and social risks and climate risk impacts in line with our E&S guidelines and best practices. These transactions fall within sectors of the Bank's Environmental and Social risk coverage sectors - Agriculture, Education, Health, Renewable Energy, Transportation & Logistics, Manufacturing, Power, Oil & Gas, Real Estate, Mining, and Construction, and based on the identified risk categorization, where applicable recommended action plans and mitigation measures were provided and communicated to the customers in their loan covenants.

The organization remains committed to consistently developing strategies to improve our Environmental and Social Management System (ESMS), in compliance with Environmental, Social, and Governance (ESG) country systems and best practices such as the International Finance Corporation Performance Standards (IFC PS), Nigerian Sustainable Banking Principles (NSBPs), Equators Principles, Task Force on Climate-related Financial Disclosures (TCFD) recommendations, which enhances economically viable, socially equitable and environmentally sustainable practices within the industry.

Social Dimension

At Sterling, we are dedicated to our vision of becoming the "financial institution of choice", known with the identity of "Your-one-customer bank". Social responsibility is a fundamental part of our DNA, and it influences every aspect of our interactions with customers, stakeholders, employees, and the communities we serve. Social responsibility isn't just a buzzword; it's the cornerstone of our business philosophy. Our employees, customers, and communities are our most precious assets, and we prioritize their welfare and development. Through fostering a supportive work environment and promoting work-life balance, we empower our employees to excel both personally and professionally.

Our approach to social sustainability is inclusive and collaborative, benefiting all stakeholders including employees, customers, shareholders, and the broader community. Through innovative digital solutions, we enhance operational efficiency and service delivery while promoting financial inclusion and facilitating flexible work arrangements and environments. We recognize the importance of mental and emotional wellness and, as such offer programs like the employee assistance program (EAP) and flexible work schedules to ensure a healthy work-life balance for employees. Furthermore, some of our innovative solutions for employees 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 Work initiatives.

We continuously refine our approach to social sustainability by evaluating the impact of our initiatives, seeking feedback from stakeholders, and adapting strategies to address evolving challenges. Additionally, our commitment to upskilling our Sterling Human through initiatives like Flex, our online Learning Management System (LMS) portal, ensures continuous professional development and enhances our organizational capabilities.

In every aspect of our operations, we are dedicated to promoting social sustainability and creating a better future for all through our unwavering dedication to social responsibility, people-centric approach, inclusive practices, digital transformation, work-life balance initiatives, community engagement efforts, and ongoing commitment to improvement. Engaging deeply with local communities is also a core aspect of our commitment to social sustainability. From educational initiatives to healthcare projects and environmental conservation efforts, we strive to make a positive impact where it matters most.

Diversity, Equity, and Inclusion

In our commitment to sustainability, we've revised our business operational frameworks to champion equality and accommodate every employee's lifestyle with flexibility. This has been accomplished through fostering an inclusive culture essential for cultivating a gender-balanced workplace that values comprehensive work-life integration.

In 2023, we achieved the following Diversity and Inclusion initiatives:

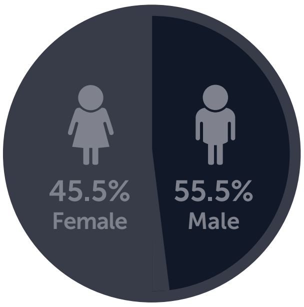
- Successfully onboarded 10 interns with disabilities through the Sterling Embrace Programme.
- Launched a male employee resource group called "The Anchor".
- Introduced a meeting-free hour for Muslim colleagues to pray, promoting cultural diversity.
- Conducted training and workshops to raise awareness and sensitize employees on diversity, equity, and inclusion.
- Became a member of the Nigeria Business Disability Network (NBDN) to further promote disability inclusion and accessibility in the workplace.

As committed participants in the United Nations Global Compact (UNGC), we consistently strive to make meaningful contributions to the Sustainable Development Goals (SDGs). Through our proactive investments in gender equality, we actively support the advancement of SDGs 5 (Gender Equality) and 10 (Reduced Inequalities), among others.

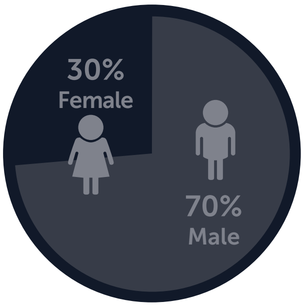
The organization upholds principles of equal opportunity in our employment practices. Our hiring decisions are solely based on merit, competencies, and alignment with our organizational culture. We ensure that no biases related to factors such as gender, ethnicity, religion, political affiliations, or physical characteristics influence our recruitment processes.

The female representation of the Bank as of year-end 2023 is shown below:

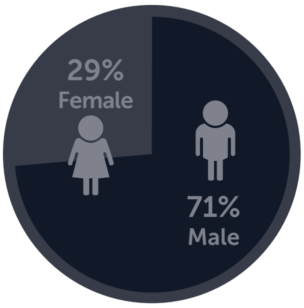
At the end of 2023, the female representation of the Bank was:



Employee Composition



Management Composition



Board of Directors

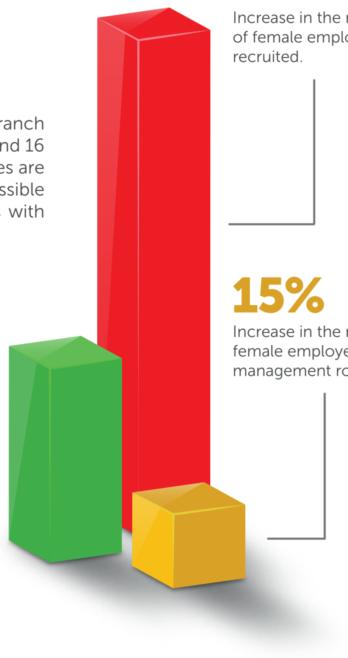
Key Diversity Highlights

N27.83billion

Total value of loan made available to **13,744+** women-owned businesses between January to December 2023.

N197,124,462.24+

Approved total expenditures on capability development programmes for Sterling female employees, which makes up 47% of expenditures on tota workforce between Jan to Dec' 2023.



285%

Increase in the number of female employees recruited.

50+

Over 50 branch locations and 16 cash centres are easily accessible by persons with disabilities

15%

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

A. The Bloom Network

The Bloom Network since its establishment in 2019 as a female-focused Employee Resource Group has helped to foster a balanced gender representation in all cadres at Sterling, especially women in decision-making levels, while creating a support system for achieving career growth, work-life balance, and emotional well-being for all female employees in the organization. The network is driven by a vision of empowering women to lead great lives and careers, and a mission to drive representation among all decision-making levels within Sterling Financial Holdco.

There's a long-standing commitment to promoting diversity, equity, and inclusion and creating a psychologically safe work environment for everyone. The network also contributes to society through philanthropic activities by engaging in and supporting charitable causes.

In the year 2023, the Bloom Network achieved the following:

1. Inaugural edition of the Sterling Women's Development Programme (SWDP), whereby 60% of participants received either promotion for the 2022 FY performance review cycle or assumed additional responsibilities. Fifty-eight women actively participated in the Sterling Women Development Program (SWDP), with twenty-seven completing the program. Additionally, thirty-one women were inducted into the 3rd cohort of SWDP. This program empowers and encourages women to embrace their strengths, voice their ideas, and pursue their goals, thereby fostering a more inclusive and diverse workplace culture.

2. Advocacy:

- In line with our organizational culture, we honor International Women's Day (IWD) yearly. In 2023, the theme was #EmbraceEquity: Innovation and Technology for Gender Equality. This theme reflects our dedication to reinforcing gender equality, diversity, and inclusion, all of which are pivotal for nurturing a supportive work environment and achieving business prosperity. Sterling curated a platform where speakers delved into the theme, focusing on leveraging innovation and technology to propel gender equality across multiple spheres, including the workplace, society, and beyond. Employees actively participated by sharing their valuable insights, experiences, and strategies aimed at championing inclusivity, diversity, and equitable opportunities for women. The event garnered substantial online engagement, amassing a streaming audience of 1.7k views on YouTube.
- We partnered with the Sterling One Foundation in a collaborative effort to advocate against Gender-Based Violence (GBV) in schools as part of the 16 Days of Activism campaign. Our joint initiative aimed to promote the prevention and eradication of violence targeted at women and girls, emphasizing the importance of fostering safe and supportive environments for all.

3. Bloom Network Corporate Social Responsibility

- The Bloom Network (TBN) contributed N2,000,000.00 to the Menopausal Community Support Initiative, affirming our dedication to supporting individuals navigating menopause and promoting their health, well-being, and overall quality of life.

4. Leadership Development & Mentoring

- Two female employees were enrolled in a 12-month WISCAR mentoring program, designed to unlock their full potential and provide invaluable mentorship, guidance, and support for career advancement.
- Forty-three female employees were selected as delegates to various women's conferences, including WISCAR, WIMBIZ, and APWB. Notably, sixteen female delegates attended WIMBIZ's 22nd annual conference themed "Mission Impossible: Thrive!". Furthermore, fifteen female delegates participated in the WISCAR Leadership and Mentoring Conference 2023 themed "In her own voice – Forging ahead," featuring keynote speaker MO Abudu. These conferences play a vital role in advancing professional women's careers, fostering personal growth, and driving positive change in both the workplace and society.
- Two female delegates were selected to participate in the Executive Diamonds' Programme for Leading Professional Women.
- Two Virtual Fire Side sessions were conducted with Amina Oyegbola, the founder and Chairperson of WISCAR, along with Senior Management Leaders. These sessions provide a valuable platform for learning, networking, and inspiration, empowering participants to navigate their professional journeys effectively and contribute to their personal and professional growth.
- The Association of Professional Women Bankers (APWB) comprises twelve Senior Leaders who contribute significantly to the organization's mission and initiatives.

The Bloom Network

Advocacy and CSR

The Bloom Network

Conferences, Trainings and Webinars

Corporate Social Responsibility (CSR)

The financial institution takes cognizance of the relationship between its business and the local communities. While we continue to drive our investment strategy across our primary markets - HEART sectors, we are dedicated to strengthening 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; Technology - to drive efficiency and create new business models for us, our partner organizations and sector businesses. Our CSR efforts reflect our unwavering commitment to corporate citizenship, ethical stewardship, and creating sustainable value for all stakeholders.

Through strategic partnerships, innovative solutions, and responsible business practices, we aim to foster positive societal change and drive sustainable development across our communities. The Bank donated a total sum of N304.62 million during the year ended 31st December 2023 (2022: N281 million) to charitable organizations in Nigeria. No donation was made to any political organization.

Our Corporate Social Responsibility (CSR) strategy is aligned to key thematic areas which revolve around:

- Education
- Empowerment
- Environmental Sustainability
- Health Initiatives
- Gender Equality Programs, Advocacy & Interventions
- Humanitarian and special projects

(A) Education

Education stands as a cornerstone for personal, social, and economic development, enabling individuals to acquire essential knowledge, skills, values, and attitudes crucial for success. It fosters critical thinking, problem-solving, and decision-making, while also playing a pivotal role in poverty reduction, inequality reduction, and social cohesion. Moreover, education promotes cultural understanding, spurs innovation and technological advancement, and contributes significantly to societal development.

In 2023, our prioritized initiatives aimed at enhancing the quality of education and empowering educators.

Central to this commitment is the steadfast belief that the development of youths through education not only enriches individual lives but also fuels broader societal advancement. As articulated in the fourth Sustainable Development Goal (SDG 4), ensuring inclusive, equitable, and quality education is imperative to promoting lifelong learning opportunities for all.

Recognizing education's paramount importance, Sterling Bank has integrated it into its sustainability program and invested across the value chain in areas with high demand and potential for sustainable income generation, especially for the youth population. It seeks to help individuals contribute meaningfully to society and the economy.

In addition, Sterling Bank supports infrastructural development essential for producing skilled labor in targeted sectors such as health, utilities, power, water, and waste management. By investing in education, Sterling Bank seeks to bridge the gap between the gown and productivity, ensuring a skilled workforce to drive the nation's development agenda, particularly in critical service sectors.

The major investments made during the review period are highlighted below.

1. Ake Festival

In collaboration with the Book Buzz Foundation and Ouida Books, we supported and actively participated in hosting the Ake Arts and Books Festival, an esteemed annual celebration of African literature, art, and culture. This festival stands as the largest and most prestigious literary gathering on the African continent, marking its significance since its inception in 2013.

The Ake Arts and Books Festival offers a diverse array of events, including book readings, panel discussions, workshops, performances, and art exhibitions, providing a comprehensive platform for cultural exchange and intellectual discourse. Notably, the festival attracts a broad audience of writers, artists, academics, and cultural enthusiasts from across the globe, fostering a rich tapestry of perspectives and experiences.

This collaborative initiative underscores our commitment to promoting arts, culture, and intellectual engagement. By supporting platforms like the Ake Arts and Books Festival, we contribute to the enrichment of African literary and cultural landscapes, fostering dialogue, creativity, and mutual understanding among diverse communities.

Sterling Bank MD, Abubakar Suleiman at the Ake Festival

2. LCCI 2023 Secondary Schools Essay Competition

In collaboration with the Lagos Chamber of Commerce and Industry (LCCI), Sterling Bank proudly hosted the annual Essay Competition for public and private secondary schools in Lagos State, a noteworthy initiative aimed at promoting academic excellence and intellectual development among the youth.

The competition, serves as a platform to engage and inspire students from both public and private secondary schools in Lagos State, fostering a culture of critical thinking and knowledge sharing. Three schools benefitted directly from the initiative as it actively contributed to the intellectual growth and development of young minds, providing a pathway for academic achievement and empowerment. The LCCI 2023 Secondary Schools Essay Competition exemplifies Sterling Bank's dedication to education and youth development.

Through impactful collaborations, we strive to create opportunities that nurture the intellectual potential of students, fostering a generation that is well-equipped for the challenges and opportunities of the future.

Mojisola Bakare - General Manager, Corporate & Investment Banking, Sterling Bank giving her speech

Chimezeh Ebere - The winner of the Competition with her price

Ogunloye Oluwaseun - 2nd prize winner with guests and sponsors of the event

Afikunooreoluwa Ogunlolu – 3rd prize winner with guests and sponsors of the event

Chimezeh Ebere - The winner of the Competition with her price

Participants and Students at the LCCI Secondary Schools Essay Competition

3. Teachers Capacity Development Workshop

Against the backdrop of the need to build the capacity of educators to make them empowered to invest in an African learner fit for the 21st century, we partnered with ReadManna Empowerment Initiative, a Certiport Solution Provider, and Microsoft Authorized Education Partner (AEP), along with the Association of Private Educators in Nigeria, to spearhead a comprehensive training program. This initiative focused on capacity building for 30 school administrators and representatives in Lagos, employing a Train-The-Trainer/Leader model to facilitate knowledge dissemination among other educators within their respective schools.

The sessions were meticulously designed to empower educators with innovative teaching methodologies, technological tools, and leadership skills essential for delivering quality education in the digital age. Over 500 students and pupils indirectly benefited from this session.


Teachers during the Developmental Training Session Teachers during the Developmental Training Session

4. Access To Learning Resources and Material For Kids In Low Income Community Primary Schools

We collaborated with Young Book Worms, Giving.ng, and Teach for Nigeria to facilitate the provision of essential reading materials to primary school students in Ifo, Abeokuta. The objective was to enhance their learning experiences, foster growth, and support their overall development. Through our joint efforts, we successfully delivered over 200 books to these primary school students. These materials were carefully selected to align with their academic curriculum and promote a love for reading and learning.

The impact of this initiative was profound, directly influencing 235 primary school students. Moreover, the indirect impact was felt across a wider scope, reaching approximately 650 individuals, including teachers, families, and the broader community making a substantial contribution made to enhance literacy in the region. In the same vein, we provided scholarships to 120 indigent children in partnership with the Special Foundation and other partners.

This was to support vulnerable children whose parents could not afford to pay for their education.


Teachers during the Developmental Training Session Teachers during the Developmental Training Session

5. Tuition Support for Chess Prodigy

Understanding the significant benefits extracurricular activities provides for children's wholesome development, we spearheaded a transformative initiative in collaboration with Giving.ng, Sazak Acres Biloque Company (SABC), and Run Club Abuja. Together, we raised N5,000,000 to renovate the LEA Primary school in Jabi, Abuja, commemorating their third-year anniversary. A football field and an athletic running track were also constructed, with essential amenities that not only enhance the school's infrastructure but also provide a conducive environment for students to engage in sports and extracurricular activities.

Research indicates that such activities contribute significantly to students' mental and physical well-being, reducing stress, improving mood, and boosting energy levels. By renovating the school's infrastructure and providing opportunities for extracurricular engagement, Sterling Bank seeks to empower students to explore their talents, enhance their well-being, and succeed holistically in their educational journey.

6. Tuition Support for Chess Prodigy

Members of Run Club Abuja pose with a cheque for the LEA Primary School Renovation Fund raised on Giving.ng.

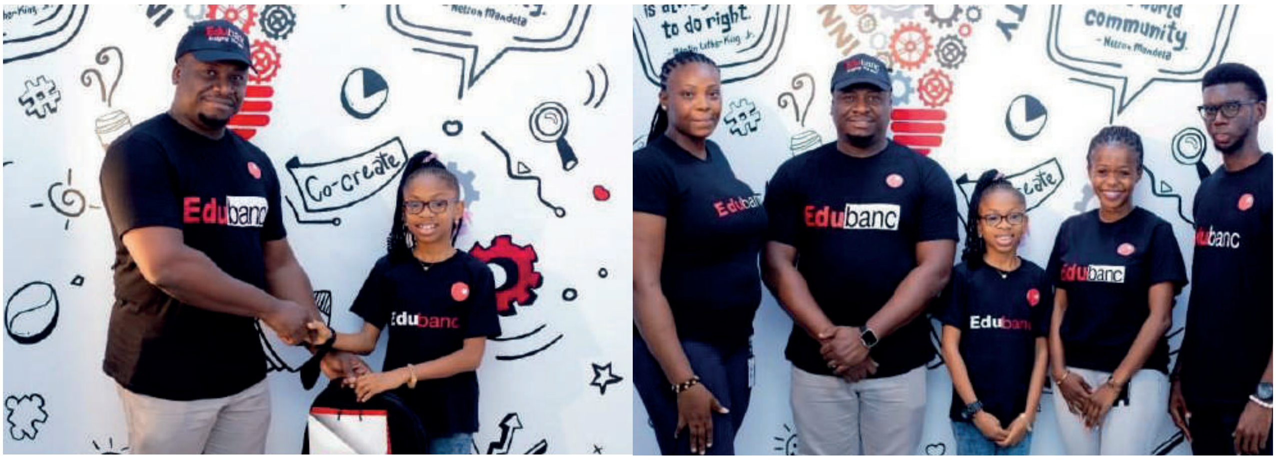
In collaboration with Marvele Montessori School, we sponsored the tuition fees for a chess prodigy for one year, empowering a promising individual to pursue their passion and education simultaneously. The prodigy received the opportunity to pursue academic excellence while nurturing her talent in chess without financial constraints. This support provided access to quality education for a talented individual to hone her skills and pursue her passion, fostering personal growth, intellectual development, and future opportunities.

This initiative demonstrated the Bank's commitment to supporting education and talent development within the community, inspiring others to invest in the potential of future generations. The 1-Year Tuition Support for the Chess Prodigy initiative exemplifies Sterling Bank's dedication to nurturing talent, promoting education, and fostering social inclusion.

By investing in the potential of individual talents within our country, we contribute to the creation of a brighter and more equitable future for all.

7. ICT Centre Support

We spearheaded the launch of an ICT Centre at



Staff of the Bank with the Chess Prodigy

Oxford Manor College, aimed at enhancing access to information and communication technology (ICT) resources and promoting digital literacy among students and the community. The ICT Centre offered state-of-the-art facilities, including computer laboratories, internet access, software applications, and educational resources to support learning, research, and skills development in ICT. The initiative aimed to prepare students for the demands of the digital age by providing hands-on training, workshops, and educational programs. This demonstrated our commitment to fostering digital inclusion.

We actively engaged with the local community to raise awareness about the importance of ICT education and promote participation in the ICT Centre's programs and activities. As a result of this initiative, a significant number of students have been empowered with essential ICT skills, knowledge, and competencies needed to thrive in the digital economy and succeed in an increasingly technology-driven world. It has also enhanced the educational experience of the students and teachers with the integration of technology into teaching and learning practices, promoting innovation, collaboration, and creativity in the classroom. It has also helped facilitate the development of critical ICT competencies, problem-solving abilities, and digital fluency among students, preparing them for globally relevant future academic and career endeavours while equipping them with the tools and resources needed to participate effectively in the digital society. The launch of the ICT Centre at Oxford Manor College exemplifies Sterling Bank's commitment to promoting digital inclusion, education, and community development. By investing in ICT infrastructure and capacity-building initiatives, we empower individuals to unlock their full potential and thrive in the digital era.

8. Interhouse Sports Support

We supported various Interhouse Sports events including Benford International School's sports event, promoting youth engagement, physical activity, and community involvement.

The event sought to promote sportsmanship, teamwork, and healthy competition among students, fostering a spirit of camaraderie and excellence. 500 students from Benford International School were supported to actively participate in various sports activities and competitions, including track and field events, relay races, and team sports.

Staff of the Bank actively engaged with students, parents, teachers, and the broader community to raise awareness about the importance of sports and physical activity in promoting holistic development and well-being. The sessions fostered a sense of unity, collaboration, and teamwork among students, promoting positive social interactions and building strong relationships within the school community. It also helped to encourage healthy lifestyles and habits by promoting regular physical activity, exercise, and sports participation, contributing to the overall well-being and vitality of the students.

The competition helped to strengthen bonds and connections within the school community, creating a supportive and inclusive environment where students can thrive academically, socially, and emotionally.

The sponsorship of the Interhouse Sports event at Benford International School reflects our commitment to promoting youth engagement, physical fitness, and community development. By investing in sports and educational initiatives, we empower students to excel, succeed, and lead active, fulfilling lives.

9. Chess Competition Sponsorship

In partnership with Platform Schools, we supported schools participating in a chess competition in Kazakhstan, contributing to the development of young minds through the strategic promotion of chess.

The competition, organized in partnership with the Lagos Chamber of Commerce and Industry (LCCI), served as a platform to engage and inspire students from both public and private secondary schools in Lagos State, fostering a culture of critical thinking and knowledge sharing.

A total of 20 students directly benefitted from the sponsorship, gaining valuable experience and exposure in the field of competitive chess providing the students with a unique opportunity to engage in intellectual competition, promoting cognitive development and academic excellence.

It helped enhance the students' strategic thinking, decision-making, and problem-solving abilities, facilitated cross-cultural exchange and global awareness by enabling the students to represent their schools and communities on an international platform while instilling values of sportsmanship, discipline, and resilience among participating students, fostering a spirit of healthy competition and camaraderie.

The Chess Competition Sponsorship reflects Sterling Bank's commitment to education, youth development, and cultural exchange. By supporting initiatives that promote intellectual growth and global engagement, we empower young minds to thrive in a diverse and interconnected world.

(B) Empowerment

1. Agricultural Community Support Programme – On Food Security (Ogoni Project)

In collaboration with The Alternative Bank and the Global Entrepreneurship City Limited (GECL), we initiated the Ogoni Liberation Initiative (OLI), a sustainable agriculture project aimed at positively impacting the environment, ensuring food security, and creating job opportunities in Ogoni Land, Rivers State.

We developed the Cassava Master Plan for Ogoni Land to enhance the food supply and create employment opportunities. It involves aggregating 1,000 farmers across 3 Local Government Areas and supporting them to cultivate cassava on 2,000 hectares of land. Beyond job creation and economic empowerment, this initiative has helped them to be financially included to enhance access to banking services.

The project involves the identification, selection, screening, and training of farmers. The distribution of cassava stems, fungicides, fertilizers, herbicides, and loans to selected farmers is done subsequently with processes put in place for supervision and monitoring of the entire cultivation and processing process to ensure it delivers on set outcomes. This initiative seeks to reduce poverty, create jobs, and support the livelihood of the people sustainably while promoting financial independence for the youth and women in the community. Most importantly, it will help to end the regional food crisis. Over 800 farmers have benefited from this initiative. The Ogoni Liberation Initiative exemplifies Sterling Bank's commitment to sustainable development, addressing social, economic, and environmental dimensions. By fostering agricultural practices aligned with global sustainability goals, we contribute to poverty reduction, environmental protection, and community empowerment, ensuring a positive impact on Ogoni Land and beyond.

2. West Africa SME Exhibition 2023

In partnership with the UNIDO Investment Technology and Promotion Office (UNIDO ITPO), the National Association of SMEs (NASME), and the Federal Ministry of Industry, Trade, and Investment, we reiterated our commitment to driving impact investment into innovations in the small and medium-scale enterprises (SMEs) space in the country and continent by supporting the West Africa SME Exhibition.

Held under the theme, "MSME 4.0: Enhancing Productivity, Competitiveness, Resilience, and Sustainability in an Era of Digital Transformation," the event aimed to connect SMEs with investors, business development organizations, and international industry specialists to promote sustainable technologies relevant to improving local investment opportunities. The event also witnessed the launch of a N2 billion empowerment fund dedicated to transforming the Micro, Small, and Medium Enterprises (MSMEs) sector.

L-R: Ms. Massandje Toure-Litse, ECOWAS Commissioner, Economic Affairs and Agriculture, Dr. Abdulrashid Yerima mcpn lmncs - President, National Association of Small and Medium Enterprises (NASME), Ms. Abimbola Olufore Wycliffe's, Head- UNIDO-Investment and Technology Promotion (ITPO) in Nigeria, Hon. James Barka, the Vice Chairman, House Committee on Commerce (Representing the Deputy Speaker, House of Reps, Hon. Benjamin Kalu) and Ms. Olapeju Ibekwe, CEO Sterling One Foundation.

3. Youth Employability, The Future of Work and Africa as the Next Global Talent Sourcing Frontier

Against the backdrop of the rising unemployment rate in Nigeria and the increasing demand for young talent from Nigeria and Africa across the globe, we hosted a panel discussion on the future of work and how best to harness the talents that abound in Africa.

This discussion which took a deep dive into talent management as a vehicle for addressing youth unemployment in Nigeria and Africa had Taiwo Olupitan, Manager, People & Organization Advisory at PwC, Temi Dalley – Group Chief Human Resources Officer at Sterling Financial Holdings Company, Omokaro Ovakporayen Unuakpor – Head of Product Development at Lagos State Employment Trust Fund, Yemisi Otasanya – University Spaces Initiative Lead, UNDP as panelists, with Sheila Ojei – Director, Lagos State Employment Trust Fund as the moderator.

4. Youth Development

a. Fostering Creative Talent Through Film Lab Africa

Africa 2023. This groundbreaking accelerator program aims to empower African filmmakers and TV producers, spanning diverse genres—from fiction and non-fiction to music, comedy, and documentaries.

Film Lab Africa stands as a transformative initiative, offering capacity-building, mentorship, and invaluable showcasing opportunities. Through this partnership, Sterling Bank in partnership with Sterling One Foundation plays a crucial role in nurturing the next generation of storytellers, fuelling innovation, and reshaping the African film landscape.

The Bank's commitment to youth empowerment is evident in its support for this initiative, positioning Nigerian youths as agents of change. By fostering creative talent and providing platforms for expression, we are championing the cause of the Nigerian youth, enabling them to advocate for their futures and contribute meaningfully to societal development.

b. YP Lagos

In collaboration with Unboxed conferences, we hosted the Youth Professional Lagos (YPLAGOS) mentorship program, targeting young professionals aged 19 to 30. This initiative is aimed at providing a platform for meaningful engagement and strategic partnerships among graduates, including employed, self-employed, or individuals in transition.

The YPLAGOS program, structured as a breakfast meeting, offered participants insights, experiences, and guidance from mentors and peers at their tables. It served as a forum for knowledge exchange and relationship-building, fostering professional growth and development. Over 250 youths actively participated in the program, gaining valuable insights and forging new connections. YPLAGOS partnership underscores Sterling Bank's commitment to youth empowerment and professional development, aligning with our sustainability goals of fostering talent and creating impactful partnerships for a sustainable future.

c. Bendel Insurance FC Partnership

The Bank renewed its partnership with Bendel Insurance FC, one of Nigeria's oldest and most prestigious football clubs, to stimulate the sports industry, and drive youth empowerment and participation in sports, making it the single largest shirt sponsorship deal in top-flight Nigerian football.

Due to the Bank's support, the club progressed from the second tier of Nigerian clubs into the topflight in the first season of sponsorship and progressed into continental football in the second. This resulted in additional interest in the sponsorship of the premier female football team in Benin City by a private sector player.

d. Project Ladder

Against the backdrop of the disastrous floods in 2022 which saw a lot of farmlands destroyed and lives lost, we launched Project Ladder in flood-affected communities in Oko in Oshimili South LGA and Azagba in Ndokwa East LGA. The project sought to restore the livelihoods of farmers in these areas who suffered from multiple losses during the floods. We empowered 400 smallholder farmers, with 80% being women, by providing 100,000 'high yield' cassava stems. This intervention aimed to revitalize livelihoods severely impacted by the floods, offering a beacon of hope to communities facing adversity.

Through the cultivation of 80 acres of farmland, the project anticipates a yield of 450-520 tons of cassava tubers upon harvest (with proper cultivation practices). Furthermore, the initiative aims to produce 800,000 to 1,200,000 high-yield stems for farming in the upcoming planting season, contributing significantly to increased production and livelihood restoration.

This project underscores our commitment to supporting our communities in times of loss and ensuring jobs can be created for women and youth. This initiative was executed in partnership with the Whitefield Foundation.

Flagg-off of Project Ladder in Delta State

e. *Kaduna State Council on Land Housing and Urban Development*

In collaboration with the Kaduna State Government, we actively participated in the Kaduna State Summit on Housing and Urban Development, a significant event convened by the Kaduna State Council on Land, Housing, and Urban Development. Delegates included three Ministers, their respective delegations, MDs of Parastatals and Agencies, National Assembly members, Commissioners, Permanent Secretaries, and Directors from the 36 States and the FCT. The summit facilitated extensive collaboration and knowledge exchange.

Over 500 participants directly benefited from the initiative, gaining valuable insights and contributing to the discourse on housing and urban development.

This collaborative effort aligns with Sterling Bank's commitment to sustainable urbanization, smart cities, and community development. By actively engaging with the public sector and stakeholders, we aim to drive positive change and contribute to the creation of resilient, inclusive, and sustainable urban environments for the benefit of all citizens.

f. *Kaduna Fashion and Arts Exhibition*

In collaboration with The Kaduna Fashion & Arts Exhibition (KAFART) and NYH Concepts, we proudly sponsored the Kaduna Fashion & Arts Exhibition (KAFART), a landmark event aimed at reviving the creative landscape of Northern Nigeria and beyond. Since its inception in November 2019, KAFART has emerged as a pivotal platform celebrating the region's rich heritage of fashion and artistry.

KAFART, now in its fourth edition, serves as a beacon of creativity, craftsmanship, and cultural diversity, showcasing the vibrant tapestry of Northern Nigeria's fashion and art industry.

The event attracts individuals from universities, secondary schools, and a diverse array of youths eager to promote their businesses, explore new opportunities, and engage with the dynamic world of fashion and art. Over 1000 individuals directly benefited from the program, gaining exposure, networking opportunities, and invaluable insights into the fashion and art sectors.

The Kaduna Fashion & Arts Exhibition partnership exemplifies our commitment to supporting cultural enrichment and economic empowerment. By fostering platforms like KAFART, we champion creativity, innovation, and inclusivity, contributing to the vibrant tapestry of Nigeria's cultural landscape while empowering its youth to thrive in the creative economy.

g. *MBN X EDF Fushion*

In collaboration with the Eat Drink Festival (EDF) and Made By Nigeria, we proudly hosted the EDF 2023, an iconic event that celebrates Nigeria's culinary diversity and cultural richness. Since its inception in 2014, the festival has evolved into a vibrant platform where food enthusiasts and vendors converge to indulge in the flavors of Lagos. EDF 2023 marks the continuation of a nine-year tradition, where Sterling Bank has welcomed over 100,000 guests and 500 vendors to our food festivals, fostering a dynamic culinary ecosystem in Lagos. Each year, thousands of food lovers gather at EatDrinkFestival to savor a diverse selection of food and drink offerings from the city's finest chefs, restaurants, and street vendors.

The event generated a significant impact, with over 3000 individuals directly benefiting from the festival, including vendors, participants, and attendees. The festival catalyzes economic growth and access to markets, providing a platform for local businesses to showcase their culinary talents and connect with a broader audience.

The Made By Nigeria X EDF Fusion exemplifies our commitment to promoting cultural exchange, entrepreneurship, and sustainability within the food industry. By supporting initiatives like EDF, we foster community engagement, stimulate economic development, encourage youth-led entrepreneurship endeavors, and celebrate the rich tapestry of Nigerian cuisine and culture.

5. Entrepreneurship Empowerment

Given the importance of small businesses in our economy, we partnered with the Business Hub on the Start 2 Scale Summit, a transformative initiative aimed at capacity-building for small businesses. The event also featured the disbursement of microgrants to deserving entrepreneurs. A total of 1,180 businesses directly benefitted from the initiative while three beneficiaries received microgrants totaling N800,000 to expand operations, create more employment opportunities, and support their business endeavors.

The entrepreneurs benefited from valuable training and resources to enhance their skills and knowledge in various aspects of entrepreneurship. The sessions also fostered collaboration and networking among small business owners, creating a supportive ecosystem for shared learning and growth.

Also, in collaboration with the Engage Empower Educate Initiative, we organized the Access to Finance Summit, a pivotal event aimed at facilitating access to financial resources for aspiring entrepreneurs. The summit also included the disbursement of microgrants to deserving individuals. The initiative facilitated the disbursement of microgrants to over 5 beneficiaries, enabling them to kick-start their business ventures.

a. Imosan Community Development

The initiative contributed to the economic empowerment of small business owners, promoting financial independence and resilience within local communities. The Start 2 Scale and Access to Finance Summits partnerships exemplify our commitment to supporting small businesses and fostering economic empowerment. By providing access to resources, training, and financial assistance, we empower entrepreneurs to realize their full potential and contribute to sustainable development. and drive sustainable growth in their communities.

In partnership with the Imosan Community Development Association, we hosted the annual 70-year Imosan-Ijebu residents' gathering, a significant event aimed at fostering community cohesion and development. The annual gathering serves as a cornerstone of community engagement, bringing together residents, both indigenes and non-indigenes, to celebrate the rich history and heritage of the Imosan-Ijebu community. The event marked the 70th anniversary, symbolizing decades of unity, progress, and resilience within the community. The initiative generated a profound impact, fostering a sense of belonging and solidarity among community members, including social cohesion and collective action.

Through collaborative efforts and engagement, Sterling Bank and the Imosan Community Development Association provided a platform for dialogue, collaboration, and empowerment, enhancing the overall well-being and resilience of the Imosan-Ijebu community. The Imosan Community Development Initiative exemplifies Sterling Bank's commitment to social responsibility and community development. By supporting initiatives that promote inclusivity, unity, and progress, we strive to create lasting positive change and empower communities to thrive in a sustainable and equitable manner.

6. Africa Social Impact Summit

We supported the Africa Social Impact Summit(ASIS) which focuses on bolstering partnerships and fostering expertise-driven solutions to accelerate impact investments in key sectors such as Climate Solutions, Circular Economy, Agriculture, Renewable Energy, Education, Health, and WASH, to accelerate the achievement of the Sustainable Development Goals. The summit also highlighted the need to enhance data collection and reporting for Sustainable Development Goal (SDG) progress, underscoring the critical role of data-driven decision-making in tracking progress and ensuring the successful attainment of SDG targets. It echoed a strong emphasis on knowledge sharing and innovation, with policy recommendations supporting research and development efforts to address specific challenges.

The summit was co-convened by Sterling One Foundation and the United Nations in Nigeria with various partners including Afrexim Bank, British Council, MTN Foundation, Oando Foundation, the Coca Cola Company, United Nations Global Compact Network Nigeria, UNIDO Investment Technology and Promotion Office (ITPO), Microsoft, United Nations Development Programme, SBG Insurance Brokers, Nigerian Economic Summit Group, SCALE Palladium, INGO, Nigeria Climate Innovation Council (NCIC), CNBC Africa, Ventures Africa, Proshare, TRACE, Tech Cabal and Foreign Policy, among other partners.

Various dignitaries were part of the convening including the past president of Malawi, Joyce Banda, the United Nations Deputy Secretary General, Amina Mohammed, United States Consul General, Will Stevens and Professor Oyeyinka, Senior Special Adviser on Industrialization to the President of the African Development Bank (AfDB) of the Africa Development Bank Group. ASIS 2023 witnessed significant global participation with over 4000 registrations from over 60 countries and 1500 in-person delegates. This diverse participation highlights the summit's global reach and collaborative efforts.

(C) Environmental Impact Initiatives

1. Flag-off of the SOF Agro-forestry Project and Tree Planting Exercise

We initiated a pivotal step towards environmental conservation and climate action in partnership with Sterling One Foundation and Green Sahara Farms through the official flag-off and launch of the Agro-Forestry Project, termed Sterling One Foundation Agroforestry for Climate Action Project (SACAP). The grand event unfolded in the picturesque town of BWARI, Federal Capital Territory, Abuja.

We orchestrated the SACAP initiative, targeting environmental conservation, with a particular focus on schools and adjacent communities. The launch, hosted at the Federal Government Girls College, Bwari (FGGC Bwari Abuja), drew over 500 attendees, including dignitaries, the Federal Ministries o Education, Agriculture, Environment and Youth and Sports, community leaders, educators, and enthusiastic students.

The SACAP initiative serves as a multi-dimensional environmental sustainability and climate advocacy program, aiming to create a lasting impact by nurturing the environment, supporting nutrition, promoting knowledge sharing, and raising awareness within educational institutions and their surrounding communities.

The initiative also included the launch of the Young Foresters' Club as a flagship initiative to engage young climate champions actively. This unique platform empowers children and youth to be catalysts for climate resilience and sustainable development. Through community-based education, participation, and empowerment, the club imparts knowledge about local climate issues and potential solutions, enabling its members to become change agents within their communities and beyond.

So far, over 9,600 economic trees have been planted across 24 Unity schools in 18 states and the FCT with over 10,000 students impacted, nurseries developed, and the Young foresters club established.

Students of FGGC Bwari during the Inauguration of the Young Foresters' Club

Dignitaries, partners, community leaders, educators, and enthusiastic students at the SACAP Flag-Off

2. **Green Advocate Project: A Climate Education Program For Secondary Schools In Lagos State**

In partnership with the African Clean Up Initiative and Giving.ng, we launched the Green Advocate Project, a comprehensive Climate Education Book project aimed at cultivating climate-conscious behaviors among secondary school students and teachers in Lagos. The primary objective was to promote environmentally healthy habits, including waste disposal and recycling, among students across 40 schools.

The project's core goal was to impact over 2,000 students and 500 teachers through the implementation of climate change education initiatives. Recognizing the importance of such education, the project aims to nurture a generation that is well-versed in climate-related issues and equipped to adopt sustainable practices. Over 27 schools benefited from this initiative reaching 1,899 students while involving 200 teachers in educational sessions.

3. Sterling Environmental Makeover

For over a decade and in collaboration with the Lagos State Waste Management Agency (LAWMA), we have successfully reduced the volume of waste directed to landfills in Africa's economic capital city, Lagos State. This Waste Recycling Initiative segregates recyclable waste from biodegradable waste, contributing to the circular economy. The project not only aids in waste reduction but also generates wealth and employment opportunities for small and medium-sized enterprises. We also launched the Sterling Environmental Makeover (STEM)which we have implemented for a decade to ensure employee volunteering and the establishment of multi-level partnerships to protect and transform our environment, including streets and beaches positively. During STEM executions, both staff and management of the Bank join street sweepers at various locations to ensure our environment remains clean across the country.

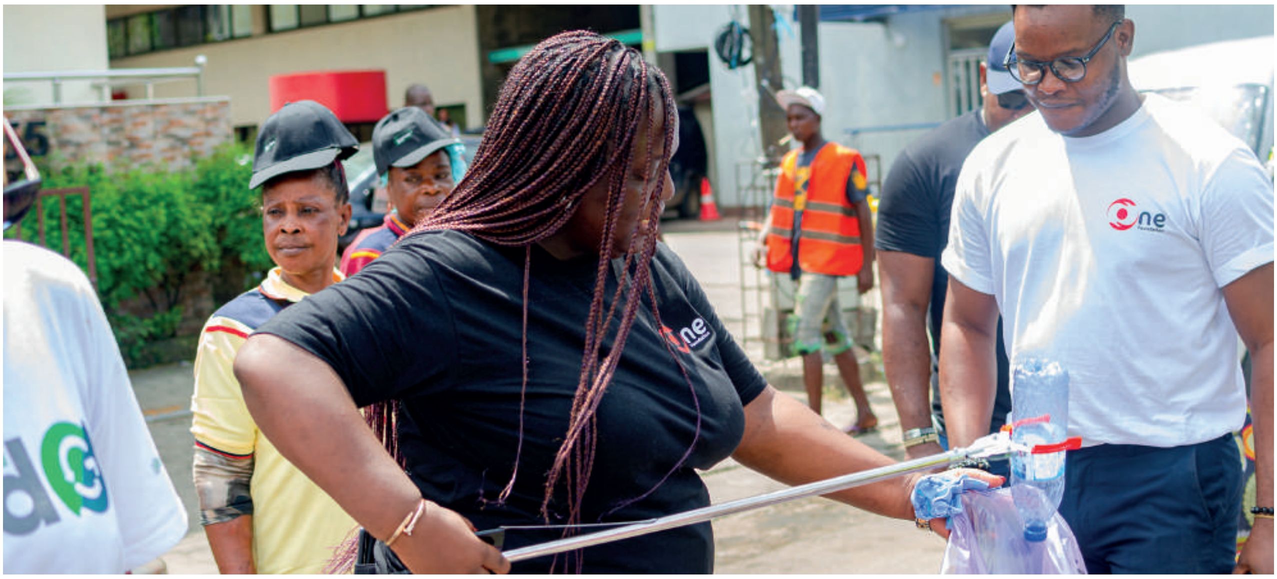
In advancement of this initiative, we commemorated Global Recycling Day, World Environment Day, and the International Day of Climate Action 2023 in partnership with the Federal Ministry of Environment, Lagos State Ministry of Environment, LAWMA, 7UP Bottling Company, African Clean Up Initiative, Proshare, Bonnie Bio, WasteBanc, Giving.ng, Elegushi Kingdom, and Green Space Depot with dedicated initiatives aimed at combating plastic pollution and promoting community clean-up efforts. The Bank's staff also participated from over 28 locations and states across the country. Over 2,000 employees and volunteers participated in this initiative in the following locations: Ogun, Oyo, Osun, Ondo, Kano, Sokoto, Katsina, Abuja, Delta, Anambra, Edo, Abia, Rivers, Bayelsa, Akwa-Ibom, Cross River, Enugu, Ebonyi, Gombe, Bauchi, Plateau, Kaduna, Maiduguri, Jimeta, Lokoja, Minna, Lagos and Makurdi. During the Community Clean-Up event held in Lagos Island, an impressive milestone was achieved with the successful removal of 5,000 pieces of plastic waste from the streets.

These efforts signify a significant step toward fostering a cleaner, greener, and more sustainable environment in the region.

Students Receiving the Green Advocate Book

In the Federal Capital Territory, a Nature Sensitization and Walk event in collaboration with the Federal Ministry of Environment took place. This initiative mobilized local communities, empowered individuals, and instilled a sense of collective responsibility in tackling plastic pollution. Our participation in World Environment Day 2023 among other environmental days through these collaborative initiatives reflects our unwavering commitment to environmental sustainability. The impressive impact of the removal of 5,000 pieces of plastic waste highlights our proactive role in creating a cleaner and greener environment.

Community Clean-Up in Lagos Island by Community Volunteers



The CEO of Sterling One Foundation Olapeju Ibekwe joined staff of the Lagos State Waste Management Agency (LAWMA) to mark World Environment Day with a clean-up exercise at Lagos Island.

i. Beach Clean-up

In our relentless pursuit of combating land degradation, curbing pollution, and safeguarding our precious oceans, we embarked on a series of impactful beach clean-up programs throughout 2023. Partnering with esteemed organizations including the African Clean Up Initiative, Giving.ng, and Elegushi Foundation, we orchestrated a multifaceted approach to addressing environmental challenges head-on. Key activities included Community Engagement, Capacity Building, Waste Collection, Sorting, Volunteer Mobilization, and Beach Clean-up. Through our collective efforts and tireless dedication, the beaches once marred by pollution now stand as pristine havens of natural beauty. Our impact extends beyond cleaner shores; it echoes in the renewed hope for healthier oceans, vibrant ecosystems, and a heightened sense of environmental stewardship among communities.

Over 400 volunteers were directly involved in the clean-up efforts and the comprehensive clean-up activities were conducted across various beaches in Lagos, notably the Elegushi Beach and Alpha Beaches.

CEO Sterling One Foundation with Hon. Olakunle Rotimi-Akodu, Special Adviser on Environment to the Governor of Lagos State, Representative of the LAWMA MD and some management staff of Sterling Bank

Volunteers gathering waste collected for sorting *ii. Elegushi Beach Clean-up*

Managing Director of Sterling Bank, Mr. Abubakar Suleiman, CEO of the Sterling One Foundation, Mrs. Olapeju Ibekwe, alongside the other management staff of Sterling Bank and members of the Elegushi Royal Family and Lagos State Government Representatives.

Staff of Sterling Bank and other volunteers participating in the Beach CleanUp

Courtesy visit to the Palace of Oba Elegushi, Oba Saheed Ademola Elegushi *iii. Sustainability Media Training on Environmental Sustainability*

To build the capacity of the fourth estate of the realm, the media, and enhance the quality of reportage of environmental sustainability-related issues, we supported a Sustainability Media Training, an offshoot of the Africa Social Impact Summit (ASIS) 2023 during the commemoration of the International Day of Climate Action to empower media professionals.

50 journalists from Lagos (representing Southwest Nigeria) and 25 media professionals from Yobe/ Maiduguri (representing Northeast Nigeria) participated in the training. The two-day hybrid training on November 8th and 9th, 2023, showcased a holistic approach to fortifying media expertise in reporting Climate Change and with the Sustainable Development Goals. Noteworthy participation of seasoned facilitators and journalists from diverse backgrounds enriched the training sessions with insightful discussions encompassing international best practices in Climate Change reporting, emphasizing the media's role in raising Climate Change awareness. Renowned media figures such as Fidelis Mbah from Al Jazeera and Akinwale Ojetimi shared their expertise on effective Climate Change reporting strategies while Sterling Bank's Dele Faseemo underscored the bank's impactful sustainability initiatives, aligning with Climate Change and social impact domains.

The session was held in partnership with Microsoft and the Coca Cola Company and will be sustained to reach other states in the country.

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

Cross-section of participants and facilitators at the training

(D) Health Initiatives

i. Health Programs and Interventions

Sterling Bank is actively addressing challenges within Nigeria's healthcare sector through strategic partnerships aimed at enhancing access and delivery of care nationwide. Aligned with the HEART of Sterling strategy, which prioritizes investments in Health, Education, Agriculture, Renewable Energy, and Transportation sectors, the bank collaborates with sub-national entities to develop viable healthcare schemes and integrate technology to expand health insurance coverage, particularly for vulnerable populations.

The bank champions "Health-Insurance-As-A-Service" propositions, ensuring positive outcomes across three state governments. Sterling Bank facilitates fractional premium payment solutions for private health insurance schemes, democratizing access to quality healthcare without imposing significant upfront costs on individuals. Additionally, the bank innovates financial products, exemplified by its collaboration with Roche to lower the overall cost of breast cancer treatment, promoting sustained care and improving patient outcomes. Our various health projects are targeted at improving the healthcare system in Nigeria, with specific focus on primary healthcare as well as other interventions with the aim of supporting the healthy living of people in underserved areas of the country.

ii. Capacity Building Program for Health Workers Supporting Adolescent Sexual & Reproductive Health

In pursuit of the United Nations SDG 3's vision for universal health coverage and improved well-being for Nigerians of all ages, the goal to improve adolescent sexual and reproductive health services in Nigeria and the need to strengthen the capacity of primary health workers in providing adolescents with non-judgmental counselling on pregnancy and resources available to them, we partnered with the Japan International Cooperation Agency (JICA) and the National Primary Health Care Development Agency (NPHCDA) to spearhead the pilot of a novel impactful capacity building for Community Health Influencers, Promoters, and Services (CHIPS) state coordinators, medical nurses and midwives, and NPHCDA staff from Nasarawa State and the FCT on the 20th and 21st of March 2023, in Abuja.

25 CHIPS, 2 CHIPS state coordinators, 5 Nurses and Midwives from Nasarawa State and the FCT with 2 NPHCDA staff were direct beneficiaries of the training.

The initiative is expected to positively impact over 2,000 adolescents in the various communities represented by he health workers that were trained as these health workers will go on to build the capacity of other health workers in their various establishments.

A representative of the Japan International Cooperation Agency (JICA) and Community Health Influencers, Promoters, and Services (CHIPS) who were direct beneficiaries of the training

iii. Reduction Of Maternal Mortality in Nigeria Through Support of the Mama Base Intervention Health Program

Maternal mortality refers to the death of a woman during pregnancy, childbirth, or within 42 days of delivery. It is a multi-faceted problem influenced by various factors such as inadequate healthcare infrastructure, poverty, limited access to quality prenatal and postnatal care, lack of professionalism, ill- equipped personnel, cultural barriers, and gender inequalities.

According to the World Health Organization, Nigeria accounts for nearly 20% of global maternal deaths,

with over 59,000 women dying each year due to childbirth complications. It is against this backdrop that we partnered with the MRHR Collective to launch the Mama Base Health Program, which is focused on addressing this critical issue in Nigeria commencing from Lagos state.

Mama Base was designed to establish a registry of low-income pregnant women in Lagos State, ensuring their access to high-quality care throughout pregnancy and post-delivery, while also strengthening data availability on maternal health.

The campaign utilizes various advocacy and fundraising activities to create public awareness including celebrity engagement, stunts and activations, a memorial march to honor women who died due to poor maternal care #IRememberHer and ended with the #RunForHer which was a charity run that allowed the public to contribute to saving more pregnant women. The 5km run commenced from the I-Fitness Gym on Admiralty Way in Lekki Phase and terminated at the Muri Okunola Park in Victoria Island on October 28, 2023. The Bank in partnership with the Sterling One Foundation supports 1,500 pregnant women and continues to support the expansion of the program in Lagos State. 816 pregnant women have been registered with 23 safe deliveries recorded thus far.

Prof. Bosede Afolabi, Founder, MRHR Collective, Adesua Etomi Wellington, maternal health advocate and actress, Olapeju Ibekwe, CEO, Sterling One Foundation, Jennifer Osunde, maternal health advocate and actress, Temitayo Etomi, board member, MRHR Collective and Bankole Wellington, maternal health advocate and musician at the #Runforher event

Staff of the Bank and partners at the #RunForHer event in support of maternal health

iv. Driving Access To Healthcare For The Underserved In Rural Communities And Local Governments In Lagos States

In a strategic collaboration with Eko Social Health Alliance (EKOSHA), an initiative of the Lagos State government coordinated through the Lagos State Health Management Agency(LASHMA), the Bank embarked on a groundbreaking partnership to support the vulnerable in Lagos State. This visionary alliance aims to revolutionize health financing for the vulnerable communities in Lagos, reshaping the narrative of healthcare accessibility in the state.

This partnership exemplifies the potent synergy between public and private entities, highlighting the potential for collective action to drive meaningful and lasting change in communities. It stands as a testament to the power of collaboration in shaping a brighter, healthier future for Lagos and its residents. Leveraging the power of the collective via Giving.ng, it is to ensure all Lagos state residents, including its vulnerable population, have access to the state's health scheme. Other partners working on the EKOSHA Alliance include The Global Fun, Health Systems Consult Limited, PharmAccess Foundation and IFS Healthcare Limited.

The Sterling One Foundation and Giving.ng Teams at the Official Media Launch of the EKOSHA Project

v. Private Sector Partnership for Funding and Scaling Health Programs In Africa

The Bank supported the Africa Social Impact Summit, a convening designed to galvanize private/public sector partnerships towards the acceleration of the achievement of the Sustainable Development Goals. During the Summit held at the Eko Convention Centre in Lagos, we had health experts, policymakers, and private sector leaders discuss Funding and Scaling Health Programs in Africa.

The speakers highlighted funding challenges affecting health infrastructure and human capital, the need to improve collaboration and decision-making with better data, the impact of failures in other sectors on healthcare and the necessity for prioritizing the health sector, innovative thinking, and robust public-private partnerships and the need for increased attention to medical practitioners, shifting from curative to preventive care, and fostering collaboration. Overall, the sessions underscored the urgency of addressing funding, continuity, data, and collaboration in the health sector for improved quality of care and sustainability and when collectively implemented, having the potential to enhance the quality of healthcare, promote sustainability, and address the challenges faced by low-income communities.

The engagement underscored the importance of a multi-stakeholder approach to create a lasting impact in the healthcare sector.

The summit was co-convened by the United Nations in Nigeria and the Sterling One Foundation and made possible by over 20 partners including the MTN Foundation, Oando Foundation, United Nations Development Programme and the Afrexim Bank.

vi. Menstrual Hygiene Program Initiatives

In collaboration with Giving.ng and Moore Organics, we addressed the critical issue of menstrual hygiene in underserved communities across Kwara, Lagos, Ogun, and Kenya. This initiative provided 400 girls with reusable sanitary towels, mitigating challenges faced due to insufficient access to clean, effective absorbents, inadequate facilities for proper menstrual hygiene management, lack of soap and water, and privacy concerns.

The project's impact extended beyond mere distribution, enabling the delivery of over 2000 units of reusable towels and pads. By doing so, we aimed to combat the practice of resorting to unhygienic materials, such as newspapers, old rags, or leaves, for menstrual care, safeguarding the health and dignity of women and girls.

vii. Gift a Pad Campaign Walk

On World Menstrual Hygiene Day, we partnered with Girls With Period initiative to hold an impactful "Gift a Pad Campaign Walk," a significant event designed to raise awareness about the criticality of proper menstrual health practices.

This campaign served as a beacon of education, enlightening communities about the risks associated with inadequate menstrual hygiene practices impact of the initiatives include 400 Female Beneficiaries across 3 Nigerian States and an African country (Kwara, Lagos, Ogun and Keya), and 2000 units of reusable towels were distributed.

viii. Supporting Recovery from Life-altering Diagnosis Of Kidney Failure

In January 2022, Ige Hakeem Kolawole received a life-altering diagnosis of kidney failure, necessitating immediate medical intervention, and a kidney transplant surgery. This critical procedure came with a substantial financial burden, estimated at N17,000,000, leaving Kolawole and his family in dire need of financial assistance. We supported part of this surgery in line with our focus on supporting the health of those in need.

Through our support for Kolawole's kidney transplant surgery, we affirm our commitment to advancing sustainable healthcare solutions, fostering partnerships, and addressing critical health challenges faced by individuals in our communities. This intervention stands as a testament to our ethos of impactful philanthropy and our unwavering dedication to promoting a healthier society for all.

ix. Support Aid For The Family of a Catastrophic Gas Explosion

Alongside Giving.ng and the Health Emergency Initiative, we responded swiftly to aid the Effanga family, victims of a catastrophic gas explosion in the Ajah area of Lagos. This tragic incident resulted in severe burns to four family members, including the father, mother, and two daughters. The gas explosion believed to be caused by a faulty gas cylinder and burner purchased recently by the father, inflicted critical injuries on the Effanga family. Urgent medical attention, including the provision of antibiotics and blood transfusions, was imperative to prevent life-threatening infections like sepsis. We supported the medical bills through Giving.ng, to assist the Effanga family during their recovery. This contribution served as a vital lifeline to cover immediate medical expenses and alleviate the financial burden faced by the family in this dire situation.

Young students with their Hygiene pack during the menstrual hygiene training and sensitization


Giving.ng Volunteers at the Gift a Pad Campaign Walk 3.0 held in partnership with Girls with Period Initiative

Giving.ng volunteer giving out the cheque for medical support.

x. Medical Bill Assistance Program For 30 Nigerians

In partnership with Gbagada General Hospital in Lagos and Giving.ng, we extended a helping hand to alleviate the financial strains faced by patients. The program successfully settled medical bills for 30 individuals, providing immediate relief and enabling some beneficiaries to be discharged promptly.

Peace Bassey, a 20-year-old student and beneficiary of the program, encountered an accident while commuting to Epe. Her medical bills compounded her challenges, but through our assistance in partnership with Giving.ng, she received the necessary support for her recovery. Currently, she is discharged and has been able to resume her life, despite being confined to a wheelchair. For Peace Bassey and others, our intervention meant more than just financial relief; it was a pathway back to normalcy and an opportunity to focus on healing and rehabilitation.

xi. Breast Cancer Support for Women

In collaboration with Sterling One Foundation and Marcel Ruth Cancer Centre, we organized a breast cancer awareness and support program aimed at raising funds to assist breast cancer survivors and promote awareness about the disease. The program included educational sessions, awareness campaigns, and fundraising events to engage the community and raise awareness about breast cancer. Impacts of the Initiative are as follows:

- Community Support: Provided much-needed support to breast cancer survivors, empowering them to access essential services and navigate their journey towards recovery.
- Awareness and Education: Raised awareness about breast cancer, its symptoms, risk factors, and the importance of early detection and treatment among the community.
- Empowerment: Empowered individuals to take proactive steps toward their health by encouraging regular screenings, self-examinations, and seeking timely medical attention when needed.
- Collaborative Efforts: Demonstrated the power of collaboration between Sterling Bank, Sterling One Foundation, Marcel Ruth Cancer Centre, and the community in addressing critical health issues and supporting vulnerable populations.

Funds raised through the program were allocated to support breast cancer survivors with access to medical care, treatment, counselling, and other essential services.

The Breast Cancer Support for Women initiative exemplifies our commitment to promoting health and well-being within our communities. By raising awareness, providing support, and fostering collaboration, we strive to make a positive impact on the lives of breast cancer survivors and their families.

Members of the Sterling Team at the Awareness campaign

(E) Gender Equality Programme, Advocacy, And Interventions

Sterling Bank maintains a robust diversity and equality policy, promoting female representation across all levels of management and prohibiting discriminatory practices. In 2022, the bank witnessed a substantial 285% increase in recruited female employees and a 91% increase in promotions for female employees. However, our commitment to gender equity extends beyond numerical representation, recognizing the importance of allies in advancing this cause. Central to our efforts is the "The Bloom Network," a dedicated platform ensuring balanced gender representation in the workplace. This network not only fosters a supportive environment but also facilitates career growth, work-life balance, and emotional well-being for all employees. In 2023, Sterling Bank received accolades in various categories including Company Leadership Gender Diversity, Gender Diversity in Supply Chain, and Family-Friendly Workplace.

Our deliberate focus on equity in opportunities underscores our commitment to empowering women to realize their full potential. We are steadfast in our pursuit of gender balance at all organizational levels, including executive and board positions. This commitment drives our engagement in diverse gender-related initiatives and advocacy programs in collaboration with various partners and organizations.

Here are some of the initiatives we supported:

1. International Women's Day 2023

We partnered with UNIDO Investment Technology Promotion Office (ITPO) Nigeria to commemorate the 2023 International Women's Day. Our joint event spotlighted female artists and their works within the creative sector.

This initiative aimed to digitally amplify cultural diversity while aligning with the 2023 IWD (International Women s Day) theme: 'DigitALL: Innovation and technology for gender equality.' The event, held at Alliance Française de Lagos Ikoyi, brought together influential women technologists, innovators, entrepreneurs, gender equality activists, men, and youth. Through keynote addresses and panel discussions, it celebrated the achievements of women in creative arts, fostering innovation and inclusivity in the digital landscape.

2. Launch Of the Adolescent Safety In All Spaces (Asis) Project

We partnered with the United Nations Population Fund (UNFPA) and the Illmi Children Fund to pilot the launch of the "Adolescent Safety in All Spaces (Asis)" Project in the Federal Capital Territory Abuja. The project was launched to combat online and offline violence affecting adolescents in and out of school. In Northern Nigeria, a high percentage of children experience various forms of violence. With increasing internet access, gender-based violence has extended into virtual spaces. This initiative integrates School-Related & Technology-Facilitated GBV advocacy interventions. For the pilot, 50 secondary school regulators, management committees, PTAs, and counselors were trained on safeguarding policies.

The first set of trained participants is currently being supported for 6 months to observe closely the progress of the integrated School-Related & Technology-Facilitated GBV advocacy interventions curriculum before scale-up in 2024.

In addition to the scale-up, the Project will commence an adapted out-of-school version targeting Out-of-School adolescent girls as an integrated activity at the Women and Girls Safe Spaces (WGSS) in the participating states with a good number of WGSS or other vocational centers.

UNIDO-ITPO Nigeria's Ms. Abimbola Olufore, Sterling One Foundation's Mrs. Olapeju Ibekwe and other participants at the IWD Event

3. Launch Of the Adolescent Safety In All Spaces (Asis) Project

We partnered with UNIDO Investment Technology Promotion Office Nigeria and spearheaded the inaugural physical Gender Lens Investing Training in Nigeria. This pioneering two-day event, hosted at the Microsoft Nigeria Training Centre, Lagos, aimed to empower finance professionals from leading Nigerian financial institutions to bolster women's access to crucial investments, grants, and financial resources for business scaling. As the first-of-its-kind initiative in Africa, the session equipped 50 selected finance professionals with essential insights into gender issues, underlining the crucial link between gender equality and economic progress. Through case studies, it showcased the implementation of diversity-promoting strategies, fostering a deeper understanding among participants.

Under the guidance of Ms. Carmen Schuber, a Gender Expert from UNIDO, all 50 participants earned certification as Gender Lens Investment experts, marking a significant step toward addressing the financial disparity hindering economic growth in Africa. Attendees gained access to invaluable digital tools and resources provided by Microsoft, strengthening their ability to support women-led businesses and promote sustainable economic growth.

4. Launch Of the Private Sector Led Gender Based Violence Fund

We were honoured with a nomination to the High-Level Steering Committee (HLSC) for the groundbreaking Private Sector Led Gender Based Violence Fund, a pioneering initiative in Nigeria and the broader West and Central African region. This recognition applauds the Bank's extensive efforts in combating Gender Based Violence (GBV) across Africa. The fund is led by the United Nations Women while the implementation is led by Women in Successful Careers (WISCAR).

GBV, now exacerbated by the COVID-19 crisis, stands as a global and national pandemic, impacting productivity and silently affecting the economy. As a HLSC member, Sterling Bank plays a pivotal role in guiding the Fund's strategic decisions, leveraging Nigeria's influential private sector to comprehensively tackle GBV.

The event hosted esteemed guests, including the UN Women Representative to Nigeria & ECOWAS, Mrs. Beatrice Eyong, and Ms. Agnieszka Torres De Oliveira from the Delegation of the European Union. Key governmental figures and stakeholders from Lagos State, UN Systems, Civil Society, and heads of Sustainability from the Private Sector also graced the occasion.

Top financial experts at the Gender-lens Investing training

UNIDO-ITPO Nigeria's Ms. Abimbola Olufore, Sterling One Foundation's Mrs. Olapeju Ibekwe and other participants at the IWD Event

5. Addressing Gender Equality and Sustaining Gender Conversations Via a Multi-Sectoral Approach

70% of women globally are restricted from active participation in financial institutions, depriving them of crucial socio-economic resources. This gender imbalance contradicts the United Nations' 2030 Agenda for Sustainable Development Goals, which promotes equity and prosperity.

Education, a pivotal tool for transformation, remains inaccessible for many women, despite its potential to drive socio-economic change and amplify women's contributions across sectors. Hence, the session focused on gender inequalities in Africa's workforce, property rights, and access to education within the UN's 2030 Sustainable Development Goals framework.

Recommendations for tackling these problems included:

- Empowerment of Female-led SMEs: Implementation of capacity-building programs to empower female-led Small and Medium Enterprises (SMEs), enabling them to participate in more significant contracts.
- Upholding of Women's Property Rights: Advocacy for policies that strengthen and protect women's rights to property and inheritance.
- Quotas for Board representation: Adoption of quotas, especially for female board representation. This will mandate companies, regardless of size, to cultivate female talent and prepare them for leadership roles. It is a measure that can prove effective for stakeholders, investors, small businesses, and the public sector.

6. Campaign Approach and Impact

Mobilizing stakeholders across 6 states, Lagos State University, and 10 public schools in Lagos State, we impacted over 1000 beneficiaries. This initiative not only distributed copies of state Violence Against Persons Prohibition (VAPP) laws but also prioritized Persons with Disabilities (PWDs) in addressing GBV.

We partnered with the Private Sector Health Alliance of Nigeria(PSHAN), the Ovie Brume Foundation, and USAID-funded SCALE project implemented by Palladium to achieve these strides.

i. Advocacy To Right and Duty Bearers In Ogun State

Also, collaborating with the Office of the First Lady of Ogun State, UNFPA, and state ministries, we extended the campaign to Ogun State, aiming to reduce GBV and school-related violence. Engaging 500+ students, 100 teachers, and providing complainant boxes to schools to enhance a safer, more inclusive educational environment.The event encompassed speeches from survivors, experts, students, and government officials, distributing complaint boxes across schools, involving over 500 students, 100 teachers, counselors, and top government representatives.

The Gender Equality Campaign, through its extensive outreach and concerted efforts, continues to carve a path toward a society free from the shackles of gender-based disparities and violence. This initiative aligns with advancing gender equality in education and supports the goal of creating safe, inclusive, and gender-sensitive learning environments.

7. Support for Implementation of the Anti-sexual Harassment Initiative

The Centre for Awareness on Justice and Accountability (CAJA) partnered with the Bank and Sterling One Foundation, for GBV Advocacy and the screening of the CHATROOM movie across six states namely: Lagos, Akwa-Ibom, Abuja (Federal Capital Territory) , Kano, Kaduna and Gombe, in other to further engage relevant stakeholders and structure toward a speedy and effective implementation of the Anti-Sexual Harassment Law in Nigerian Tertiary institutions, sensitize and raise awareness campaigns in schools in the fight against GBV, increase safety and security of women and girls across the country and stop the culture of silence that surrounds the reporting of sexual crimes and violence, while advocating for the implementation and impact of the Violence Against Persons Prohibition (VAPP) Act upon domestication in the project states.

Notable successes during the campaign included the distribution of the state VAPP act, commitment from school authorities to champion advocacy activities in the school and provide a listening ear to survivors through the creation of safety spaces and centers, commitment from the media houses present to join the grassroots advocacy and reportage of activities and commitment from duty bearers

The initiative sought to further create mini 'chatrooms' in schools (secondary and tertiary institutions) via clubs to be safe spaces and to actively participate to sustain the advocacy. Various solutions proffered that can support survivors were made available and more commitments were made to support the counseling and psychosocial support needs of the survivors.

The campaign had a diverse participation that included Government Representatives, Developmental Partners, Students, CSOs, Private Sector participants, Enforcement agencies, Youth Associations, and Certified Counsellors. This extensive outreach was aimed at disseminating knowledge, instigating dialogues, and fostering actionable change in diverse regions and was supported by the USAID – SCALE Project implemented by Palladium.

Engagement in Gombe State with participants at the CHATROOM Screening

Abuja participants at the CHATROOM Screening

Lagos Participants at the CHATROOM Screening

Abuja participants at the CHATROOM Screening

8. Embrace Equity in Corporate Sphere with Unilever Nigeria Plc

In alignment with Unilever Nig Plc's 100-year Centenary Celebration, we joined forces to commemorate International Women's Day under the theme "Embrace Equity."

This event echoed the call for collective action towards gender parity, diversity, and an inclusive world, promoting a space free of bias and discrimination. The partnership culminated in a GBV awareness creation session to over 300 attendees, engaging in discussions highlighting gender-based violence and the importance of embracing equity. Over 300 staff of Unilever across their Ikeja and Agbara office were engaged, and the outcome proves the commitment to embrace equity and stamp out any form of harassment in the workplace.

9. 16 Days of Activism against Gender-Based Violence (GBV)

The 16 Days of Activism against Gender-Based Violence is a globally recognized campaign, emphasizing the eradication of violence against women and girls. We spearheaded this drive-in partnership with the Lagos State Government, Live Abundantly, Mirabel Centre, and the British Deputy High Commission, leveraging this platform to advocate for survivors and elevate public consciousness regarding the dire need to curb GBV in the nation.

The screening of the advocacy movie reached over 800 stakeholders across diverse locations in Lagos and Abuja. Notably, over 539 students from various public and private secondary schools in Lagos, including the British International School, actively engaged with the movie. Survivor stories unveiled poignant narratives, shedding light on the traumatic experiences faced by survivors and the critical need for support and awareness. Some Survivors bravely shared their harrowing experiences during and after the screenings, highlighting the need for safe spaces and support systems. The powerful testimony of a survivor at Ebony Life Place and the revelations by students at Alausa shed light on the pervasive nature of GBV, fostering a better understanding among peers and the need for societal support.

Sterling One Foundation CEO, Mrs. Olapeju Ibekwe speaking on the Embrace Equity panel to mark International Women's Day and Unilever's 100-year Anniversary

Dr. Ama of Live Abundantly engaging students from various Lagos State Secondary Schools at one of the 16 Days of Activism events.

10. WARIF No Tolerance March

In collaboration with the Women at Risk International Foundation (WARIF), Sterling Bank staff participated in the No Tolerance March, a response to the alarming incidence of sexual assault, rape, and human trafficking among young girls and women in Nigeria. WARIF, a non-profit organization, offers comprehensive support to survivors of sexual violence, including medical care, legal aid, psychosocial counseling, access to shelters, and vocational skills training.

The 2023 No Tolerance March successfully convened in eight cities across three continents. In Lagos alone, over 1,600 participants joined, including notable figures like the United States Consul General to Lagos, the First Lady of Ogun State, and the Deputy British High Commissioner. The virtual audience reached an impressive 12 million people globally and more than 2000 individuals directly benefited from this initiative, receiving critical support and resources to address sexual violence and its aftermath.

The WARIF No Tolerance March underscores Sterling Bank's commitment to social justice and gender equality.

Through strategic partnerships and impactful initiatives, we endeavor to combat sexual violence and empower survivors, contributing to a safer and more equitable society for all.

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11. The Widows Trust Fund

In collaboration with The Widows Trust Fund (WTF) established by the International Women's Society (IWS), Sterling Bank embarked on a significant initiative in 2023 to support and empower widows facing enduring hardship within our community. The core objectives of this partnership were to cater to the needs of widows and facilitate their empowerment through sustainable ventures. Annually, Sterling Bank initiates diverse fundraising programs aimed at providing support to as many widows as possible, enabling them to break free from the cycle of poverty. The initiative included collaboration and Implementation of various small and medium-scale ventures to empower widows economically.

Over 500 widows directly benefited from this initiative, receiving support and opportunities for sustainable livelihoods.

The Widows Trust Fund (WTF) Empowerment Initiative partnership exemplifies Sterling's commitment to social responsibility and community development. Through strategic partnerships and impactful programs, we strive to create positive change and alleviate hardship within marginalized groups, contributing to a more inclusive and sustainable society.

12. The Business Hub IWD 2023 Campaign

We proudly spearheaded The Business Hub's International Women's Day 2023 Campaign, a commendable initiative aimed at empowering women through free business registration and formalization. 20 women entrepreneurs received direct benefits from the initiative as it focused on providing essential support to women striving to formalize their businesses and gain recognition in the entrepreneurial ecosystem.

We empowered 20 women entrepreneurs by facilitating business registration and formalization, enabling them to access formal financing and government support programs. It also helped to catalyze economic empowerment and financial inclusion among women, fostering entrepreneurship and self-reliance.

The TBH International Women's Day 2023 Campaign underscores our commitment to economic empowerment, gender equality, and sustainable development. By providing women entrepreneurs with the tools and resources they need to thrive, we contribute to building a more inclusive, equitable, and prosperous society for all.

(F) Humanitarian And Special Food Projects

1. The Ramadan Food Project

In the heart of Ramadan, amidst the spirit of giving and compassion, we embarked on a journey to spread joy and sustenance to communities across Nigeria. Partnering with the Giving.ng platform and the Widi-Jalo Foundation, we orchestrated a campaign that transcended boundaries, reaching Sokoto, Abuja, Lagos, Kano, Borno, and Kwara.

i. Touching Lives Across States

The reach of this initiative was vast, touching the lives of communities in six states. A total of 322 food packs were distributed among these regions, symbolizing not just nourishment but a gesture of solidarity and care. Through these initiatives, we illustrated the power of community support and unity. Regardless of geographic distances, the essence of Giving and caring echoed across regions, fostering a sense of togetherness and mutual support during a time of spiritual significance.

With our partners, the Alternative Bank, and Giving.ng, over 322 indigent persons were reached across Six states (Lagos, Abuja, Borno, Lagos, Kwara, Kano, and Sokoto states.

ii. 40 Days of Giving

In collaboration with Giving.ng and Shoprite, we undertook the impactful "40 Days of Giving" campaign. This initiative aimed to redefine the narrative of giving, highlighting that generosity is a daily act that extends beyond traditional festive seasons. Recognizing the economic challenges faced by households, especially during a period of economic downturn, the 40 Days of Giving initiative aimed to inspire individuals and corporate organizations to give to those in need. It emphasized that giving should not be limited to festive occasions but should be integrated into everyday life, encouraging a culture of continuous generosity.

The campaign spanned across 6 states and the Federal Capital Territory (FCT), engaging communities in Lagos, Asaba, Owerri, Ibadan, Ogun, Akure, and Abuja. Throughout this extensive reach, the campaign successfully inspired individuals and corporations to partake in acts of kindness, spreading a message of ongoing generosity beyond the traditional giving seasons.

2. Altbank Clothes Drive For IDPs

In collaboration with The Alternative Bank and Rise to Inspire Africa Initiative, we executed a significant initiative for Internally Displaced Persons (IDPs) in Bornu State. The two IDP camps, El-Miskin and Boarding Primary School, collectively accommodate over 40,000 individuals in Bornu Central Senatorial District.

El-Miskin IDP Camp – Jere LGA is home to displaced persons from Marte, Monguno, and Mafa LGAs for the past 9 years due to insurgency. It has predominantly Shuwa- Arab (70%) and Kanuri (30%) population and is accessible by road with moderate security levels (Yellow). The boarding Primary School IDP Camp - Konduga LGA houses over 45,000 individuals from diverse communities. It is a multicultural camp accessible by road with heightened security levels. 7,209 individuals and 1,555 households benefited from this initiative with clothing and daily need donations made to alleviate the needs of IDPs in both camps.

The ALTBANK Clothes Drive for IDPs underscores our commitment to social responsibility and humanitarian efforts. By providing support to displaced communities, we contribute to their well-being, security, and resilience, aligning with the best sustainability practices and standards.

40 Days of Giving Beneficiaries receiving their Gifts

Members of the Sterling Team and some beneficiaries

Sustainability Governance

Sterling Financial Holdings consistently strives to maintain high standards in all business activities we indulge in and in our dealings with all stakeholders. We have well-developed governance structures that enable the effective running of our business. To constantly align with the best-emerging leadership practices and standards, we regularly review and update the organizational processes and controls. Our corporate standards and business principles serve as a guide for us to stay accountable, transparent, and ethical in our business practices. As such, we provide a safe, secure, and compliant financial system by working closely with our regulators to ensure we understand the requirements of all rules and regulations. This has empowered us to manage the safety of our organization with integrity while learning from past occurrences.

The organization has an approved Corporate Governance Policy that reflects the governance system, changes in the business structure, industry, and extant regulations, which are accessible to all employees. Additionally, there is an active E&S governance structure within the Enterprise Risk Management Group, headed by the Chief Risk Officer (CRO) and a Group Chief Risk Officer (GCRO), with a dedicated Sustainable Banking Working Group (SWG), and the Board Risk Management Committee (BRMC) that oversees the Sustainability and E&S operations, policies, and procedures bank-wide.

Codes, Standards and Guidelines

We have developed unique sets of codes, standards, and guidelines to make sure our practices are aligned with our goals. These codes, standards, and guidelines serve as an essential basis for the Bank's sustainable governance approach. A broad aspect of our business such as environmental sustainability, corporate social responsibility (CSR), diversity, equity, and inclusion (DEI) strategies, risk management strategies, and responsible business conduct are influenced by this approach and standards.

At Sterling, we understand the need to create a culture of ethical behaviour and compliance with policies, including training of all staff on the requisite guidelines for integrity and compliance especially during onboarding and as a regular practice. By facilitating these trainings and awareness, staff are better equipped with the understanding of the importance of ethics, governance, and sustainability in their roles, and also provided with the required knowledge for good decision-making in line with organizational values and goals. Moreover, our ethics and compliance training are structured to create a sense of ownership among the employees towards our reputation, the bottom line, and the communities we serve.

Behavioural Codes

The Bank created distinct behavioural codes that reflect specific attributes that Sterling Bank employees are expected to exhibit in their daily interactions with internal and external stakeholders. Workplace behavioural codes are necessary to drive civility, maintain decorum, and achieve optimal productivity in the workplace. At Sterling Bank, we want to enable a productive and harmonious working environment where staff can be inspired to achieve their full potential. The behavioural codes empower employees' alignment with the Bank's organizational culture and are geared to improve performance through prescribed behaviours.

Gift Policy

The gift policy establishes standards for evaluating the exchange of gifts (including gratuities or rewards) and expected behaviours as we translate our values into actions to enable us to compete in the marketplace and engage with our stakeholders professionally. It also promotes transparency and fairness. The policy is applicable to all Sterling Bank employees, directors, contractors, consultants, advisers and any person or entity acting at the instance of an employee of Sterling Bank and guides engagement with all stakeholders of the Bank, which includes and is not limited to vendors, service providers, potential employees, government officials, etc.

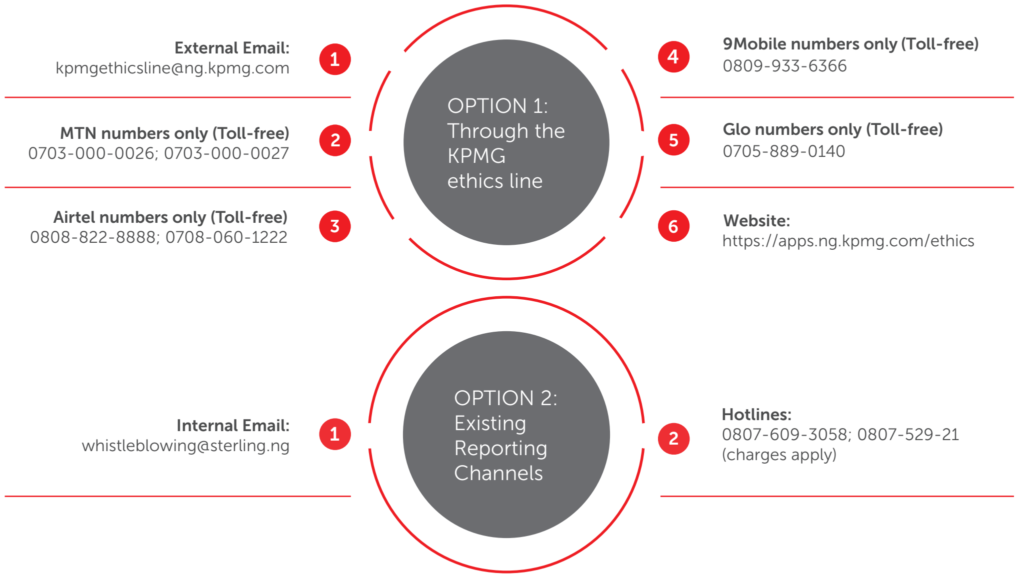
Whistleblowing

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.

In the period under review, various complaints were received from stakeholders and resolved via our communication channels, majorly at the customer contact centre. Through the Bank's effective grievance redress mechanism, complaints fromthe community, its employees, customers, contractors, and third-party service providers, are adequately managed.

Whistleblowing emails and hotlines representation:



Disciplinary Process

The Bank has instituted a disciplinary committee which is guided by a sanctions grid that ensures each employee is protected against unfairness or victimization and enables the organization to maintain its policies and procedures in its operations. The sanctions grid details the processes and procedures for disciplinary and grievance management within the Bank. The disciplinary committee is made up of two separate committees: the Human Capital disciplinary committee that handles non-ethical, non-fraud related and HC based issues, i.e. insubordination, grievances, victimization, bullying etc., and the Staff disciplinary committee deals with ethical, fraud and significant risk issues.

Employee Capacity Building

The bank has a dedicated Sterling academy that facilitates applicable training for all bank staff to ensure there is improved knowledge and performance in their respective roles. To ensure staff adherence to the organization's code of conduct policy and standard operating manual, which is mandatory and usually revalidated as required, specific training courses are conducted with staff attestation on completion. Our records for 2023 show that 96% of employees and 100% of executives completed the Trade Based Money Laundering Course, while 98% of employees and 100% of executives completed the Ethics & Compliance Certification E-learning Course. The Environmental and Social (E&S) Risk Management team during the onboarding of new bank hires, communicates the effective implementation of Sustainability practices across the Bank, and a total of 707 participants were trained by year-end.

The E&S Risk team also actively engages and trains the business units (relationship managers) on client due diligence requirements for E&S Risk Management and Monitoring practices and compliance. Additionally, over 660 staff participated in the sustainability courses on the United Nations Global Compact academy platform by December 2023.

Our Approach To Sterling Bank Sustainable Banking Governance

To foster a corporate governance culture that aligns with the regulatory requirements of our Sterling Bank, we are guided by the Central Bank of Nigeria (CBN) Corporate Governance Guidelines for Commercial, Merchant, Non-Interest and Payment Service Banks in Nigeria, 2023 and the SEC Corporate Governance Guidelines. The Board Governance, Nominations and

Remuneration Committee of the Bank is responsible for monitoring compliance with the Bank's code of ethics and business conduct for directors and staff. There is a board-approved corporate governance policy document which outlines our corporate governance guidelines and clarifies the governance structures, roles and responsibilities throughout the Bank.

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. At Sterling, the governance structures and units majorly comprise of the Board of Directors and the Executive Committee (EXCO).

The Executive Committee (Holdco)

The Sterling Bank Executive Committee meets monthly and manages the Bank's daily operations. The EXCO is responsible to the board and plays an important role in the Bank's corporate governance structure. The EXCO manages the broad strategic and policy development and direction of the Bank, presents them to the board for approval where necessary, and oversees their implementation.

The Board of Directors

The Board of Directors play a crucial key role in ensuring the implementation of sustainability and governance in the organization. The board of directors are elected by, and accountable to, the Company's shareholders for the appropriate and effective administration of the Bank. 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. They are obligated to encourage the company's long-term success, consistent with its fiduciary responsibility to the shareholders. Their responsibility of approving and ensuring the implementation of the environmental and social risk framework has been delegated to the Board Risk Management Committee (BRMC), which has oversight responsibility of implementing the policy framework. The board has three committees which include the governance, the audit and compliance, and the risk management committee.

The organization in its approach also sets up applicable sub-committees, either on a permanent or ad hoc basis, to handle issues as they arise. Highlighted below are additional sub-committees that help to drive the implementation of sustainable governance in the Bank.

The Executive Management:

Executive management outlines the Environmental and Social Risk Management's (ESRM) direction and approves all policies and guidelines on sustainable banking. The chairperson of the Management Risk Committee (MRC) is responsible for the overall commitment of the Bank towards the implementation of the Nigerian Sustainable Banking Principles (NSBPs). In cases of unresolved E&S issues or non-compliance associated with a transaction that cannot be resolved by the loan officers/relationship managers, the EXCO determines the appropriate course of action to follow to reduce the Bank's potential exposure to Environmental and Social risks.

Enterprise Risk Management (ERM)

Enterprise Risk Management (ERM) plays a critical role in our governance system. We have a robust enterprise risk management policy/framework established by the Board of Directors. The document outlines the Bank's ERM governance guidelines and key risk management requirements providing a consistent understanding of the Bank's approach to managing all forms of risks inherent in the Bank's business activities and throughout the organization.

Environmental & Social (E&S) Governance:

The Bank ensures transparent governance by clearly defining roles and responsibilities, reporting on, and accounting for the Bank's E&S performance, the progress of implementation, and assessment of E&S governance of our major clients. The bank has a dedicated sustainability and environmental and social risk (E&S) unit, and they develop and update the procedures and documents that make up the Bank's ESRM System. The unit also evaluates the environmental and social risks and climate-related risks of our exposures at the portfolio level; mitigating the identified risk impacts to the Bank and helps loan officers/relationship managers in assessing and monitoring the environmental and social performance of customers.

The Bank's environmental and social risk management (ESRM) system is subject to periodic reviews and updates where applicable, and approved by the Senior Management and/or Board. An internal audit was conducted on the Sustainable Banking Unit in March 2023, and a second audit conducted in August 2023 over the E&S functions. An external audit was also conducted by the CBN team reviewing aspects of the Banks' compliance with Sustainable Banking. 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.

Sustainability Working Group (SWG)

The SWG is a committee of risk champions from various strategic business units, developed to communicate the Bank's sustainability initiatives and strategies while providing feedback on its effectiveness, which is actionable via developed sustainability performance indicators set for the SWG champions. The Chief Risk Officer and members of the Sustainability Working Group are responsible for leading the Bank's effort at implementing the environmental and social management system (ESMS), ESRM policy, as well as communicating with senior management on environmental and social recommendations. Guided by the SWG Charter, they ensure that the policy is effectively implemented, monitored, and reported on. Furthermore, they ensure that sustainability initiatives are closely aligned with the Bank's overall risk management strategy.

Other Strategic Business Units with significant functions that actively influence the effective implementation of sustainability practices within the organization include:

Relationship Managers & Loan Officers

The Relationship managers and loan officers are responsible for the adherence to ESRM procedures and framework at the transaction level. They manage and ensure that the recommended E&S action plans (ESAP) for E&S risk impacts are implemented by the customers within agreed timelines. They advise if E&S risks are acceptable to the Bank's overall exposure to risk before proceeding with a transaction.

Legal Department

The Legal department ensures that the Bank's environmental and social risk terms and conditions are incorporated in legal agreements for transactions within the E&S coverage sectors. Non-compliance with E&S clauses constitutes a breach of contract and is considered an event of default under the terms of the facility agreement.

Human Capital & Corporate Services

The Human Capital & Corporate Services Division drives the human rights, gender empowerment, equitable and safe working conditions, and capacity-building aspects of the ESRM and other social issues concerning the Bank's employees.

Brand Marketing & Communications

The Brand Marketing and Communications department communicates the Bank's sustainability initiatives and achievements to create awareness to and draw participation from internal and external stakeholders.

Corporate Social Investments (CSI)

The CSI department manages the corporate social responsibilities of the organization, and through the Sterling One Foundation anchors our social investments, as well as ensuring that a cordial engagement is maintained with our customers and the communities where we operate.

Propositions & Products Department

The Propositions & Products department develops sustainable products that target women economic empowerment solutions, green products, as well as the promotion of financial inclusion.

Compliance and Conduct

We regularly circulate the Bank's disciplinary code - extracts from the employee handbook and information on ethics - which educates employees on acceptable behaviours in the workplace. We ensure that high ethical standards are maintained in every aspect of our business. The penalties for violations are also clearly defined. Appropriate structures are in place to deter violations, sanction offenders, and reward compliance.

Collaboration and Partnerships

We acknowledge the need to build partnerships which currently is a major part of our strategy, therefore, we will continuously create platforms and forums to enable global engagements and collaboration across the industry sectors. This includes fostering partnerships targeted at the adoption of sustainability standards, as such demonstrates the Bank's commitment to implementing internationally accepted principles and standards in the identification, measurement and management of its risks and opportunities, as well as compliance with national regulations/legislation and industry standards.

Therefore, the key sustainability standards and global goals being adopted include:

- CBN Nigerian Sustainable Banking Principles
- International Sustainability Standards Board (ISSB); IFRS Sustainability Disclosure Standards (S1 & S2)
- International Finance Corporation (IFC) Performance Standards on ESMS

- World Bank Group Environmental, Health and Safety (EHS) Guidelines; and Equator Principles
- Greenhouse Gas (GHG) protocol standards
- United Nations Global Compact (UNGC) Communication on Progress (CoP)
- Taskforce on Climate-related Financial Disclosures (TCFD) frameworks
- Global Reporting Initiative (GRI) standards
- United Nations Sustainable Development Goals.

Nigerian Sustainable Banking Principles (NSBP)

Since the launch of the Nigerian Sustainable Banking Principles (NSBP) by the Banker's Committee on Economic Development and Sustainability in September 2012, its implementation has fostered Sustainability growth in Nigerian financial services. In this regard, the Bank has made significant progress in integrating the nine principles into its business operations and activities. Our sustainability strategy and E&S Risk management framework are also deeply influenced by the nine principles of the NSBPs. These Principles are a set of guidelines 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.

Through our adoption of these principles, we have achieved a higher level of transparency in our operations while mitigating risks to our customers, shareholders, stakeholders, and the environment, thereby improving the organization's sustainability performance.

As an active participatory member of the NSBP Committee, we hosted the Nigerian Sustainable Banking Principles (NSBP) champions monthly meeting (October 2023) at the Sterling Towers, with the participation of champions from leading commercial banks, following the CBN and the Bankers' committee mandate on Sustainable banking practices. The workshop focused on discussions around Sterling's sustainability journey such as the remarkably completed fully solar-powered Sterling Towers project and a presentation on the newly launched electric vehicle (EV) charging station. Participants discussed other sustainability best practices implemented in the industry, including strategic initiatives and emerging standards and regulations for compliance by the bankers committee.

United Nations Global Compact (UNGC)

As a participatory member of the UNGC, adopted in December 2018, Sterling Bank remains aligned with its 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. Therefore, we have integrated the United Nations Global Compact (UNGC) guidelines into our operations. We are consistently in compliance with the reporting requirement on the UNGC CoP annual reporting.

Sustainable Development Goals

Sterling Financial Holdings has been at the forefront of the Sustainable Development Goals (SDGs) since its establishment. 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 has been a leader in sustainable development initiatives.

The bank's commitment to sustainability is evident in both our sustainability practices and our corporate social responsibility (CSR) initiatives which include supporting local communities and providing financial literacy programs, among others. Additionally, we work with non-governmental organizations and other stakeholders to create a more inclusive environment towards the achievement of the SDGs. By leveraging our resources and expertise, we will continue to contribute to the realization of the SDGs by ensuring our business impacts are directly aligned with the goals.

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

SUSTAINABLE DEVELOPMENT GOALS

CENTRAL BANK OF NIGERIA

International Finance Corporation

As a reputable institution, we have since adopted the International Finance Corporation's (IFC) Performance Standards and the World Bank Group Environmental Health and Safety (EHS) Guidelines in assessing Environmental and Social (E&S) risks in credit transactions. This standardized procedure has enabled us to better understand and manage our E&S risk exposure while also providing an opportunity to improve our sustainability performance. To ensure that these standards are adequately implemented, we have updated and aligned our systems and processes to ensure compliance with these guidelines.

The IFC, a member of the World Bank Group and in partnership with the Nigerian Exchange Group (NGX), recognized Sterling Bank Plc. in 2021 as the overall best-performing company in Nigeria for leading the way in investing in women as employees and entrepreneurs. Emerging with an overall highest score of 52% amongst the 30 most capitalized companies listed on the Nigerian Exchange Group. The institution will strive to maintain and improve such performance in line with best practices.

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.

Task Force on Climate-related Financial Disclosures

Sterling Bank is committed to integrating and implementing the recommendations of the Taskforce 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 with the TCFD recommendations enables the Bank to identify and assess Climate-related risks and opportunities over a short-, medium- and long-term period, as well as manage the impact on 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.

International Sustainability Standards Board (ISSB); IFRS - S1 & S2

The ISSB is an independent standard-setting body within the International Financial Reporting Standards (IFRS) Foundation and are supported by a range of advisory bodies. ISSB's recent launch of the IFRS Sustainability Disclosure Standards S1 and S2 is a requirement for institutions to adopt for improved reporting. The IFRS Sustainability Standards are developed to enhance investor-company dialogue so that investors receive decision-useful, globally comparable sustainability-related disclosures that meet their information needs.

The IFRS S1 entails general requirements for disclosure of sustainability-related financial information, while IFRS S2 entails climate-related risks disclosures.

In our readiness to be early adopters of applying the IFRS S1 and S2, we are exploring innovative tools and development of efficient systems to demonstrate sustainability-related financial disclosures, including climate-related risks and opportunities using emerging best practices. In IFRS S1 regard, the bank's disclosed sustainability reports which detail material aspects of its sustainability risks and opportunities are assured by third parties (limited external assurance), following due engagement processes by relevant stakeholders, and efforts will be made subsequently to extend full adoption of the requirement.

In compliance with the IFRS S2 (Climate risks disclosures), the bank engaged the services of consultants to conduct a climate risk analysis project of its loan portfolio, aimed at managing our exposures' climate risk and opportunities and promote sustainable investments to build economies resilient to climate-related uncertainties, as such influence informed investment decisions.

Therefore, the assessment of our compliance with the IFRS standards reveals that we are on the right path with no material deviation from its best practice requirements.

Our Approach To Stakeholder Engagement

The Bank's mission to deliver solutions that enhance stakeholders' value cannot be overemphasized, as our stakeholders are impacted by our business operations and activities; they also influence our ability to execute set goals and targets. We understand the need to build trust and lasting relationships through engagements geared towards identifying their expectations of us and incorporating the same into our strategic and business decisions. As an organization committed to enriching lives, we are determined to create value for all our stakeholders, following engagements through appropriate, specific, formal, and informal interactions while gauging their opinions on an ongoing basis.

Our identified stakeholder categories are:

- Internal Stakeholders (employees, shareholders/investors)
- External Stakeholders (customers, suppliers/third-party service providers, communities, regulators, media organizations, government, non-governmental organizations).

The table below highlights our engagement with our various stakeholders:

Our Stakeholders	Reasons for Engagement	Channels of Engagement
Customers	To better understand their financial services needs and offer innovative solutions. To gauge the level of satisfaction with products and services and identify areas for improvement	Branches Contact Centre Mobile and online banking Website Social media channels Customer research Customer Complaint Unit Customer surveys
Employees	To ensure adherence to our commitment of providing a safe, conducive work environment which allows for continuous development, work-life balance.	Employee engagement survey Recognition and awards programmes. Regular meetings Yammer (staff social media)
	To ensure employee adherence to the Bank's vision, mission and strategic goals..	HR Helpdesk Secure channels for suggestions and feedback Whistleblowing portal.
Shareholders	To provide regular information updates on the Bank's performance.	Annual general assembly Board of Directors' meetings Annual, semi-annual, and quarterly reports
Regulators	To ensure compliance with all rules and regulations and the mitigation of non-compliance, which will result in penalties.	Letter and email communications Meetings and onsite visits Regular reporting
Suppliers	To ensure that goods and services are ethically sourced and are of good quality.	Vendor Management Portal Bids and Tenders
Communities	To invest in the development of the communities in which we operate and ensure our continued commitment to managing the impacts of our business operations and activities.	Corporate Social Responsibility Projects Contact Centre Whistleblowing portal

Governance Reports

Corporate Governance Report

For The Year Ended 31 December 2023

The Board of Sterling Financial Holdings Company Plc ("the Company") is pleased to present its Corporate Governance Report for the Financial Year 2023. The Company was incorporated on 13th October 2021 and commenced operations in July 2023 following the approval of the Central Bank of Nigeria (the CBN) to operate as a non-operating financial holding company on 27th June 2023. The Company ensures compliance with the relevant provisions of the Nigerian Code of Corporate Governance, the Corporate Governance Guidelines issued by the Nigerian Securities & Exchange Commission (SEC) and the CBN Corporate Governance Guidelines for Financial Holding Companies in Nigeria.

The Board

The Board of Directors is responsible for determining the overall strategy for the Company and its subsidiaries (the "Group"), assessing the Group's risk appetite, and establishing rules for decision-making, financial reporting, financing, and operations. During the 2023 Financial Year, the CBN approved the appointment of the first directors of the Company with effect from 27th June 2023. The Directors are -

1. Mr. Yemi Adeola- Chairman
2. Mr. Adeshola Adekoya- Non-Executive Director
3. Mr. Abubakar Suleiman- Non-Executive Director
4. Ms. Eniye Ambakederemo- Independent Director
5. Ms. Aisha Bashir- Independent Director
6. Mr. Yemi Odubiyi- Group Managing Director/Chief Executive Officer
7. Mr. Olayinka Oni- Executive Director

Board Composition

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

S/N	Director	Designation	Attendance	No. of Meetings
1	Mr. Yemi Adeola	Chairman	3	3
2	Mr. Adeshola Adekoya	Non-Executive Director	3	3
3	Ms. Eniye Ambakederemo	Independent Director	3	3
4	Mr. Abubakar Suleiman	Non-Executive Director	3	3
5	Ms. Aisha Bashir	Independent Director	3	3
6	Mr. Yemi Odubiyi	Group Managing Director/ Chief Executive Officer	3	3
7	Mr. Olayinka Oni	Executive Director	3	3

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 three (3) standing committees, namely: Board Governance, Nomination and Remuneration Committee, Board Finance and Investment Committee, and Board Audit and Risk Management Committee. Following 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 Governance, Nomination & Remuneration Committee

The Committee acts on behalf of the Board of Directors on all matters relating to Corporate Governance, remuneration, and the appointment and re-election of Directors.

Terms of reference

- Review the size and composition of the Board taking into consideration the appropriate skill mix, personal qualities, expertise, ability to exercise independent judgment, and diversity required to discharge the Board's duties;
- Make recommendations on the experience and training required for Board Committee membership, operating structure, and other operational matters;
- Establish the criteria and execute the process, upon Board approval, for appointing and reappointing new and existing Directors respectively, and the removal of non-performing Directors;
- Ensure that every member of the Board receives a formal letter of appointment, setting out their roles, responsibilities, and time commitments for Board and Board Committees' meetings;
- Develop and maintain an appropriate corporate governance framework for the Company, and make recommendations to the Board on transparent and sound corporate governance principles;
- Ensure the Board carries out an annual performance review of itself and of its Committees following applicable laws, regulations, policies, and codes;
- Ensure that there is a proper induction program and ongoing learning for the Board and Board committee members;
- Provide adequate oversight in reviewing and updating the Board learning programs to ensure continuous improvement of the Board members' performance;
- Ensure that a proper succession policy and plan exist for Board members and members of its subsidiaries;.
- Develop, review, and recommend the remuneration policy to the Board for approval;
- Review and recommend to the Board, compensation for the Chief Executive officer and senior management staff. The committee shall ensure its recommendations are in line with the Company's remuneration policy, the provisions of the CBN and SEC Guidelines on corporate governance, and all applicable laws;
- Make recommendations to the Board, reinforcing sound corporate governance principles, on the incentive structure of the Company including executive compensation and bonuses;
- Provide input to the annual report of the Company on Directors' compensation, aligning with the provisions of the CBN and SEC Guidelines on Corporate Governance;
- Conduct periodic peer reviews of compensation and remuneration levels to ensure the Company remains competitive; and
- Undertake other reviews as the Committee deems necessary to fulfill its responsibilities as may be requested by the Board.

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

SN	Director	Designation	Attendance	No. of Meetings
1	Ms. Eniye Ambakederemo	Chairperson	1	1
2	Mr. Abubakar Suleiman	Member	1	1
3	Ms. Aisha Bashir	Member	1	1

Board Finance and Investment Committee

The Committee advises the Board on its oversight responsibilities concerning strategic planning, and monitoring of finance and investment decisions.

Terms of reference

- Determine the policies and strategies relating to capital management of the Company, and oversee and monitor the implementation of these policies, strategies, and financial objectives to maximize overall shareholder value;
- Ensure finance and investment decisions are in alignment with corporate objectives and strategy;
- Ensure adequate budget and planning processes exist, and performance is measured against the annual budget;
- Recommend dividend and tax policies to the Board for approval;
- Conduct quarterly business reviews with management to assess financial and investment performance;
- Review the adequacy of financial systems, operations, and internal controls;.
- Approve capital and major operating expenditure and investment limits recommended by management;
- Ensure that reporting on issues related to investment and finance is comprehensive for proper deliberation and decision-making;
- Ensure investment strategies, policies and guidelines comply with all applicable regulations;
- Consider and approve proposals for significant acquisitions, mergers, takeovers, divestments of operating companies, equity investment, and new strategic alliances by the Company or its subsidiaries subject to the final approval of the Board;
- Formulate guidelines from time to time on cost control and reduction, consistent with maximum efficiency, and make appropriate recommendations to the Board;
- Review and report to the Board on the Company's financial projections, capital and operating budgets, and actual financial results against targets and projections;
- Review and recommend to the Board all new business initiatives, especially those requiring a significant capital outlay above management limit;
- Determine an optimal investment mix consistent with the risk profile agreed upon by the Board; and
- Carry out such other functions relating to finance and investment strategy as the Board may from time to time determine.

The members of the Board Finance and Investment Committee and their respective attendance at meetings are as follows:

SN	Director	Designation	Attendance	No. of Meetings
1	Mr. Shola Adekoya	Chairman	1	1
2	Mr. Abubakar Suleiman	Member	1	1
3	Ms. Aisha Bashir	Member	1	1
4	Mr. Yemi Odubiyi	Member	1	1
5	Mr. Olayinka Oni	Member	1	1

Board Audit and Risk Management Committee

The Committee assists the Board in the effective discharge of its responsibilities in the areas of statutory reporting, internal control systems, banking and legal proceedings, and internal and external audit functions.

Terms of reference

Internal Audit

- Oversee the assessment of the qualification, independence, and performance of the Internal Audit function;
- Review significant findings and recommendations by Internal Audit and Management responses thereof;
- Review the implementation of Internal Audit recommendations by Management;
- Ensure that the operations of the Internal Audit function comply with acceptable International Standards for the Professional Practice of Internal Auditing;
- Ensure management develops a comprehensive internal control framework and oversees its effectiveness;
- Ensure there are effective controls in place to minimize operational risks and optimize value;
- Oversee the process for identifying risks across the Company and ensure that Management puts in place adequate mechanisms to prevent, detect, and report risks;
- Ensure that adequate whistle-blowing procedures are in place; and
- Review the proposed audit plan(s) and the results of internal audits completed since the previous Committee meeting as well as the focus of upcoming internal audit projects.

Audit and Financial Reporting

- Review the results of the annual audit report and discuss the annual financial statements with external auditors and Management;
- Review the auditors' management letter presented by the external auditors and ensure the adequacy of Management's response;
- Review with the Chief Financial Officer annually the significant financial reporting issues and practices of the Company, and ensure that appropriate accounting principles are applied including financial controls relating to the "closing of the books" process;
- Meet separately, and at least quarterly, with the Chief Financial Officer, the Chief Internal Auditor, and relevant Senior Management staff to discuss the adequacy and effectiveness of accounting and financial controls of the Company;
- Discuss the Company's policy regarding press releases as well as financial information provided to analysts and rating agencies;
- Require Management to present and discuss, as soon as practicable, all reports received from regulators (e.g. CBN, SEC, NSE, NDIC, Rating Agencies, etc.) which may have a material effect on the financial statements or related Company compliance policies;
- Annually assess and confirm the independence and competence of the external auditors;
- Ensure that the tenure of an appointed External Auditors shall be for the maximum period of ten (10) years as mandated by the CBN and SEC corporate governance guidelines;
- Review legal and regulatory matters, contingent liabilities, or other sensitive information that may have a material effect on the Group's financial statements, systems of internal control or regulatory compliance; and
- Maintain a mechanism for receiving complaints regarding the Company's accounting and operating procedures.

Enterprise Risk Management

- Ensure that there are standards, policies, and processes in place to identify and measure all material risks and respond appropriately;
- Re-evaluate all risk management policies periodically to accommodate major changes in internal or external factors, and ensure that changes are in line with the Company's risk profile and appetite;
- Review executive management reports, detailing the adequacy and overall effectiveness of the Company's risk and capital management documents policies, procedures, and processes for the identification, measurement, monitoring, and control of risk management;
- Ensure that Management implements specific limits or tolerance levels that are aligned with overall risk appetite levels as set by the Board;
- Make recommendations to the Board concerning the levels of risk capacity and tolerance, and ensure that they are managed within these parameters; and
- Ensure that the Company's risk management policies and practices are disclosed in the annual report.

Compliance with Laws and Regulations

- Review the Company's activities related to the Code of Conduct and Ethics;
- Review the adequacy and effectiveness of compliance programs;
- Review the compliance processes in place and ensure that any changes to legal and regulatory requirements are identified and reflected in the Company's processes;
- Evaluate the nature and effectiveness of action plans implemented to address identified compliance weaknesses; and
- Provide the Board with such assurances as it may reasonably require regarding compliance by the Company.

The members of the Board Audit and Risk Management Committee and attendance at meetings are as follows:

SN	Director	Designation	Attendance	No. of Meetings
1	Ms. Aisha Bashir	Chairperson	1	1
2	Mr. Adeshola Adekoya	Member	1	1
3	Ms. Eniye Ambakederemo	Member	1	1

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 3 (three) representatives of the shareholders elected at the Annual General Meeting (AGM) and 2 (two) Non-Executive Directors. The Committee meets every quarter, but could also meet at any other time, as the need arises.

All members of the Committee are financially literate.

Terms of reference

- To make recommendations to the Board for presentation to the Shareholders for approval at the AGM regarding the appointment, removal, and remuneration of the External Auditors of the Company.
- To authorize the internal auditor to carry out investigations into any activities of the Company 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 Auditors' findings and recommendations.
- To oversee the integrity of the Company's financial statements, compliance with legal and other regulatory requirements, assessment of qualifications and independence of External Auditors, and performance of the Company'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 Company.
- To ensure the development of a comprehensive internal control framework for the Company, obtain assurance and report annually in the financial report, on the operating effectiveness of the Company'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 Company 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 Company.

- Discuss the annual audited financial statements and half-yearly unaudited statements with Management and External Auditors.
- 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 Company or Group.
- Invoke its authority to investigate any matter within its terms of reference for which purpose the Company 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 Company's Annual Report.
- 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, F.CIoD	Shareholders' Representative	Chairman	3	3
2	Mr. Idongesit Udoh	Shareholders' Representative	Member	3	3
3	Ms. Christie Vincent	Shareholders' Representative	Member	3	3
4	Ms. Eniye Ambakederemo	Independent Director	Member	3	3
5	Mr. Adeshola Adekoya	Non-Executive Director	Member	3	3

Dates for Board and Board Committee meetings held in 2023 financial year:

Meetings	Dates		
Board	14 -Jul-2023	10 -Aug-2023	30 -Nov-2023
Board Finance and Investment Committee	N/A	N/A	25 -Oct-2023
Board Audit and Risk Management Committee	N/A	N/A	25 -Oct-2023
Board Governance, Nomination and Remuneration Committee	N/A	N/A	24 -Oct-2023
Statutory Audit Committee	26 -Jul-2023	19 -Oct-2023	30 -Oct-2023

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, to enhance long-term shareholder value.

The Company Secretary assists the Chairman in ensuring good information flow by the Board and its committees and between Management and Non-Executive Directors. The Company Secretary also facilitates the orientation of new Directors and coordinates the professional development of Directors. The Company Secretary is responsible for designing and implementing a framework for the Company's compliance with the listing rules of Nigerian Exchange Limited, including advising Management on prompt disclosure of material information.

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 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

Group Executive Committee (EXCO)

The Committee provides leadership to the Group and ensures the implementation of strategies approved by the Board.

Policies and Frameworks

Succession Planning

In line with best practice, the Board of Directors of the Company developed a succession planning policy to serve as a guide in ensuring Board continuity. The policy aims to ensure that the Board maintains the requisite mix of knowledge, skills and experience to effectively govern the Company as it fills planned and unplanned vacancies from time to time.

This policy is to be implemented by the Board through the Board Governance, Nomination & Remuneration Committee in succession planning for Directors of the Company.

Code of Ethics

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

Compensation Policy

The Company is committed to fair and equitable pay practices in addition to complying with all applicable laws and regulations. The Group's Compensation policy provides guidelines for the implementation of the compensation philosophy. The Company pays as competitively as possible when compared with the industry. The policy aims to motivate the workforce and enable the Company to attract and retain employees with integrity, ability, experience, and skills to deliver its strategy and promote compliance with global regulatory trends and governance requirements, with emphasis on long-term sustainability.

Whistle Blowing Process

The Company is committed to the highest standards of openness, probity, and accountability; hence the need for an effective and efficient whistle-blowing process.

The whistleblowing process is a mechanism by which suspected breaches of the Group'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 to achieve efficiency and effectiveness in our operations.

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

An essential attribute of the process is the guarantee of confidentiality and protection of the whistleblower's identity and rights. It should be noted that the Whistleblowing process aims to ensure efficient service to the customer, good corporate image, and business continuity in an atmosphere compliant with best industry practices.

The Group has a dedicated whistle-blowing channel which is accessible via the Group's website, telephone hotlines, and e-mail addresses in compliance with Section 17 of the Central Bank of Nigeria Corporate Governance Guidelines for Financial Holding Companies, Guidelines for Whistleblowing for Banks and Other Financial Institutions in Nigeria and Principle 19 of the Nigerian Code of Corporate Governance (NCCG).

The Group'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.

Compliance Statement on Securities Trading by Interested Parties

The Group has a policy on Trading in its Securities by Directors and other key personnel of the Group. During the 2023 Financial Year, the Directors and other Key personnel of the Group complied with the requirements of the policy.

Complaints Management Policy

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

Subsidiary Corporate Governance Report

To ensure value creation for shareholders, sustainability, and consistency across the Company and its subsidiaries (the Group), the Company has established and embedded subsidiary governance as an integral part of the Group's risk management framework.

The Company's governance structure is designed to ensure compliance with best corporate governance practices as well as the Nigerian Code of Corporate Governance 2018, issued by the Financial Reporting Council, Central Bank of Nigeria Corporate Governance Guidelines for Financial Holding Companies 2023, and Securities and Exchange Commission's Corporate Governance Guidelines 2021. The governance structure is implemented through the Boards of the subsidiaries.

The Company has two banking subsidiaries - Sterling Bank Ltd and The Alternative Bank Limited. It ensures that the same values, ethics, processes, and controls are reflected throughout the Group while remaining independent in the conduct of their business. The Board of each of the subsidiaries within the Group carries out its oversight functions through its Board Committees which have clearly defined charters and terms of reference approved by the Central Bank of Nigeria. Following industry and global best practices, the Chairmen of the Subsidiary Boards are not members of any of the Committees.

Subsidiary Board Committees

The committees of the subsidiaries are set out below:

Board Committees

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

The Committee provides constructive reports on its findings, especially when issues are identified that could present a material risk to the subsidiary. It provides independent assurance and assistance to the Board of Directors on control and audit matters.

Board Governance, Nomination & Remuneration Committee

The Committee acts on behalf of the Board on all matters relating to Corporate Governance, workforce, remuneration, appointment, and re-election of Directors.

Board Credit Committee/ Board Finance and Investment Committee

The Board Credit Committee acts on behalf of the Board on credit matters and reports at Sterling Bank while, the Board Finance and Investment Committee acts on behalf of the Board on finance and investment matters at The Alternative Bank Limited.

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 at Sterling Bank.

The Board Risk Management Committee (BRMC)

acts on behalf of the Board to evaluate and handle issues relating to the risk management of the subsidiaries.

The Subsidiary Management Responsibilities

The Group runs a shared services framework which allows for better operational efficiency and standardization. Management of the subsidiary companies operates with the shared services framework in identifying, measuring, monitoring, and controlling risks within the areas of their expertise.

The following services are shared within the Group:

- Human Capital Management
- Risk Management
- Technology
- Brand Marketing & Communications
- Legal Services & Company Secretariat Compliance
- Facility Management

To aid the subsidiaries in fulfilling their risk management responsibilities, Management has established a network of oversight committees. Each subsidiary has the following key Management committees.

Management Committees

Executive Committee (EXCO)/ Management Committee (MANCO)

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

Assets and Liability Committee (ALCO)

The Committee ensures adequate liquidity and the management of interest rate risks within acceptable parameters. It also reviews the economic outlook and its impact on the subsidiaries' strategies.

Management Credit Committee (MCC)/Management Investment Committee (MIC)

The Management Credit Committee of Sterling Bank Ltd approves new credit products and initiatives, minimum/ prime lending rates, and reviews the Credit Policy Guide. It approves exposures up to its maximum limit and the risk asset acceptance criteria.

The Management Investment Committee (MIC) of The Alternative Bank Limited approves new investment products and initiatives. The Committee reviews the Investment Policy Guide and approves facilities and investments up to a maximum limit approved by the Board.

Criticized Assets Committee (CAC)

The Committee reviews the credit portfolio and collateral documentation in the subsidiaries. It reviews the non-performing loan stock and recovery strategies for delinquent loans.

Management Risk Committee (MRC)

The Committee is responsible for planning, management, and control of the subsidiaries’ overall risks. Its functions include setting the banking subsidiaries' risk philosophy, risk appetite, risk limits, and risk policies.

Sterling Financial Holdings Directors, Officers & Professional Advisers

Directors

Mr. Yemi Adeola	Group Chairman
Mr. Adeshola Adekoya	Non-Executive Director
Ms. Eniye Ambakederemo	Independent Director
Mr. Abubakar Suleiman	Non-Executive Director
Ms. Aisha Bashir	Independent Director
Mr. Yemi Odubiyi	Group Chief Executive Officer
Mr. Olayinka Oni	Executive Director

Company Secretary

Mrs. Temitayo Adegoke

Registration Number

1851010

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

Ernst & Young
10th Floor, UBA,
57, Marina,
Lagos, Nigeria

Sterling Financial Holdings Company Directors' Profile

Mr. Yemi Adeola
Group Chairman, Board of Directors

Mr. Yemi Adeola is a seasoned professional with over 40 years of experience in banking, finance, law, arbitration, and corporate consultancy.

He holds a Master of Law (LLM) degree, and the Oxford University/CIArb UK Diploma in International Commercial Arbitration. His banking career started at Citibank Nigeria, where he rose to become an Executive Director, and culminated as the MD of Sterling Bank Plc.

Prior to his foray into Banking and Finance, he had a stint as a Consultant at Price Waterhouse Coopers. He also taught law at the University of Benin and Lagos State University. He is presently the Chairman of the following organizations: Sterling Financial Holdings Company, Nigeria Mortgage Refinance Company (NMRC), Lenox and Blair Group, and the Board of Trustees, Association of Banks' Legal Advisers and Company Secretaries (ABLACS). He is the Founder and Managing Partner of Adeyemi Adeola & Co., a law Firm with a special focus on International Commercial Arbitration, Banking, and Finance. Yemi is a Fellow of the Chartered Institute of Arbitrators (UK), the Chartered Institute of Bankers of Nigeria, and the Institute of Credit Administration of Nigeria.

He is also a Member of the Disciplinary Tribunal, Chartered Institute of Bankers. Yemi is a JFK Scholar.

Mr. Shola Adekoya
Non-Executive Director

Mr. Adekoya is the Managing Director of STBFMC Limited and Founder of Utterfresh Processing Limited, a thriving business in the Agricultural sector.

He was the Chief Executive Officer of Konga Online Shopping, where he delivered the mandate to develop and execute the growth plan of three different entities. He also worked at Etisalat as the Head of the Planning & Budget Team.

Mr. Shola Adekoya has over 24 years of experience in the Technology, Retail, Transport, Fintech, Telecoms, and Agricultural industries.

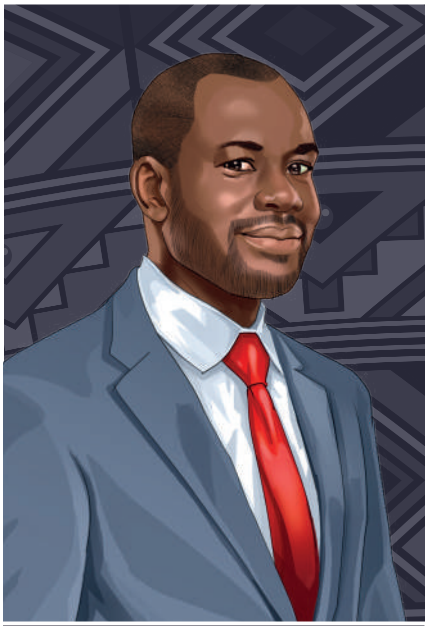
Mr. Shola Adekoya holds an MBA from Cranfield University. He is a fellow of the Association of Certified Chartered Accountants (FCCA) and holds a Bachelor's degree in Business Studies from London South Bank University.

Ms. Eniye Ambakederemo
Independent Non-Executive Director

Ms. Eniye Ambakederemo has over 29 years of experience in the public and private sectors, banking, and asset management, with practical executive management experience in various sectors including agriculture, production and manufacturing, finance and administration, policy development, and execution.

She rose to the rank of Director General of the Bayelsa State Partnership Initiation Agency and the State Investment Promotion Office. She was also a pioneer Board member of Asset Management Company of Nigeria (AMCON).

Prior to her service in the public sector, she was a Branch Manager (Strategic Business Unit) at United Bank for Africa (UBA) Plc. She was also the Head of Corporate Banking (South) United Bank for Africa. She is a Fellow of the Nigerian Institute of Management (Chartered), the Institute of Chartered Economists of Nigeria, and the Institute of Fraud Examiners. She is also a member of the International Business Innovation Association (INBIA). Ms. Eniye Ambakederemo holds a B.sc and an MBA in Accounting from the University of Portharcourt. She also holds a Diploma in Social Innovation from the United Nations for Peace Centre for Executive Education and an M.Sc in Entrepreneurship Management and Innovation from the University of Bath, United Kingdom.



Mr. Abubakar Suleiman
Non-Executive Director

Mr. Abubakar Suleiman is the MD/CEO of Sterling Bank Limited.

He was appointed to the Board of Sterling Bank with responsibility for directly overseeing the Strategy & Innovation, Branding & Communication, and Human Resource Management Departments before assuming the role of the Managing Director.

Mr. Suleiman joined the Sterling Bank family (Trust Bank of Africa) with responsibility for Treasury and Finance. Following the merger in 2006, he was appointed Group Treasurer; a position he held until 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. Abubakar Suleiman holds a degree in Economics from the University of Abuja and a Master's degree in Major Programme Management from the University of Oxford. He has attended various executive education programmes at INSEAD, Harvard, Wharton, and Said Business Schools.

Ms. Aisha Bashir
Independent Non-Executive Director

Ms. Aisha Bashir is the Founder and Chief Executive Officer, Cam Dairy Foods Limited.

Before her role in Cam Dairy Foods, she was a consultant with Mountain Hazelnuts, a hazelnut company in Bhutan, where she developed guidelines for deploying mobile payments solutions to farmers for payment for hazelnuts. She was also a Special Assistant to the President/Chief Executive of Dangote Group where she worked on business strategy and supported the Chief Operating Officer in corporate finance activities and led financial, operational, and strategic due diligence on subsidiaries.

She was a co-founder, Head, Product Development and Operations of PAGA, a pioneer Nigerian mobile payments company. She also worked as a business analyst at Accenture.

Ms. Aisha Bashir holds a Master of Business Administration from Stanford University, Graduate School of Business, Master of Science in Environment and Resources – Land Use and Agriculture from Stanford University, School of Earth, Energy and Environmental Sciences, and Bachelor of Arts (Honours) in International Relations also from Stanford University.

Yemi Odubuyi
Group Chief Executive Officer

Mr. Odubiyi started his banking career with the Nigeria unit of Citibank 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 as Head of Operations & Technology. Upon the consolidation of Trust Bank into Sterling Bank Plc, Yemi served as pioneer Group Head, Trade Services. He was mandated to build the Structured Finance Group and also assumed oversight for corporate strategy serving as Chief Strategy Officer. Mr. Yemi Odubiyi served as the Executive Director, Corporate and Investment Banking at Sterling Bank Limited.

Mr. Yemi Odubiyi holds a Bachelor's degree in Estate Management and a Master's in International Law from the University of Lagos.

He 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.

Mr. Olayinka Oni
Executive Director

Prior to his appointment he was the Chief Digital Officer at Sterling Bank Ltd where he led the execution of the Bank's digital strategy.

Before joining Sterling Bank, he was the Chief Technology Officer for Microsoft Nigeria where he was responsible for ensuring that the subsidiary had the right relevance in society and with the Federal Government. He also helped to generate policies and programs that created a more sustainable ICT environment for the organization. Mr. Oni served as the CIO/GM IT & Operations at Wema Bank Plc. He was also an Experienced Manager with the Nigerian practice at Accenture- a global management consulting firm. He was a co-convener of the CIO Nexus, a forum of all CIOs in Nigeria, and the current chairman of the CIO Forum of Banks in Nigeria.

Mr. Yinka Oni is a graduate of Agric Economics from the University of Ilorin. He is an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria (HCIB). His domain expertise includes solutions engineering, Program Management, Enterprise Architecture, and IT Governance. Over the course of his career, Mr. Oni has undertaken senior management/executive education programs in Business Strategy, Financial Acumen, Digital Transformation, and General Management at leading international educational institutions including Harvard, Said Business School (Oxford University), INSEAD, MIT, and a Cycle 24 participant of the globally acclaimed International Master's Program for Managers.

Sterling Financial Holdings Company Board Of Directors

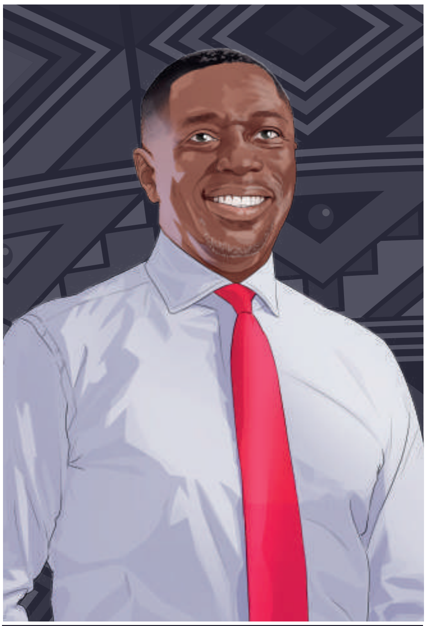
From Left To Right

Olayinka Oni , Yemi Odubiyi, Eniye Ambakederemo, Shola Adekoya

From Left To Right

Aisha Bashir, Temitayo Adegoke *(Company Secretary)*, **Abubakar Suleiman, Yemi Adeola**

Sterling Bank Ltd.
Directors' Profile



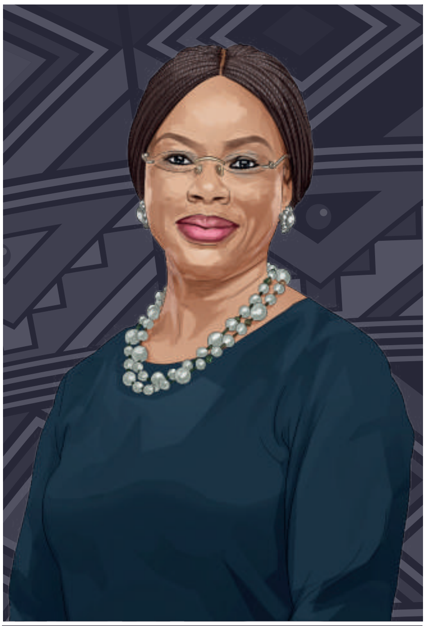
Asue Ighodalo
Chairman

He obtained a Bachelor of Science Degree (B.Sc.) in Economics from the 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.

(Resigned effective 31st December 2023)



Olusola Oworu
Independent Director

Mrs. Olusola Oworu is a seasoned professional with a strong bias for credit analysis, risk management and marketing. She holds a Bachelor of Arts (Honours) in Accounting and is a fellow of the Institute of the Chartered Accountants of Nigeria.

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 green-field projects, initiate schemes to improve the investment climate, and lead the drive to attract new investments to Lagos State.

Mrs. Oworu was an Independent Director of First Bank of Nigeria Limited from January 2016 to April 2021. She is currently the Chairperson, Lekki Concession Company, and a member of the Advisory Board of Landmark Village, Lekki.

Michael Ajukwu
Independent Director

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

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

She 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

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 is an alumnus of the Harvard Business School, Program for Management Development (PMD). He was the Executive Director, Special Projects at Globacom Limited.

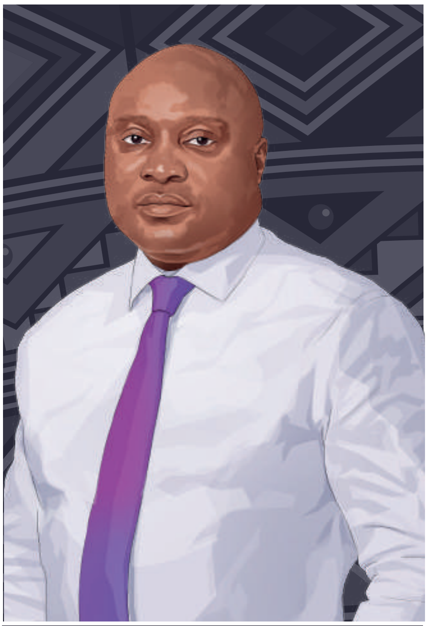
He worked for 17 years in the African Development Bank in Ivory Coast where he successfully held the positions of Loan Officer, Senior Executive in charge of International Organizations, Special Assistant to the President and Director, International Co-operation Department. He has extensive background experience in Project Lending and Management. He previously served as Non-Executive Director on the boards of the erstwhile Devcom and Equitorial Trust Banks.

Folashade Kilaso
Non-Executive Director

She holds a bachelor's degree in law from the University of Kent and an LLM from the University of Cambridge specializing in International Corporate Law and Finance.

Mrs. Kilaso was called to the Nigerian Bar in 1988. 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 Executive Director at Standard Chartered Bank, Nigeria. She had a multifunctional career at Standard Chartered during her 11 years with the Bank.

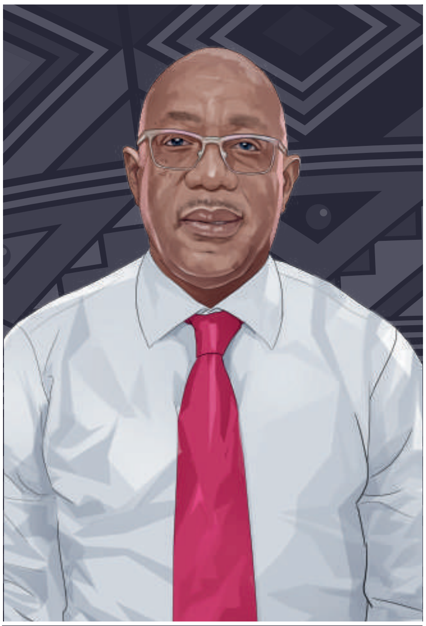


Olaitan Kajero
Non-Executive Director

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

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

He is currently the Managing Director of STB Building Society Limited.



Olatunji Mayaki
Non-Executive Director

Mr. Olatunji Mayaki holds B.Sc. and LLB degrees from 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 honing his skills in commercial law and litigation. He also served in the Banking and Asset Management sector, culminating in the role of pioneer Vice President, Legal & Compliance of Nigeria's leading Asset & Investment Management firm, Asset & Resource Management Company Ltd, ARM.

Mr. Mayaki worked with Shell Petroleum's Nigerian operations as Legal Adviser, Contracting & Projects, and was pioneer Legal Adviser & Company Secretary of Shell Exploration & Production Africa Limited. He was the Deputy Managing Director Addax Petroleum Nigeria, overseeing its External, Government & Regulatory Affairs, Human Resources & Admin, Legal, Community Relations, Security & Supply Chain Management Business Groups. 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

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).

(Resigned effective 24th February 2024)

Ankala Prasad
Non-Executive Director

He is the Country Head, 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, and foreign exchange business including trade transactions. He is well versed in regulatory compliance and reporting, identifying risks and mitigants.

He obtained a 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.

(Resigned effective 10th May 2023)

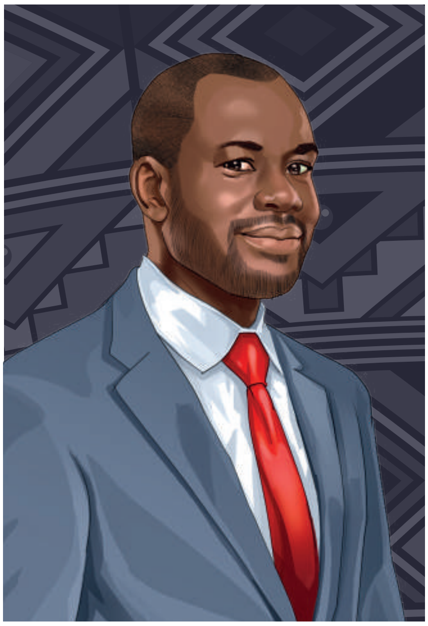
Ashutosh Kumar
Non-Executive Director

He is a seasoned banker with over twenty-two (22) years of experience.

He joined the State Bank of India (SBI) in 2001 and has served in different capacities and areas, including international banking, forex and derivatives, 4 risk management, credit, trade finance, retail banking, performance planning, and operations among others. Mr. Kumar is versed in regulatory compliance and reporting.

He is currently the Country Head and Chief Executive Officer of SBI, South Africa. Before his current role at SBI, South Africa, Mr. Ashutosh Kumar was the Deputy General Manager (Business Operations) of Jodhpur Zone and the Chairman, the Zonal Credit Committee, where he was responsible for managing the operations of 222 (two hundred and twenty-two) branches spread across 5 (five) districts in the state of Rajasthan, India, amongst other things.

(Resigned effective 27th February 2024)

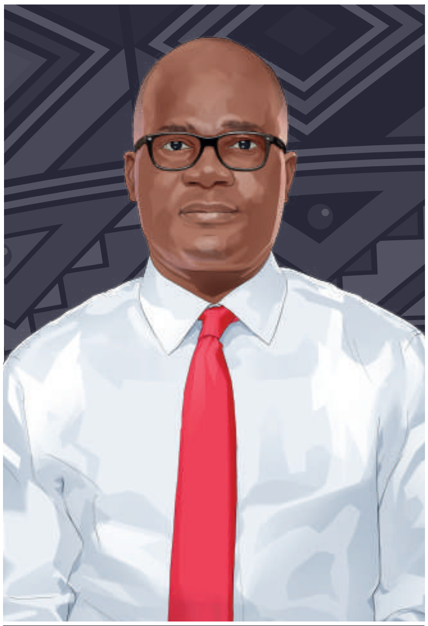


Mr. Abubakar Suleiman
MD/Chief Executive Officer

Mr. Abubakar Suleiman was appointed to the Board of Sterling Bank with responsibility for directly overseeing the Strategy & Innovation, Branding & Communication, and Human Resource Management Departments before assuming the role of the Managing Director.

Mr. Suleiman joined the Sterling Bank family (Trust Bank of Africa) with responsibility for Treasury and Finance. Following the merger in 2006, he was appointed Group Treasurer; a position he held until 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. Abubakar Suleiman holds a degree in Economics from the University of Abuja and a Master's degree in Major Programme Management from the University of Oxford. He 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, retainership, 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 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. He also holds a Bachelor of Laws degree from the University of Lagos.

He is an alumnus of the Wharton School, Pennsylvania.

Yemi Odubiyi
Executive Director

Mr. Odubiyi started his banking career with the Nigeria unit of Citibank 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 as Head of Operations & Technology. Upon the consolidation of Trust Bank into Sterling Bank Plc, Yemi served as pioneer Group Head, Trade Services. He was mandated to build the Structured Finance Group and also assumed oversight for corporate strategy serving as Chief Strategy Officer. Mr. Yemi Odubiyi served as the Executive Director, Corporate and Investment Banking at Sterling Bank Limited.

Mr. Yemi Odubiyi holds a Bachelor's degree in Estate Management and a Master's in International Law from the University of Lagos. He 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. He was appointed the Group Managing Director of Sterling Financial Holdings Company Plc effective 27th June 2023.

(Resigned effective 27th June 2023)

Raheem Owodeyi
Executive Director

He holds 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.

He previously served as the Chief Compliance Officer of the Sterling Bank Plc. Prior to joining Sterling Bank, he was a General Manager and Chief Inspector at Aso Savings and Loans Plc. He also served as a Deputy General Manager and Head, Compliance & Internal Controls (International) at Access Bank Plc. He worked at BDO Stoy Hayward LLP, United Kingdom, Triumph Bank Plc and Citigroup, Nigeria.

The Alternative Bank Ltd.
Directors' Profile

Mr. Muhtar Bakare
Chairman

Mr. Bakare holds a B.Sc. and an M.Sc. in Architecture, from Obafemi Awolowo University.

He also completed the Senior Executive Program for Africa (SEPA) at Harvard Business School and Wits Business School. Mr. Bakare has over 30 years of experience in business leadership in diverse industries such as financial services, publishing, technology, real estate, procurement services, renewable energy, and educational services. He started his career at Nigeria International Bank as a Management Associate and rose to the level of Assistant General Manager. He left Citibank to join Trust Bank of Africa as an Executive Director leading the Sales and Marketing Groups and helped to attract new talent and fresh capital while providing strategic leadership that put the Bank on a path to transformation.

Muhtar pivoted into the media industry and founded Kachifo Limited, an independent publishing company, and its flagship imprint Farafina. He is the Chairman of Kachifo Ltd, Koidi Radio Ltd, Beyond Energy Resources Ltd, Noor Takaful Insurance Company. He also sits on the boards of Descasio Ltd, Purple Real Estate Income Plc, Greensprings Educational Services Ltd, and Rainbow Educational Services Ltd.

Hajiya Umma Dutse
Independent Non-Executive Director

Hajiya Dutse is an alumnus of the prestigious Bayero University Kano where she holds a B.Sc. (Honors) in Economics, and an MBA.

She completed the Executive Program in Public Policy at Harvard Kennedy School, USA. She is a member of several professional bodies including the International Network for Financial Education (INFE) at the OECD in Paris, France. Hajiya Dutse is an expert in conduct regulation and a professional people manager with over 30 years of experience in Banking and Financial
Services regulation. She began her career as a Supervisor at First Bank of Nigeria before joining the CBN as a Senior Supervisor. She was the Director, Human Resources Department, Central Bank of Nigeria (CBN).

Hajiya Dutse also served as the Director in the Consumer Protection Department, where she led the development of robust strategies and structures towards regulating the conduct of financial service providers and improving consumer confidence in the financial system. She has served on several committees in the CBN and in the banking industry and represented the CBN on the boards of the Federal Mortgage Bank of Nigeria (FMBN) and the Nigeria Social Insurance Trust Fund (NSITF).

Mr. Emmanuel Onasanya
Non-Executive Director

Mr. Onasanya holds a BA in Business Management from Texas Tech University and an MBA in Finance and Economics from the University of Texas (San Antonio).

Mr. Onasanya is an experienced Finance executive with robust experience in budget planning, management accounting, and fiscal policy garnered over 30 years in Oil & Gas and Banking industries.

He is currently the Chairman of Magnet Microfinance Bank Ltd. Prior to that, he was Senior Manager Finance & Tax at Addax Petroleum Development Ltd.

Mrs. Morenikeji Folawiyo
Non-Executive Director

Mrs. Folawiyo holds an LL.B from Warwick University and a BL from the Nigerian Law School. She has over 30 years of experience spanning Commercial Law, Fashion, Art, Interior Design, and Lifestyle Management.

She practiced commercial law before pursuing her passion for creative expression. She is an entrepreneur and founder of Alara, home to some of the world's leading luxury brands. Prior to founding Alara, she expressed her bias for art, fashion, and lifestyle by starting a collective of creatives.

Bringing makers, artists, and fashion designers together, she started a studio which went on to expand into a wood and leather working company that produced both artisanal and commercial products. Mrs. Folawiyo sits on the Boards of Riverside Properties, Sparkle Microfinance Bank and RFH Limited, a leading interior design company, known for its unique products from collaborations with artisans and excellent finishing.

She is also an inspirational/motivational speaker

Prof. Ibrahim Onaleye
Independent Non-Executive Director

Prof. Onaleye holds a B.Sc. in Economics from the University of Ife (now OAU) and an MBA from Ahmadu Bello University.

He is an accomplished Professor in Islamic Finance/Economics, Audit and Assurance, Banking Operations, and Islamic Banking. Prof. Onaleye has served on the Boards of several companies including El-Jaiz Investment and Services Limited and Jaiz Takaful Insurance Plc. He also served as the Company Secretary of Chellarams Plc, Jaiz International Plc/Jaiz Bank Plc.

He is currently the Executive Chairman, Braton and Associates Ltd and the Managing Partner, Adetokunbo Onaleye & Co Chartered Accountants. He has published articles on several topics, including Accounting Standards for Islamic Commercial Transactions, Corporate and Personal Taxation, and International Trade. He is a Fellow, of the Institute of Chartered Accountants of Nigeria, Fellow, Institute of Financial Accountants of the U.K, Fellow of the Chartered Institute of Taxation of Nigeria and Fellow of Federation of Tax Advisers of the U.K.

(Resigned with effect from 31st December 2023)

Yemi Odubiyi
Non-Executive Director

Mr. Odubiyi started his banking career with the Nigeria unit of Citibank 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 as Head of Operations & Technology. Upon the consolidation of Trust Bank into Sterling Bank Plc, Yemi served as pioneer Group Head, Trade Services. He was mandated to build the Structured
Finance Group and also assumed oversight for corporate strategy serving as Chief Strategy Officer. Mr. Yemi Odubiyi served as the Executive Director, Corporate and Investment Banking at Sterling Bank Limited.

Mr. Yemi Odubiyi holds a Bachelor's degree in Estate Management and a Master's in International Law from the University of Lagos. He 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. He was appointed the Group Managing Director of Sterling Financial Holdings Company Plc effective 27th June 2023.

Temitayo Adegoke
Non-Executive Director

She is a seasoned Legal Professional with over 20 years of experience in Banking and Finance, Company Secretariat Services, Legal Advisory, Arbitration, and Compliance.

She began her career at Aluko & Oyebode as an Associate and rose to become a Senior Associate before she left in 2012. She served as an Advisor on significant financial transactions involving key players in Financial Services, Telecoms, and Oil & Gas. She joined First Bank as a Team Lead and rose to become the Unit Head of the Corporate and Contracts Unit of the Legal Department and was also responsible for offering Legal Advisory and Support to all Corporate Banking Customers, treasury, credit, audit, recovery, compliance and all other enabling businesses in the Bank.

Thereafter, she served as the Company Secretary and General Counsel of Rand Merchant Bank Nigeria Limited. Her responsibilities included, managing the board and shareholders, corporate governance oversight, maintaining the secretariat, mitigating and managing legal risks; offering legal advisory on credits and transactional structures; structuring contracts and providing general business legal support to all units/departments within the Bank. She is an Honorary Member Chartered Institute of Bankers Nigeria Limited, Member, International Bar Association; Associate Member, Nigerian Leadership Initiative; Member, Nigerian Bar Association and Member, Chartered Institute of Arbitrators (UK).

She holds a LL.B (Bachelor of Law) from the University of Lagos, BL (Barrister at Law) from The Nigerian Law School, LLM (Masters of Law) from the Kings College London (UK) and MBA from the Warwick Business School (UK). She has undertaken executive management programmes and is an alumni of Said Business School (University Of Oxford).

(Appointed effective 16th January, 2024)

Mr. Hassan Yusuf
Managing Director/CEO

Mr. Yusuf holds a Bachelor of Commerce from Osmania University India, and an MSc in Economics from the International Islamic University Malaysia (IIUM) Malaysia.

Mr. Yusuf is a professional banker. He has held high-level positions in several companies, including Chief Executive Officer (CEO) at Dahabshil Bank International, CEO at HAY Consultancy, and CEO at International Bank of Somalia. Mr. Yusuf has experience in fund management and has managed portfolios in excess of USD400 million.

Over the course of his professional career, Mr. Yusuf has recorded several notable achievements such as the introduction of new financial products in investments, based on the Islamic Finance Contract model, development and implementation of new fund management for several companies responsible for Enterprise-Wide Risk Management, and the successful implementation of AML systems. He has published several articles on areas such as Islamic Finance Development, Risk Management, and Shari'ah risk.

Mr. Garba Mohammed
Executive Director

He holds a bachelor's degree in pure mathematics and a postgraduate certification in the Mechanics of Islamic Banking Products.

He is currently undertaking CIFA certification. He is an honorary senior member of the Chartered Institute of Bankers of Nigeria (CIBN). Mr. Mohammed is a result driven management professional with 22 years of experience in sales, relationship management, and credit analysis within diverse banking sectors.

Prior to this appointment, he was the Group Head, Non-Interest Banking at Sterling Bank where he developed the NIB window's sales vision, recommended strategies for streamlined operational efficiencies, and directed product development efforts.

Mr. Mohammed has experience in business development, process improvement strategy, risk management, and customer experience. He held several high-level positions at First City Monument Bank, including Zonal Business Head for North Central, Branch Manager, and Acting Zonal Head.

Korede Demola-Adeniyi
Executive Director

Mrs. Korede Demola-Adeniyi is a seasoned professional with over 30 years of experience in the Banking industry with a comprehensive blend of leadership and financial expertise.

Her proficiency spans across several portfolios including executive leadership, wealth management, and Treasury management. With a solid background in retail banking, she brings a holistic approach to financial management that is both strategic and results-driven.

Before joining the Alternative Bank Limited, Mrs. Korede Demola-Adeniyi worked for several years in Ecobank Limited where she rose to the position of Head, Consumer Banking. She is currently a Non-Executive Director at Old Mutual Insurance Limited. Korede has a Bachelor's degree in Economics from the University of Benin, and a Master's degree in Economics from the University of Lagos.

She has attended various leadership and management courses in leading business schools such as Harvard Business School, Yale School of Management, and Lagos Business School.

(Appointed effective 8th February 2024)

Report of Directors

For The Year Ended 31 December 2023

The Directors have the pleasure of presenting to the members of Sterling Financial Holdings Company Plc ("the Company") their report together with the audited consolidated and separate financial statements for the year ended 31 December 2023.

Corporate Structure And Business

Principal activity and business review

The principal activity of Sterling Financial Holdings Company Plc (the Company) is to carry on business as a non-operating financial holding company investing in companies as may be approved by the Board of Directors and in accordance with Central Bank of Nigeria permissible activities. The Company has 2 (two) subsidiaries – Sterling Bank Ltd, a commercial bank and The Alternative Bank Limited, a non-interest bank.

Legal form

Sterling Financial Holdings Company Plc was incorporated on 13 October 2021 as a private limited liability company and re-registered as a public company on 16 November 2022. The Company's shares were listed on Nigerian Exchange Limited on 6 April 2023. The Central Bank of Nigeria issued the Company its final license on 27 June 2023 and it commenced operations on 1 July 2023.

Operating Results

Highlights of the Group and the Company's operating results for the year ended 31 December 2023 are as follows:

In millions of Naira	Group 2023	Group 2022	Company 2023	Company 2022
Gross earnings	**221,773**	**175,140**	**14,895**	**-**
Profit before income tax	22,693	20,757	13,116	-
Income tax expense	(1,109)	(1,459)	(9)	-
Profit after income tax	**21,584**	**19,298**	**13,107**	**-**
Profit attributable to equity holders	**21,584**	**19,298**	**13,107**	**-**
Total non-performing loans as % of gross loans	5%	4%	-	-
Earnings per share (kobo) – Basic	75k	67k	46k	-
Earnings per share (kobo) – Diluted	75k	67k	46k	-

Dividend

The Directors did not propose any dividend for the year 2023.

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. Adeyemi Adeola	Chairman	Appointed 27/06/2023	Alfanoma Nigeria Limited Plural Limited Reduvita Limited Quakers Integrated Services Limited Concept Features Limited
Ms. Eniye Ambakederemo	Independent Director	Appointed 27/06/2023	
Mr. Adeshola Adekoya	Non-Executive Director	Appointed 27/06/2023	STB Building Society Limited Eltees Properties Rebounds Integrated Services Limited
Ms. Aisha Bashir	Independent Director	Appointed 27/06/2023	
Mr. Abubakar Suleiman	Non-Executive Director	Appointed 27/06/2023	
Mr. Yemi Odubiyi	Group Managing Director	Appointed 27/06/2023	
Mr. Olayinka Oni	Executive Director	Appointed 27/06/2023	

Going concern

The Directors assess the future performance and financial position of Sterling Financial Holdings Company Plc (the Company) and its subsidiaries (the Group) 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 Company as recorded in the Register of members and/or as notified by them for the purpose of Section 301 of the Companies and Allied Matters Act 2020 were as follows:

S/N	Names	31-Dec-23	31-Dec-23	31-Dec-22	31-Dec-22
		Direct	Indirect	Direct	Indirect
1	Mr. Adeyemi Adeola	57,600,025	1,443,034,413	-	-
2	Ms. Eniye Ambakederemo	-		-	-
3	Mr. Adeshola Adekoya	-	1,413,979,057	-	-
4	Ms. Aisha Bashir	-		-	-
5	Mr. Abubakar Suleiman	397,188,499		-	-
6	Mr. Yemi Odubiyi	351,417,493		-	-
7	Mr. Olayinka Oni	4,341,618		-	-

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 Company during the year.

Director's Remuneration

The Company 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 Company 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 Group'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 Group'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 Group's objectives have been met for the financial year	Paid annually in arrears
4	Director Fees	Paid semi-annually in January and July to Non-Executive Directors only.	Paid semi-annually in January and 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 Company is owned by Nigerian citizens, corporate bodies and foreign investors.

Analysis of shareholding

The range analysis of the distribution of the shares of the Company as at 31 December 2023 is as follows:

Range of shares	Number of holders	%	Number of units	%
1 - 1,000	33,277	37.68%	14,724,826	0.10%
1001 - 5,000	26,029	29.47%	58,700,356	0.20%
5,000 - 10,000	8,853	10.02%	59,941,672	0.20%
10,001 - 20,000	7,056	7.99%	95,690,344	0.30%
20,001 - 50,000	5,086	5.76%	159,573,819	0.60%
50,001 - 100,000	3,068	3.47%	214,228,419	0.70%
100,001 - 200,000	1,962	2.22%	281,830,783	1.00%
200,001 - 500,000	1,603	1.81%	502,262,182	1.70%
500,001 - 10,000,000	1,269	1.44%	2,129,955,212	7.40%
Above 10,000,001	114	0.13%	14,824,307,721	51.50%
Foreign shareholding	4	0.01%	10,449,202,790	36.30%
	88,321	**100.00%**	**28,790,418,124**	**100.00%**

The following shareholders have shareholding of 5% and above as at 31 December 2023:

	31-Dec-23	31-Dec-23	31-Dec-22	31-Dec-22
	Unit holding	% holding	Unit holding	% holding
Silverlake Investments Limited	7,197,604,531	25.00	-	-
State Bank of India	2,549,505,026	8.86	-	-
Dr. Mike Adenuga	1,620,376,969	5.63	-	-
Ess-ay Investments Limited	1,462,919,568	5.08	-	-

Donations and Charitable Gifts

The Group donated a total sum of **N351.4million** during the year ended 31 December 2023 (2022: N281million) 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)
Bendel Insurance FC Sponsorship	Sponsorship	75.0
Ake Arts and Book Festival	Sponsorship	40.3
Made By Nigeria X EDF Fusion	Sponsorship	30.0
Mamabase Maternal Health Project	Corporate Social Responsibility	30.0
Film Lab Africa British Council Partnership	Corporate Social Responsibility	20.0
Nigeria Immigration Service	Sponsorship	20.0
Africa Social Impact Summit Support	Corporate Social Responsibility	19.6
Education Support/Collaboration for Schools and Organisations	Corporate Social Responsibility	18.6
Environmental Makeover - Beach Adoption Project	Corporate Social Responsibility	18.0
Kano Trade Fair	Corporate Social Responsibility	10.0
Start 2 Scale Summit	Sponsorship	8.5
Housing and Urban Development Summit	Sponsorship	7.0
Flood Victims Support	Sponsorship	7.0
Women Empowerment and Advocacy against Gender-Based Violence	Corporate Social Responsibility/ Sponsorship	6.5
Food Related Projects	Corporate Social Responsibility/ Sponsorship	6.5
Collaboration/Partnership on Environmental Sustainability	Corporate Social Responsibility/ Sponsorship	5.9
Sponsorship of Conferences on Youth Development	Sponsorship	5.5
Peace and Unity Convention	Sponsorship	5.0
6th African International Conference on Islamic Finance (AICIF)	Sponsorship	5.0
Kaduna Books and Arts Festival	Sponsorship	2.0
AltBank/Ogoni Agricultural Community Support Program	Corporate Social Responsibility	1.4
Other Donations and Collaborations	Corporate Social Responsibility/ Sponsorship	9.8
		351.4

Gender Analysis of Staff

Analysis of staff employed by the Group during the year ended 31 December 2023

Description	Number	% To Total Staff
Female new hire	487	47.5%
Male new hire	539	52.5%
Total new hire	**1,026**	**100.0%**
Female as at 31 December 2023	1,355	44.5%
Male as at 31 December 2023	1,687	55.5%
Total staff	**3,042**	**100.0%**

Analysis of top management positions by gender as at 31 December 2023:

Grade	Female Number	Male Number	Total Number
Senior Management (AGM –GM)	12	38	50
Middle Management (DM – SM)	109	222	331
Total	**121**	**260**	**381**

Analysis of Executive and Non-Executive positions by gender as at 31 December 2023:

Grade	Female Number	Male Number	Total Number
Executive Director	-	4	4
Managing Director	-	3	3
Non-Executive Director	7	13	21
Total	**7**	**20**	**27**

Total remuneration of the Company's Senior Management (Assistant General Managers, Deputy General Managers, General Managers and Executive Directors) in 2023 amounted to N803million (2022: N747million).

Acquisition of own shares

The Company did not acquire any of its shares during the year ended 31 December 2023 (2022: Nil).

Property, plant and equipment

Information relating to changes in property, plant and equipment is given in Note 24 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 Group's premises and employees are aware of existing regulations. The Group 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 Company as at 31 December 2023 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 Financial Holdings Company Plc.

By Order of the Board:

Temitayo Adegoke
Company Secretary
FRC/2018/PRO/NBA/002/00000018142
20 Marina, Lagos, Nigeria
22 March 2024

Shareholding Structure/ Free Float Status

Description	31-Dec-23		31-Dec-22**	
	Unit holding	% holding	Unit holding	% holding
Issued Share Capital	28,790,418,124	100%	28,790,418,124	100%
Substantial Shareholdings (5% and above)				
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**	**44.50%**
Director's Shareholdings (Direct, and Indirect), excluding directors with substantial interests				
Mr. Adeyemi Adeola (Direct)	57,600,025	0.20%	25,535,555	0.09%
Ms. Eniye Ambakederemo (Direct)	-	0.00%	-	0.00%
Mr. Adeshola Adekoya (Indirect)	-	0.00%	-	0.00%
Ms. Aisha Bashir (Direct)	-	0.00%	-	0.00%
Mr. Abubakar Suleiman (Direct)	397,188,499	1.38%	62,133,276	0.22%
Mr. Yemi Odubiyi (Direct)	351,417,493	1.22%	58,637,787	0.20%
Mr. Olayinka Oni (Direct)	4,341,618	0.02%	4,341,618	0.02%
Total Directors Shareholdings	**810,547,635**	**2.82%**	**150,648,236**	**0.52%**

Other Influential Shareholdings

Hyers Capital Ltd	575,808,362	2.00%	239,124,965	0.83%
Pacific Credit Limited	554,273,018	1.93%	554,273,965	1.93%
Afriswiss Asset Management Ltd	575,808,362	2.00%	355,999,010	1.24%
Adeola Tajudeen Afolabi	504,285,555	1.75%	504,035,555	1.75%
Festus Alani Fadeyi	480,449,895	1.67%	480,449,895	1.67%
Rankinton Investments Inc	477,367,650	1.66%	702,093,233	2.44%
Glomobile Limited	354,458,383	1.23%	316,388,117	1.10%
AX SCML Nominees	300,000,000	1.04%	339,181,010	1.18%
Sterling Bank Co-Operative Multipurpose Society Limited	290,901,008	1.01%	561,156,385	1.95%
Others	968,205,643	3.36%	968,205,643	3.36%
Total other Influential Shareholdings	**5,081,557,876**	**17.65%**	**5,020,907,778**	**17.44%**
Free Float in Units and Percentage	**10,068,603,742**	**34.96%**	**10,807,318,257**	**37.54%**
Free Float in Value (N)	**N44,603,914,577.06**		**N15,130,246,888.40**	

**December 2022 free float shares related to erstwhile Sterling Bank Plc. In line with the Bank's restructuring, the shares of erstwhile Sterling Bank Plc were delisted on the Nigerian Exchange (NGX) on April 6, 2023, and replaced by shares of Sterling Financial Holdings Company Plc.

Declaration:

(A) Sterling Financial Holdings Company Plc with a free float percentage of 34.96% as at 31 December 2023, 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 37.54% as at 31 December 2022, 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 2023

The Directors of Sterling Financial Holdings Company 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 Company as at 31 December 2023, 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 2020 and the Financial Reporting Council of Nigeria (Amendment) Act 2023. 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 Company's ability to continue as a going concern and have no reason to believe the Group and Company will not remain a going concern in the year ahead.

The financial statements of the Group for the year ended 31 December 2023 were approved by the directors on 22 March, 2024.

Signed on behalf of the Directors by:

Yemi Odubiyi
Group Managing Director
FRC/2013/PRO/DIR/003/00000001279

Adeyemi Adeola
Chairman
FRC/2014/PRO/DIR/003/00000009975

Statement of Corporate Responsibility for the Financial Statements

For The Year Ended 31 December 2023

(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 company, 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 Company's ability to record, process, summarize and report financial data, and has identified for the Group and Company'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 Company's internal control; and

(iii) 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 Company for the year ended 31 December 2023 were approved by the directors on 22 March, 2024.

Signed by:

Adebimpe Olambiwonnu, FCA
Chief Finance Officer
FRC/2013/PRO/ICAN/001/00000001253

Yemi Odubiyi
Group Managing Director
FRC/2013/PRO/DIR/003/0000001279

Advisory Committee Of Experts (ACE) Report

For Year Ended December 31, 2023

IN THE NAME OF ALLAH, THE BENEFICENT, THE MERCIFUL

Praise be to Allah the Lord of the world, prayers and peace be upon the most honorable of the prophets and messengers, our master Prophet Mohammad, his family and all his companions.

Advisory Committee of Experts (ACE)'s report to the shareholders and participatory stakeholders of The Alternative Bank Limited on the state of compliance of The Alternative Bank Limited with Shariah principles and rules during the period ended 2023.

Introduction:

We, collectively, having been appointed by the Board of Directors of The Alternative Bank as the Advisory Committee of Experts (ACE) of The Alternative Bank Limited have fulfilled our responsibilities in respect of ensuring the Bank's compliance with Shariah principles and rules, and are pleased to issue this report.

In Our Opinion:

In its various transactions, investments, deposits and its different business transactions during the period ended on 31st December 2023, the bank has abided by the rules and principles of Shariah.

Additional Opinion:

The Advisory Committee of Experts (ACE) of The Alternative Bank Limited has reviewed the financial statement 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 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 the Bank had employed. The information we received was comprehensive and provided us with reasonable assurance that Sterling NIB has not committed any significant Shariah transgressions.

Our Responsibilities:

Our responsibilities in respect of the Bank's compliance with Shariah principles and rules include providing supervision, Shariah rulings on the products, services and operations of the Bank, particularly regarding the design of the transactions (including approval of contracts, related documents, and process flows). We are also responsible for supervising and providing our input. where needed, on the execution of such transactions and implementation of our decisions. We are also required to perform a period specific review of the state of compliance of the Bank with Shariah principles and rules.

We confirm that we have fulfilled our responsibilities in respect of the period. We further confirm that the management of the institution has provided us all the information and support that we considered necessary for the purpose of fulfilling our responsibilities, including, in particular, those that enable us to form our opinion and to issue our report.

Responsibilities of the Management:

Management has the responsibility to implement the Shariah governance framework and to ensure that Shariah compliance is embedded in the day-to-day functioning of the institution. The management is responsible for ensuring that the financial arrangements, contracts and transactions having Shariah implications, entered into by the institution with its customers and other stakeholders, and related policies and procedures, are, in substance and in their legal form, in compliance with the requirements of Shariah principles and rules. Management is also responsible for the design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records.

Acknowledgment:

The ACE wishes to express gratitude to the Board of Directors, Management, departments, and staff of The Alternative Bank Limited for their excellent cooperation and dedication. We commend the board of directors and management for their strategic decision to transition the Bank from a window to a standalone Bank. This move represents a significant milestone for non-interest banking in Nigeria and brings numerous benefits to the Bank and its stakeholders.

And Allaah knows best.

Date: 02-04-2024

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

Hon. Justice AbdulRaheem A. Sayi
FRC/2023/PRO/AUDITCOM/002/649835
(Member)

Shaykh. Abubakar M. Musa
FRC/2023/PRO/AUDITCOM/002/951263
(Member)

Report Of External Consultants on the Board Performance Evaluation of Sterling Financial Holdings Company Plc.

Building a better working world

Ernst & Young
UBA House, 10th Floor
57 Marina, Lagos.

For The Year Ended 31st December, 2023

We have performed the evaluation of the Board of Sterling Financial Holdings Company Plc ("Sterling Financial Holdings") for the year ended 2023 in accordance with the CBN Corporate Governance Guidelines 2023 (CBN CGG 2023), Securities and Exchange Commission (SEC) Corporate Governance Guidelines and the FRC Nigerian Code of Corporate Governance 2018 (FRC NCCG 2018).

The FRC NCCG 2018 states that Annual Board Evaluation assesses how each Director, the Committees of the Board and the Board are committed to their roles, work together and continue to contribute effectively to the achievement of the Company's objectives. Subsection 15.2 of the FRC NCCG states that the summary of the report of this evaluation should be included in the Company's annual report and on the investors' portal. Our approach included the review of Sterling Financial Holding's Corporate Governance framework, and all relevant policies and procedures. We obtained written representation through online questionnaires administered to the Board members and conducted one on one interviews with the Directors of the Company.

The appraisal is limited in nature, and as such may not necessarily disclose all significant matters about the Company or reveal irregularities in the underlying information.

Based on our work, the Board of Sterling Financial Holdings Company Plc has complied with the Central Bank of Nigeria Corporate Governance Guidelines 2023 the Securities and Exchange Commission (Corporate Governance Guidelines for Public Companies in Nigeria and the Financial Reporting Council (FRC) Nigerian Code of Corporate Governance (NCCG) 2018 during the year ended 31st December 2023.

The outcome of the review and our recommendations have been articulated and included in our detailed report to the Board. This report should be read in conjunction with the Corporate Governance section of Sterling Financial Holdings 2023 Annual Report.

For: Ernst & Young

Abiodun Ogunoiki

Associate Partner and Financial Services Risk Management Leader, West Africa

Report Of The Statutory Audit Committee

For The Year Ended 31 December 2023

To the Members of Sterling Financial Holdings Company 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 Financial Holdings Company Plc 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 2023 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 Company 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 Group 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.CIoD
Chairman, Statutory Audit Committee
FRC/2013/PRO/IODN/002/00000001516

20 March, 2024

Members of the Statutory Audit Committee are:

1.	Alhaji Mustapha Jinadu, F.CIoD	Chairman
2.	Mr. Adeshola Adekoya	Member
3.	Mr. Idongesit Udoh	Member
4.	Ms. Christie Vincent	Member
5.	Ms. Enyie Ambakederemo	Member

In attendance

Temitayo Adegoke
Company Secretary

Deloitte.

Civic Towers,
Plot GA 1,
Ozumba Mbadiwe Avenue,
Victoria Island,
Lagos, Nigeria.

Phone: +234 1 904 1700
Email: infonigeria@deloitte.com.ng
www.deloitte.com/ng

The Chairman
Sterling Financial Holding Plc.
Sterling Towers,
20 Marina,
Lagos Island

Report of External Auditors Review on the Extent of Compliance

With Corporate Governance Requirements

Deloitte & Touche has performed an independent review to determine the extent of Sterling Financial Holding PLC ("Sterling Financial Holding") compliance with the provisions of the Nigerian Code of Corporate Governance 2018 (NCCG 2018) and CBN Corporate Governance Guidelines for Financial Holding Companies (CBN CG Guidelines for FHCs) for the year ended 31 December 2023.

The review was performed in compliance with Section 18.2 of the CBN CG Guidelines for FHCs. Our review was premised on desk review of relevant governance documents, policies, and procedures.

The result of our review has shown that the Company generally complies with the provisions of the NCCG and the CBN CG Guidelines for FHCs. It is noteworthy that Sterling Holdco obtained its license to operate as a FHC on 27 June 2023 and the Board held its inaugural Board and Committee meetings in October 2023. Hence, several relevant policies were still being developed, while an assessment of corporate governance practices could not be fully tested because the company was barely six (6) months old by the end of the period under review.

It should be noted that the matters raised in our report are only those which came to our attention during the review. The report is limited in nature and does not necessarily disclose all significant matters about the company or reveal any irregularities. As such, we do not express any opinion on the activities reported. The report should be read in conjunction with the Audited Financial Statements of the Company.

Thank you for the opportunity to work with you on this project. We look forward to other opportunities to add value to your business.

Yours faithfully,

For: Deloitte and Touche

Ibukun Beecroft

Ibukun Beecroft
Partner
FRC/2020/ICAN/00000020765

Deloitte.

Civic Towers,
Plot GA 1,
Ozumba Mbadiwe Avenue,
Victoria Island,
Lagos, Nigeria.

Phone: +234 1 904 1700
Email: infonigeria@deloitte.com.ng
www.deloitte.com/ng

Independent Auditor's Report to the Shareholders of Sterling Financial Holdings Company Plc.

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Sterling Financial Holdings Company Plc and its subsidiaries (the Group and Company) set out on pages 156 to 289 which comprise the consolidated and separate statements of financial position as at 31 December 2023, the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity, the consolidated and separate statements of cash flow for the year then ended, and the notes to the consolidated and separate financial statements including material accounting policy information.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Sterling Financial Holdings Company Plc as at 31 December 2023, and its consolidated and separate financial performance and consolidated and separate statement of cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies and Allied Matters Act 2020, Banks and Other Reporting Council of Nigeria (Amendment) Act, 2023, Shariah Governance Requirements issued by Central Bank of Nigeria Financial Regulation Advisory Council of Expert and other relevant standards issued by Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).

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 Company 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 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 matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were 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 these matters.

Key Audit Matter

Identification and measurement of impairment of Loans and advances – Group	How the matter was addressed in the audit
As disclosed in note 2.2.2 (vii) to the consolidated and separate financial statements, in line with the provisions of IFRS 9, The Group identifies and measures loss allowances based on Expected Credit Loss (ECL) model on the following financial assets. • Financial guarantee contracts issued; • Loan commitments issued • Financial asset that are debt instruments • Finance Facilities; • Sukuk instruments;	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.

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Identification and measurement of impairment of Loans and advances – Group	How the matter was addressed in the audit
The Group applies a three-stage approach to measuring ECL on financial assets 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 Group's historical performance.
Identification and measurement of impairment of financial assets 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.	We assessed the adequacy of the disclosures in the financial statements relating to loans and advances.
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.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sterling Financial Holdings Company Plc Annual Report and Financial Statements for the year ended 31 December 2023", which includes the Directors' Report, Corporate Governance Report, Statement of Directors' Responsibilities, the Statutory Audit Committee's Report, Board Evaluation Report, the Statement of Corporate Responsibility for Financial Statements, and Other National Disclosures as required by Companies and Allied Matters Act 2020 and the Financial Reporting Council of Nigeria (Amendment) Act 2023 which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or 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 and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and 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, the Financial Reporting Council of Nigeria (Amendment) Act, 2023, Shariah Governance Requirements issued by Central Bank of Nigeria Financial Regulation Advisory Council of Expert and other relevant standards issued by Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) 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 company's abilities 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/or 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.

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- 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 Company'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 Company'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 Company'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:

(i) 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.

(ii) The Group has kept proper books of account, so far as appears from our examination of those books.

(iii) 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.

(iv) 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.

(v) During the year, the Group contravened certain sections of the Banks and Other Financial Institutions (BOFIA) Act CAP B3 LFN 2020 and CBN circular/guidelines. Details of the contravention and the related penalty is as disclosed in note 42 to the financial statements.

Michael Daudu

FRC/2013/PRO/ICAN/004/00000000845

For: Deloitte & Touche

Chartered Accountants

Lagos, Nigeria

29 May, 2024

Financial Statements

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

FOR THE YEAR ENDED 31 DECEMBER 2023

In millions of Naira	Note(s)	Group 2023	Group 2022	*Company 2023	Company 2022
Interest income using effective interest rate	6	156,102	128,434	183	-
Interest expense using effective interest rate	7	(72,718)	(52,042)	-	-
Net interest income		**83,384**	**76,392**	**183**	**-**
Fees and commision income	8	34,956	28,384	-	-
Fees and commision expense	8	(8,850)	(6,009)	-	-
Net fees and commision income		**26,106**	**22,375**	**-**	**-**
Net trading income	9	20,794	7,692	-	-
Other operating income	10	9,921	10,630	14,712	-
Credit loss expense	11	(12,335)	(9,122)	-	-
Personnel expenses	12	(22,982)	(16,944)	(267)	-
Operating expenses	13.1	(59,474)	(52,502)	(1,461)	-
Depreciation and amortisation	13.2	(4,814)	(4,879)	(22)	-
Other property, plant and equipment costs	13.3	(17,907)	(12,885)	(29)	-
Profit before income tax expense		**22,693**	**20,757**	**13,116**	**-**
Income tax expense	14(a)	(1,109)	(1,459)	(9)	-
Profit after income tax		**21,584**	**19,298**	**13,107**	**-**
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		6,956	5,648	-	-
Total items that will not be reclassified to profit or loss in subsequent period		**6,956**	**5,648**	**-**	**-**
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		4,598	(4,610)	-	-
- Changes in allowance for expected credit losses		787	(18)	-	-
Net losses) on debt instruments at fair value through other comprehensive income		5,385	(4,628)	-	-
Total items that will be reclassified to profit or loss in subsequent period		**5,385**	**(4,628)**	**-**	**-**
Other comprehensive income/(loss) for the year, net of tax		**12,341**	**1,020**	**-**	**-**
Total comprehensive income for the year, net of tax		**33,925**	**20,318**	**13,107**	**-**
Profit attributable to:					
Equity holders of the Bank		21,584	19,298	13,107	-
Total comprehensive income attributable to:					
Equity holders of the Bank		33,925	20,318	13,107	-
Earnings per share - basic (in kobo)	15	75k	67k	46k	0k
Earnings per share - diluted (in kobo)	15	75k	67k	46k	0k

**The Company's income statement is for six (6) months ended 31 December 2023.*
***Income from these instruments is exempted from tax.*
The accompanying notes 1 to 47 form part of the consolidated and separate financial statements.

Consolidated And Separate Statements Of Financial Position

AS AT 31 DECEMBER 2023

In millions of Naira	Note(s)	Group 31 Dec 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
ASSETS					
Cash and balances with Central Bank of Nigeria	16	604,599	431,488	-	-
Due from banks	17	234,953	86,459	8,696	-
Pledged assets	18	11,272	23,098	-	-
Derivative financial assets	19	276	807	-	-
Loans and advances to customers	20	895,822	737,735	-	-
Investments in securities:					
- Financial assets at fair value through profit or loss	21(a)	2,112	921	-	-
- Debt instruments at fair value through other comprehensive income	21(b)	316,204	230,636	-	-
- Equity instruments at fair value through other comprehensive income	21(c)	36,906	25,227	-	-
- Debt instruments at amortised cost	21(d)	130,730	106,889	-	-
Investment in subsidiary	22	-	-	151,654	-
Other assets	23	242,110	171,911	411	-
Property, plant and equipment	24.1	31,987	17,913	296	-
Right-of-use asset	24.2	9,103	8,342	-	-
Investment property	24.3	4,790	5,584	-	-
Intangible assets	25	721	950	-	-
Deferred tax assets	14(i)	9,507	7,005	-	-
		2,531,092	1,854,965	161,057	-
Non-current assets held for sale	26	-	3,027	-	-
TOTAL ASSETS		**2,531,092**	**1,857,992**	**161,057**	**-**
LIABILITIES					
Deposits from banks	27	-	37,178	-	-
Deposits from customers	28	1,842,815	1,327,805	-	-
Current income tax payable	14(b)	1,468	1,607	3	-
Other borrowed funds	29	208,685	133,270	-	-
Debt securities issued	30	33,959	42,388	-	-
Other liabilities	31.1	257,910	160,257	612	-
Provisions	31.2	724	1,489	-	-
Deferred tax liabilities	14(i)	1,927	-	-	-
TOTAL LIABILITIES		**2,347,488**	**1,703,994**	**615**	**-**
EQUITY					
Share capital	32.1(b)	14,395	14,395	14,395	-
Share premium		42,759	42,759	42,759	-
Retained earnings		42,506	44,922	8,788	-
Other components of equity	34	83,944	51,922	94,500	-
TOTAL EQUITY		**183,604**	**153,998**	**160,442**	**-**
TOTAL LIABILITIES AND EQUITY		**2,531,092**	**1,857,992**	**161,057**	**-**

The consolidated and separate financial statements were approved by the Board of Directors on 22 March, 2024 and signed on its behalf by:

Yemi Odubiyi
Group Managing Director
FRC/2013/PRO/DIR/003/00000001279

Adeyemi Adeola
Chairman
FRC/2014/PRO/DIR/003/00000009975

Adebimpe Olambiwonnu, FCA
Chief Finance Officer
FRC/2013/PRO/ICAN/001/00000001253

The accompanying notes 1 to 47 form part of the consolidated and separate financial statements.

Consolidated And Separate Statements Of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2023

In millions of Naira	EQUITY RESERVES											
	Share capital	Share premium	Fair value reserve	Share capital reserve	Regulatory risk reserve	SMEEIS reserve	AGSMEIS reserve	Statutory reserve	PPPRA reserve	Total other components of equity	Retained earnings	Total
GROUP												
Balance at 1 January 2023	14,395	42,759	6,695	5,276	10,195	235	3,347	28,200	(2,026)	51,922	44,922	153,998
Comprehensive income for the year:												
Profit for the year	-	-	-	-	-	-	-	-	-	-	21,584	21,584
Other comprehensive income for the year, net of tax:												
Net change in fair value of other financial instruments at FVOCI	-	-	4,598	-	-	-	-	-	-	4,598		4,598
Net change in fair value of equity instruments at FVOCI	-	-	6,956	-	-	-	-	-	-	6,956		6,956
Changes in allowance for expected credit losses of debt instruments at FVOCI	-	-	787	-	-	-	-	-	-	787		787
Total comprehensive income	-	-	12,341	-	-	-	-	-	-	12,341	21,584	33,925
Transactions with equity holders, recorded directly in equity:												
Dividends to equity holders (note 33)	-	-	-	-	-	-	-	-	-	-	(4,319)	(4,319)
Unwinding of PPPRA reserve					-	-	-	-	2,026	2,026	(2,026)	-
Transfer to regulatory risk reserve (Note 34.1d)					12,731	-	-	-	-	12,731	(12,731)	-
Transfer to statutory reserve and AGSMEIS reserves (Notes 34.1a & 34c)			-	-		-	1,142	3,782	-	4,924	(4,924)	-
As at 31 December 2023	**14,395**	**42,759**	**19,036**	**5,276**	**22,926**	**235**	**4,489**	**31,982**	**-**	**83,944**	**42,506**	**183,604**

The accompanying notes 1 to 47 form part of the consolidated and separate financial statements.

Consolidated And Separate Statements Of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2022

In millions of Naira	Share capital	Share premium	Fair value reserve	Share capital reserve	Regulatory risk reserve	SMEEIS reserve	AGSMEIS reserve	Statutory reserve	PPPRA reserve	Total other components of equity	Retained earnings	Total
			EQUITY RESERVES									
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	-	-	-	-	-	-	-	-	2,025	2,025	(2,025)	**-**
Transfer from regulatory risk reserve (Note 34.1d)	-	-	-	-	(52)	-	-	-	-	(52)	52	**-**
Transfer to statutory risk and AGSMEIS reserves (Notes 34.1a & 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**

The accompanying notes 1 to 47 form part of the consolidated and separate financial statements.

Consolidated And Separate Statements Of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2023

In millions of Naira	Share capital	Share premium	Fair value reserve	Share capital reserve	Regulatory risk reserve	SMEEIS reserve	AGSMEIS reserve	Statutory reserve	Re-organisation reserve	Total equity reserves	Retained earnings	Total
			EQUITY RESERVES									
COMPANY												
Balance at 1 January 2023	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive income for the year:												
Profit for the year	-	-	-	-	-	-	-	-	-	-	13,107	13,107
Comprehensive income for the year:												
Net change in fair value of other financial instruments at FVOCI	-		-	-	-	-	-	-	-		-	-
Net change in fair value of equity instruments at FVOCI	-		-	-	-	-	-	-	-		-	-
Changes in allowance for expected credit losses of debt instruments at FVOCI	-		-	-	-	-	-	-	-		-	-
Total comprehensive income	-		-	-	-	-	-	-	-	-	13,107	13,107
Transactions with equity holders, recorded directly in equity:												
Shares transferred*	14,395	42,759	-	-	-	-	-	-	94,500	94,500	-	151,654
Dividends to equity holders (note 33)	-	-	-	-	-	-	-	-	-	-	(4,319)	(4,319)
Balance at 31 December 2023	**14,395**	**42,759**	**-**	**-**	**-**	**-**	**-**	**-**	**94,500**	**94,500**	**8,788**	**160,442**

*See details of items restated in Note 47

The accompanying notes 1 to 47 form part of the consolidated and separate financial statements.

Consolidated And Separate Statements Of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2022

In millions of Naira	Share capital	Share premium	Fair value reserve (EQUITY RESERVES)	Share capital reserve (EQUITY RESERVES)	Regulatory risk reserve (EQUITY RESERVES)	SMEEIS reserve (EQUITY RESERVES)	AGSMEIS reserve (EQUITY RESERVES)	Statutory reserve (EQUITY RESERVES)	Re-organisation reserve (EQUITY RESERVES)	Total equity reserves	Retained earnings	Total
COMPANY												
Balance at 1 January 2022	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive income for the year:												
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive income for the year, net of tax:												
Net change in fair value of other financial instruments at FVOCI	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fair value of equity instruments at FVOCI	-	-	-	-	-	-	-	-	-	-	-	-
Changes in allowance for expected credit losses of debt instruments at FVOCI	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-		-	-	-	-	-
Transactions with equity holders, recorded directly in equity:												
Dividends to equity holders (note 33)	-	-	-	-	-	-	-	-	-	-	-	-
Unwinding of PPPRA reserve	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from regulatory risk reserve (Note 34.1d)	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory risk and AGSMEIS reserves (Notes 34.1a & 34c)	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

The accompanying notes 1 to 47 form part of the consolidated and separate financial statements

Consolidated And Separate Statements Of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2023

In millions of Naira	Note(s)	Group 2023	Group 2022	Company 2023	Company 2022
Profit after income tax		21,584	19,298	13,107	-
Adjustments for non cash items:					
Credit loss expense	11	12,335	9,122	-	-
Depreciation and amortisation	13.2	4,814	4,879	22	-
Dividend income	10	(476)	(416)	(14,319)	-
Gain on disposal of property, plant and equipment	10	(55)	(197)	-	-
Gain on disposal of investment property		(442)	-	-	-
Unrealised gain on FVTPL instruments		398	(45)	-	-
Increase in provision		(25)	50	-	-
Net interest income		(83,384)	(76,392)	(183)	-
Net foreign exchange loss	9	(6,232)	(166)	-	-
Income tax	14(a)	1,109	1,459	9	-
		(50,374)	(42,408)	(1,364)	-
Changes in operating assets:					
Deposits with the Central Bank of Nigeria		(152,382)	(51,426)	-	-
Investment securities at FVTPL		(1,589)	9,361	-	-
Pledged assets		12,151	(1,644)	-	-
Loans and advances to customers		4,444	(22,910)	-	-
Derivative financial assets		531	(807)	-	-
Other assets		(6,088)	(77,341)	(411)	-
		193,307	(187,175)	(1,775)	-
Changes in operating liabilities:					
Deposits from banks		(37,178)	21,610	-	-
Deposits from customers		288,425	97,982	-	-
Other liabilities		(17,766)	57,347	606	-
Cash generated from operations		40,174	(10,236)	(1,169)	-
Interest received		152,844	122,206	183	-
Interest paid on deposits from banks and customers		(40,208)	(34,552)	-	-
Income tax paid	14(b)	(1,518)	(699)	-	-
Net cash flows from operating activities		**151,292**	**76,719**	**(986)**	**-**

In millions of Naira	Note(s)	Group 2023	Group 2022	Company 2023	Company 2022
Investing activities					
Purchase of property, plant and equipment	24.1	(17,809)	(4,948)	(318)	-
Purchase of intangible assets	25	(135)	(278)	-	-
Purchase of investment property	24.3	-	(560)	-	-
Proceeds from sale of investment property		1,173	1,846	-	-
Right-of-use-asset		(1,656)	(613)	-	-
Proceeds from sale of property, plant and equipment		175	400	-	-
Purchase of debt instruments at FVOCI		(1,255,659)	(1,018,044)	-	-
Proceeds from sale/redemption of debt instruments at FVOCI		1,211,121	962,554	-	-
Purchase of debt instruments at amortised cost		(69,097)	(34,144)	-	-
Redemption of debt instruments at amortised cost		44,029	14,978	-	-
Purchase of equity intrument at FVOCI		-	(1,623)	-	-
Dividends received	10	476	416	14,319	-
Net cash flows used in investing activities		**(87,382)**	**(80,016)**	**14,001**	**-**
Financing activities:					
Proceeds from other borrowed funds	29	61,615	35,182	-	-
Repayments of other borrowed funds	29	(48,926)	(18,362)	-	-
Repayment of debt & securities issued	30	(7,965)	-	-	-
Interest paid on other borrowed funds & debt issued		(29,329)	(18,047)	-	-
Dividends paid	33.1	(4,319)	(2,879)	(4,319)	-
Net cash flows (used in)/from financing activities		**(28,924)**	**(4,106)**	**(4,319)**	**-**
Net (decrease)/increase in cash and cash equivalents		34,986	(7,403)	8,696	-
Effect of exchange rate changes on cash and cash equivalents		134,237	8,201	-	-
Cash and cash equivalents at 1 January		222,652	221,854	-	-
Cash and cash equivalents at 31 December	38	**391,875**	**222,652**	**8,696**	**-**

The accompanying notes 1 to 47 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.

GROUP In millions of Naira	Note(s)	As at 31 Dec 2023	As at 31 Dec 2022
Transfer to Regulatory Risk Reserve			
Prudential provision		61,548	37,342
Total Prudential provision		**61,548**	**37,342**
IFRS provision			
Impairment allowance on loans to corporate entities	20.1	18,922	11,176
Impairment allowance on loans to individuals	20.2	11,722	9,272
Allowances for impairment for other assets	23	5,697	4,507
Impairment allowance on debt instruments at amortised cost	21(d)	240	172
Impairment allowance on pledged assets at amortised cost	18.2	16	17
Impairment allowance on pledged assets at FVOCI	18.3.1	-	3
Impairment allowance on debt instruments at FVOCI	21(e)	1,301	511
Provisions for litigation, letters of credits and guarantees	31.2	724	1,489
		38,622	**27,147**
Difference in impairment provision balances		**22,926**	**10,195**
Movement in the Regulatory Risk Reserve:			
Balance at the beginning of the year		10,195	10,247
Transfer (from)/to Regulatory Risk Reserve		12,731	(52)
		22,926	10,195

Notes To The Consolidated And Separate Financial Statements

1. Corporate information

Sterling Financial Holdings Company Plc ("the Company") is a company incorporated in Nigeria with registered office at 20 Marina Lagos. These separate and consolidated financial statements, for the year ended 31 December 2023, are prepared for the Company and the Group (Holding Company and its subsidiaries, separately referred to as "Group entities") respectively.

The Group operating entities are 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 Financial Holdings Company Plc and its subsidiaries for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 22 March, 2024.

2. Accounting Policies

2.1 Basis of preparation and statement of compliance

The consolidated and separate financial statements of the Company and its subsidiaries 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 (Amendment) Act 2023, 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. The Group adopted the provision of International Accounting Standard (IAS) 27:13 in accounting for its re-organisation/restructuring. The investment in subsidiaries in the books of the Company are measured at net asset value (NAV) of the subsidiaries at the date of restructuring.

Although Sterling Financial Holdings Company Plc commenced operations in July 2023, the accounting information has been prepared as if the Group had always been in existence in its current form, and prior period comparatives are presented accordingly.

(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 Company and its subsidiaries as at 31 December 2023. Sterling Financial Holdings Company consolidates a subsidiary when it controls the entity. Control is achieved when the Company 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 Company 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 Company 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 Company can direct those activities;

- Contractual arrangements such as call rights, put rights and liquidation rights;
- Whether the Company 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 material 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 temporaray 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 re-pledge 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 -

(i) 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.

(ii) 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 per cent 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 39 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:

a. 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);

b. 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 and the amortized costs of the asset;

c. 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

d. 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 initialed 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 deriavtive 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.

(xiii) Inventories

Inventories include assets of finished goods held by the Group for sale in the ordinary course of business. They are stated at the lower of cost and net realisable value and include other costs incurred in bringing the inventories to their present location and condition. NRV is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

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 classifes repossessed assets as non-current assets held for sale as it intends to recover these assets primarily through sales transactions.

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

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

(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 23.2 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 Company 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 24.3 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 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 acquistion of deposits on non-interest banking are included in the amount of deposits and amortised over the expected life of the deposits. Refer to Note 2.2.2(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, 2023. The new reporting requirements as a result of the amendments and interpretations have been considered and their impact or otherwise are presented below:

(i) 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.

(ii) 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, does not have any material impact on the Group.

(iii) 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 does not have significant impact on the consolidated financial statements of the Group.

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.

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 uncertainly at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below. The 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 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 Company's internal credit grading model, which assigns PDs to the individual grades
- The Company'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 simillar 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 resonable 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:

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.

(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 (Company as a lessee)

The Company 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 Company has several lease contracts that include extension and termination options. The Company 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 Company 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 Company's financial statements are disclosed below.

The Company 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

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendment to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.

Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

In September 2022, the Board issued Lease Liability in a Sale and Leaseback. The amendment to IFRS 16 specifies the requirements that a seller lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

However, the requirements do not prevent the seller-lessee from recognizing any gain or loss arising from the partial or full terminaton of a lease.

The amendment is not expected to have any significant impact on the Group.

Amendments to IAS 7 & IFRS 7 – Supplier Finance Arrangements

In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments. The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions.

These amendments, which will be effective on or after 1 January 2024, are not expected to have significant impact on the consolidated financial statements of the Group.

5 Segment Information

Segment information is presented in respect of the Group's strategic business units. The segment reporting format is based on the Operating Entities' 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 five reportable segments; Retail Banking, Commercial banking, Institutional Banking, Corporate & Investment Banking, and 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;
- Commercial banking provides banking solutions to medium-sized enterprises and commercial entities.
- Retail banking provides banking solutions to individuals, small businesses and partnerships.
- The Special Purpose Vehicle is used to raise funds through the issuance 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.

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the financial statements.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2023 (2022: none).

31 December 2023 In millions of Naira	Retail Banking	Commercial Banking	Institutional Banking	Corporate & Investment Banking	SPV	Total
Interest and non-interest banking income	53,863	40,351	29,207	30,476	2,205	156,102
Interest and non-interest banking expense	(18,458)	(18,131)	(11,784)	(22,177)	(2,168)	(72,718)
Net interest and Non-interest margin	35,405	22,220	17,423	8,299	37	83,384
Net fees and commission income	3,121	1,692	825	20,468	-	26,106
Credit loss expense	(9,194)	(559)	(493)	(2,085)	(4)	(12,335)
Depreciation and amortization	(2,391)	(804)	(690)	(929)	-	(4,814)
Operating expenses	(36,434)	(20,892)	(19,796)	(23,236)	(5)	(100,363)
Segment profit/(loss)	**3,631**	**7,155**	**1,571**	**10,308**	**28**	**22,693**
Assets as at 31 December 2023						
Capital expenditure: Additions during the year						
Property, plant and equipment	17,356	281	96	76	-	17,809
Other intangible assets	135	-	-	-	-	135
Total Assets	**649,809**	**558,521**	**475,557**	**833,165**	**14,040**	**2,531,092**
Total Liabilities	**778,622**	**509,372**	**456,149**	**589,713**	**13,632**	**2,347,488**

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	**373,401**	**350,761**	**435,422**	**558,009**	**123,029**	**17,370**	**1,857,992**
Total Liabilities	**561,247**	**365,449**	**321,755**	**337,310**	**101,309**	**16,924**	**1,703,994**

In millions of Naira	Group 2023	Group 2022	Company 2023	Company 2022
6. Interest income using effective interest rate				
Loans and advances to customers	122,257	100,441	-	-
Investment securities	30,950	27,105	-	-
Cash and cash equivalents	2,895	888	183	-
	156,102	**128,434**	**183**	**-**

Modification loss of N611million (2022: N188million gain) for Group 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.

The Company's interest income on cash and cash equivalents represents N183 million interest income earned on its fixed deposit investment.

	Group 2023	Group 2022	Company 2023	Company 2022
Interest from investment securities were derived from:				
Debt instruments at amortised cost	12,699	15,669	-	-
Debt instruments at fair value through other comprehensive income	18,251	11,436	-	-
	30,950	**27,105**	**-**	**-**
7. Interest expense using effective interest rate				
Deposits from customers	40,159	33,275	-	-
Debt securities issued	10,146	6,726	-	-
Other borrowed funds	19,865	10,498	-	-
Deposits from banks	2,540	1,536	-	-
Interest on lease liability	8	7	-	-
	72,718	**52,042**	**-**	**-**

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 & Company In millions of Naira	Group 2023	Group 2022	Company 2023	Company 2022
E-business commission and fees	8,118	7,157	-	-
Account maintenance fees	4,878	4,113	-	-
Commissions and similar income	6,662	4,011	-	-
Facility management fees	3,760	3,370	-	-
Other fees and commissions (Note 8.1)	4,307	5,306	-	-
Total revenue from contracts with customers	27,725	23,957	-	-
Other non-contract fee income:				
Commission on letter of credit transactions	7,231	4,427	-	-
Total fees and commission income	**34,956**	**28,384**	**-**	**-**
Total fees and commission expense				
Fees and commission expense	(8,850)	(6,009)	-	-
Net fees and commision income	**26,106**	**22,375**	**-**	**-**

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 2023	Group 2022	Company 2023	Company 2022
9. Net trading income				
Bonds	1,727	854	-	-
Treasury bills	5,312	2,962	-	-
Foreign exchange trading	7,523	3,710	-	-
Foreign exchange revaluation gain	6,232	166	-	-
	20,794	**7,692**	**-**	**-**

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 2023	Group 2022	Company 2023	Company 2022
10. Other operating income				
Cash recoveries on previously written off accounts	947	2,874	-	-
Dividend income from FVOCI equity investments	476	416	-	-
Dividend income from subsidiaries (note 10.1)	-	-	14,319	-
Rental income	318	330	-	-
Gains on disposal of property, plant and equipment	55	197	-	-
Other sundry income (note 10.2)	8,125	6,813	393	-
	9,921	**10,630**	**14,712**	**-**

10.1 The Company's dividend from subsidiaries is comprised of:

- N4.32 billion relates to 2022FY dividend received from subsidiary (Sterling Bank Limited) for onward distribution to the shareholders of the Company. The dividend has been fully paid to shareholders of the Company in 2023.
- N10 billion special distribution from Sterling Bank Limited in line with the scheme of arrangement.

10.2 - The Group's other sundry income includes income on financial advisory (N1.6 billion), mudaraba commodity income (N1.9billion), sukuk sales Income (N1.0billion), gain on disposal of investment property (N441million) among others.

- The Company's other sundry income represents N393 million shared services income.

11. Credit loss expense

The table below shows the ECL charges on financial instruments for the year ended 31 December 2023 recorded in profit or loss:

In millions of Naira	Group 2023	Group 2022	Company 2023	Company 2022
11a. Credit loss expense (see note 11 b. below for breakdown)				
(i) Loans and advances impairment:				
Impairment on loans to corporate entities	12,279	6,914	-	-
Impairment on loans to individuals	7,656	7,399	-	-
Write-offs	368	1,302	-	-
Reversal of allowances no longer required - corporate entities	(7,206)	(8,532)	-	-
Reversal of allowances no longer required - individuals	(2,490)	-	-	-
	10,607	**7,083**	**-**	**-**
(i) Impairment charge/(reversal) on other assets (note 23ii)	1,610	1,577	-	-
(ii) Impairment charge/(reversal) on investment securities (notes 18.3.1, 18.3.2, 21e and 21f)	858	203	-	-
(iii) Impairment charge/(reversal) on letters of credit and guarantees	(740)	259	-	-
	1,728	**2,039**	**-**	**-**
	12,335	**9,122**	**-**	**-**

11b. Credit loss expense

The table below shows the ECL charges on financial instruments for the year 31 December 2023 recorded in profit or loss:

Group In millions of Naira	Stage 1	Stage 2	Stage 3	2023 Total
Loans and advances to customers	(2,742)	(561)	13,910	10,607
Debt instruments measured at FVOCI	787	-	-	787
Debt instruments measured at amortised cost	71	-	-	71
Other assets	320	-	1,290	1,610
Financial guarantees	(534)	-	-	(534)
Letters of credit	(206)	-	-	(206)
Total credit loss expense	**(2,304)**	**(561)**	**15,200**	**12,335**

Group In millions of Naira	Stage 1	Stage 2	Stage 3	2022 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**

In millions of Naira	Group 2023	Group 2022	Company 2023	Company 2022
12. Personel expenses				
Wages and salaries	20,750	15,401	255	-
Defined contribution plan	2,232	1,543	12	-
	22,982	**16,944**	**267**	**-**
13.1 Operating expenses				
Contract services	9,014	9,043	-	-
AMCON surcharge (see (a) below)	10,469	9,171	-	-
Insurance	7,034	5,789	8	-
Banking Resolution Fund (see note (b) below)	-	1,637	-	-
Other professional fees (see (c) below)	2,062	1,247	424	-
Administrative expenses	8,571	9,021	691	-
Office expenses	7,501	5,524	36	-
Communication cost	2,447	2,142	18	-
Rents and rates	593	325	-	-
Advertising and business promotion	2,385	1,397	4	-
Other general expenses (see (d) below)	976	707	32	-
Branding expenses	863	715	-	-
Seminar and conferences	1,670	1,202	-	-
Security	486	430	-	-
Cash handling and cash processing expenses	1,510	1,385	-	-
Transport, travel, accomodation	1,178	615	28	-
Directors other expenses	569	458	20	-
Annual general meeting expenses	340	240	98	-
Stationery and printing	387	272	-	-
Audit fees	326	190	23	-
Membership and subscription	842	720	-	-
Directors fee	222	54	79	-
Fines and penalties	29	218	-	-
	59,474	**52,502**	**1,461**	**-**

(a) AMCON sinking fund contribution

This represents the Group'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 Group 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 2023	Group 2022	Company 2023	Company 2022
13.2 Depreciation and amortisation				
Depreciation of property, plant and equipment (see note 24.1)	3,532	3,655	22	-
Depreciation of right-of-use asset amortisation (see note 24.2)	772	651	-	-
Depreciation investment property (see note 24.3)	63	73	-	-
Amortisation of intangible assets (see note 25)	447	500	-	-
	4,814	**4,879**	**22**	**-**

In millions of Naira	Group 2023	Group 2022	Company 2023	Company 2022
13.3 Other property, plant and equipment (PPE) costs				
Repairs and maintenance of PPE	17,907	12,885	29	-
	17,907	**12,885**	**29**	**-**

14. Income Tax

	Group 2023	Group 2022	Company 2023	Company 2022
(a) Current income tax expense:				
Income tax (note 14d(i))	1,129	863	3	-
Education tax (note 14d(ii))	216	351	-	-
Capital Gains Tax (note 14e)	-	1	-	-
	1,345	1,215	3	-
Information Technology levy (note 14f)	244	208	5	-
Nigeria Police Trust Fund levy (note 14g)	1	1	1	-
National Agency for Science and Engineering Infrastructure levy (note 14h)	60	52	-	-
	1,650	1,476	9	-
Deferred tax expense:				
Origination of temporary differences (note 14i)	(575)	(34)	-	-
Prior period under provision	34	17	-	-
Total income tax expense	**1,109**	**1,459**	**9**	**-**
(b) Current income tax payable				
The movement on this account during the year was as follows:				
At 1 January	1,607	1,074	-	-
Estimated charge for the year (see (14a) above)	1,345	1,215	3	-
Prior period under/(excess) provision	34	17	-	-
Payments during the year	(1,518)	(699)	-	-
At 31 December	**1,468**	**1,607**	**3**	**-**

14 Income Tax (Contd.)

In millions of Naira	Group 2023		Group 2022		Company 2023		Company 2022	
(c) Reconciliation of total tax charge								
	%		%		%		%	
Profit before income tax expense	100%	22,693	100%	20,757	100%	13,116	-	-
Income payable @ statutory tax rate of 30%	30%	6,808	30%	6,227	30%	3,935	-	-
Tax effect of:								
Non-deductible expenses	21%	4,672	26%	5,318	1%	84	-	-
Tax- exempt Income	(65%)	(14,747)	(35%)	(7,327)	(33%)	(4,296)	-	-
Education tax	1%	216	2%	351	0%	-	-	-
Capital Gains Tax	0%	-	0%	1	0%	-	-	-
Nigeria Police Trust Fund	0%	1	0%	1	0%	1	-	-
National Agency for Science and Engineering Infrastructure Act Levy	0%	60	0%	52	0%	-	-	-
Information Technology Levy (NITDA)	1%	244	1%	208	0%	5	-	-
Prior preriod under/(excess) provision	0%	34	0%	17	0%	-	-	-
Current year tax loss utilized	(12%)	2,694	(21%)	(4,315)	2%	279	-	-
Prior year unrecognised tax loss	0%	-	0%	64	0%	-	-	-
Minimum tax	5%	1,127	4%	862	0%	1	-	-
Effective tax rate/ Income tax expense	**8%**	**1,109**	**7%**	**1,459**	**0%**	**9**	**-**	**-**

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 does 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, the Company has no taxable profit for the year ended 31 December 2023, as a result, was assessed to minimum tax for the year under review. The minimum tax charge for the year was N2,880,000.

d(ii) The basis of the Education Tax is 3% of assessable profit and the company has no education tax for 2023fy due to no assessable profit (2022: Nil). Education Tax is imposed on all companies incorporated in Nigeria. This tax is viewed as a social obligation placed on all companies in ensuring that they contribute their own quota in developing educational facilities in the country.

(e) Capital gains tax is levied on capital gains arising from sales of qualifying property, plant and equipment. The Company had no capital gain tax during the year under review.

(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. The applicable levvy for bank holding company is subject to adjustment of profit before tax in ariving at the levy. Hence, the NITD levy due for the year is N5,291,698.

(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.

(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. The Company is not covered by the provisions of the NASENI Act.

14 Income Tax (Contd.)

(i) Deferred tax assets and liabilities are attributable to the following:

31 Dec 2023 In millions of Naira	Group Asset	Group Liabilities	Company Asset	Company Liabilities
Property, plant and equipment and software	-	1,581	-	-
Unutilised tax credit (capital allowance)	9,144	-	-	-
Tax loss	363	-	-	-
Provisions	-	346	-	-
	9,507	**1,927**	**-**	**-**

31 Dec 2022 In millions of Naira	Group Asset	Group Liabilities	Company Asset	Company Liabilities
Property, plant and equipment and software	(1,097)	-	-	-
Unutilised tax credit (capital allowance)	5,390	-	-	-
Tax loss	2,353	-	-	-
Provisions	359	-	-	-
	7,005	**-**	**-**	**-**

15. Earnings per share (basic and diluted)

The calculation of basic earnings per share as at 31 December 2023 was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding calculated as follows:

	In millions of Naira	Group 31 Dec 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
		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)	21,584	19,298	13,107	-
	Basic earnings per share (in kobo)	75k	67k	46k	0k
	Diluted earnings per share (in kobo)	75k	67k	46k	0k

In millions of Naira	Group 31 Dec 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
16. Cash and balances with Central Bank of Nigeria				
Cash and foreign monies	32,002	30,409	-	-
Unrestricted balances with Central Bank of Nigeria	124,920	105,784	-	-
Deposits with the Central Bank of Nigeria	447,677	295,295	-	-
	604,599	**431,488**	**-**	**-**

Deposits with the Central Bank of Nigeria represent mandatory reserve deposits and are not available for use in the Group'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 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
17. Due from banks				
Balances held with banks outside Nigeria	233,411	85,929	-	-
Money market placements	502	242	-	-
Balances held with local banks	1,040	288	8,696	-
	234,953	**86,459**	**8,696**	**-**

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 commercial banking subsidiary and earn interest at the prevailing market rate.

In millions of Naira	Group 31 Dec 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
18. Pledged assets				
18.1 Debt instruments at Fair value through other comprehensive income (FVOCI)				
Treasury bills FVOCI (see note (a) below)	-	13,281	-	-
Total debt instruments measured at FVOCI	**-**	**13,281**	**-**	**-**
18.2 Pledged assets Debt instruments at amortised cost				
Treasury bills at amortised cost (see note (b) below)	10,430	9,530	-	-
Government bonds at amortised cost (see note (c) below)	230	-	-	-
Other pledged assets (see note (d) below)	628	304	-	-
Sub-total	**11,288**	**9,834**	**-**	**-**
ECL on Pledged asset at amortised cost	(16)	(17)	-	-
Total debt instruments measured at amortised cost	**11,272**	**9,817**	**-**	**-**
Total pledged assets	**11,272**	**23,098**	**-**	**-**

The Group pledges assets that are on its statement of financial position relate to 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) Pledged as security for loan facility from Bank of Industry.

(d) Included in other pledged assets are cash collateral for visa card transactions. The cash collateral assets are not part of the fund used by the Group 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 Group's pledged assets instruments measured at FVOCI by credit risk, based on the Group's internal credit rating system and year-end stage classification. Details of the Group'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 2023			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	-	-	-	-
Total	**-**	**-**	**-**	**-**

An analysis of changes in the fair value and the corresponding ECLs is, as follows:

Group In millions of Naira	31 Dec 2023			
	Stage 1	Stage 2	Stage 3	Total
Fair value as at 1 January 2023	13,281			13,281
New assets originated or purchased	-	-	-	-
Assets derecognised or matured (excluding write-offs)	(13,281)	-	-	(13,281)
Change in fair value	-	-	-	-
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 2023	**-**	**-**	**-**	**-**

Group In millions of Naira	31 Dec 2023			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2023	3	-	-	3
New assets originated or purchased	-	-	-	-
Assets derecognised or matured (excluding write offs)	(3)	-	-	(3)
At 31 December 2023	**-**	**-**	**-**	**-**

Group 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**

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 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)
At 31 December 2022	**13,281**	**-**	**-**	**13,281**

Group 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**

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 Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are explained in Note 39:

Group In millions of Naira	31 Dec 2023 Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	11,288	-	-	11,288
Total	**11,288**	**-**	**-**	**11,288**

Group In millions of Naira	31 Dec 2023 Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2023	9,834	-	-	9,834
New assets originated or purchased	10,659	-	-	10,659
Assets derecognised or matured (excluding write-offs)	(9,529)	-	-	(9,529)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes due to modifications not derecognised	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	324	-	-	324
At 31 December 2023	**11,288**	**-**	**-**	**11,288**

Group In millions of Naira	31 Dec 2023 Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2023	17	-	-	17
Purchased not originated	16	-	-	16
Assets derecognised or matured (excluding write offs)	(17)	-	-	(17)
At 31 December 2023	**16**	**-**	**-**	**16**

18.3.2 Pledged assets instruments measured at amortised cost (Contd.)

Group 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 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)
Foreign exchange adjustments	11	-	-	11
At 31 December 2022	**9,834**	**-**	**-**	**9,834**

Group In millions of Naira	31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2022	-	-	-	-
New assets purchased	17	-	-	17
Assets derecognised or matured (excluding write offs)	-	-	-	-
At 31 December 2022	**17**	**-**	**-**	**17**

Group In millions of Naira	Fair Value Amount		Notional Contract Amount	
	Group 31 Dec 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
19. Derivative financial assets				
Foreign currency swaps	276	807	9,518	36,891
	276	**807**	**9,518**	**36,891**

In millions of Naira	Group 31 Dec 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
20. Loans and advances to customers				
Loans to corporate entities and other organizations	822,459	652,165	-	-
Loans to individuals	104,007	106,018	-	-
	926,466	758,183	-	-
Less:				
Impairment allowance on loans to corporate entities	(18,922)	(11,176)	-	-
Impairment allowance on loans to individuals	(11,722)	(9,272)	-	-
	895,822	**737,735**	**-**	**-**

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 Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group'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 2023			
	Stage 1	Stage 2	Stage 3	Total
External rating grade				
RR1-RR2	64,373	-	-	64,373
RR3-RR4	451,117	-	-	451,117
RR5-RR6	32,573	254,640	-	287,213
RR7	-	-	16,301	16,301
RR8	-	-	214	214
RR9	-	-	3,241	3,241
Total	**548,063**	**254,640**	**19,756**	**822,459**

Group 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**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

Group In millions of Naira	31 Dec 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2023	503,708	132,196	16,261	652,165
New assets originated or purchased	299,549	132,463	10,195	442,207
Assets derecognised or repaid (excluding write-offs)	(308,096)	(61,160)	(11,564)	(380,820)
Transfers to Stage 1	587	(587)	-	-
Transfers to Stage 2	(4,930)	4,930	-	-
Transfers to Stage 3	(5,864)	(728)	6,592	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	(120)	-	(120)
Amounts written off	(5)	(1)	(1,728)	(1,734)
Foreign exchange adjustments	63,114	47,647	-	110,761
At 31 December, 2023	**548,063**	**254,640**	**19,756**	**822,459**

The analysis of changes in gross carrying amount is inclusive of movement in accrued interest (interest paid and interest accrued).

Group 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	1,706	(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 In millions of Naira	31 Dec 2023			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2023	3,484	5,580	2,112	11,176
New assets originated or purchased	954	1,286	7,270	9,510
Assets derecognised or repaid (excluding write offs)	(3,266)	3,004	(936)	7,206
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(19)	19	-	-
Transfers to Stage 3	(45)	(133)	178	-
Impact on year end ECL of exposures transferred between stages during the period	-	1,359	1,410	2,769
Amounts written off	(5)	(1)	(1,666)	(1,672)
Foreign exchange adjustments	-	4,345	-	4,345
At 31 December 2023	**1,103**	**9,451**	**8,368**	**18,922**

Group 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	677	18	463	(196)
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	-	928	(530)	398
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**

The contractual amount outstanding on loans that have been written off, but were still subject to enforcement activity was N4.3 billion at 31 December (2022: N4.9 billion).

20.2 Loans to Individuals

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group'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 2023			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	2,960	-	-	2,960
RR3-RR4	59,452	-	-	59,452
RR5-RR6	3,520	10,862	-	14,382
RR7	-	-	12,179	12,179
RR8	-	-	7,975	7,975
RR9	-	-	7,059	7,059
Total	**65,932**	**10,862**	**27,213**	**104,007**

Group 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**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to individual lending is, as follows:

Group In millions of Naira	31 Dec 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2023	76,138	16,685	13,195	106,018
New assets originated or purchased	59,527	4,172	5,244	68,943
Assets derecognised or repaid (excluding write-offs)	(59,146)	(8,089)	(744)	(67,979)
Transfers to Stage 1	416	(341)	(75)	-
Transfers to Stage 2	(5,058)	5,068	(10)	-
Transfers to Stage 3	(5,779)	(6,461)	12,240	-
Amounts written off	(244)	(172)	(2,637)	(3,053)
Foreign exchange adjustments	78	-	-	78
At 31 December, 2023	**65,932**	**10,862**	**27,213**	**104,007**

The analysis of changes in gross carrying amount is inclusive of movement in accrued interest (interest paid and interest accrued).

Group 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	-
Foreign exchange adjustments	7	-	3	10
At 31 December, 2022	**76,138**	**16,685**	**13,195**	**106,018**

Group In millions of Naira	31 Dec 2023			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2023	737	796	7,739	9,272
New assets originated or purchased	1,967	87	-	2,054
Assets derecognised or repaid (excluding write-offs)	(1,997)	(260)	(232)	2,490
Transfers to Stage 1	2	(1)	(1)	-
Transfers to Stage 2	(61)	62	(1)	-
Transfers to Stage 3	(73)	(292)	365	-
Impact on year end ECL of exposure transferred between stages during the period	3	202	5,395	5,600
Amounts written off	(244)	(172)	(2,331)	(2,747)
Foreign exchange adjustments	33	–	-	33
At 31 December, 2023	**367**	**421**	**10,934**	**11,722**

Group 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**

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

In millions of Naira	Group 31 Dec 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
20.3 Classification of loans and advances by rating				
Rating				
RR1-RR2	67,333	102,311	-	-
RR3-RR4	510,569	395,469	-	-
RR5-RR6	301,595	230,947	-	-
RR7	28,480	22,776	-	-
RR8	8,189	141	-	-
RR9	10,300	6,539	-	-
	926,466	758,183	-	-
20.4 Classification of loans and advances by security				
Cash	210,362	169,356	-	-
Real estate	115,686	80,207	-	-
Stocks/shares	37,417	20,760	-	-
Debentures	191,436	129,962	-	-
Other securities	323,384	357,401	-	-
Unsecured	48,181	497	-	-
	926,466	758,183	-	-

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

In millions of Naira	Group 31 Dec 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
20.5 Classification of loans and advances by sector				
Agriculture	105,129	81,264	-	-
Communication	22,409	21,580	-	-
Consumer	93,199	99,250	-	-
Education	9,350	4,840	-	-
Finance and insurance	22,135	18,958	-	-
Government	73,161	89,760	-	-
Manufacturing	46,911	22,641	-	-
Mining & quarrying	64	1,001	-	-
Mortgage	2,271	2,154	-	-
Oil and gas	292,035	164,313	-	-
Others	117,377	85,344	-	-
Power	30,513	30,801	-	-
Real estate & construction	18,317	66,676	-	-
Transportation	59,345	40,039	-	-
Non-interest banking	34,250	29,562	-	-
	926,466	**758,183**	**-**	**-**

In millions of Naira	Group 31 Dec 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
21. Investment in securities				
(a) Financial instruments held at fair value through profit or loss (FVTPL)				
Treasury bills	912	61	-	-
Euro bonds	165	-	-	-
Bonds	946	860	-	-
Promissory notes	89	-	-	-
Total financial assets measured at FVTPL	**2,112**	**921**	**-**	**-**
(b) Debt instruments at fair value through other comprehensive income				
Treasury bills	107,577	69,919	-	-
Government bonds	118,464	88,073	-	-
Euro bonds	67,003	20,192	-	-
Corporate bonds	22,945	16,042	-	-
Promissory notes	215	36,410	-	-
Total debt instruments measured at FVOCI	**316,204**	**230,636**	**-**	**-**
(c) Equity instruments at fair value through other comprehensive income				
Africa Export/Import Bank	2,353	980	-	-
Nigeria Interbank Settlement System Plc	15,483	11,294	-	-
Africa Finance Corporation	6,354	3,256	-	-
Unified Payment System	657	552	-	-
Investment in AGSMEIS	3,855	2,889	-	-
Nigeria Mortgage Refinancing Corporation	412	393	-	-
Lotus Capital Halal	412	397	-	-
SCM Capital Halal	3,753	2,881	-	-
Zola Elect Nig Litd.	-	553	-	-
Health Tracka Ltd.	329	231	-	-
SIV Limited	804	100	-	-
Binkabi Ltd	1	10	-	-
E-Purse System Ltd	1	1	-	-
Alt School	274	-	-	-
Tremendoc Ltd	2,218	1,690	-	-
Total equity instruments at FVOCI	**36,906**	**25,227**	**-**	**-**
(d) Debt instruments at amortised cost				
Government bonds	103,252	79,660	-	-
Treasury Bills	2,844	21,863	-	-
Promissory notes	24,916	5,577	-	-
	131,012	107,100	-	-
Less: Allowance for Impairment losses	(282)	(211)	-	-
Total debt instruments measured at amortised cost	**130,730**	**106,889**	**-**	**-**

(e) Debt instruments measured at FVOCI

The table below shows the fair value of the Group's debt instruments measured at FVOCI by credit risk, based on the Group's internal credit rating system and year-end stage classification. Details of the Group'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 2023			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	316,204	-	-	316,204
RR3-RR4	-	-	-	-
RR5-RR6	-	-	-	-
Total	**316,204**	**-**	**-**	**316,204**

Group 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**

An analysis of changes in the fair value and the corresponding ECLs is, as follows:

Group In millions of Naira	31 Dec 2023			
	Stage 1	Stage 2	Stage 3	Total
Fair value as at 1 January 2023	230,636	-	-	230,636
New assets originated or purchased*	1,256,960	-	-	1,256,960
Assets derecognised or matured (excluding write-offs)	(1,211,121)	-	-	(1,211,121)
Change in fair value	4,598	-	-	4,598
Foreign exchange adjustments	35,131	-	-	35,131
At 31 December, 2023	**316,204**	**-**	**-**	**316,204**

*The analysis of changes in fair value is inclusive of movement in interest of N16.95 billion that has already been received in cash and accrued interest of N18.25 billion.

Group 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)
At 31 December 2022	**230,636**	**-**	**-**	**230,636**

An analysis of changes in the fair value and the corresponding ECLs is, as follows:

Group In millions of Naira	31 Dec 2023			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2023	511	-	-	511
New assets purchased	849	-	-	849
Assets derecognised or matured (excluding write offs)	(59)	-	-	(59)
Foreign exchange adjustments	-	-	-	-
At 31 December 2023	**1,301**	**-**	**-**	**1,301**

Group 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)
At 31 December 2022	**511**	**-**	**-**	**511**

(f) Debt instruments measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group'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 2023			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	131,012	-	-	131,012
Total	**131,012**	**-**	**-**	**131,012**

Group In millions of Naira	31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	107,100	-	-	107,100
Total	**107,100**	**-**	**-**	**107,100**

Group In millions of Naira	31 Dec 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2023	107,100	-	-	107,100
New assets originated or purchased*	67,941	-	-	67,941
Assets derecognised or matured (excluding write-offs)	(44,029)	-	-	(44,029)
At 31 December 2023	**131,012**	**-**	**-**	**131,012**

*The analysis of changes in gross carrying amount is inclusive of movement in interest of N13.85 billion that has already been received in cash and accrued interest income of N12.7 billion.

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 2023			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2023	211	-	-	211
New assets purchased	148	-	-	148
Assets derecognised or matured (excluding write offs)	(93)	-	-	(93)
Changes to models and inputs used for ECL calculations	16	-	-	16
At 31 December 2023	**282**	**-**	**-**	**282**

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)	-	-	-	-
Changes to models and inputs used for ECL calculations	162	-	-	162
At 31 December 2022	**211**	**-**	**-**	**211**

22. Investment in Subsidiary.

Name of company	Ownership/ Percentage interest	Company 31 Dec 2023 *N'million*	Company 31 Dec 2022 *N'million*
Sterling Bank Limited	100 percent	141,654	-
The Alternative Bank Limited	100 percent	10,000	-
		151,654	**-**

In millions of Naira	Sterling Financial Holdings Group	Elimination Entries	The Alternative Bank	Sterling Bank Ltd Group	Sterling Financial Holdings Company
Condensed Statement of Profit or Loss for the Year ended 31 December 2023					
Interest income	156,102	(183)	5,538	150,563	183
Interest expense	(72,718)	183	(2,378)	(70,523)	-
Net interest income	83,384	-	3,160	80,040	183
Net fees and commision income	26,106	-	1,459	24,646	-
Net trading income	20,794	-	1,663	19,130	-
Other operating income	9,921	(14,712)	1,237	8,684	14,712
Operating income	140,205	(14,712)	7,519	132,500	14,895
Credit loss expense	(12,335)	-	(170)	(12,166)	-
Operating expenses	(105,177)	393	(4,694)	(99,097)	(1,779)
Profit for the year before tax	22,693	(14,319)	2,655	21,237	13,116
Income tax expense	(1,109)	-	(261)	(839)	(9)
	21,584	**(14,319)**	**2,394**	**20,398**	**13,107**

In millions of Naira	Sterling Financial Holdings Group	Elimination Entries	The Alternative Bank	Sterling Bank Ltd Group	Sterling Financial Holdings Company
Condensed Statement of Financial Position As at December 31, 2023					
ASSETS					
Cash and balances with Central Bank of Nigeria	604,599	-	12,033	592,566	-
Due from banks	234,953	(55,275)	46,578	234,954	8,696
Pledged assets	11,272	-	-	11,272	-
Derivative financial assets	276	-	-	276	-
Loans and advances to customers	895,822	-	33,122	862,699	-
Investments in securities:		-	-	-	
- Financial assets at fair value through profit or loss	2,112	-	-	2,112	-
- Debt instruments at fair value through other comprehensive income	316,204	-	31,781	284,423	-
- Equity instruments at fair value through other comprehensive income	36,906	-	7,792	29,114	-
- Debt instruments at amortised cost	130,730	-	-	130,730	-
Investment in subsidiary	-	(151,654)	-	-	151,654
Other assets	242,110	(406)	9,296	232,809	411
Property, plant and equipment	31,987	-	8,707	22,985	296
Right of use asset	9,103	-	-	9,103	-
Investment property	4,790	-	4,790	-	-
Intangible assets	721	-	151	570	-
Deferred tax assets	9,507	-	885	8,622	-
TOTAL ASSETS	**2,531,092**	**(207,335)**	**155,135**	**2,422,235**	**161,057**
LIABILITIES & EQUITY					
Deposits from banks	-	-	-	-	-
Deposits from customers	1,842,815	(12,701)	108,006	1,747,510	-
Current income tax payable	1,468	-	51	1,414	3
Other borrowed funds	208,685	-	25,618	183,067	-
Debt securities issued	33,959	-	-	33,959	-
Other liabilities	257,910	(42,980)	5,932	294,346	612
Provisions	724	-	6	718	-
Deferred tax liabilities	1,927	-	1,061	866	-
Share capital	14,395	(24,395)	10,000	14,395	14,395
Share premium	42,759	(42,759)	-	42,759	42,759
Retained earnings	42,506	10,000	1,492	22,226	8,788
Other components of equity	83,944	(94,500)	2,969	80,975	94,500
TOTAL LIABILITIES AND EQUITY	**2,531,092**	**(207,335)**	**155,135**	**2,422,235**	**161,057**

In millions of Naira	Sterling Financial Holdings Group	Elimination Entries	The Alternative Bank	Sterling Bank Ltd Group	Sterling Financial Holdings Company
Condensed Statement of Cash Flows for the Year ended 31 December 2023					
Net cash flows from/(used in)operating activities	151,292	(86,032)	101,227	137,083	(986)
Net cash flows (used in)/from in investing activities	(87,382)	61,411	(87,589)	(75,205)	14,001
Net cash flows used in financing activities	(28,924)	(32,077)	46,396	(38,924)	(4,319)
Net increase in cash and cash equivalents	34,986	(56,698)	60,034	22,954	8,696
Exchange rate movements on cash and cash equivalents	134,237	-	-	134,237	-
Cash and cash equivalents, beginning of the year	222,652	-	-	222,652	-
Cash and cash equivalents, end of the year	**391,875**	**(56,698)**	**60,034**	**379,843**	**8,696**

In millions of Naira	Group 31 Dec 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
23. Other Assets				
Financial assets				
Accounts receivable (see note (i))	227,639	154,414	411	-
	227,639	154,414	411	-
Non-financial assets				
Prepayments and other debit balances	5,566	6,372	-	-
Prepaid staff cost	1,412	1,209	-	-
Commodity mudaraba stocks	10,547	13,996	-	-
Musharaka Stock	1,404	-	-	-
Stock of cheque books and administrative stationeries	1,239	427	-	-
Gross other assets	247,807	176,418	411	-
Allowance for impairment on other assets (see note (ii) below)	(5,697)	(4,507)	-	-
	242,110	**171,911**	**411**	**-**

i. Included in accounts receivable are:

a. Receivables from Cambridge Springs Investment Limited, Parthian Capitals and SAMTL Properties in respect of loans sold to the companies.

b. Forex deliverables due from CBN for the Group's customers, among others.

c. The Company's N411 million account receivable represents amount due from Sterling Bank Limited and The Alternative Bank in respect of shared services.

In millions of Naira	Group 31 Dec 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
(ii) Movement of allowance for impairment on other assets				
Balance, beginning of year	4,507	3,713	-	-
Charge on other assets (note 11)	1,610	1,577	-	-
Write offs	(420)	(783)	-	-
Balance, end of year	5,697	4,507	-	-

24.1 Property, plant and equipment

The Group's movement during the year was as follows:

GROUP 31 December 2023	Leasehold Land	Leasehold Building	Leasehold Improvement	Furniture, fittings and equipment	Computer equipment	Motor vehicles	Capital work-in-progress	Total
	N'million	*N'million*	*N'million*	*N'million*	*N'million*	*N'million*	*N'million*	*N'million*
(a) Cost								
As at 1 January 2023	1,990	4,235	4,320	10,745	14,481	5,855	4,571	46,197
Additions	-	256	408	3,463	562	1,531	11,589	17,809
Reclassifications	-	68	340	210	292	16	(1,009)	(83)
Disposals	-	-	-	(103)	(3)	(1,017)	-	(1,123)
Written off	-	(22)	(1,688)	(4,868)	(6,497)	(782)	-	(13,857)
As at 31 December 2023	1,990	4,537	3,380	9,447	8,835	5,603	15,151	48,943
(b) Accumulated depreciation and impairment								
As at 1 January 2023	242	753	2,944	8,095	11,870	4,380	-	28,284
Charge for the year	-	87	298	1,003	1,375	769	-	3,532
Written off	-	(7)	(1,684)	(4,865)	(6,494)	(782)	-	(13,832)
Disposals	-	-	-	(103)	(2)	(923)	-	(1,028)
As at 31 December 2023	242	833	1,558	4,130	6,749	3,444	-	16,956
Net book value								
As at 31 December 2023	**1,748**	**3,704**	**1,822**	**5,317**	**2,086**	**2,159**	**15,151**	**31,987**
As at 31 December 2022	**1,748**	**3,482**	**1,376**	**2,650**	**2,611**	**1,475**	**4,571**	**17,913**

(i). The gross carrying amount of fully depreciated property, plant and equipment owned by the Group is N6.0billion (2022: N19.4billion).

(ii). No item of property, plant and equipment was pledged as security.

The Company's movement during the year was as follows:

COMPANY 31 December 2023	Leasehold Land	Leasehold Building	Leasehold Improvement	Furniture, fittings and equipment	Computer equipment	Motor vehicles	Capital work-in-progress	Total
	N'million	*N'million*	*N'million*	*N'million*	*N'million*	*N'million*	*N'million*	*N'million*
(a) Cost								
As at 1 January 2023	-	-	-	-	-	-	-	-
Additions	-	-	-	-	1	317	-	318
Reclassifications	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer to the Alternative Bank	-	-	-	-	-	-	-	-
Written off	-	-	-	-	-	-	-	-
As at 31 December 2023	-	-	-	-	1	317	-	318
(b) Accumulated depreciation and impairment								
As at 1 January 2023	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	22	-	22
Transfer to the Alternative Bank	-	-	-	-	-	-	-	-
Written off	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
As at 31 December 2023	-	-	-	-	-	22	-	22
Net book value								
As at 31 December 2023	**-**	**-**	**-**	**-**	**1**	**295**	**-**	**296**
As at 31 December 2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

The Group's movement on these accounts during the year was as follows:

GROUP 31 December 2022	Leasehold Land	Leasehold Building	Leasehold Improvement	Furniture, fittings and equipment	Computer equipment	Motor vehicles	Capital work-in-progress	Total
	N'million	*N'million*	*N'million*	*N'million*	*N'million*	*N'million*	*N'million*	*N'million*
(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 that is still in use is N19.4 billion.

In millions of Naira	Group 31 Dec 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
24.2 Right-of-use asset				
Building				
At 1 January	8,342	8,141	-	-
Additions during the year	1,673	852	-	-
Reversal	(140)	-	-	-
Depreciation charge	(772)	(651)	-	-
At 31 December	**9,103**	**8,342**	**-**	**-**

In millions of Naira	Group 31 Dec 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
24.3 Investment property				
(a) **Cost**				
At 1 January	5,822	7,095	-	-
Additions	-	560	-	-
Disposal	(735)	(1,833)	-	-
As at 31 December	5,087	5,822	-	-
(b) **Accumulated depreciation and impairment**				
At 1 January	238	177	-	-
Depreciation	63	73	-	-
Disposal	(4)	(12)	-	-
Balance end of year	297	238	-	-
Balance as at 31 December	**4,790**	**5,584**	**-**	**-**
Fair value of investment property		**Level 1**	**Level 2**	**Level 3**
		-	**-**	**7,153**

The fair value of the Group's investment property at 31 December 2023 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 Group maintains a valuation policy of three years (3yr) 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 comparism and investment method.

The investment property is driven by the Non-interest banking subsidiary 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 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
Rental income from investment property	**159**	159	**-**	-
Direct operating expenses	**(63)**	(73)	**-**	-
	96	86	**-**	-

In millions of Naira	Group 31 Dec 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
25 Intangible assets				
(a) **Cost**				
At 1 January	5,853	5,484	-	-
Additions	135	278	-	-
Reclassification (see note below)	83	91	-	-
Write off	(618)	-	-	-
Balance end of year	5,453	5,853	-	-
(b) **Accumulated amortisation and impairment**				
Beginning of year	4,903	4,403	-	-
Amortisation for the year	447	500	-	-
Write off	(618)	-	-	-
Balance end of year	4,732	4,903	-	-
Net book value				
Balance as at 31 December	**721**	**950**	**-**	**-**

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 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
26 Non-current assets held for sale				
At 1 January	3,027	-	-	-
Additions	-	3,027	-	-
Reclassification	-	-	-	-
Disposal	(3,027)	-	-	-
Write-off	-	-	-	-
At 31 December	**-**	**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 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
27 Deposits from banks				
Money market takings	-	12,039	-	-
Due to local banks	-	25,139	-	-
	-	**37,178**	**-**	**-**

In millions of Naira	Group 31 Dec 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
28 Deposits from customers				
Current accounts	1,042,459	696,187	-	-
Savings accounts	337,247	243,069	-	-
Term deposits	383,641	319,732	-	-
Pledged deposits	79,468	68,817	-	-
	1,842,815	**1,327,805**	**-**	**-**

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 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
29 Other borrowed funds				
Due to CBN-Agric-Fund (see (29(i))	28,654	31,590	-	-
Due to Africa Agric and Trade Investment Fund (see (29(iia))	-	773	-	-
Due to Africa Agric and Trade Investment Fund (see (29(iib))	14,230	-	-	-
Due to CBN-State ECA secured loans (see (29 (iii))	12,162	12,677	-	-
Due to Blue Orchard (see (29(iv))	18,585	11,961	-	-
Due to ECOWAS Bank for Investment and Development (see (29(v))	38,350	22,454	-	-
Due to Islamic Corporation (see (29(vi))	25,315	10,239	-	-
Due To Nigeria Mortgage Refinance Company (see (29(vii))	1,441	1,710	-	-
Due to CBN - ABP (see (29(viii))	29,463	25,897	-	-
Due to Master Card Foundation (MCF) (see (29(ix))	20,825	10,089	-	-
Due to CBN - RSSF Fund (see (29 (x))	2,250	3,205	-	-
Due to CBN - NESF Fund (see(29 (xi))	1,455	2,370	-	-
Due to BOI (see (29 (xii))	706	305	-	-
Due to Development Bank of Nigeria (see (29 (xiii))	15,249	-	-	-
	208,685	**133,270**	**-**	**-**
Movement on other borrowed funds:				
At 1 January	133,270	133,270	-	-
Additions during the year	61,615	35,182	-	-
Repayments during the year	(48,926)	(18,362)	-	-
Accrued interest	19,865	10,498	-	-
Interest paid	(18,719)	(28,201)	-	-
Foreign exchange difference	61,580	883	-	-
At 31 December	**208,685**	**133,270**	**-**	**-**

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 Group's subsidiary - Sterling Bank Ltd obtained the loan on behalf of the customer at 2% to lend to the customer at 9% inclusive of management and processing fee. Repayment proceeds from CACS projects are repatriated to CBN on quarterly basis, all loans under the agriculture scheme is expected to terminate on September 30, 2025.

29(iia) Africa Agriculture and Trade Investment Fund

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

This represents the outstanding balance on the $15 million credit facility granted to Sterling Bank Ltd by Africa Agriculture and Trade Investment Fund payable in 6 years in 11 installments commencing September 2023. Interest is payable quarterly at the rate of 7.75%. The facility will mature in March 2029.

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 willingnesss to work with Sterling Bank Ltd 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.

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 Sterling 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 Sterling 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 banking subsidiaries and Nigeria Mortgage Refinance Company Plc (NMRC) for NMRC to refinance from time to time Mortgage Loans originated by Sterling Bank Ltd 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 respectively.

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.

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, Sterling Bank Ltd 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 has established a N300 billion Real Sector Support Facility (RSSF). The Facility will be used to support large enterprises for start-ups and expansion financing needs of N500 million up to a maximum of N10.0 billion. The loan tenor is 10 years with moratorium and at all in rate of 9% per annum.

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 N5billion. It aims at improving export financing and additional opportunities for exporters to upscale and expand their businesses in improving their competitiveness.

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.

29(xiii) Due to Development Bank of Nigeria (DBN)

This represents the carrying amount of the N15 billion facility from DBN granted to Sterling Bank Ltd in November 2023. The purpose of the facility is to support qualifying micro, small and medium enterprises. The loan is for a period of 6 months at an interest rate of 11% per annum.

In millions of Naira	Group 31 Dec 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
30 Debt securities issued				
16.5% Debt securities carried at amortised cost (See (i) below)	-	8,502	-	-
16.25% Debt securities carried at amortised cost (See (ii) below)	33,959	33,886	-	-
	33,959	**42,388**	**-**	**-**
Movements in debt securities issued				
As at 1 January	42,388	42,327	-	-
Repayment	(7,965)	-	-	-
Accrued interest	6,116	6,726	-	-
Interest paid	(6,580)	(6,665)	-	-
	33,959	**42,388**	**-**	**-**

i. This represents a N7.9 billion 7-year 16.50% subordinated unsecured non-convertible debenture stock issued by the Sterling Investment Management SPV Plc - a wholly owned subsidiary of Sterling Bank Ltd, 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. The notes matured in August 2023 and were fully paid.

ii. This represents a N32.899 billion 7-year 16.25% subordinated unsecured non-convertible debenture stock issued by the Sterling Investment Management SPV Plc - a wholly owned subsidiary of Sterling Bank Ltd, 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 16.89% 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 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
31.1 Other liabilities				
Financial liabilities				
Other credit balances (see 31.1.1)	54,763	37,451	587	-
Customers' deposits for foreign trade	135,060	97,205	-	-
Deposit for additional tier 1 capital (see 31.1.2)	47,590	-	-	-
Lease liability (see 31.1.3)	134	295	-	-
Certified cheques	1,731	1,437	-	-
Creditors and accruals	18,295	23,547	19	-
Information Technology levy	271	228	5	-
Police Trust Fund levy	1	1	1	-
National Agency for Science and Engineering Infrastructure levy	65	93	-	-
Total Other Liabilities	**257,910**	**160,257**	**612**	**-**

31.1.1 Other credit balances includes mostly bond proceed collection of N29.9 billion, CBN I&E forward allocation N6.4 billion and long outstanding draft N2.1 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.

31.1.2 This represents proceed of the $50 miilion multi-currency perpetual fixed rate resettable additional tier 1 subordinated bonds issued by Sterling Bank Limited. The issue is currently undergoing regulatory approval and will be recognised as additional tier 1 (AT1) capital upon the completion of the regulatory verification process.

In millions of Naira	Group 31 Dec 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
31.1.2 Lease liability				
As at 1 January	295	60	-	-
Additions	17	239	-	-
Interest on lease liability*	8	7	-	-
Reversal**	(178)	-	-	-
Payments	(8)	(11)	-	-
As at 31 December	**134**	**295**	**-**	**-**

*Interest on lease liability is included in interest expense using effective interest rate (note 7)

** This relates to lease liabilities that were derecognised during the year either due to discontinuation of lease agreement or outright purphase of the propoerties by the Group.

Maturity analysis of lease liability In millions of Naira	Less than 3 months	6-12 months	1 - 5 years	Total
	90	43	12	145

In millions of Naira	Group 31 Dec 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
31.2 Provisions				
Provisions for litigations and claims*	186	211	-	-
Provision for guarantees and letters of credit	538	1,278	-	-
	724	**1,489**	**-**	**-**
At 1 January	1,489	1,180	-	-
Additions	-	309	-	-
Reversal of provision	(765)	-	-	-
At 31 December	**724**	**1,489**	**-**	**-**

* Provision for litigations: This is provision for litigations and claims against the Group as at 31 December 2023. 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 this provision is adequate for liability that have crystalized from these claims. There is no expected reimbursement in respect of this provision.

In millions of Naira	Group 31 Dec 2023	Group 31 Dec 2022	Company 31 Dec 2023	Company 31 Dec 2022
32.1 Share capital and equity reserves				
Share capital				
(a) **Authorised**:				
28,790,418,126 Ordinary shares of 50k each	**14,395**	**14,395**	**14,395**	**-**
(b) **Issued and fully-paid**:				
28.79 billion (2022: 28.79 billion) Ordinary shares of 50k each	**14,395**	**14,395**	**14,395**	**-**

(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 Company. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the Company.

(ii) Movement in issued and fully paid share capital is as follows:

In millions of units	Group 31 Dec 2023	Group 31 Dec 2022	Bank 31 Dec 2023	Bank 31 Dec 2022
28.79 billion (2022: 28.79 billion) Ordinary shares of 50k each	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	-

33 Dividends

The Directors did not propose any dividend for 2023 financial year. In 2023, the Directors of erstwhile Sterling Bank Plc declared and paid dividends of N4.32 billion (15k per share) in respect of 2022 results.

34 Other components of equity

(a) Statutory reserve

Nigerian banking regulations require the Group's banking subsidiaries 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.

(b) Share capital reserve

The share capital reserve resulted from the shares reconstruction carried out by Sterling Bank Ltd in June 2006. The N5.276 billion in the reserve represents the surplus nominal value of the reconstructed shares.

(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

For banking subsidiaries, 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 their 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 pertaining to Sterling Bank Ltd was created to track the regulatory treatment of the Central Bank of Nigeria (CBN) directive on the amortisation of 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.

(g) Re-organisation Reserve

This represents the difference between the carrying value of shares of erstwhile Sterling Bank Plc (N151.5biliion) as at date of re-organization and the cost of shares (share capital and share premium) exchanged (N57.13 billion).

35 Commitments and Contingencies

(a) Litigations and claims

There are 92 (2022: 73) litigations and claims against the Group as at 31 December 2023. The total amount claimed against the Group is N45.2billion (2022: N42.4billion). 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 crystalise from these claims. Provisions of N186 million at 31 December 2023 (2022: N211 million) have been made in these financial statements on crystalised 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 Group 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 identiified any factor to suggest the probability that the risk will crystallise.

Letters of credit and guarantees commit the Group 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 2023	Group 31 Dec 2022	Bank 31 Dec 2023	Bank 31 Dec 2022
Bonds, guarantees and indemnities	168,437	116,156	-	-
Letters of credit	180,777	113,786	-	-
Performance bonds	56,428	23,278	-	-
	405,642	**253,220**	**-**	**-**

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).

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 Group's internal credit rating system and year-end stage classification.

Group In millions of Naira	Stage 1	Stage 2	Stage 3	Total
31 Dec 2023				
Internal rating grade				
RR1-RR2	168,437	-	-	168,437
RR3-RR4	-	-	-	-
RR5-RR6	-	-	-	-
RR7	-	-	-	-
Total	**168,437**	**-**	**-**	**168,437**

Group 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
Total	**116,156**	**-**	**-**	**116,156**

An analysis of changes in the outstanding exposures and the corresponding ECLs are, as follows:

Group In millions of Naira	Stage 1	Stage 2	Stage 3	Total
Outstanding exposure as at 1 January 2023	116,156	-	-	116,156
New exposures	109,904	-	-	109,904
Exposure derecognised or matured/lapsed (excluding write offs)	(58,445)	-	-	(58,445)
Foreign exchange adjustments	822	-	-	822
At 31 December 2023	**168,437**	**-**	**-**	**168,437**

Group In millions of Naira	Stage 1	Stage 2	Stage 3	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 In millions of Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2023	1,071	-	-	1,071
New exposures	30	-	-	30
Exposure derecognised or matured (excluding write offs)	(564)	-	-	(564)
At 31 December 2023	**537**	**-**	**-**	**537**

Group In millions of Naira	Stage 1	Stage 2	Stage 3	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**

(ii) Letters of credit

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification.

Group In millions of Naira	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	180,777	-	-	180,777
RR3-RR4	-	-	-	-
Total	**180,777**	**-**	**-**	**180,777**

Group In millions of Naira	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
RR1-RR2	113,702	-		113,702
RR3-RR4	84	-		84
Total	**113,786**	**-**	**-**	**113,786**

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	Total
Outstanding exposure as at 1 January 2023	113,786	-	-	113,786
New exposures	86,103	-	-	86,103
Exposure derecognised or matured/lapsed (excluding write offs)	(151,245)	-	-	(151,245)
Foreign exchange adjustments	132,133	-	-	132,133
At 31 December 2023	**180,777**	**-**	**-**	**180,777**

In millions of Naira	Stage 1	Stage 2	Stage 3	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	Total
ECL allowance as at 1 January 2023	119	-	-	119
New exposures	1	-	-	1
Exposure derecognised or matured (excluding write offs)	(119)	-	-	(119)
Foreign exchange adjustments	-	-	-	-
At 31 December 2023	**1**	**-**	**-**	**1**

In millions of Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2022	36	-	-	36
New exposures	109	-	-	109
Exposure derecognised or matured (excluding write offs)	(26)	-	-	(26)
At 31 December 2022	**119**	**-**	**-**	**119**

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 2023	Group 2022	Company 2023	Company 2022
(i)	**Transactions with the related parties**				
	Loan advances				
a.	Secured loans and advances (see 36b)	587	648	-	-
b.	Contingent liabilities (see 36b)	1,370	1,612	-	-
c.	Transactions and balances with Subsidiary				
	Sterling Bank Limited				
	Other assets (Account receivable)	-	-	359	-
	Due from banks	-	-	8,696	-
	Other liabilities (Account payable)	-	-	13	-
	Interest income	-	-	183	-
	Dividend income from subsidiaries	-	-	14,319	-
	Other sundry income	-	-	343	-
d.	Transactions and balances with Subsidiary				
	The Alternative Bank Limited				
	Other assets (Account receivable)	-	-	52	-
	Other sundry income	-	-	50	-

(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 2023	Group 2022	Company 2023	Company 2022
Secured loans and advances	374	309	-	-
Deposit liabilities (related parties and key management personnel)	27,756	16,549	-	-

(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 2023	Group 2022	Company 2023	Company 2022
Short-term benefits (wages and salaries)	154	124	77	-
Post-employment benefits (pension contributions)	14	12	7	-
Termination benefits	189	82	-	-
	357	218	84	-

(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 Group.

In millions of Naira	Group 2023	Group 2022	Company 2023	Company 2022
Directors' remuneration				
Fees as directors	308	139	79	-
Other emoluments	145	102	15	-
	453	**241**	**94**	**-**

(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 2023, the related parties facilities are performing and the Group has not made any provision for impairment on the facilities. (2022: 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 N587 million (2021: N648 million) relating to the Directors and some employees were outstanding on these facilities at the end of the period/year.

31 Dec 2023

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	25-Feb-24	520	540	Performing	Secured Against Real Estate	Term Loan
Do Ii Designs Limited	Related to a Director	Asue Ighodalo	30-Mar-22	30-Mar-25	17	9	Performing	Cash	Term Loan
Do Ii Designs Limited	Related to a Director	Asue Ighodalo	13-Jan-22	13-Jan-25	17	4	Performing	Cash	Term Loan
Hauwa Mustapha Otaru	Wife to Staff	Mustapha Otaru	18-Apr-23	18-Apr-25	1	1	Performing	Otherwise Secured	Term Loan
Commercial Staff Loan	Employees	Employees	NA	NA	87	33	Performing	Lien on entitlements/ indemnity	Other Loans
	TOTAL				642	587			

Letter of credit and bond guarantees

31 Dec 2023

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
Touchdown Travels Ltd	Related to a Director	Tunde Adeola	06-Nov-23	06-Nov-24	1,000	1,000	Performing	Personal Guarantee	Bank Guarantee
Rite Foods Limited	Related to a Director	Tairat Tijani	08-Mar-23	07-Mar-24	300	300	Performing	Personal Guarantee	Bank Guarantee
Rite Foods Limited	Related to a Director	Tairat Tijani	03-Nov-23	02-Nov-24	65	65	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
TOTAL - CONTINGENT (Letters of credit and bond guarantees)					1,370	1,370			

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**			

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 Company as at 31 December 2023 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 2023	Group Dec 2022	Company Dec 2023	Company Dec 2022
38 Cash and cash equivalents				
Cash and foreign monies (Note 16)	32,002	30,409	-	-
Unrestricted balances with Central Bank of Nigeria (Note 16)	124,920	105,784	-	-
Balances held with local banks (Note 17)	1,040	288	8,696	-
Balances held with banks outside Nigeria (Note 17)	233,411	85,929	-	-
Money market placements (Note 17)	502	242	-	-
	391,875	**222,652**	**8,696**	**-**

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 controling 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 Group Chief Risk Officer (GCRO) coordinates the process of monitoring and reporting identified risks. The Risk Management division is complemented by Finance and Performance Management function, Compliance and Strategy function and the Internal Control function in the management of strategic, regulatory compliance and reputational risks. Internal Audit function 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 Audit and Risk Management Committee (BARMC) 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 Committees (BCCs) acts on behalf of the Board of Directors on all credit matters. It considers and approves lending exposures, treasury investments exposures, as well as other credit exposures that exceed the mandated approval limit of the Management.

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 function monitors compliance with risk principles, polices and limits across the Group. Exceptions are reported on a daily basis to the management and appropriate action are taken to address the threats.

The Internal Audit function, 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 and Risk 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 exposures under stressed market situations.

Monitoring and controlling of risk is done by ensuring that limits established are strictly complied with and that such limit reflects both the quantitative and qualitative risk appetite of the 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 Board Audit and Risk Committee is 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 polices 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;

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

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

(e) Risk Appetite

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 evolvement 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

The group 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 - The Alternative Bank Ltd
- 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 affluent professionals who earn between N6 million (six million naira) and N30million (thirty million naira) annually.
- Youth below 25 years of age

The Bank's product 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.

- Enterprise Risk Management
- Internal Audit
- Strategy and Innovation
- Brand Marketing & Communication
- Finance and Performance Management
- General Internal Services
- Human Capital Management
- Channel Operations
- Trade Services
- Information Technology
- Customer Experience Management
- Legal and Company Secretariat
- Conduct & Compliance
- Centralised Processing Centre
- Health, Safety and Environment
- Enterprise Quality Assurance

Non-Interest Banking: The Aternative Bank Ltd, a subsidiary of Sterling Financial Holding Company, 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 and Retail 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 Collaterised Facilities

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

(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. Definition of non-performing loans as those with interest and principal repayment outstanding for 90 days or more.
5. Other criteria are also 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 commuication 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 Equivalent	Score Range	Remarks
RR -1	AAA TO AA-	90-100	Superior
RR -2	A+ TO A-	80-89.99	Strong
RR -3	BBB+ TO BB-	70-79.99	Good
RR -4	BB+ TO BB-	50-69.99	Satisfactory
RR -5	B+ TO B-	40-49.99	High risk
RR -6	CCC+ TO CCC	30-39.99	Watch list
RR -7	CC+ TO C	20-29.99	Substandard
RR -8	D	10-19.99	Doubtful
RR -9	D	<10	Lost

(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:

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

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.

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

(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 2023	31 Dec 2022
Financial assets:		
Loans and advances	210,362	169,356
Financial liabilities:		
Collaterised deposits	159,444	131,714

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 2023	31 Dec 2022
Net financial assets/ liabilities:		
Loans and advances	50,918	37,642

(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 2023 (N'millions)	31 Dec 2022 (N'millions)
1	Abuja	58,096	46,123
2	Lagos	618,414	444,525
3	North Central	39,928	37,055
4	North East	7,528	6,599
5	North West	37,276	26,044
6	South East	14,839	13,168
7	South South	62,455	109,821
8	South West	87,930	74,848
	Grand Total	**926,466**	**758,183**

Maximum exposure to credit risk before collateral held or other credit enhancements

The Group's maximum exposure to credit risk as at 31 December 2023 and 31 December 2022 is represented by the net carrying amounts of the financial assets set out below:

Group

Type of collateral or credit enhancement

31 Dec 2023 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	-	-	-	-	-	-	-	-	-
Due from banks	234,953	-	-	-	-	-	-	234,953	-
Pledged assets	11,288	-	-	-	-	-	-	11,288	(16)
Loans and advances to customers							-	-	
- Corporate loans	822,459	191,075	86,614	160,995	1,742,510	4,438	2,185,632	-	(18,922)
- Individual/retail loans	104,007	2,610	10,385	17,899	548	51,541	82,983	21,024	(11,722)
Debt instruments at amortised cost	131,012	-	-	-	-	-	-	131,012	(282)
Total financial assets at amortised cost	**1,303,719**	**193,685**	**96,999**	**178,894**	**1,743,058**	**55,979**	**2,268,615**	**398,277**	**(30,942)**
Derivative financial assets	276	-	-	-	-	-	-	276	-
Debt instruments at fair value through profit and loss	2,112	-	-	-	-	-	-	2,112	-
Total Financial instruments at fair value through profit and loss	**2,388**	**-**	**-**	**-**	**-**	**-**	**-**	**2,388**	**-**
Debt instruments at fair value through other comprehensive income	316,204	-	-	-	-	-	-	316,204	-
Total debt instruments at fair value through other comprehensive income	**316,204**	**-**	**-**	**-**	**-**	**-**	**-**	**316,204**	**-**
Financial guarantees	168,437	-	-	-	-	-	-	168,437	(537)
Letters of credit for customers	180,777	-	-	-	-	-	-	180,777	(1)
	1,971,525	**193,685**	**96,999**	**178,894**	**1,743,058**	**55,979**	**2,268,615**	**1,066,083**	**(31,480)**

Company

Type of collateral or credit enhancement

31 Dec 2023 Financial assets	Maximum exposure to credit risk	Fair value of collateral and credit enhancements held							
		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	-	-	-	-	-	-	-	-	-
Due from banks	8,696	-	-	-	-	-	-	8,696	-
Pledged assets	-	-	-	-	-	-	-	-	-
Loans and advances to customers									
- Corporate loans	-	-	-	-	-	-	-	-	-
- Individual/retail loans	-	-	-	-	-	-	-	-	-
Debt instruments at amortised cost	-	-	-	-	-	-	-	-	-
Total financial assets at amortised cost	**8,696**	**-**	**-**	**-**	**-**	**-**	**-**	**8,696**	**-**
Derivative financial assets	-	-	-	-	-	-	-	-	-
Debt instruments at fair value through profit or loss	-	-	-	-	-	-	-	-	-
Total financial instruments at fair value through profit or loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
Debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
Total debt instruments at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial guarantees	-	-	-	-	-	-	-	-	-
Letters of credit for customers	-	-	-	-	-	-	-	-	-
	8,696	**-**	**-**	**-**	**-**	**-**	**-**	**8,696**	**-**

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)**

Company

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	-	-	-	-	-	-	-	-	-
Due from banks	-	-	-	-	-	-	-	-	-
Pledged assets	-	-	-	-	-	-	-	-	-
Loans and advances to customers									
- Corporate loans	-	-	-	-	-	-	-	-	-
- Individual/retail loans	-	-	-	-	-	-	-	-	-
Debt instruments at amortised cost	-	-	-	-	-	-	-	-	-
Total financial assets at amortised cost	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Derivative financial assets	-	-	-	-	-	-	-	-	-
Debt instruments at fair value through profit or loss	-	-	-	-	-	-	-	-	-
Total financial assets at fair value through profit or loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
Total debt instruments at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial guarantees	-	-	-	-	-	-	-	-	-
Letters of credit for customers	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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 2023, is set out below:

Group 31 Dec 2023	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	-	-	-	-	-	-	-	-	-	-	-
Agriculture	-	-	-	-	103,719	-	-	-	1,000	190	104,909
Capital Market	-	-	-	-	-	-	-	-	-	-	-
Communication	-	-	-	-	22,387	-	-	-	196	-	22,583
Consumer	-	-	-	-	83,616	-	-	-	3	-	83,619
Education	-	-	-	-	9,233	-	-	-	-	-	9,233
Finance and Insurance	32,002	234,953	628	276	14,618	-	-	-	500	-	282,977
Government	572,597	-	10,644	-	73,102	2,112	130,730	316,204	12,687	12,724	1,130,800
Manufacturing	-	-	-	-	46,681	-	-	-	6,054	79,983	132,718
Mining & Quarrying	-	-	-	-	64	-	-	-	-	-	64
Mortgage	-	-	-	-	2,249	-	-	-	-	-	2,249
Oil & Gas	-	-	-	-	285,277	-	-	-	48,178	72,792	406,247
Others		-	-	-	116,095	-	-	-	18,920	9,879	144,894
Power	-	-	-	-	30,479	-	-	-	859	4,778	36,116
Real Estate & Construction	-	-	-	-	17,869	-	-	-	62,648	22	80,539
Transportation	-	-	-	-	55,951	-	-	-	14,786	-	70,737
Non-Interest Banking	-	-	-	-	34,482	-	-	-	2,069	408	36,959
	604,599	**234,953**	**11,272**	**276**	**895,822**	**2,112**	**130,730**	**316,204**	**167,900**	**180,776**	**2,544,644**
Concentration by location:											
Nigeria	604,599	1,040	11,272	276	895,822	2,112	130,730	316,204	167,900	180,776	2,310,731
America	-	120,890	-	-	-	-	-	-	-	-	120,890
Europe	-	112,934	-	-	-	-	-	-	-	-	112,934
Africa	-	89	-	-	-	-	-	-	-	-	89
Asia	-	-	-	-	-	-	-	-	-	-	-
	604,599	**234,953**	**11,272**	**276**	**895,822**	**2,112**	**130,730**	**316,204**	**167,900**	**180,776**	**2,544,644**

Company 31 Dec 2023	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	-	-	-	-	-	-	-	-	-	-	-
Agriculture	-	-	-	-	-	-	-	-	-	-	-
Capital Market	-	-	-	-	-	-	-	-	-	-	-
Communication	-	-	-	-	-	-	-	-	-	-	-
Consumer	-	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-	-
Finance and Insurance	-	8,696	-	-	-	-	-	-	-	-	8,696
Government	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-	-	-	-
Mining & Quarrying	-	-	-	-	-	-	-	-	-	-	-
Mortgage	-	-	-	-	-	-	-	-	-	-	-
Oil & Gas	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
Power	-	-	-	-	-	-	-	-	-	-	-
Real Estate & Construction	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-
Non-Interest Banking	-	-	-	-	-	-	-	-	-	-	-
	-	**8,696**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8,696**
Concentration by location:											
Nigeria	-	8,696	-	-	-	-	-	-	-	-	8,696
America	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-
Asia	-	-	-	-	-	-	-	-	-	-	-
	-	**8,696**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8,696**

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**

Company 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	-	-	-	-	-	-	-	-	-	-	-
Agriculture	-	-	-	-	-	-	-	-	-	-	-
Capital Market	-	-	-	-	-	-	-	-	-	-	-
Communication	-	-	-	-	-	-	-	-	-	-	-
Consumer	-	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-	-
Finance and Insurance	-	-	-	-	-	-	-	-	-	-	-
Government	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-	-	-	-
Mining & Quarrying	-	-	-	-	-	-	-	-	-	-	-
Mortgage	-	-	-	-	-	-	-	-	-	-	-
Oil & Gas	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
Power	-	-	-	-	-	-	-	-	-	-	-
Real Estate & Construction	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-
Non-Interest Banking	-	-	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Concentration by location:											
Nigeria	-	-	-	-	-	-	-	-	-	-	-
America	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-
Asia	-	-	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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 In millions of Naira	31 Dec 2023	31 Dec 2022
Bonds, guarantees and indemnities	168,437	116,156
Letters of credit	180,777	113,786
	349,214	**229,942**

Maturity profile of contingents and commitments

As at 31 Dec 2023 **In millions of Naira**	**On demand**	**Less than 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Bonds, guarantees and indemnities	-	20,422	55,330	38,139	54,546	168,437
Letters of credit	-	177,929	2,848	-	-	180,777
Total undiscounted financial assets (A)	**-**	**198,351**	**58,178**	**38,139**	**54,546**	**349,214**

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**
	N'000	N'000	N'000	N'000	N'000	N'000
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**

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 2023 Assets **In millions of Naira**	carrying values of:			
	Defaulted exposures	Non defaulted exposures	Allowances/ impairments	Net values
Loans and advances to customers	46,969	879,497	(30,644)	895,822
Debt securities	-	-	-	-
Off balance sheet exposures	-	349,214	(538)	348,676
Total	**46,969**	**1,228,711**	**(31,182)**	**1,244,498**

In millions of Naira	RR1 - RR2	RR3 - RR4	RR5 - RR6	RR7 - RR9	Total	Carrying Amount
Balances with Central Bank of Nigeria	604,599	-	-	-	604,599	604,599
Due from banks	234,953	-	-	-	234,953	234,953
Pledged assets	11,272	-	-	-	11,272	11,272
Derivative financial assets	276	-	-	-	276	276
Loans and advances to customers	67,333	510,569	301,595	46,969	926,466	895,822
Financial assets at fair value through profit or loss	2,112	-	-	-	2,112	2,112
Investments securities - FVOCI	316,204	-	-	-	316,204	316,204
Investments securities - amortised cost	131,012	-	-	-	131,012	130,730
Other assets	-	227,639	-	-	227,639	227,639
Total	**1,367,761**	**738,208**	**301,595**	**46,969**	**2,454,533**	**2,423,607**

The Standardized 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 2022 Assets **In millions of Naira**	carrying values of:			
	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**

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 2023 **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	48,181	878,285	830,104	-	-
Debt Securities	-	-		-	-
Total	48,181	878,285	830,104	-	-
of which defaulted	**-**	**46,969**	-	-	-

Credit Risk Exposure and Credit Risk Mitigation (CRM)

Assets Classes	Exposures pre Credit Conversion Factor and Credit Risk Mitigation		Exposures post Credit Conversion Factor and Credit Risk Mitigation		
In millions of Naira	on balance sheet	off- balance sheet	on balance sheet	off- balance sheet	Risk Weighted Assets (RWA)
Sovereigns and their central banks	1,071,013	-	1,071,013	-	-
Non-central government public sector entities	91,673	-	41,090	6,695	47,744
Supervised institutions	331,801	21,165	331,104	-	67,654
Corporates	601,895	291,274	502,757	98,002	540,240
Regulatory retail portfolios	95,033	59,230	93,471	29,607	70,107
Secured by residential property	10,496	-	9,914	-	8,977
Secured by commercial real estate	97,545	-	90,865	-	90,865
Past due loans	27,668	-	27,668	-	30,343
Higher–risk categories	36,906	-	36,906	-	55,360
Other assets	198,895	33,973	198,895	14,284	149,196
Total	**2,562,925**	**405,642**	**2,403,683**	**148,588**	**1,060,486**

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	Exposures pre Credit Conversion Factor and Credit Risk Mitigation		Exposures post Credit Conversion Factor and Credit Risk Mitigation		
In millions of Naira	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**

Exposure By Asset Classes And Risk Weights

31 Dec 2023 **In millions of Naira** **Risk weight**	0%	20%	50%	75%	100%	150%	Exposure Amount (Post CCF and Post CRM)
Sovereigns	1,071,013	-	-	-	-	-	1,071,013
Non-central government public sector entities (PSEs)	-	2,644	4,103	-	41,038	-	47,785
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-
Supervised Institutions	-	329,155	251	-	1,696	-	331,102
Corporates	-	31,757	66,246	-	502,757	-	600,760
Regulatory Retail Portfolios	-	5	29,602	93,471	-	-	123,078
Secured by Mortgages on Residential Properties	-	-	-	3,747	6,167	-	9,914
Exposures Secured by Mortgages on Commercial Real Estates	-	-	-	-	90,865	-	90,865
Past due loans	-	-	9	-	22,298	5,360	27,667
Higher–risk categories	-	-	-	-	-	36,906	36,906
Other assets	63,748	1,802	12,482	-	135,147	-	213,179
Total	**1,134,761**	**365,363**	**112,693**	**97,218**	**799,968**	**42,266**	**2,552,269**

Counterparty Credit Risk Exposures By Regulatory Portfolio And Risk Weights

31 Dec 2023 **In millions of Naira** **Risk weight**	0%	20%	50%	75%	100%	150%	Total Credit Exposure Amount (Pre CCF and CRM)
Sovereigns	1,071,013	-	-	-	-	-	1,071,013
Non-central government public sector entities (PSEs)	-	13,011	8,206	-	91,621	-	112,838
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-
Supervised Institutions	-	329,853	251	-	1,696	-	331,800
Corporates	-	158,783	132,491	-	601,895	-	893,169
Regulatory Retail Portfolios	-	26	59,204	95,033	-	-	154,263
Secured by Mortgages on Residential Properties	-	-	-	3,929	6,567	-	10,496
Exposures Secured by Mortgages on Commercial Real Estates	-	-	-	-	97,545	-	97,545
Past due loans	-	-	9	-	22,298	5,360	27,667
Higher –risk categories	-	-	-	-	-	36,906	36,906
Other assets	63,748	9,009	24,964	-	135,147	-	232,868
Total	**1,134,761**	**510,682**	**225,125**	**98,962**	**956,769**	**42,266**	**2,968,565**

Exposure By Asset Classes And Risk Weights

31 Dec 2022 **In millions of Naira** **Risk weight**	0%	20%	50%	75%	100%	150%	Exposure Amount (Post CCF and Post CRM)
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** **Risk weight**	0%	20%	50%	75%	100%	150%	Total Credit Exposure Amount (Pre CCF and CRM)
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**

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 unlikeliness 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' 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 2022 and 2023.

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 31 Dec 2023 **Key drivers**	ECL Scenario	Assigned probabilities	2023	2024	2025	2026	2027	Subseqeunt years
GDP growth rate%	Upside	17%	2.54%	4.25%	4.25%	4.50%	4.50%	4.50%
	Base Case	61%	2.51%	3.75%	3.75%	4.50%	4.50%	4.50%
	Downside	23%	2.31%	3.25%	3.25%	4.00%	4.00%	4.00%
Exchange rate	Upside	17%	756.24	905.00	845.00	800.00	725.00	680.00
	Base Case	61%	776.79	925.00	865.00	805.00	745.00	700.00
	Downside	23%	951.79	945.00	885.00	825.00	765.00	720.00
Inflation rate %	Upside	17%	22.04%	25.25%	24.25%	23.25%	22.25%	21.25%
	Base Case	61%	22.79%	26.00%	25.00%	24.00%	23.00%	22.00%
	Downside	23%	26.72%	26.75%	25.75%	24.75%	23.75%	22.75%

Group and Bank 31 Dec 2022 **Key drivers**	ECL Scenario	Assigned probabilities	2022	2023	2024	2025	2026	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%

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 2023 **In millions**	Debt instruments at FVOCI	Debt instruments at amortised cost	Corporate lending	Individual/ Retail lending	Financial guarantee	Letter of credit
Upside (12%)	218	50	3,164	1,960	90	0
Base (65%)	788	181	11,467	7,104	325	1
Downside (23%)	295	67	4,291	2,658	122	0
Total	1,301	298	18,922	11,722	537	1

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 (23%)	62	28	1,348	1,118	129	25
Base (50%)	335	149	7,285	6,044	698	135
Downside (27%)	117	51	2,543	2,110	244	47
Total	514	228	11,176	9,272	1,071	207

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 2023	31 Dec 2022
Amortised costs of financial assets modified during the period		
Loans and advances	17,788	41,306
Net modification gain/(loss)	(611)	188
Amortised cost after modification	17,177	41,494

(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 inability 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 Committees (ALCO) are responsible for managing the liquidity of the Group. The Asset and Liability Management (ALM) function manages the day-to-day liquidity requirements across the Group. The Market & Liquidity Risk function actively manages and monitors liquidity through the framework of limits, behavioural patterns of nonmaturing assets and liabilities, among others. 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 function and market and Liqudity Risk function).

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 2023	As at 31 Dec 2022
At end of year	32.41%	37.22%
Average for the year	31.83%	31.58%
Maximum for the year	35.34%	42.76%
Minimum for the year	30.25%	21.12%

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 2023 was 192.37%. 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 144.04% as at 31 December 2023, 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 2023

	As at 31 Dec 2023	As at 31 Dec 2022
Liquidity Ratio	32.41%	**37.22%**
Net Interbank Borrowing /Total Deposit	0.00%	**0.89%**
Loan/ Deposit Ratio	56.25%	**54.10%**
Current and Savings Account/Total Deposit	74.87%	**70.74%**

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 2022 and 31 December 2023, the Group's total deposit base grew on a yearly basis by 39% from N1.328billion to N1,842billion. It is instructive to note that 57% 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 2023 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	604,599	604,599	156,922	-	-	-	447,677
Due from banks	17	234,953	234,953	234,953	-	-	-	-
Pledged assets	18	11,272	11,598	-	5,600	5,778	-	220
Derivative financial assets	19	276	276	276	-	-	-	-
Loans and advances to customers	20	895,822	930,014	338,057	141,593	109,978	232,086	108,300
Investment securities:								
- Financial assets at fair value through profit or loss	21(a)	2,112	2,198	136	144	693	535	690
- Debt instruments at fair value through other comprehensive income	21(b)	316,204	330,168	52,488	30,338	47,031	78,428	121,883
- Equity instruments at fair value through other comprehensive income	21(c)	36,906	36,906	-	-	-	-	36,906
- Debt instruments at amortised cost	21(d)	130,730	136,513	39,987	8,253	30,336	40,503	17,434
Other assets	23	242,110	249,381	70,087	44,214	70,216	20,318	44,546
		2,474,984	**2,536,606**	**892,906**	**230,142**	**264,032**	**371,870**	**777,656**
Financial liabilities								
Deposits from banks	27	-	-	-	-	-	-	-
Deposits from customers	28	1,842,815	1,852,349	609,838	128,778	399,472	272,986	441,275
Debt securities issued & other borrowed funds	29&30	242,644	290,636	2,349	10,003	13,486	156,329	108,469
Other liabilities	31	257,910	257,345	30,184	41,635	66,613	30,892	88,598
		2,343,369	**2,400,330**	**642,371**	**180,416**	**479,571**	**460,207**	**638,342**
Gap (asset - liabilities)		**131,615**	**136,276**	**250,535**	**49,726**	**(215,539)**	**(88,337)**	**139,314**
Cumulative liquidity gap				**250,535**	**300,261**	**84,722**	**(3,615)**	**135,699**

Group

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**

Company

31 Dec 2023 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	-	-	-	-	-	-	-
Due from banks	17	8,696	8,696	8,696	-	-	-	-
Pledged assets	18	-	-	-	-	-	-	-
Derivative financial assets	19	-	-	-	-	-	-	-
Loans and advances to customers	20	-	-	-	-	-	-	-
Investment securities:				-	-	-	-	-
- Financial assets at fair value through profit or loss	21(a)	-	-	-	-	-	-	-
- Debt instruments at fair value through other comprehensive income	21(b)	-	-	-	-	-	-	-
- Equity instruments at fair value through other comprehensive income	21(c)	-	-	-	-	-	-	-
- Debt instruments at amortised cost	21(d)	-	-	-	-	-	-	-
Other assets	23	411	411	411	-	-	-	-
		9,107	**9,107**	**9,107**	**-**	**-**	**-**	**-**
Financial liabilities								
Deposits from banks	27	-	-	-	-	-	-	-
Deposits from customers	28	-	-	-	-	-	-	-
Debt securities issued & other borrowed funds	29&30	-	-	-	-	-	-	-
Other liabilities	31	612	612	612	-	-	-	-
		612	**612**	**612**	**-**	**-**	**-**	**-**
Gap (asset - liabilities)		**8,495**	**8,495**	**8,495**	**-**	**-**	**-**	**-**
Cumulative liquidity gap				**8,495**	**8,495**	**8,495**	**8,495**	**8,495**

Company

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	-	-	-	-	-	-	-
Due from banks	17	-	-	-	-	-	-	-
Pledged assets	18	-	-	-	-	-	-	-
Derivative financial assets	19	-	-	-	-	-	-	-
Loans and advances to customers	20	-	-	-	-	-	-	-
Investment securities:								
- Financial assets at fair value through profit or loss	21(a)	-	-	-	-	-	-	-
- Debt instruments at fair value through other comprehensive income	21(b)	-	-	-	-	-	-	-
- Equity instruments at fair value through other comprehensive income	21(c)	-	-	-	-	-	-	-
- Debt instruments at amortised cost	21(d)	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-
		-	**-**	**-**	**-**	**-**	**-**	**-**
Financial liabilities								
Deposits from banks	27	-	-	-	-	-	-	-
Deposits from customers	28	-	-	-	-	-	-	-
Debt securities issued & other borrowed funds	29&30	-	-	-	-	-	-	-
Other liabilities	31	-	-	-	-	-	-	-
		-	**-**	**-**	**-**	**-**	**-**	**-**
Gap (asset - liabilities)		**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cumulative liquidity gap				**-**	**-**	**-**	**-**	**-**

While there is a negative cumulative liquidity gap within one year, it does not reflect the actual liquidity position of the Group 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

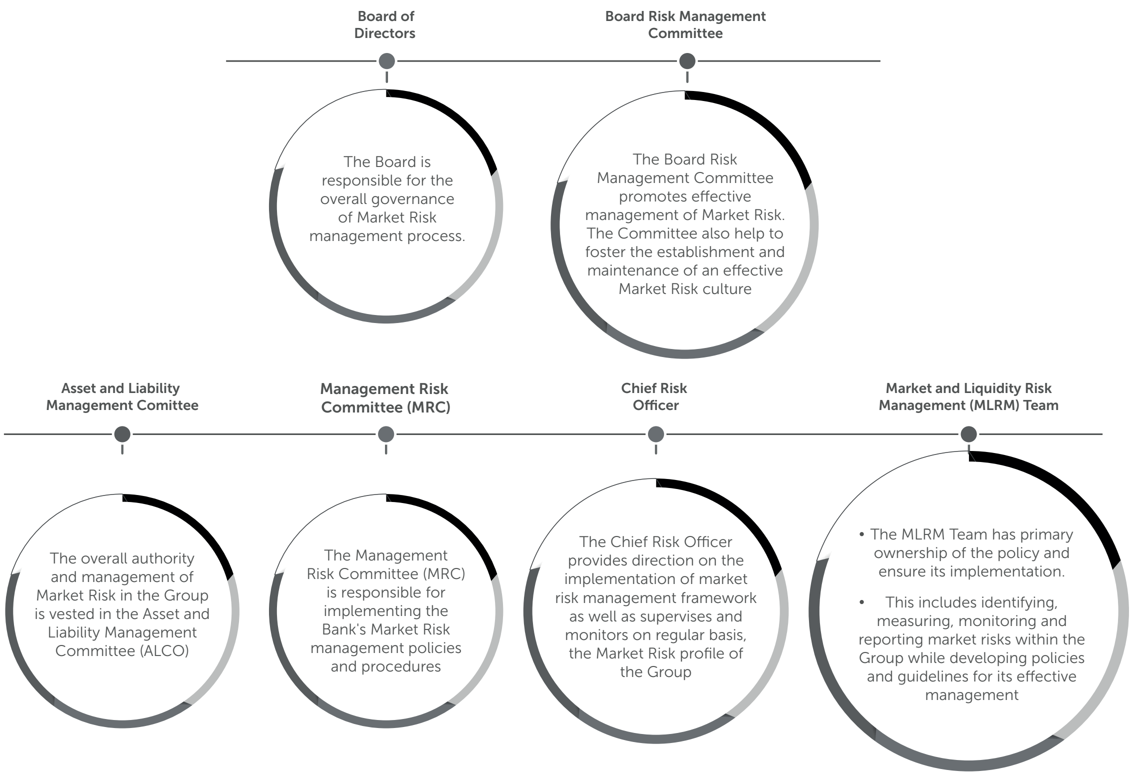
The Group has put in place a robust and clearly defined market risk management framework, which essentially provides the Board and Management with guidance on market risk management processes. All teams involved in the management and control of market risk are required to fully comply with the policy 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.

2023 (all figures in N'million)	Interest Rate	Foreign Exchange
VaR as at 31 Dec 2023	30.62	64.56

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 though 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 2023	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	234,953	-	-	-	-	234,953
Loans and advances to customers	20	348,101	139,856	97,229	214,206	96,430	895,822
Investment securities :							
- Financial assets at fair value through profit or loss	21(a)	137	141	635	567	632	2,112
- Debt instruments at fair value through other comprehensive income	21(b)	81,385	27,060	31,695	65,347	110,717	316,204
- Debt instruments at amortised cost	21(d)	45,090	8,431	28,698	29,499	19,012	130,730
		709,666	**175,488**	**158,257**	**309,619**	**226,791**	**1,579,821**
Non-derivative liabilities							
Deposits from Banks	27	-	-	-	-	-	-
Deposits from customers	28	283,543	64,239	191,505	100,412	160,657	800,356
Other borrowed funds & Debt securities issued	29&30	-	-	-	181,155	61,489	242,644
		283,543	**64,239**	**191,505**	**281,567**	**222,146**	**1,043,000**
Total interest sensitivity gap		**426,123**	**111,249**	**(33,248)**	**28,052**	**4,645**	**536,821**

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)	49,669	993	(993)
from 1 to 3 months	335	0.02	(0.02)	351,393	7,028	(7,028)
from 3 to 6 months	275	0.02	(0.02)	116,878	2,338	(2,338)
from 6 to 12 months	185	0.02	(0.02)	(31,483)	(630)	630
Total				486,457	9,729	(9,729)

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%	49,669	40
From 1 to 3 months	0.31%	351,393	1,082
From 3 to 6 months	0.68%	116,878	800
From 6 to 12 months	1.31%	(31,483)	(413)
1 year to 2 years	2.46%	(109,202)	(2,689)
2 years to 3 years	3.80%	52,251	1,988
3 years to 4 years	5.05%	29,535	1,492
4 years to 5 years	6.41%	43,948	2,818
5 years to 7 years	8.27%	(19,926)	(1,648)
7 years to 10 years	9.06%	54,031	4,895
10 years to 15 years	11.70%	14,242	1,666
15 years to 20 years	11.73%	1,362	160
More than 20 years	12.72%	(11,105)	(1,412)
Total		541,593	8,779

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)

Company 31 Dec 2023	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	8,696	-	-	-	-	8,696
Loans and advances to customers	20	-	-	-	-	-	-
Investment securities :		-	-	-	-	-	-
- Financial assets at fair value through profit or loss	21(a)	-	-	-	-	-	-
- Debt instruments at fair value through other comprehensive income	21(b)	-	-	-	-	-	-
- Debt instruments at amortised cost	21(d)	-	-	-	-	-	-
		8,696	**-**	**-**	**-**	**-**	**8,696**
Non-derivative liabilities:							
Deposits from Banks	27	-	-	-	-	-	-
Deposits from Customers	28	-	-	-	-	-	-
Other borrowed funds & Debt securities issued	29&30	-	-	-	-	-	-
		-	**-**	**-**	**-**	**-**	**-**
Total interest sensitivity gap		**8,696**	**-**	**-**	**-**	**-**	**8,696**

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)	8,696	174	(174)
from 1 to 3 months	335	0.02	(0.02)	-	-	-
from 3 to 6 months	275	0.02	(0.02)	-	-	-
from 6 to 12 months	185	0.02	(0.02)	-	-	-
Total				8,696	174	(174)

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%	8,696	7
From 1 to 3 months	0.31%	-	-
From 3 to 6 months	0.68%	-	-
From 6 to 12 months	1.31%	-	-
1 year to 2 years	2.46%	-	-
2 years to 3 years	3.80%	-	-
3 years to 4 years	5.05%	-	-
4 years to 5 years	6.41%	-	-
5 years to 7 years	8.27%	-	-
7 years to 10 years	9.06%	-	-
10 years to 15 years	11.70%	-	-
15 years to 20 years	11.73%	-	-
More than 20 years	12.72%	-	-
Total		8,696	7

Company 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	-	-	-	-	-	-
Loans and advances to customers	20	-	-	-	-	-	-
Investment securities :							
- Financial assets at fair value through profit or loss	21(a)	-	-	-	-	-	-
- Debt instruments at fair value through other comprehensive income	21(b)	-	-	-	-	-	-
- Debt instruments at amortised cost	21(d)	-	-	-	-	-	-
		-	**-**	**-**	**-**	**-**	**-**
Non-derivative liabilities:							
Deposits from Banks	27	-	-	-	-	-	-
Deposits from Customers	28	-	-	-	-	-	-
Other borrowed funds & Debt securities issued	29&30	-	-	-	-	-	-
		-	**-**	**-**	**-**	**-**	**-**
Total interest sensitivity gap		**-**	**-**	**-**	**-**	**-**	**-**

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)	-	-	-
from 1 to 3 months	335	0.02	(0.02)	-	-	-
from 3 to 6 months	275	0.02	(0.02)	-	-	-
from 6 to 12 months	185	0.02	(0.02)	-	-	-
Total				-	-	-

Impact of Standardized Interest Rate Shock on Equity

Time Band	Weighting factor	Interest Rate Gap (Net Positions)	Impact on Equity
Up to 1 month	-	-	-
From 1 to 3 months	-	-	-
From 3 to 6 months	-	-	-
From 6 to 12 months	-	-	-
1 year to 2 years	-	-	-
2 years to 3 years	-	-	-
3 years to 4 years	-	-	-
4 years to 5 years	-	-	-
5 years to 7 years	-	-	-
7 years to 10 years	-	-	-
10 years to 15 years	-	-	-
15 years to 20 years	-	-	-
More than 20 years	-	-	-
Total		-	-

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 2023

Group 31 Dec 2021	Naira N'millions	Dollar N'millions	GBP N'millions	Euro N'millions	Others N'millions	Total N'millions
Assets						
Cash and balance with Central Bank of Nigeria	452,723	24,871	1,140	945	-	479,679
Add un-restricted balance	124,920	-	-	-	-	124,920
Due from other banks	1,015	182,729	7,991	42,300	918	234,953
Financial assets pledged as collateral	11,272	-	-	-	-	11,272
Derivative financial assets	-	276	-	-	-	276
Loans and advances to customers	565,610	327,518	1	2,693	-	895,822
Financial assets at fair value through profit or loss	2,112	-	-	-	-	2,112
- Debt instruments at fair value through other comprehensive income	240,069	72,416	-	3,719	-	316,204
Debt instruments at amortised cost	130,730	-	-	-	-	130,730
Other assets	118,252	123,886	(25)	(11)	8	242,110
Total financial assets (A)	**1,646,703**	**731,696**	**9,107**	**49,646**	**926**	**2,438,078**
Liabilities						
Due to banks	-	-	-	-	-	-
Due to customers	1,357,534	429,192	8,242	47,847	-	1,842,815
Debt issued and other borrowed funds	149,260	93,384	-	-	-	242,644
Other financial liabilities	40,180	215,205	566	1,055	904	257,910
Total financial liabilities (B)	**1,546,974**	**737,781**	**8,808**	**48,902**	**904**	**2,343,369**
Net financial assets/ (liabilities)	**99,729**	**(6,085)**	**299**	**744**	**22**	**94,709**

Sensitivity Analysis of Foreign Currency Balance Sheet

Currency	Dollar N'millions	GBP N'millions	Euro N'millions	Total N'millions
Net On Balance Sheet Position	(6,085)	299	744	(5,042)
Closing Exchange Rate (Naira/Currency)	952	1,211	1,052	
10% Currency Appreciation (-)	857	1,090	946	
10% Currency Depreciation (+)	1,047	1,332	1,157	
Effect of 10% appreciation on Profit	609	(30)	(74)	504
Effect of 10% depreciation on Profit	(609)	30	74	(504)

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	
1% Currency Appreciation (-)	415	500	443	
1% Currency Depreciation (+)	507	611	542	
Effect of 1% appreciation on Profit	2,440	6	656	3,102
Effect of 1% depreciation on Profit	(2,440)	(6)	(656)	(3,102)

Company 31 Dec 2023	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	-	-	-	-	-	-
Add un-restricted balance	-	-	-	-	-	-
Due from other banks	8,696	-	-	-	-	8,696
Financial assets to maturity pledged as collateral	-	-	-	-	-	-
Derivative financial assets	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Financial assets held for trading	-	-	-	-	-	-
- Debt instruments at fair value through other comprehensive income	-	-	-	-	-	-
Debt instrument at amortised cost	-	-	-	-	-	-
Other assets	411	-	-	-	-	411
Total financial assets (A)	**9,107**	**-**	**-**	**-**	**-**	**9,107**
Liabilities						
Due to banks	-	-	-	-	-	-
Due to customers	-	-	-	-	-	-
Debts issued and other borrowed funds	-	-	-	-	-	-
Other financial liabilities	612	-	-	-	-	612
Total financial liabilities (B)	**612**	**-**	**-**	**-**	**-**	**612**
Net financial assets/ (liabilities)	**8,495**	**-**	**-**	**-**	**-**	**8,495**

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	-	-	-	-
Closing Exchange Rate (Naira/Currency)	952	1,211	1,052	
10% Currency Appreciation (-)	857	1,090	946	
10% Currency Depreciation (+)	1,047	1,332	1,157	
Effect of 10% appreciation on Profit	-	-	-	-
Effect of 10% depreciation on Profit	-	-	-	-

Company 31 Dec 2022	Naira N'millions	Dollar N'millions	GBP N'millions	Euro N'millions	Others N'millions	Total N'millions
Assets						
Cash and balance with Central Bank of Nigeria	-	-	-	-	-	-
Add un-restricted balance	-	-	-	-	-	-
Due from other banks	-	-	-	-	-	-
Financial assets to maturity pledged as collateral	-	-	-	-	-	-
Derivative financial assets	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Financial assets held for trading	-	-	-	-	-	-
- Debt instruments at fair value through other comprehensive income	-	-	-	-	-	-
Debt instrument at amortised cost	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total financial assets (A)	**-**	**-**	**-**	**-**	**-**	**-**
Liabilities						
Due to banks	-	-	-	-	-	-
Due to customers	-	-	-	-	-	-
Debt issued and other borrowed funds	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-
Total financial liabilities (B)	**-**	**-**	**-**	**-**	**-**	**-**
Net financial assets/ (liabilities)	**-**	**-**	**-**	**-**	**-**	**-**

Sensitivity Analysis Of Foreign Currency Balance Sheet

Currency	Dollar N'millions	GBP N'millions	Euro N'millions	Total N'millions
Net On Balance Sheet Position	-	-	-	-
Closing Exchange Rate (Naira/Currency)	-	-	-	-
1% Currency Appreciation (-)	-	-	-	-
1% Currency Depreciation (+)	-	-	-	-
Effect of 1% appreciation on Profit	-	-	-	-
Effect of 1% depreciation on Profit	-	-	-	-

(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 2023 **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%	98,754	116,892	139,132	354,778	53,217
Number of years with positive annual gross income						3
Mean Average of Aggregate Capital						17,739
Calibrated Risk Weighted Amount (BIA)						221,736

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

(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 Group's regulatory capital is analysed into two tiers:

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

Tier 2 capital, which includes qualifying subordinated liabilities, allowances and the element of the fair value reserve relating to unrealised gains on equity instruments classified as 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 2023 is in line with revised guidance notes on implementation and the reporting template for capital adequacy ratio issued by Central Bank of Nigeria, referenced BSD/DIR/GEN/BAS/08/031 and dated 24 June 2015. The computations are consistent with the requirements of Pillar I of Basel II Accord (International Convergence of Capital Measurement and Capital Standards). Although the guidelines comply with the requirements of the Basel II accords, certain sections were adjusted to reflect the peculiarities of the Nigerian environment.

The Group, in line with the directives from the Central Bank of Nigeria (CBN), has adopted the following approaches for its Pillar 1 capital calculation:

- 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 2023	Group 2022
		N'millions	N'millions
Paid- up share capital	32.1	14,395	14,395
Share premium		42,759	42,759
General reserve (Retained earnings)		42,506	44,922
SMEEIS reserve		235	235
AGSMEIS reserve		4,489	3,347
Statutory reserve		31,982	28,200
Other reserves		5,276	3,250
Tier 1 Capital Before Regulatory Deduction		**141,642**	**137,108**
Regulatory Deduction			
Deferred tax assets		(9,507)	(7,005)
Other intangible assets		(721)	(950)
Total Regulatory Deduction		**(10,228)**	**(7,955)**
Tier 1 Capital after Regulatory Deduction		**131,414**	**129,153**
Tier 2 capital: Instruments & Reserves			
Sub-ordinated debt *		8,112	13,198
Other comprehensive income		19,036	6,695
Eligible Tier 2 Capital		27,148	19,893
Total regulatory capital		158,562	149,046
Risk-weighted assets		1,267,282	1,013,589
Total tier 1 and tier 2 capital expressed as a percentage of			
risk-weighted assets		12.51%	14.70%

* 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	5 October 2018	5 October 2025	16.25%	33,959

Internal Capital Adequacy Assessment Process (ICAAP)

The Group 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 Group's banking subsidiaries 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 Banks' business and sets out the Banks' philosophy, processes, and techniques for managing risks across the Banks. 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 Banks' 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	-	-
1.03	State and Local Government	41,049	4,194
1.04	Multilateral Development Bank	-	-
1.05	Supervised Institutions	67,654	6,912
1.06	Corporate and Other Persons	502,757	51,367
1.07	Regulatory Retail Portfolio	70,103	7,162
1.08	Secured by Mortgages on Residential Properties	8,977	917
1.09	Exposures Secured by Mortgages on Commercial Real Estates	90,865	9,284
1.10	Past Due	30,343	3,100
1.11	Higher Risk Exposures	55,360	5,656
1.12	Other Balance Sheet Exposures	135,147	13,808
1.13	Off Balance Sheet Exposures	58,232	5,950
1.14	Regulatory Adjustment	(22,926)	-
2	**Market risk**		
2.01	Interest Rate Risk	1,336	107
2.02	Foreign Exchange Risk	6,015	481
3	**Operational risk**	221,736	17,739
3.01	Basic Indicator Approach		
4	**Capital Adequacy Ratio**		
4.01	Tier 1 Capital Adequacy Ratio	10.37%	
4.02	Total Capital Adequacy Ratio	12.51%	

(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 2023.

Group **Maturity analysis of assets and liabilities (Contd.)** 31 Dec 2023	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	156,922	-	-	-	447,677	604,599
Due from banks	234,953	-	-	-	-	234,953
Pledged assets	1	5,442	5,599	-	230	11,272
Derivative financial assets	276	-	-	-	-	276
Loans and advances to customers	348,101	139,856	97,229	214,206	96,430	895,822
Investment in securities:	-	-	-	-	-	
- Financial assets at fair value through profit or loss	137	141	635	567	632	2,112
- Debt instruments at fair value through other comprehensive income	81,385	27,060	31,695	65,347	110,717	316,204
- Equity instruments at fair value through other comprehensive income	-	-	-	-	36,906	36,906
- Debt instruments at amortised cost	45,090	8,431	28,698	29,499	19,012	130,730
Other assets	78,436	43,706	69,927	12,510	37,531	242,110
Total	**945,025**	**224,636**	**233,783**	**322,129**	**749,135**	**2,474,708**
Liabilities						
Deposits from bank	-	-	-	-	-	-
Deposits from customers	615,259	122,709	397,244	272,155	435,448	1,842,815
Debts issued and other borrowed funds	22,438	-	-	158,717	61,489	242,644
Other liabilities	26,111	41,634	66,613	30,888	92,664	257,910
Total	**663,808**	**164,343**	**463,857**	**461,760**	**589,601**	**2,343,369**
Net	**281,217**	**60,293**	**(230,074)**	**(139,631)**	**159,534**	**131,339**

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**

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 2023.

Company **Maturity analysis of assets and liabilities (Contd.)** 31 Dec 2023	Less than 3 months N'millions	3-6 months N'millions	6-12 months N'millions	1 - 5 years N'millions	More than 5 years N'millions	Total N'millions
Assets						
Cash and balances with Central Bank of Nigeria	-	-	-	-	-	-
Due from banks	8,696	-	-	-	-	8,696
Pledged assets	-	-	-	-	-	-
Derivative financial assets	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Investment in securities:	-	-	-	-	-	
- Financial assets at fair value through profit or loss	-	-	-	-	-	-
- Debt instruments at fair value through other comprehensive income	-	-	-	-	-	-
- Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-
- Debt instruments at amortised cost	-	-	-	-	-	-
Other assets	411	-	-	-	-	411
Total	**9,107**	**-**	**-**	**-**	**-**	**9,107**
Deposits from bank	-	-	-	-	-	-
Deposits from customers	-	-	-	-	-	-
Debts issued and other borrowed funds	-	-	-	-	-	-
Other liabilities	612	-	-	-	-	612
Total	**612**	**-**	**-**	**-**	**-**	**612**
Net	**8,495**	**-**	**-**	**-**	**-**	**8,495**

Company **Maturity analysis of assets and liabilities** 31 Dec 2022	Less than 3 months N'millions	3-6 months N'millions	6-12 months N'millions	1 - 5 years N'millions	More than 5 years N'millions	Total N'millions
Cash and balances with Central Bank of Nigeria	-	-	-	-	-	-
Due from banks	-	-	-	-	-	-
Pledged assets	-	-	-	-	-	-
Derivative financial assets	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Investment in securities:	-	-	-	-	-	-
- Financial assets at fair value through profit or loss	-	-	-	-	-	-
- Debt instruments at fair value through other comprehensive income	-	-	-	-	-	-
- Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-
- Debt instruments at amortised cost	-	-	-	-	-	-
Investment in subsidiary						
Other assets	-	-	-	-	-	-
Total	-	-	-	-	-	-
Deposits from bank	-	-	-	-	-	-
Deposits from customers	-	-	-	-	-	-
Debts issued and other borrowed funds	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Net	**-**	**-**	**-**	**-**	**-**	**-**

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 2023:

Group 31 Dec 2023 **Assets measured at fair value**	Note	Level 1	Level 2	Level 3	Total
		N'millions	N'millions	N'millions	N'millions
Pledged assets – FVOCI	18.1	-	-	-	-
Debt instruments at FVTPL	21(a)	2,112	-	-	2,112
Debt instruments measured at FVOCI	21(b)	316,204	-	-	316,204
Equity instruments at fair value through other comprehensive income	21(c)	-	-	36,906	36,906
Assets for which fair value are disclosed					
Due from banks		-	234,953	-	234,953
Pledged assets at Amortised cost		10,644	628	-	11,272
Loans and advances to customers		-		748,131	748,131
Debt instruments at amortised cost		-	125,768	-	125,768
Liabilities for which fair values are disclosed:					
Deposits from banks		-	-	-	-
Deposits from customers		-	-	1,688,285	1,688,285
Other borrowed funds		-	-	181,722	181,722
Debt securities issued		-	26,878		26,878

Group 31 Dec 2022 **Assets measured at fair value**	Note	Level 1 N'millions	Level 2 N'millions	Level 3 N'millions	Total 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		-	86,459	-	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		-	70,874	-	70,874
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

Fair value measurement hierarchy for assets & liabilities as at 31 December 2023

Company 31 Dec 2023 **Assets measured at fair value**	Note	Level 1 N'millions	Level 2 N'millions	Level 3 N'millions	Total N'millions
Pledged assets – FVOCI	18.1	-	-	-	-
Debt instruments at FVTPL	21(a)	-	-	-	-
Debt instruments measured at FVOCI	21(b)	-	-	-	-
Equity instruments at fair value through other comprehensive income	21(c)	-	-	-	-
Assets for which fair value are disclosed					
Due from banks		-	8,696	-	8,696
Pledged assets at Amortised cost		-	-	-	-
Loans and advances to customers		-	-	-	-
Debt instruments at amortised cost		-	-	-	-
Liabilities for which fair values are disclosed:					
Deposits from banks		-	-	-	-
Deposits from customers		-	-	-	-
Other borrowed funds		-	-	-	-
Debt securities issued		-	-	-	-

Company 31 Dec 2022 **Assets measured at fair value**	Note	Level 1	Level 2	Level 3	Total
		N'millions	N'millions	N'millions	N'millions
Pledged assets – FVOCI	18.1	-	-	-	-
Debt instruments at FVTPL	21(a)	-	-	-	-
Debt instruments measured at FVOCI	21(b)	-	-	-	-
- Equity instruments at fair value through other comprehensive income	21(c)	-	-	-	-
Assets for which fair value are disclosed					
Due from banks		-	-	-	-
Pledged assets at Amortised cost		-	-	-	-
Loans and advances		-	-	-	-
Debt instruments at amortised cost		-	-	-	-
Liabilities for which fair values are disclosed:					
Deposits from banks		-	-	-	-
Deposits from customers		-	-	-	-
Other borrowed funds		-	-	-	-
Debt securities issued		-	-	-	-

Group **Financial assets**	Carrying amount		Fair value amount	
	2023	2022	2023	2023
	N'millions	N'millions	N'millions	N'millions
Cash and balances with Central Bank of Nigeria	604,599	370,873	604,599	370,873
Due from banks	234,953	94,850	234,953	94,850
Pledged assets	11,272	10,786	11,272	10,786
Derivative financial assets	276	-	276	-
Loans and advances to customers	895,822	711,900	748,131	527,690
Investment in securities:				
- Financial assets at fair value through profit or loss	2,112	10,237	2,112	10,237
- Debt instruments at fair value through other comprehensive income	316,204	168,847	316,204	168,847
- Equity instruments at fair value through other comprehensive income	36,906	17,956	36,906	17,956
- Debt instruments at amortised cost	130,730	102,225	125,768	70,874
Total	**2,232,874**	**1,487,674**	**2,080,221**	**1,272,113**
Financial liabilities				
Deposits from banks	-	15,568	-	15,568
Deposits from customers	1,842,815	1,208,753	1,688,285	1,162,285
Other borrowed funds	208,685	116,450	181,722	93,042
Debt securities issued	33,959	42,327	26,878	40,385
Customer deposits for foreign trade	135,060	57,263	135,060	57,263
Creditors and accruals	18,295	31,549	18,295	31,549
Total	**2,238,814**	**1,471,910**	**2,050,240**	**1,400,092**

COMPANY	Carrying amount		Fair value amount	
	2023	2022	2023	2022
Financial assets	N'millions	N'millions	N'millions	N'millions
Cash and balances with Central Bank of Nigeria	-	-	-	-
Due from banks	8,696	-	8,696	-
Pledged assets	-	-	-	-
Derivative financial assets	-	-	-	-
Loans and advances to customers	-	-	-	-
Investment in securities:				
- Financial assets at fair value through profit or loss	-	-	-	-
- Debt instruments at fair value through other comprehensive income	-	-	-	-
- Equity instruments at fair value through other comprehensive income	-	-	-	-
- Debt instruments at amortised cost	-	-	-	-
Total	**8,696**	**-**	**8,696**	**-**
Financial liabilities				
Deposits from banks	-	-	-	-
Deposits from customers	-	-	-	-
Other borrowed funds	-	-	-	-
Debt securities issued	-	-	-	-
Customer deposits for foreign trade	-	-	-	-
Creditors and accruals	19	-	19	-
Total	**19**	**-**	**19**	**-**

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 2023 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Type of financial instrument	Fair value as at 31 -Dec-2023	Fair value as at 31 -Dec-2022	Valuation Technique	Unobservable Input	Range of estimates for unobservable inputs 31 Dec 2023	Range of estimates for unobservable inputs 31 Dec 2022	Relationship of unobservable inputs to fair value
	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions	N'millions
Unquoted Equity	29,114	25,227	P/BV and EV/EBITDA	P/BV multiples	0.72x - 2.34x	0.79x - 1.22x	Significant increase in P/BV, would result in higher fair values. Significant reduction would result in lower fair values
				EV/EBITDA multiples	16.27x - 38.73x	12.00x - 28.95x	Significant increase in EV/EBITDA, would result in higher fair values. Significant reduction would result in lower fair values

Level 3 fair value measurements - Effect of unobservable inputs on fair value measurement

The table below sets out information about significant unobservable inputs used as at 31 December 2023 in measuring financial instruments categorised as Level 3 in the Effect on Other Comprehensive Income value hierarchy:

Key Assumption	Effect on Other Comprehensive Income			
	Dec 2023		Dec 2022	
	5% Increase	5% Decrease	5% Increase	5% Decrease
	N'millions	N'millions	N'millions	N'millions
P/BV and EV/EBITDA multiples	1,263	(1,263)	824	(824)

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	Nature of contravention	Penalty N'millions
BSD/MEG/CON/MDL/001/106	AML/CFT/CPF Risk Based Examination (May 1, 2022 - April 30, 2023)	24.75
BSD/MEG/CON/MDL/001/118	2021 and 2022 Cybersecurity Self Assessment Report	4.00
		28.75

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 2023 is as set out below:

Group	Number		Amount Claimed		Amount Refunded	
	2023	2022	2023	2022	2023	2022
			N'millions		N'millions	
Pending complaints b/f	7,995	2,126	3,777	1,349	N/A	N/A
Complaints received	648,251	378,380	101,869	15,141	297	85
Complaints resolved/Cancelled tickets	651,105	372,511	101,315	2,274	297	85
Unresolved complaints escalated to CBN for intervention	0	3	0	10,439	N/A	N/A
Unresolved complaints pending with the bank c/f	5,141	7,992	4,331	3,777	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:

Group

	2023	2022
Number of fraud incidents	18	51
Amount involved (N'000)	1,315,712	5,237,159
Amount involved ($'000)	0	0
Actual/Expected Loss (N'000)	647,754	718,116
Actual/Expected Loss ($'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 2023 is set out below:

Group

Product	31 Dec 2023		31 Dec 2022	
	Volume	Value	Volume	Value
		N'million		N'million
Visa	468	2,696	1,451	1,807
Mastercard	64,002	206,149	74,182	215,206
Verve	391,340	1,443,470	423,405	1,284,536

45 Whistle Blowing

The Group 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 2023.

46 Non-Audit Services

During the year, the Group's auditor, Deloitte & Touche, provided the following permissible non-audit services to the Bank:

Description of the service	2023 N'million
(i) Independent Assessment of the Risk Management Function	5.0
(ii) Independent review of Corporate Governance	4.5

In the Group'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(a). Corporate Restructuring

In accordance with the Bank's plan to diversify its earnings and spin off its Non-Interest banking business into a standalone bank, erstwhile Sterling Bank PLC (the Bank) modified its operating model and restructured into a Holding Company structure, Sterling Financial Holdings Company Plc (the Holdco).

The restructuring was implemented via a scheme of arrangement between the Bank and its shareholders in line with the Guidelines for Licensing and Regulation of Financial Holding Companies in Nigeria, 2014.

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.

The Bank applied to the Corporate Affairs Commission (CAC) in September 2022 and 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 was re-registered as a private company with the Holdco as its shareholder.

The approval of the final licenses for both the Holdco and The Alternative bank Ltd, the standalone Non-Interest Bank were received on the 27th June 2023 and 26th June 2023 respectively from the Central Bank of Nigeria.

The Holdco and the AltBank commenced operations on the 1st of July 2023 following a carve out and transfer of the Non-Interest banking business from the Bank to the Holdco, making it the second subsidiary of the Holdco.

The Holdco structure will enable the Group strengthen its earnings and long-term competitiveness, increase funding sources, diversify into other permissible business areas, fostering growth and increasing shareholder value.

47(b). Reorganisation of capital

In line with the Group's reorganization scheme of arrangement, each scheme Shareholder transferred their shares from hitherto Sterling Bank Plc (now Sterling Bank Limited) to Sterling Financial Holdings Company Plc. (the Company) in consideration for the allotted shares in the Company to each Scheme Shareholder. According to IAS 27:13, the carrying amount of the shares exchanged (consideration) in the books of the Company is to be measured at Net Asset Value of Sterling Bank Plc at date of transfer (i.e., the cut-off date). The net assets as of that date was N151.5 billion.

In accounting for this transfer in its books, the Company recognized N94.6 billion Re-organization Reserve representing the difference between the carrying value (N151.5b) as at carve out date and the cost of shares (share capital and share premium) exchanged (N57.13 billion).

Other National Disclosures

Statements Of Value Added

	Group				Company			
	2023		2022		2023		2022	
	N'million	%	N'million	%	N'million	%	N'million	%
Gross earnings	221,773		175,140		14,895		-	
Interest expense	(72,718)		(52,042)		-		-	
	149,055		123,098		14,895		-	
Net impairment	(12,335)		(9,122)		-		-	
Bought-in-materials and services-local	(86,231)		(71,396)		(1,490)		-	
Value added	**50,489**	**100**	**42,580**	**100**	**13,405**	**100**	**-**	**-**
Applied to pay:								
Employee as wages, salaries and pensions	22,982	45	16,944	40	267	2	-	-
Income taxes	1,109	2	1,459	4	9	0	-	-
Retained in business:								
Depreciation and amortisation	4,814	10	4,879	11	22	0	-	-
Profit for the year	21,584	43	19,298	45	13,107	98	-	-
	50,489	**100%**	**42,580**	**100%**	**13,405**	**100%**	**-**	**-**

Value added is the wealth created by the efforts of the Group 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				
	2023	2022	2021	2020	2019
	N'million	N'million	N'million	N'million	N'million
		Restated*	Restated*		
ASSETS					
Cash and balances with Central Bank of Nigeria	604,599	431,488	370,873	303,314	156,059
Due from other banks	234,953	86,459	94,850	21,084	69,361
Pledged assets	11,272	23,098	10,786	34,860	11,831
Derivative financial assets	276	807	-	-	-
Loans and advances to customers	895,822	737,735	711,900	596,827	618,732
Investment securities:		-	-	-	-
- Financial assets at fair value through profit or loss	2,112	921	10,237	1,454	8,317
- Debt instruments at fair value through other comprehensive income	316,204	230,636	168,847	135,780	141,272
- Equity instruments at fair value through other comprehensive income	36,906	25,227	17,956	10,745	5,470
- Debt instruments at amortised cost	130,730	106,889	102,225	110,229	101,944
- Available for sale	-	-	-	-	-
- Held to maturity	-	-	-	-	-
Other assets	242,110	171,911	96,554	37,874	28,581
Property, plant and equipment	31,987	17,913	16,939	15,956	18,476
Right-of-use asset	9,103	8,342	8,141	8,319	8,896
Investment property	4,790	5,584	6,918	8,004	4,141
Intangible assets	721	950	1,081	1,582	1,933
Deferred tax assets	9,507	7,005	6,971	6,971	6,971
	2,531,092	**1,854,965**	**1,624,278**	**1,292,999**	**1,181,984**
Non-current assets held for sale	**-**	**3,027**	**-**	**-**	**701**
TOTAL ASSETS	**2,531,092**	**1,857,992**	**1,624,278**	**1,292,999**	**1,182,685**
LIABILITIES					
Deposits from banks	-	37,178	15,568	21,289	-
Deposits from customers	1,842,815	1,327,805	1,208,753	950,835	892,660
Current income tax liabilities	1,468	1,607	1,074	551	201
Other borrowed funds	208,685	133,270	116,450	86,367	82,702
Debt securities issued	33,959	42,388	42,327	42,274	42,655
Other liabilities	257,910	160,257	102,367	61,552	44,742
Provisions	724	1,489	1,180	454	167
Defered Tax Liabilities	1,927	-	-	-	-
TOTAL LIABILITIES	**2,347,488**	**1,703,994**	**1,487,719**	**1,163,322**	**1,063,127**
NET ASSETS	**183,604**	**153,998**	**136,559**	**129,677**	**119,558**
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	42,506	44,922	34,341	25,278	6,187
Other components of equity	83,944	51,922	45,064	47,245	56,217
Attributable to equity holders of the Bank	**183,604**	**153,998**	**136,559**	**129,677**	**119,558**
Other Commitments and Contingencies	**405,642**	**253,220**	**222,430**	**175,287**	**159,021**

Profit or Loss Account	2023	2022	2021	2020	2019
	N'million	N'million	N'million	N'million	N'million
			Restated*		
Gross earnings	221,773	175,140	150,153	135,835	150,195
Profit before income tax expense	22,693	20,757	16,062	12,372	10,672
Income tax expense	(1,109)	(1,459)	(1,040)	(1,130)	(70)
Profit after income tax	21,584	19,298	15,022	11,242	10,602
Earning per share in Kobo (Basic/Diluted)	75k	67k	52k	39k	37k

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

Basic Information

Sterling Financial Holdings Company Management

Yemi Odubiyi
Group Chief Executive

Olayinka Oni
Group Chief Operating Officer

Adebimpe Olambiwonnu
Group Chief Finance Officer

Kelechi Nwaoba
Group Chief Compliance Officer

Temitayo Adegoke
Group Company Secretary/ Chief Legal Officer

Olufunmilayo Lewis
Group Chief Risk Officer

Temi Dalley
Group Chief Human Resource Officer

Ibidapo Martins
Group Chief Marketing Officer

The Alternative Bank Ltd.
Management

Hassan Yusuf
Managing Director/CEO

Korede Demola-Adeniyi
Executive Director

Garba Mohammed
Executive Director

Fatai Tella
Chief Operating Officer

Olugbenga Awe
Head, Structured Trade & Commodities Finance

Sterling Bank Ltd
Management

Abubakar Suleiman
Managing Director/Chief Executive Officer

Tunde Adeola
Executive Director, Commercial & Institutional Banking

Raheem Owodeyi
Executive Director, Operations & Risk Management/COO

Mojisola Bakare
Divisional Head, Corporate Client Coverage & Sales

Obinna Ukachukwu
Chief Growth Officer

Ojiugo Emeruem
Divisional Head, Customer Experience

Dele Faseemo
Divisional Head, Investment Banking & Specialised Markets

Olawale Yinusa
Divisional Head, Operations & Service Management

Kashetolulope Lawal
Group Head, FMCG, Manufacturing & Telecoms

Sterling Bank Ltd. Management (cont'd)

Akporee Idenedo
Divisional Head,
Commercial Banking

Anwuli Femi-Pearse
Group Head,
Treasury

Olusola Obikanye
Group Head, Agric & Solid
Mineral FInance

Edward Onwubuya
AG. Chief
Audit Executive

Taiwo Adewunmi-Oni
Group Head,
Trade Services

Edward Ogunmekan
Divisional Head, Retail &
Consumer Banking

Joseph Ikpo
Divisional Head,
Institutional Banking

Adewunmi Oluremi
Group Head,
Sterling Academy

Taiwo Aluko
Chief Information
Officer

Sterling Bank Ltd. Management (cont'd)

Ubong Isong
Retail Business Executive,
FCT Region

Bisi Oduba
Group Head,
Energy

Olumuyiwa Ogunsanya
Group Head,
Emerging Corporates

Dada Kehinde
Group Head, Portfolio Mgmt.
& Risk Analysis

Faiga Adewunmi
Chief Information
Security Officer

Abubakar Soyemi
Group Head,
Channel Operations

Olutoye Ambekemo
Group Head, Risk
Management

Olawole Omotosho
Director, Engineering

Mohammed Baba
Group Head, Government
Affairs

Branch Network

STERLING BANK LTD.

S/N	BRANCHES	STATE	ADDRESS
1	**HEAD OFFICE**	Lagos	**20, MARINA LAGOS**
	ABUJA		
2	Mamman Kontagora - Area 3	Abuja	450, Mamman Kontagora Close Area 3, Garki
3	Sterling Boulevard - CBD	Abuja	Plot 1083 Muhammad Buhari Way, CBD, Abuja
4	Seda Close - Area 8	Abuja	17, Seda Close Area 8 Garki
5	National Assembly (NASS)	Abuja	SB 67 National Assembly Complex
6	Conoil -Utako	Abuja	Zitel Plaza, Utako District, Abuja
	LAGOS ISLAND 1		
7	Idumota	Lagos	99, Enu-Owa Street ,Idumota Lagos
8	Igbosere	Lagos	198, Igbosere Road, Obalende, Lagos Island
9	Oke-Arin 1	Lagos	37b, John Street, Oke Arin
10	Idumagbo	Lagos	106, Iga-iduganran Street
11	Sura	Lagos	Blk 11 Suite 3 Sura Shopping Complex
12	Oke-Arin 2	Lagos	4, Issa Williams Street, Oke Arin, Lagos State
	LAGOS ISLAND 2		
13	Adetokunbo Ademola 1	Lagos	30, Adetokunbo Ademola Street V/Island
14	Ikoyi 1	Lagos	228, Awolowo Rd Ikoyi Lagos
15	Private Banking	Lagos	9B, Wole Olateju Street, off Admiralty Way, Lekki Phase 1
16	Lekki	Lagos	Agungi Bus Stop Bakky Plaza Lekki
17	Epe	Lagos	Epe LGA Secretariat, Itamarun, Epe
18	Ikota	Lagos	Shop 14/15 Blk F Ikota Shopping Complex Ajah
19	Ikoyi 2	Lagos	114, Awolowo Road, Ikoyi, Lagos
20	Adeola Odeku		Plot 300 Adeola Odeku Street, V/Island Lagos
	LAGOS MAINLAND 1		
21	Tin-Can	Lagos	10, Tincan Island Port Rd, Apapa Lagos
22	Lasu	Lagos	LASU Ojo, Lagos
23	Kirikiri Road	Lagos	250, Kirikiri Rd Apapa Lagos
24	Creek Road	Lagos	26b Creek Rd Apapa Lagos
25	Festac	Lagos	21 Road, Festac, Lagos.
26	Trade Fair	Lagos	57BBA, Private Plaza, Balogun Business Association, Trade Fair Complex
27	Ajegunle	Lagos	66, Mobil Road, Ajegunle, Lagos
28	Coker	Lagos	29, Badagry Express Way Coker, Orile
29	Orile-Iganmu	Lagos	Orile Coker, 97, Baale Street, Coker, Orile
30	Alaba 1	Lagos	50/51, Alaba International Market Road, Alaba
	LAGOS MAINLAND 2		
31	Aromire	Lagos	9, Aromire Avenue, Ikeja
32	Ilupeju	Lagos	Akintola Williams Delloite Building, 235 Ikorodu Road
33	Adebola House	Lagos	38, Opebi Road, Ikeja
34	68 Opebi	Lagos	68, Opebi Street, Ikeja
35	Ogudu	Lagos	28,Ogudu Road, Ojota
36	Iju Road	Lagos	102, Iju Road, Ifako
37	Idimu	Lagos	294, Idimu Road, Isheri
38	Iyana-Ipaja	Lagos	109, Lagos Abeokuta Exp Way, Iyana-Ipaja
39	Shasha Road	Lagos	32, Shasha Road, Akowonjo
40	Ikotun	Lagos	18 Idimu-Ikotun Road, College B/Stop, Ikotun
41	Ogba	Lagos	38 Ijaiye Road, Ogba
42	Abule Egba	Lagos	585 Lagos-Abeokuta Expressway, Abule-Egba
43	Medical Road	Lagos	13, Medical Road, Computer Village, Ikeja

S/N	BRANCHES	STATE	ADDRESS
	LAGOS MAINLAND 4		
44	Ojuwoye Service Centre	Lagos	9, Dada Iyalode Str Ojuwoye, Mushin
45	Adeniran Ogunsanya	Lagos	74, Adeniran Ogunsanya, Surulere
46	Willoughby	Lagos	28, Willoughby Street, Ebute Metta
47	Iddo	Lagos	Railway Terminus, Ebute Metta
48	Ogunlana Drive	Lagos	141, Ogunlana Drive, Surulere
49	Herbert Macaulay	Lagos	260/262 Herbert Marcaulay Way, Yaba
50	Airport Road	Lagos	Airport Road, Ikeja
51	Daleko	Lagos	Plot 8, BLK E Daleko Market, Isolo Express Way
52	Matori	Lagos	26, Fatai Atere Way, Matori Industrial Estate
53	Ire-Akari	Lagos	68, Ire-Akari Estate, Isolo
54	Okota Road	Lagos	101 Okota Road Isolo
55	Itire	Lagos	Itire Road By Iyana-Itire Bus Stop, Off Apapa-Oshodi
56	Oshodi	Lagos	Oyetayo Street, Oshodi Local Govt, Oshodi
	NORTH CENTRAL		
57	Ali Akilu	Kaduna	9, Ali Akilu Road, Kaduna
58	Kachia Road	Kaduna	236, Kachia Road, Kaduna
59	Minna	Niger	Federal Mortgage Bank Building, Bosso Road, Minna
60	Makurdi	Benue	55, Old Otukpo Road High Level, Makurdi, Benue State
61	Lokoja	Kogi	4, Murtala Muhammed Way, Lokoja
62	Zaria	Kaduna	1, River Road, Sabon-Gari, Kaduna
63	Kaduna Refinery	Kaduna	KM16, Kachia Road, KRPC Staff Co-operative Commercial Plaza, Kaduna
64	Kagoro	Kaduna	Along Kagoro Road, Kaduna
	NORTH EAST		
65	Maiduguri	Borno	39 Kashim Ibrahim Way, Maiduguri
66	Bauchi	Bauchi	Yakubun Bauchi Rd, Beside CBN, Bauchi
67	Terminus House - Jos	Plateau	Terminus House, 1, Ahmadu Bello Way, Jos
68	Jingiri Rd - Jos	Plateau	13, Jingiri Road, Opp. Leventis Motors, Jos
69	Jimeta	Adamawa	Plot 109, Mohammed Mustapha Way, Yola North LGA, Jimeta, Yola
70	Damaturu	Yobe	5, Ahmadu Bello Way, Potiskum Road, Damaturu
71	Gombe	Gombe	New Market Road, Gombe
72	Jalingo	Taraba	26, Hammaruwa Way, Old Legacy Finbank branch, Jalingo
	NORTH WEST		
73	MM Way	Kano	110, Murtala Mohammed Way, Kano
74	Dutse	Jigawa	Kiyawa Rd Opp Oando Filling Station Dutse, Jigawa
75	Kwari Market	Kano	20, Unity Road (Kwari Market), Kano
76	Niger Street	Kano	2B, Niger Street, (Gidan Goldie), Kano
77	Kofar Ruwa	Kano	Aminu Dantata Estate, Kofar Ruwa, Kano
78	Bayero University	Kano	BUK New Campus, Kano
79	Sokoto	Sokokto	Abdullahi Fodio Road, Sokoto South LGA, Sokoto
80	Katsina	Katsina	34, General Hassan Usman Way, Katsina
81	Kebbi	Kebbi	31 Sultan Abubakar Road Road. GRA, Kebbi
82	Gusau	Zamfara	Zaria Road, Gusau
	SOUTH EAST 1		
83	Eziukwu Rd	Abia	Plot 3, Eziukwu Rd, Aba
84	Ariaria	Abia	A-Line, Ariaria International Market, Ariaria
85	Azikiwe Rd	Abia	107 Nnamdi Azikwe Road, Aba
86	Oron Rd	Akwa-Ibom	52, Oron Road, Uyo
87	Abak Rd	Akwa-Ibom	25, Atikuu Abubakar Road, Uyo
88	Clement Ebri	Cross River	1, Clement Ebri Drive, State Housing Estate, Calabar
89	Ekeoha Market Branch	Abia	KG 18, 19, 20 & 21 (UP) Ekeoha Shopping Centre, Aba
90	Whetheral Road (Old Douglas)	Imo	Plot 24, Ikenegbu Layout, Wetheral Road, Owerri
91	Library Avenue	Abia	2, Library Avenue, Opposite Michael Okpara Auditorium, Umuahia

S/N	BRANCHES	STATE	ADDRESS
	SOUTH EAST 2		
92	Market Rd	Enugu	2A, Market Rd, Enugu
93	Portharcourt Road Onitsha	Anambra	34, Port-Harcourt Rd, Fegge, Onitsha
94	Zik Avenue	Anambra	140, Zik Avenue, Awka
95	Okpara Avenue	Enugu	Plot 23 (48), Okpara Avenue, Enugu
96	Uga BridgeHead	Anambra	45 Uga Street, Fegge Bridgehead, Onitsha
97	Nottidge	Anambra	23 Nottidge Street, Onitsha
98	Abakaliki	Ebonyi	39, Ogoja road, Abakaliki
	SOUTH SOUTH 1		
99	Akpakpava	Edo	38, Akpakpava Street, Benin City
100	Asaba 1	Delta	180, Nnebisi Rd,Asaba, Delta State
101	Odibo	Delta	Effurun Sapele Rd Opp Urhobo College, Odibo Housing Estate
102	Asaba 2	Delta	290 Nnebisi Road, Asaba
103	Adesuwa Road	Edo	11, Adesuwa Grammar School Road, GRA, Benin City
104	Sapele Road	Edo	56/58 Sapele Road, Benin
105	Ikpoba Hill	Edo	40B, Ohovbe Qtrs., Ikpoba Hill, Benin City
106	Okada	Edo	Igbinedion University, Okada
107	Warri	Delta	75, Warri/Sapele Road, Warri
	SOUTH SOUTH 2		
108	13 Transamadi	Rivers	Plot 13, Transamadi, Ind Layout P/Harcourt
109	Mbiama Rd	Bayelsa	268, Mbiama/Yenagoa Rd, Yenagoa
110	Olu Obasanjo	Rivers	4, Olu Obasanjo Rd, P/Harcourt
111	Woji Rd	Rivers	142, Woji Rd, GRA 2, P/Harcourt
112	87 Rumuola	Rivers	87, Rumuola Road, Rumuokara P/Harcourt
113	UPTH	Rivers	UPTH Permanent Site, P/Harcourt (Saturday Banking)
114	204 Aba Road	Rivers	204 Kalagbor Street, Rumuola, P/Harcourt
115	Rumuibekwe	Rivers	Plot 6 And 7, (420) Aba Road, Rumuibekwe, P/Harcourt
116	Ogbunabali	Rivers	2A, Aguma Street, P/Harcourt
117	Aggrey Rd	Rivers	14, Aggrey Road, P/Harcourt
118	Melford Okilo Road	Bayelsa	252 Melford Okilo Road, Amarata, Yenagoa
119	Yenagoa	Bayelsa	Sani Abacha Way, Yenagoa
	IKORODU & BEYOND		
120	Ikorodu	Lagos	43, Lagos-Ikorodu Road
121	Ketu	Lagos	548, Ikorodu Road, Ketu
122	Ota	Ogun	64, Idiroko Rd, Ota
123	Ogijo	Ogun	1, Bishop Close, Ogijo, Lagos-Shagamu
124	Magboro	Ogun	Former Fielding Arena, Beside Peace Estate Gate At Ewenla Bus Stop, Magboro
125	Akute	Lagos	No 22, Ogunlowo Street, Ajuwon. Akute-Alagbole

S/N	BRANCHES	STATE	ADDRESS
	SOUTH WEST 1		
126	Iwo Road	Oyo	49A, Iwo Road, Ibadan
127	Dugbe	Oyo	3, Obafemi Awolowo Way, Dugbe
128	Apata	Oyo	529, Old Abeokuta Rd, Apata Gangan-Ibadan
129	Oke-Ado	Oyo	2, Ososami Rd, Oke-Ado, Ibadan
130	Secretariat	Oyo	Oyo State Govt. Secretariat Complex, Ibadan
131	Shagamu	Ogun	Along Akarigbo Road, Shagamu
132	Ring Road	Oyo	97 Lagos Road Challenge, Ibadan
133	Abeokuta	Ogun	Abeokuta Sport Club Road, Opic Roundabout, Oke-Ilewo, Abeokuta
134	Ijebu Ode	Ogun	39 Ibadan Road, Ijebu-Ode
	SOUTH WEST 2		
135	Ado Ekiti	Ekiti	Bank Road, By New Iyin Road, Ado Ekiti
136	Ore	Ondo	82, Ondo Rd, Ore
137	Akure	Ondo	142, Oba Oyemekun Rd, Akure
138	MM Way, Ilorin	Kwara	11, Muritala Mohammed Way, Ilorin
139	Ibrahim Taiwo	Kwara	Plot 240, Ibrahim Taiwo Road, Ilorin
140	Oshogbo	Osun	Km3 Ibadan Gbongan Road, Oshogbo
141	Bowen University	Osun	Bowen University, Iwo

S/N	CASH CENTER	STATE	ADDRESS
142	Wuye	Abuja	Plot 1135, Gidado Idris Street, Eternal Oil Filling Station, Finance Junction, Wuye
143	Zoo Road	Kano	110 MM Way, Kano
144	Aspanda Cash Centre	Lagos	Obi-Austin Plaza, Block CT2, Aspamda, TradeFair
145	Igbogbo Cash Centre	Lagos	27 Obafemi Awolowo Way, Igbogbo Ikorodu
146	Caleb University	Lagos	KM15, Ikorodu Itoikin Road, Imota
147	Oworo	Lagos	10, Adams Street, Oworonshoki
148	Mosinmi Cash Centre	Ogun	Mosinmi Service Centre, NNPC Depot, Mosinmi Along Shagamu Road
149	Igando	Lagos	Conoil Filling Station, KM5, LASU-Isheri Road College Bus Stop, Igando
150	Ijoko	Lagos	KM4, Ijoko Road, Cele Bus-Stop, Ijoko
151	Langbasa	Lagos	26 Langbasa Ado Road, Ajah
152	Awoyaya	Lagos	Mayfair Garden Estate, Lekki
153	Matori Cash	Lagos	26 Fatai Atere Way, Matori Industrial Estate
154	Naze Cash Centre	Imo	Naze Timber Market Owerri
155	Douglas Road Owerri	Imo	71 Douglas Road, Owerri
156	CemeteryBranch	Abia	Alphareg Park, By Conoil Filing Station, Cemetery Market
157	UUTH	Akwa Ibom	52,Oron Road, Uyo
158	Calabar EPZ Cash Centre	Cross River	2 Clement Ebri Drive, Calabar
159	Toro Orua	Bayelsa	Toro Orua, Sagbama
160	Ikere Ekiti Cash Centre	Ekiti	Ikere Ekiti College Of Education

THE ALTERNATIVE BANK LTD.

S/N	BRANCHES	STATE	ADDRESS
	--		
1	Wuse 2	Abuja	No 27, Libreville crescent, Wuse 2, Abuja
2	Yaba	Lagos	320, Herbert Macaulay way, Sabo, Yaba, Lagos
3	Bogije	Lagos	Convel Plaza, opposite beechwood estate, Ibeju Lekki Expressway, Lagos
4	Zaria	Kaduna	1-3, Park road, Sabon gari, Zaria, Kaduna
5	France Raod	Kano	No 8, France Road, Sabon-Gari, Kano
6	Ultra Modern Market	Kano	No 2, Block no. C1, Civic Center ultra-modern market, Civic Center road, Kano
7	Lafia	Lafia	Cadastral zone A22, Plot 11340, Lafia Millionaire quarters, Nassarawa
8	Katsina (Co-location)	Katsina	No 34, General Hassan Usman Way, Katsina
9	Kwari Market	Kano	20, Unity Rd (Kwari Mkt) Kano

Detachable Forms

Change of
Address Form

For Sterling Financial Holdings Company Plc Annual General Meeting

Sterling

To:

The Registrar:
Pace Registrars Limited
8th Floor, Knight Frank Building, Akuro House
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 FINANCIAL HOLDINGS COMPANY PLC**

OLD ADDRESS: ______________________________

____

____

____

NEW ADDRESS: ______________________________

____

____

____

Registrar account No: ______________________________

Shareholder's Full Names: ______________________________

E-mail: ______________________________

Mobile Phone No: ______________________________

Shareholder's Signature

(1) ______________________________

(2) ______________________________

NB: Corporate Seal/stamp required for (Corporate Shareholder)

E-bonus/Offer/
Right Form

For Sterling Financial Holdings Company Plc Annual General Meeting

Sterling

To:

The Registrar:
Pace Registrars Limited
8th Floor, Knight Frank Building, Akuro House
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 FINANCIAL HOLDINGS COMPANY 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

For Sterling Financial Holdings Company Plc Annual General Meeting

Sterling

To:

The Registrar:
Pace Registrars Limited
8th Floor, Knight Frank Building, Akuro House
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 Financial Holdings Company Plc be paid electronically to my/our Bank with below details:

Shareholder's Full Name: ______________________

Bank Name: ______________________

Account Number (NUBAN): ______________________

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: ______________________

PLEASE ATTACH VALID MEANS OF IDENTIFICATION

Shareholder's Data
Update Form

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Pace Registrars Limited
8th Floor, Knight Frank Building, Akuro House
24, Campbell Street, Lagos.

SHAREHOLDER DETAILS

In order to effectively communicate with and to provide you with information on developments within Sterling Financial Holdings Company Plc. kindly complete your shareholder's details below

Surname ____________________

Other names ____________________

Address ____________________

____

Registrar A/C No.: ____________________

Postal Address ____________________

E-mail Address ____________________

Mobile Phone No.: ____________________

Sharholder'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 holdings in Sterling Bank Plc 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, Akuro House
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**

For Sterling Financial Holdings Company Plc Annual General Meeting

I/WE, ____

being a member/members of Sterling Financial Holdings Company Plc hereby appoint **Mr. Adeyemi Adeola** or **Mr. Yemi Odubiyi,** or **Mrs. Temitayo Adegoke**, 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 virtually via **sterlingholdco.ng/agm**, on Monday, the 24th day of June 2024 at 10.00 a.m. or at any adjournment thereof.

Dated this __________ day of ________________ 2024

Shareholder's Signature ________________________________

S/N	ORDINARY BUSINESS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the year ended December 31st, 2023, together with the reports of the Directors, Auditors, and the Statutory Audit Committee thereon		
2.	To elect/re-elect Directors		
	(a) To re-elect Mr. Adeyemi Adeola as a Non-Executive Director		
	(b) To re-elect Mr. Abubakar Suleiman as a Non-Executive Director		
	(c) To re-elect Ms. Aisha Bashir, as an Independent Non-Executive Director		
	(d) To re-elect Mr. Shola Adekoya as a Non-Executive Director		
	(e) To re-elect Ms. Eniye Ambakederemo, as an Independent Non-Executive Director		
3.	To appoint Deloitte & Touche as External Auditors of the Company		
4.	To authorize the Directors to fix the remuneration of the Auditors for the 2024 financial year		
5.	To disclose the remuneration of Managers of the Company		
6.	To elect the Shareholders' representatives of the Statutory Audit Committee		
	SPECIAL BUSINESS	**FOR**	**AGAINST**
	To consider and if thought fit, pass the following resolution as an ordinary resolution:		
7.	That the Directors' Fees for the year ending 31st December 2024 be fixed **N157,178,000 (One Hundred and Fifty- Seven Million, One Hundred and Seventy-Eight Thousand Naira)** for Non-Executive Directors until reviewed by the members at an Annual General Meeting.		
8.	**To consider and if thought fit, pass the following sub-joined resolutions as ordinary resolutions:** i. That the Company be and is hereby authorized to raise additional capital of up to N200,000,000,000 (Two Hundred Billion Naira) through the issuance of shares in the Nigerian capital market by way of rights issues, private placements, public offerings, private and/or other transaction modes, at a price(s), coupon or interest rates determined through book building or any other acceptable valuation method or combination of methods, in such tranches, series or proportions, within such maturity periods and at such dates and upon such terms and conditions as may be determined by the board of directors of the Company (the Board), subject to obtaining the requisite approvals of the relevant regulatory authorities.		
	ii. In furtherance of the above, the Directors be and are hereby unconditionally authorized pursuant to sections 127(1) and 149(1)(a) of the Companies and Allied Matters Act 2020 as amended by the Business Facilitation Act 2022 to increase the share capital of the Company by the allotment of shares up to **40,000,000,000 (Forty Billion) shares of N0.50 Kobo** each ranking pari-passu with the existing ordinary shares of the Company at any time or times during the period of 2 (two) years from the date hereof;		
	iii. That in the event of a Rights Issue, any shares not taken up by existing shareholders within the period stipulated under the Rights issue may be offered for sale to other interested existing shareholders and where following such offer, any portion of the shares, remain unsubscribed, the Directors are hereby authorized to offer such shares to interested investors on similar terms to the Right Issue or offer for subscription.		
	iv. That the Directors be and are hereby authorized to appoint such professional parties and advisers and perform all other acts as may be necessary to give effect to the above resolutions, including obtaining relevant regulatory approvals and without limitation complying with the directives of any relevant regulatory authority.		

	v. That the Company Secretary be and is hereby authorized to register any increase(s) in share capital with the Corporate Affairs Commission in such incremental proportions or tranches as the Board of Directors in its absolute discretion may deem necessary or desirable; and the Board of Directors is hereby authorised to issue on behalf of shareholders; such resolutions as may be required by the Corporate Affairs Commission.		
9.	**To consider and if thought fit pass the following as a special resolution:** That the Memorandum and Articles of Association (Memart) of the Company be amended to reflect the Company's new share capital after the capital raising exercise in the resolutions above.		
10.	That the Board of Directors be and is hereby authorized to file the amended Memart at the Corporate Affairs Commission (CAC).		

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:

i. 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.

ii. To be valid, a completed proxy form should be deposited with Pace Registrars Limited, 8th Floor, Akuro House, 24 Campbell Street, Lagos, or via email at info@paceregistrars.com, not less than 48 hours before the time fixed for the meeting.

iii. 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.

sterling.ng