Sterling Financial Holdings Company Plc

Condensed Unaudited Group Interim Financial Statements
September 2023

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Directors' Report
For the period ended 30 September 2023

The Directors present their third quarter report on the affairs of Sterling Financial Holdings Company Plc ("the Company"), together with the unaudited Group Financial Statements for the quarter ended 30 September, 2023.

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 Limited, 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.

Operating results

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

	Group		Company	
In millions of Naira	September 2023	September 2022	September 2023	September 2022
Gross earnings	151,956	119,630	14,319	-
Profit before taxation	17,803	14,364	14,047	-
Taxation	(1,317)	(965)	-	-
Profit after taxation	16,486	13,399	14,047	-
Transfer to reserves	2,473	2,011	-	-
Transfer to general reserve	14,013	11,388	-	-
	16,486	13,399	-	-
Earnings per share (kobo) - Basic	57k	47k	49k	0k
Earnings per share (kobo) - diluted	57k	47k	49k	0k
	September 2023	December 2022	September 2023	December 2022
NPL Ratio	3.54%	3.88%	-	-

Directors who served during the period

The following Directors served during the period under review:

	Name	Designation	Date appointed /resigned	Interest represented
1	Mr. Adeyemi Adeola	Chairman	Appointed 27/06/2023	
2	Ms. Eniye Ambakederemo	Independent Director	Appointed 27/06/2023	
3	Mr. Adeshola Adekoya	Non-Executive Director	Appointed 27/06/2023	STB Building Society Limited Eltees Properties Rebounds Integrated Services Limited
4	Ms. Aisha Bashir	Independent Director	Appointed 27/06/2023	
5	Mr. Abubakar Suleiman	Non-Executive Director	Appointed 27/06/2023	
6	Mr. Yemi Odubiyi	Managing Director	Appointed 27/06/2023	
7	Mr. Olayinka Oni	Executive Director	Appointed 27/06/2023	

Going Concern

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

Directors interests in shares

Interest of Directors in the issued share capital of the 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:

	Number of shares			
Names	**September 2023 Direct**	**September 2023 Indirect**	**December 2022 Direct**	**December 2022 Indirect**
1 Mr. Adeyemi Adeola	57,600,025	-	-	-
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	-	-	-

Analysis of shareholding

The range analysis of the distribution of the shares of the Company as at 30 September 2023 is as follows:

Range of shares	**Number of holders**	**%**	**Number of units**	**%**
1 - 1,000	33,277	37.68%	14,724,826	0.05%
1001 - 5,000	26,029	29.47%	58,700,356	0.20%
5,001 - 10,000	8,853	10.02%	59,941,672	0.21%
10,001 - 20,000	7,056	7.99%	95,690,344	0.33%
20,001 - 50,000	5,086	5.76%	159,573,819	0.55%
50,001 - 100,000	3,068	3.47%	214,228,419	0.74%
100,001 - 200,000	1,962	2.22%	281,830,783	0.98%
200,001 - 500,000	1,603	1.81%	502,262,182	1.74%
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	51.49%
Foreign shareholding	4	0.00%	10,449,202,790	36.29%
	88,321	100.00%	28,790,418,124	100.00%

The following shareholders have shareholdings of 5% and above as at 30 September 2023:

	September 2023 Holding (units)	**September 2023 % holding**	**December 2022 Holding (units)**	**December 2022 % holding**
Silverlake Investment 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	-	-

Acquisition of own shares

The Company did not acquire any of its shares during the quarter ended 30 September 2023 (31 December, 2022: Nil).

Property, plant and equipment

Information relating to changes in property, plant and equipment is given in Note 26 to the consolidated and separate financial statements.

Employment and employees

i **Employment of disabled persons**

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

ii **Health, safety and welfare of employees**

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

iii **Employee training and development**

The Company is committed to keeping employees fully informed as much as possible regarding the Company'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 Company's performance are implemented whenever appropriate.

iv **Events after reporting date**

There were no events after the reporting date which could have had a material effect on the state of affairs of the Company as at 30 September 2023 or the profit for the period ended on that date which have not been adequately provided for or disclosed.

BY ORDER OF THE BOARD:

Temitayo Adegoke
Group Company Secretary
FRC/2018/NBA/00000018142
20 Marina, Lagos, Nigeria.
October 30, 2023

Corporate Governance

The Company complies with the relevant provisions of the Nigerian Code of Corporate Governance, the Nigerian Securities & Exchange Commission (SEC) Corporate Governance Guidelines and the Central Bank of Nigeria (CBN) Corporate Governance Guidelines for Financial Holding Companies in Nigeria.

Board Composition and Committee

Board of Directors

The Board of Directors (the 'Board') is made up of the Non-Executive Chairman, Non-Executive Directors and Executive Directors who oversee the corporate governance of the Company. The members are as follows:

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

Board Committees

The Board carries out its oversight functions through its various committees each of which has clearly defined terms of reference and a charter that has been approved by the Central Bank of Nigeria. The Board has three (3) standing committees, Board Finance & Investment Committee, Board Audit & Risk Management Committee, and Board Governance & Remuneration Committee. In line with best practice, the Chairman of the Board is not a member of any of the Committees. The composition and responsibilities of the committees are set out below:

Board Finance and Investment Committee

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

Terms of reference

- 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 with a view to maximizing 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 annual budget;
- Approve and recommend dividend and tax policies to the Board;
- 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 are comprehensive for proper deliberation and decision making;
- Ensure investment strategies, policies and guidelines are in compliance 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 risk profile agreed 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 are as follows:

1	Mr. Adeshola Adekoya	Chairman
2	Mr. Abubakar Suleiman	Member
3	Ms. Aisha Bashir	Member
4	Mr. Yemi Odubiyi	Member
5	Mr. Olayinka Oni	Member

Board Audit and Risk Management Committee

The Committee is responsible for evaluating and handling issues relating to Internal and External Audit and Risk Management in the Company.

Terms of reference

- 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 implementation of Internal Audit recommendations by Management;
- Ensure that the operations of the Internal Audit function is in compliance with acceptable International Standards for the Professional Practice of Internal Auditing;
- 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;
- Review the proposed audit plan(s) and review the results of internal audits completed since the previous Committee meeting as well as the focus of upcoming internal audit projects;
- Review the results of the annual audit report and discuss the annual financial statements with external auditors and Management;
- Review the auditors' management control letter presented by the external auditors and ensure 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"
- 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;
- Ensure that there are standards, policies and processes in place to identify and measure all material risks and respond appropriatel
- Re-evaluate all risk management policies on a periodic basis to accommodate major changes in internal or external factors; and ensure that changes are in the 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-including policies, procedures and processes for the identification, measurement, monitoring and control of risk management;
- Make recommendations to the Board concerning the levels of risk capacity and tolerance, and ensure that they are managed within these parameters; and
- Provide to the Board such assurances as it may reasonably require regarding compliance by the Company.

The members are as follows:

1	Ms. Aisha Bashir	Chairman
2	Mr. Adeshola Adekoya	Member
3	Ms. Eniye Ambakederemo	Member

Board Governance & Remuneration Committee

The Committee acts on behalf of the Board 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 re-appointing 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, time commitments for Board and Board Committees' meetings;
- Develop and maintain an appropriate corporate governance framework for the Company, and make recommendation to the Board on transparent and sound corporate governance principles;
- Develop job specification and Key Performance Indicators (KPIs), which shall be approved by the Board for the role of the Chairman and the Non-Executive Directors;
- Ensure the Board carries out annual performance review of itself and that of its Committees in accordance with applicable laws, regulations, policies and codes. The result of the exercise shall be reviewed by this Committee who shall also ensure the recommendations following the evaluation report are implemented;

Board Governance and Remuneration Committee - Continued

- Ensure that there is a proper induction programme and ongoing learning for the Board and Board committee members;
- Provide adequate oversight in reviewing and updating the Board learning programmes to ensure continuous improvement of the Board members' performance;
- Ensure that a proper succession policy and plan exists 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 full Board, compensation for the Chief Executive officer and senior management staff. The committee shall ensure its recommendations are in accordance with the Company's remuneration policy, the provisions of the CBN and SEC Codes of corporate governance and all applicable laws;
- Ensure that salary scales are set within the general Company's business policy;
- 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 Codes;
- Perform other duties related to the Company's compensation structure in accordance with applicable laws, rules, policies and regulation; and
- conduct periodic peer review of compensation and remuneration levels to ensure the Company remains competitive; and
- Undertake other reviews as the Committee deems necessary in order to fulfil its responsibilities as may be requested by the Board.

The members are as follows:

1	Ms. Eniye Ambakederemo	Chairperson
2	Mr. Abubakar Suleiman	Member
3	Ms. Aisha Bashir	Member

Statutory Audit Committee

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

Terms of reference

- To make recommendations to the Board to be put to the Shareholders for approval at the AGM regarding the appointment, removal and remuneration of the external auditors of the Company;
- To authorise 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 auditor's findings and recommendations;
- To assist in the oversight of the integrity of the Company's financial statements, compliance with legal and other regulatory requirements, assessment of qualifications and independence of the external auditor, 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;
- Discuss policies and strategies with respect to risk assessment and management;
- Meet separately and periodically with Management, internal auditors and external auditors;
- To review and ensure that adequate whistle-blowing procedures are in place;
- To review, with the external auditors, any audit scope limitations or problems encountered and management's responses to same;
- To review the independence of the external auditors and ensure that where non-audit services are provided by the external auditors, there is no conflict of interest;

Statutory Audit Committee - Continued

- To consider any related party transactions that may arise within the Company;
- 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; and
- Report to the Board regularly at such times as the Committee shall determine necessary.

The members are as follows:

1	Alhaji Mustapha Jinadu, F.IoD	Chairman
2	Mr. Adeshola Adekoya	Member
3	Mr. Idongesit E. Udoh	Member
4	Ms. Christie O. Vincent	Member
5	Ms. Eniye Ambakederemo	Member

Management Committee

1 ***Group Executive Committee (Group ExCo)***

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

Whistle Blowing Process

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

It ensures a high degree of integrity and transparency in order to achieve efficiency and effectiveness in the Group's operations.

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

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

The Group has a Whistle Blowing channel via the Group's website, dedicated telephone hotlines, and e-mail address in compliance with provisions of the CBN Guidelines for Whistleblowing for Banks and Other Financial Institutions in Nigeria.

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

Compliance Statement on Securities Trading by Interested Parties

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

During the period under review, the Directors and other key personnel of the Company complied with the terms of the Policy and the provisions of Section 14 of the Amendment to the Listing Rules of The Nigerian Stock Exchange.

Complaint Management Policy

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

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

(a) In accordance with section 405 of the Companies and Allied Act of Nigeria 2020, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the

(i) condensed unaudited 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) condensed unaudited 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 unaudited 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 condensed unaudited financial statement report is being prepared.

(ii) has evaluated the effectiveness of the group's internal controls within 90 days prior to the date of its condensed unaudited 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 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 condensed unaudited financial statements of the Group and the Company for the period ended 30 September 2023 were approved by the directors on October 30, 2023.

Signed by:

Adebimpe Olambiwonnu, FCA	**Yemi Odubiyi**
Chief Finance Officer	*Group Chief Executive Officer*
FRC/2013/ICAN/00000001253	FRC/2013/CILRM/00000001279

Condensed Statement of Profit or Loss

For the period ended 30 September 2023

		Group		Company		Group		Company	
In millions of Naira	Notes	September 2023	September 2022	September 2023	September 2022	Quarter 3 2023	Quarter 3 2022	Quarter 3 2023	Quarter 3 2022
Interest income	3	118,048	89,966	-	-	41,313	30,909	-	-
Interest expense	4	(49,545)	(35,412)	-	-	(17,940)	(10,057)	-	-
Net interest income		68,503	54,554	-	-	23,373	20,852	-	-
Net Fees and commission income	5	16,690	15,577	-	-	5,083	5,076	-	-
Net trading income	6	10,264	6,334	-	-	2,404	2,453	-	-
Other operating income	7	6,954	7,753	14,319	-	4,096	2,811	-	-
Operating income		102,411	84,218	14,319	-	34,956	31,192	-	-
Credit loss expense on financial assets	8	(6,382)	(6,068)	-	-	(2,218)	(1,992)	-	-
Net operating income after impairment		96,029	78,150	14,319	-	32,738	29,200	-	-
Personnel expenses	9	(16,288)	(12,246)	(126)	-	(6,514)	(4,552)	(126)	-
Other operating expenses	10	(22,472)	(19,944)	-	-	(7,490)	(6,974)	-	-
General and administative expenses	11	(24,102)	(19,184)	(128)	-	(7,377)	(7,045)	(128)	-
Other property, plant and equipment cost	12	(11,776)	(8,744)	(13)	-	(3,781)	(3,685)	(13)	-
Depreciation and amortisation	13	(3,588)	(3,668)	(5)	-	(1,231)	(1,199)	(5)	-
Total expenses		(78,226)	(63,786)	(272)	-	(26,393)	(23,455)	(272)	-
Profit before income tax		17,803	14,364	14,047	-	6,345	5,745	(272)	-
Income tax expense	14(a)	(1,317)	(965)	-	-	(539)	(359)	-	-
Profit for the period		16,486	13,399	14,047	-	5,806	5,386	(272)	-
Earnings per share - basic (in kobo)	15	57k	47k	49k	0k				
Earnings per share - diluted (in kobo)	15	57k	47k	49k	0k				

Statement of Other comprehensive income

In millions of Naira	September 2023	September 2022	September 2023	September 2022	Quarter 3 2023	Quarter 3 2022	Quarter 3 2023	Quarter 3 2022
Profit for the period	**16,486**	**13,399**	**14,047**	**-**	**5,806**	**5,386**	**(272)**	**-**
Items that will not be reclassified to profit or loss in subsequent periods:			-					
Fair value loss on equity instruments at fair value through other comprehensive income	3,361	1,248	-	-	253	392	-	-
Total items that will not be reclassified to profit or loss	3,361	1,248	-	-	253	392	-	-
Items that will be reclassified to profit or loss in subsequent periods:								
- Net change in fair value during the period	(3,686)	(2,876)	-	-	(4,807)	(4,782)	-	-
- Changes in allowance for expected credit losses	-	(34)	-	-	-	(4)	-	-
Net gains/(losses) on financial investments at fair value through other comprehensive income:	(3,686)	(2,910)	-	-	(4,807)	(4,786)	-	-
Other comprehensive income/(loss) for the period, net of tax	**(325)**	**(1,662)**	**-**	**-**	**(4,554)**	**(4,394)**	**-**	**-**
Total comprehensive income/(loss) for the period, net of tax	**16,161**	**11,737**	**14,047**	**-**	**1,252**	**992**	**(272)**	**-**

Condensed Statement of Financial Position
As at 30 September 2023

In millions of Naira	Notes	Group September 2023	Group December 2022	Company September 2023	Company December 2022
Assets					
Cash and balances with Central Bank of Nigeria	16	493,992	431,488	-	-
Due from Banks	17	148,834	86,459	10,000	-
Pledged financial assets	18	10,869	23,098	-	-
Derivative financial assets	19	518	807	-	-
Loans and advances to Customers	20	819,766	737,735	-	-
Investment securities:					
- Debt instruments at fair value through profit or loss	21(a)	14,923	921	-	-
- Debt instruments at fair value through other comprehensive income	21(b)	336,844	230,636	-	-
- Equity instruments at fair value through other comprehensive income	21(c)	30,878	25,227	-	-
- Debt instruments at amortised cost	21(d)	81,155	106,889	-	-
Investment in subsidiary	22	-	-	57,154	-
Other assets	23	259,403	171,911	-	-
Right-of-use asset	24	9,139	8,342	-	-
Investment Property	25	4,319	5,584	-	-
Property, plant and equipment	26	26,510	17,913	243	-
Intangible assets	27	783	950	-	-
Deferred tax assets	14(c)	7,005	7,005	-	-
		2,244,938	1,854,965	67,397	-
Non-Current asset held for sale	28	3,027	3,027	-	-
Total Assets		2,247,965	1,857,992	67,397	-
Liabilities					
Deposits from Banks	29	58,443	37,178	-	-
Deposits from Customers	30	1,523,535	1,327,805	-	-
Current income tax liabilities	14(b)	1,586	1,607	-	-
Other borrowed funds	31	193,510	133,270	-	-
Debt securities issue	32	68,225	42,388	-	-
Other liabilities	33	234,995	159,962	515	-
Lease Liability	34	176	295	-	-
Provisions	35	1,655	1,489	-	-
Total Liabilities		2,082,125	1,703,994	515	-
Equity					
Share capital	36	14,395	14,395	14,395	-
Share premium	36	42,759	42,759	42,759	-
Retained earnings		53,096	44,922	9,728	-
Other components of equity		55,590	51,922	-	-
Total equity		165,840	153,998	66,882	-
Total liabilities and equity		2,247,965	1,857,992	67,397	-

The consolidated and separate financial statements were approved by the Board of Directors on October 30, 2023 and signed on its behalf by:

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

Yemi Odubiyi
Group Chief Executive Officer
FRC/2013/CILRM/00000001279

Condensed Statement of changes in equity

For the period ended 30 September 2023

Group

	Share capital	Share premium	Fair value reserves	Share capital reserve	Regulatory risk reserves	SMIEIS reserve	AGSMEIS reserve	Statutory reserves	PPPRA Reserve	Total other component of equity	Retained earnings	Total
In millions of Naira												
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	-	-	-	-	-	-	-	-	-	-	16,486	16,486
Other comprehensive income net of tax		-	(325)	-	-	-	-	-	-	(325)	-	(325)
Scheme arangements transfers	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to other reserves	-	-	-	-	-	-	-	2,473	1,520	3,993	(3,993)	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	(4,319)	(4,319)
Balance at 30 September 2023	**14,395**	**42,759**	**6,370**	**5,276**	**10,195**	**235**	**3,347**	**30,673**	**(506)**	**55,590**	**53,096**	**165,840**

	Share capital	Share premium	Fair value reserves	Share capital reserve	Regulatory risk reserves	SMIEIS reserve	AGSMEIS reserve	Statutory reserves	*PPPRA Reserve	Total other component of equity	Retained earnings	Total
In millions of Naira												
Balance at 1 January 2022	14,395	42,759	6,038	5,276	10,247	235	2,381	25,301	(4,051)	45,427	38,910	141,491
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	13,399	13,399
Other comprehensive income net of tax		-	(1,662)	-	-	-	-	-	-	(1,662)	-	(1,662)
Transfer to other reserves	-	-	-	-	-	-	-	2,011	-	2,011	(2,011)	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	(2,879)	(2,879)
Balance at 30 September 2022	**14,395**	**42,759**	**4,376**	**5,276**	**10,247**	**235**	**2,381**	**27,312**	**(4,051)**	**45,776**	**47,419**	**150,349**

Condensed Statement of changes in equity
For the period ended 30 September
Company

In millions of Naira	Share capital	Share premium	Fair value reserves	Share capital reserve	Regulatory risk reserves	SMIEIS reserve	AGSMEIS reserve	Statutory reserves	PPPRA Reserve	Total other component of equity	Retained earnings	Total
Balance at 1 January 2023	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	14,047	14,047
Other comprehensive income net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Shares transferred	14,395	42,759	-	-	-	-	-	-	-	-	-	57,154
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	(4,319)	(4,319)
Balance at 30 September 2023	**14,395**	**42,759**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,728**	**66,882**

In millions of Naira	Share capital	Share premium	Fair value reserves	Share capital reserve	Regulatory risk reserves	SMIEIS reserve	AGSMEIS reserve	Statutory reserves	*PPPRA Reserve	Total other component of equity	Retained earnings	Total
Balance at 1 January 2022	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Transfer (from)/to other reserves	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Condensed Statements of Cash Flow
For the period ended 30 September 2023

		Group		Company	
In millions of Naira	Notes	September 2023	September 2022	September 2023	September 2022
Operating activities					
Profit after tax		16,486	13,399	14,047	-
Adjustment for non cash items:					
Credit loss expense	8	6,382	6,068	-	-
Depreciation and amortisation	13	3,588	3,668	5	-
Gain on disposal of property and equipment	7	(77)	(79)	-	-
Increase/(Decrease) in Provision		10	76	-	-
Dividend received	7	(476)	(381)	(4,319)	-
Foreign exchange gain/loss		(5,799)	1,478	-	-
Income tax charge		1,317	965	-	-
Net interest income		(68,503)	(54,554)	-	-
		(47,072)	**(29,360)**	**9,733**	**-**
Changes in operating assets:					
Restricted balance with Central bank		(135,766)	(21,344)	-	-
Pledged assets		25,314	(8,653)	-	-
Derivative assets		289	-	-	-
Investment securities at FVTPL		(14,002)	6,693	-	-
Loans and advances to customers		32,676	(42,627)	-	-
Non-current assets held for sale		-	(2,814)	-	-
Other assets		(40,268)	(87,158)	-	-
		(178,829)	**(185,263)**	**9,733**	**-**
Changes in operating liabilities:					
Deposit from banks		21,265	43,595	-	-
Deposits from customers		44,993	40,904	-	-
Lease liability paid		(119)	-	-	-
Other liabilities		11,474	73,449	515	-
Cash generated from operations		**(101,216)**	**(27,315)**	**10,248**	**-**
Interest received		118,048	89,966	-	-
Interest paid on deposits from banks and customers		(31,241)	(24,247)	-	-
Income tax paid		(1,409)	(840)	-	-
Net cash flows from operating activities		**(15,818)**	**37,564**	**10,248**	**-**
Investing activities					
Proceed from sale/redemption of debt instruments at FVOCI		790,349	779,343	-	-
Purchase of debt instruments at FVOCI		(900,244)	(816,552)	-	-
Redemption of debt investment held at amortised cost		40,894	18,868	-	-
Purchase of debt investment held at amortised cost		(28,233)	(12,838)	-	-
Right-of-use asset		(1,353)	(572)	-	-
Proceed from sales of investment properties		1,211	1,534	-	-
Purchase of investment properties	25	-	(500)	-	-
Purchase of property and equipment	26	(11,366)	(3,396)	(248)	-
Purchase of intangible assets	27	(92)	(188)	-	-
Proceeds from the sale of property and equipment		127	242	-	-
Purchase of equity instrument at FVOCI		(2,290)	(1,160)	-	-
Dividend received	7	476	381	4,319	-
Net cash flows from/(used in) investing activities		**(110,521)**	**(34,838)**	**4,071**	**-**
Financing activities					
Proceeds from other borrowed funds		34,599	1,751	-	-
Repayments of other borrowed funds		(6,666)	6,238	-	-
Repayment of Debt securities issued		(22,072)	-	-	-
Proceed from Debt securities		47,796	-	-	-
Interest paid on debt securities issued & borrowings		(18,192)	(10,103)	-	-
Dividends paid to equity holders		(4,319)	(2,879)	(4,319)	-
Net cash flows from/(used in) financing activities		**31,146**	**(4,993)**	**(4,319)**	**-**
Net increase/(decrease) in cash and cash equivalents		(95,193)	(2,267)	10,000	-
Effect of exchange rate changes on cash and cash equivalents		84,306	3,275	-	-
Cash and cash equivalents at beginning of the period		222,652	221,854	-	-
Cash and cash equivalents at end of the period	37	**211,765**	**222,862**	**10,000**	**-**

Notes to the Consolidated and Separate Financial Statements
For the period ended 30 September 2023

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 period ended 30 September 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.

2 **Accounting policies**

2.1 (a) Basis of preparation and statement of compliance

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

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

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

(b) Functional and Presentation currency

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

(c) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 September 2023. Sterling Financial Holdings Company Plc 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 a majority 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 equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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

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

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

(d) Seasonality of operations

The impact of seasonality or cyclicality on operation is not regarded as significant to the condensed interim financial statement. The operation of the Group were even within the financial year.

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

During the period under review, the Group, through its subsidiary - Sterling Bank Limited, issued commercial paper that resulted in an external inflow into the Bank.

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

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 30 September 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.

(g) Dividends

The Directors did not recommend the payment of any dividend for the Company's interim results for the period ended 30 September 2023.

(h) Changes to accounting policy

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

2.2 Summary of significant accounting policies

The accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Group in its consolidated financial statements as at 31 December 2022 (unless otherwise stated). Below are the significant accounting policies.

(a) Right-of-use assets

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

The right-of-use assets are presented in Note 24 and are subject to impairment in line with the Group's policy as described in Impairment of non-financial assets.

(b) Lease liabilities

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

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

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

(d) Financial instruments

- Recognition and initial measurement

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

- Classification of financial instruments

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

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

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

- Subsequent measurements

Debt instruments

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

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

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

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

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

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

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

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

Equity instruments

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

- Business model assessment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

• A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
• A temporary disappearance of a particular market for financial assets
• A transfer of financial assets among 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 Company/stressed liquidity scenarios
- Credit risk event i.e. perceived issuer default
- In the event of merger and takeover, the Company may sell portion of the portfolio if the security holdings violates set limits
- Other one-off events

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

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

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

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

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

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

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

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

i) Stage 1: 12-months ECL

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

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

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

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

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

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

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

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

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

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

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

(e) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are carried at historical cost less accumulated depreciation and impairment. The fair value and valuation inputs of the investment property are also disclosed in note 25 in accordance with IAS 40.

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

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

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

(f) Interest Income and Expense

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

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

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

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

Amortised cost and gross carrying amount

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

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

Calculation of interest income and expenses

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

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

Presentation

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

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

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

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

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

Sharia income

Included in interest income and expense are sharia income and expense. The Group's income as a fund manager (mudharib) consists of income and expense from Mudaraba and Hajj transactions, income from profit sharing of Sukuk and Mudaraba financing and other operating income.

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

Profit sharing income from Mudaraba is recognised in the period when the rights arise in accordance with agreed sharing ratio, and the recognition based on projection of income is not allowed.

(h) Fees and commission income and expense

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

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

(i) Net trading income

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

(j) Dividend income

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

(k) Cash and cash equivalents

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

(l) Property, plant and equipment

Recognition and measurement

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

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

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

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

Subsequent costs

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

Depreciation

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

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

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

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

De-recognition

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

(m) Non-current assets held for sale

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

A non-current asset ceases to be classified as 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 to be measured at the lower of:

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

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

2.3 Going Concern

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

2.4 New standards and interpretation issued but not yet effective

New standards have been issued but are not yet effective for the period ended 30 September 2023; thus, it has not been applied in preparing these financial statements. The Group intends to adopt the standards below when they become effective:

IFRS 16 Leases

In 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 1 January 2024.

3 Interest income

	Group		Company		Group		Company	
In millions of Naira	September 2023	September 2022	September 2023	September 2022	Quarter 3 2023	Quarter 3 2022	Quarter 3 2023	Quarter 3 2022
Cash and cash equivalent	1,874	438	-	-	792	274	-	-
Debt instruments at FVOCI	16,988	5,338	-	-	5,866	111	-	-
Debt instruments at amortised cost	8,740	11,983	-	-	2,391	5,355	-	-
Loan and advances to customers	90,446	72,207	-	-	32,264	25,169	-	-
	118,048	89,966	-	-	41,313	30,909	-	-

4 Interest Expense

	Group		Company		Group		Company	
In millions of Naira	September 2023	September 2022	September 2023	September 2022	Quarter 3 2023	Quarter 3 2022	Quarter 3 2023	Quarter 3 2022
Deposits from banks	2,739	3,039	-	-	1,075	1,883	-	-
Deposits from customers	28,502	21,201	-	-	10,842	4,408	-	-
Other borrowed funds	11,951	6,166	-	-	4,671	2,059	-	-
Debt securities issued	6,353	4,998	-	-	1,352	1,699	-	-
Interest on Lease Liability	-	8	-	-	-	8	-	-
	49,545	35,412	-	-	17,940	10,057	-	-

5 Net Fees and commission income

Fees and commission income

	Group		Company		Group		Company	
In millions of Naira	September 2023	September 2022	September 2023	September 2022	Quarter 3 2023	Quarter 3 2022	Quarter 3 2023	Quarter 3 2022
Facility management fees	2,247	2,038	-	-	825	683	-	-
Account maintanance fee	3,611	2,944	-	-	1,219	1,098	-	-
Commissions and similar income	3,610	2,988	-	-	640	1,151	-	-
E-business commission and fees	6,304	5,567	-	-	1,819	1,644	-	-
Commission on letter of credit and off balance sheet transactions	1,554	1,613	-	-	729	398	-	-
Other fees and commission	5,969	4,693	-	-	2,169	1,603	-	-
	23,295	19,843	-	-	7,401	6,577	-	-
Fees and commission expense								
Fees and commission expense	(6,605)	(4,266)	-	-	(2,318)	(1,501)	-	-
	16,690	15,577	-	-	5,083	5,076	-	-

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

6 Net trading income

	Group		Company		Group		Company	
In millions of Naira	September 2023	September 2022	September 2023	September 2022	Quarter 3 2023	Quarter 3 2022	Quarter 3 2023	Quarter 3 2022
Bonds - FVPL	1,272	3,667	-	-	224	987	-	-
Treasury bills - FVPL	1,238	986	-	-	(747)	447	-	-
Foreign exchange trading	1,955	3,159	-	-	762	1,693	-	-
Foreign exchange revaluation (loss)/gain	5,799	(1,478)	-	-	2,165	(674)	-	-
	10,264	6,334	-	-	2,404	2,453	-	-

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 exchage revaluation loss.

7 Other operating income

	Group		Company		Group		Company	
In millions of Naira	September 2023	September 2022	September 2023	September 2022	Quarter 3 2023	Quarter 3 2022	Quarter 3 2023	Quarter 3 2022
Rental income	237	212	-	-	72	89	-	-
Other sundry income (see note (a) below)	5,401	5,303	10,000	-	3,346	1,955	-	-
Dividends on equity securities (see note (b) below)	476	381	4,319	-	322	-	-	-
Gains on disposal of property, plant and equipment	77	79	-	-	70	59	-	-
Cash recoveries on previously written off accounts	763	1,778	-	-	286	708	-	-
	6,954	7,753	14,319	-	4,096	2,811	-	-

(a) (i) The Group's other sundry income included income on FX forward discounting, Mudaraba Commodity Income among others.

(ii The Company's N10billion sundry income relates to payment from Sterling Bank Limited in line with the scheme of arrangement.

(b) The Company's dividend on equity securities of N4.32billion represents dividend received from its subsidiary (Sterling Bank Limited).

8 Credit loss expense on financial assets

	Group		Company		Group		Company	
In millions of Naira	September 2023	September 2022	September 2023	September 2022	Quarter 3 2023	Quarter 3 2022	Quarter 3 2023	Quarter 3 2022
Impairment charge on loans	5,877	11,121	-	-	2,048	1,523	-	-
Bad debt written off	282	1,122	-	-	142	547	-	-
Allowances no longer required	(1,018)	(7,355)	-	-	(313)	(304)	-	-
	5,141	4,888	-	-	1,877	1,766	-	-
Other financial asset impairment								
Impairment on investment securities	(12)	(32)	-	-	(12)	(5)	-	-
Impairment charge on other assets	1,097	1,054	-	-	217	224	-	-
Impairment charge on contingents	156	158	-	-	136	7	-	-
	6,382	6,068	-	-	2,218	1,992	-	-

9 Personnel expenses

In millions of Naira	Group September 2023	Group September 2022	Company September 2023	Company September 2022	Group Quarter 3 2023	Group Quarter 3 2022	Company Quarter 3 2023	Company Quarter 3 2022
Wages and salaries	14,548	11,137	120	-	5,678	4,126	120	-
Defined contribution plan	1,740	1,109	6	-	836	426	6	-
	16,288	12,246	126	-	6,514	4,552	126	-

10 Other operating expenses

In millions of Naira	Group September 2023	Group September 2022	Company September 2023	Company September 2022	Group Quarter 3 2023	Group Quarter 3 2022	Company Quarter 3 2023	Company Quarter 3 2022
AMCON surcharge (see note (i) below)	7,852	6,878	-	-	2,617	2,293	-	-
Contract Services	6,550	6,612	-	-	2,294	2,461	-	-
Insurance	5,194	4,234	-	-	1,694	1,421	-	-
Banking Resolution Fund (see note (ii) below)	1,663	1,228	-	-	554	409	-	-
Other Professional Fees	1,213	992	-	-	331	390	-	-
	22,472	19,944	-	-	7,490	6,974	-	-

(i) This represents the Group's contribution to a fund established by the Asset Management Corporation of Nigeria (AMCON) Act. Effective 1 January 2013, the Group's banking subsidiaries are 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. It is non-refundable and does not represent any ownership interest.

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

11 General and administative expenses

In millions of Naira	Group September 2023	Group September 2022	Company September 2023	Company September 2022	Group Quarter 3 2023	Group Quarter 3 2022	Company Quarter 3 2023	Company Quarter 3 2022
Administrative expenses	7,162	4,746	11	-	1,353	1,270	11	-
Audit fees	196	189	-	-	70	63	-	-
Office expenses	5,048	3,955	17	-	1,573	1,557	17	-
Advertising and business promotion	1,642	1,767	-	-	376	687	-	-
Cash handling and processing expense	1,077	1,053	-	-	429	357	-	-
Branding expenses	425	325	-	-	272	215	-	-
Communication cost	1,749	1,545	7	-	540	584	7	-
Transport, travel, accomodation	822	448	-	-	350	182	-	-
Seminar and conferences	1,081	1,013	-	-	386	383	-	-
Rents and rates	439	342	-	-	190	122	-	-
Security	348	320	-	-	116	105	-	-
Other general expenses	2,474	2,306	8	-	1,067	1,011	8	-
Annual general meeting expenses	182	180	-	-	60	60	-	-
Stationery and printing	257	161	-	-	101	55	-	-
Directors other expenses	411	314	85	-	220	124	85	-
Membership and subscription	734	387	-	-	253	178	-	-
Fines and penalties	-	91	-	-	-	79	-	-
Directors fee	55	42	-	-	21	13	-	-
	24,102	19,184	128	-	7,377	7,045	128	-

12 Other property, plant and equipment cost

In millions of Naira	Group September 2023	Group September 2022	Company September 2023	Company September 2022	Group Quarter 3 2023	Group Quarter 3 2022	Company Quarter 3 2023	Company Quarter 3 2022
Repairs and maintenance of PPE	11,776	8,744	13	-	3,781	3,685	13	-
	11,776	8,744	13	-	3,781	3,685	13	-

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

13 Depreciation and amortisation

In millions of Naira	Group September 2023	Group September 2022	Company September 2023	Company September 2022	Group Quarter 3 2023	Group Quarter 3 2022	Company Quarter 3 2023	Company Quarter 3 2022
Right-of-use asset amortisation (see note 24)	556	488	-	-	211	164	-	-
Depreciation Investment Property (see note 25)	54	56	-	-	14	7	-	-
Depreciation of property, plant and equipment (see note 26)	2,636	2,750	5	-	892	900	5	-
Amortisation of intangible assets (see note 27)	342	374	-	-	114	128	-	-
	3,588	3,668	5	-	1,231	1,199	5	-

14 Income tax expense

In millions of Naira	Group September 2023	Group September 2022	Company September 2023	Company September 2022	Group Quarter 3 2023	Group Quarter 3 2022	Company Quarter 3 2023	Company Quarter 3 2022
(a) Income tax	1,091	767	-	-	456	286	-	-
Information technology levy	180	144	-	-	66	58	-	-
Nigerian Police Trust Fund levy	1	1	-	-	-	1	-	-
Science and Engineering Infrastructure Levy	45	36	-	-	17	14	-	-
Prior year under provision	-	17	-	-	-	-	-	-
Total income tax expense	1,317	965	-	-	539	359	-	-

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

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

In millions of Naira	Group September 2023	Group December 2022	Company September 2023	Company December 2022
Balance, beginning of the period	1,607	1,074	-	-
Income tax for the period	1,091	1,215	-	-
Prior period under provision	-	17	-	-
Payments during the period	(1,112)	(699)	-	-
	1,586	1,607	-	-

14 (c) **Deferred tax**

Group

In millions of Naira	Balance as at 1 January 2023	Recognised in profit or loss	Balance as at 30 September 2023
Accelerated depreciation of property, plant and equipment	1,097	-	1,097
Unutilised tax credit (capital allowance)	(5,368)	-	(5,368)
Tax losses	(2,377)	-	(2,377)
Provisions	(357)	-	(357)
	(7,005)	-	(7,005)

Group

In millions of Naira	Balance as at 1 January 2022	Recognised in profit or loss	Balance as at 31 December 2022
Accelerated depreciation of property, plant and equipment	1,097	-	1,097
Unutilised tax credit (capital allowance)	(5,368)	-	(5,368)
Tax losses	(2,343)	(34)	(2,377)
Provisions	(357)	-	(357)
	(6,971)	(34)	(7,005)

15 **Earning per share (basic and diluted)**

The calculation of basic earnings per share as at 30 September 2023 was based on the profit attributable to ordinary shareholders of N16,486,000,000 and weighted average number of ordinary shares outstanding of 28,790,418,124 calculated as follows:

	Group		Company	
In thousands of Unit	September 2023	September 2022	September 2023	September 2022
Weighted average number of ordinary shares	28,790	28,790	28,790	28,790
In millions of Naira	September 2023	September 2022	September 2023	September 2022
Profit for the period attributable to equity holders of the Bank	16,486	13,399	14,047	-
Basic earning per share	57k	47k	49k	0k
Diluted earning per share	57k	47k	49k	0k

16 **Cash and balances with Central Bank**

In millions of Naira	Group September 2023	Group December 2022	Company September 2023	Company December 2022
Cash and foreign monies	32,269	30,409	-	-
Unrestricted balances with Central Bank of Nigeria	30,662	105,784	-	-
Restricted deposits with the Central Bank of Nigeria	431,061	295,295	-	-
	493,992	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.

17 **Due from banks**

In millions of Naira	Group September 2023	Group December 2022	Company September 2023	Company December 2022
Balances held with local banks	939	288	10,000	-
Balances held with banks outside Nigeria	128,319	85,929	-	-
Money market placements	19,576	242	-	-
	148,834	86,459	10,000	-

18 Pledged financial assets

	Group		Company	
In millions of Naira	September 2023	December 2022	September 2023	December 2022
Securities instruments measured at fair value through other comprehensive income:				
- Treasury Bills (see note (a) below)	10,277	13,281	-	-
Total Pledged asset at FVOCI	10,277	13,281	-	-
Securities instruments measured at amortised cost:				
- Treasury Bills (see note (b) below)	-	9,530	-	-
- Bonds (see note (b) below)	96	-	-	-
Other pledged assets (see note (c) below)	513	304	-	-
	609	9,834	-	-
ECL on Pledged asset at amortised cost	(17)	(17)	-	-
Total Pledged asset at amortised cost	592	9,817	-	-
Total pledged assets	10,869	23,098	-	-

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

(a) Pledged for interbank transactions .

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

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

19 Derivative financial assets
Group

In millions of Naira	Fair Value Amount		Notional Contract Amount	
	September 2023	December 2022	September 2023	December 2022
Foreign currency swaps	518	807	46,607	36,891
Derivative asset	518	807	46,607	36,891

20 Loan and Advances to Customers

	Group		Company	
In millions of Naira	September 2023	December 2022	September 2023	December 2022
Loans to corporate entities and other organizations	737,282	652,165	-	-
Loans to individuals	106,382	106,018	-	-
	843,664	758,183	-	-
Less:				
- ECL Stage 1	(6,222)	(4,221)	-	-
- ECL Stage 2	(8,199)	(6,376)	-	-
- ECL Stage 3	(9,477)	(9,851)	-	-
	819,766	737,735	-	-

21 Investment securities:

		Group		Company	
	In millions of Naira	September 2023	December 2022	September 2023	December 2022
(a)	***Investments fair value through profit or loss***				
	- Bonds	1,036	860	-	-
	- Treasury bills	13,783	61	-	-
	- Promissory notes	104	-	-	-
		14,923	921	-	-
(b)	**Instruments at fair value through other comprehensive income**				
	Debt instrument at FVOCI				
	- Government bond	122,431	88,073	-	-
	- Euro bond	23,777	20,192	-	-
	- Corporate bonds	23,597	16,042	-	-
	- Treasury bills	136,154	69,919	-	-
	- Promissory notes	30,885	36,410	-	-
		336,844	230,636	-	-
(c)	***Equity instrument at fair value through other comprehensive income***				
	Equity securities at FVOCI	30,878	25,227	-	-
	Total equity at FVOCI	30,878	25,227	-	-

	Group		Company	
In millions of Naira	September 2023	December 2022	September 2023	December 2022
(d) *Instruments at amortised cost*				
- Government bonds	76,763	79,660	-	-
- Treasury bills	2,802	21,863	-	-
- Promissory note	1,789	5,577	-	-
	81,354	107,100	-	-
Less:				
- impairment on investments at amortised cost	(199)	(211)	-	-
	81,155	106,889	-	-

22 Investment in Subsidiary

	Group		Company	
In millions of Naira	September 2023	December 2022	September 2023	December 2022
Investment in Sterling Bank Limited	-	-	47,154	-
Investment in - Alternative Bank Limited	-	-	10,000	-
	-	-	57,154	-

23 Other Assets

Other assets comprise:

	Group		Company	
In millions of Naira	September 2023	December 2022	September 2023	December 2022
Financial assets				
Accounts receivable (see note (a) below)	241,218	154,414	-	-
	241,218	154,414	-	-
Non-financial assets				
Prepayments	9,117	6,372	-	-
Commodity mudaraba stocks	11,882	13,996	-	-
Prepaid staff cost (see note (b) below)	1,424	1,209	-	-
Stock (see note (c) below)	1,091	427	-	-
Gross other asset	264,732	176,418	-	-
Impairment on other assets	(5,329)	(4,507)	-	-
	259,403	171,911	-	-

Movement in impairment on other assets

In millions of Naira	September 2023	December 2022	September 2023	December 2022
Balance, beginning of period	4,507	3,713	-	-
Impairment on other assets (See note 8)	1,097	1,577	-	-
Write-offs	(275)	(783)	-	-
Balance, end of period	5,329	4,507	-	-

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

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

(c) Stock includes cheque books, administrative stationaries, among others.

24 Right-of-use asset

	Group		Company	
In millions of Naira	September 2023	December 2022	September 2023	December 2022
Opening balance	8,342	8,141	-	-
Additions during the period	1,353	852	-	-
Amortisation during the period (See note 13)	(556)	(651)	-	-
Closing balance	9,139	8,342	-	-

25 Investment property

	Group		Company	
	September 2023	December 2022	September 2023	December 2022
In millions of Naira				
(i) Cost				
Opening balance	5,822	7,095	-	-
Additions during the period	-	560	-	-
Disposal	(1,221)	(1,833)	-	-
Balance end of period	4,601	5,822	-	-
(ii) Accumulated depreciation and impairment	September 2023	December 2022	September 2023	December 2022
Opening balance	238	177	-	-
Depreciation (See note 13)	54	73	-	-
Disposal	(10)	(12)	-	-
Balance end of period	282	238	-	-
Closing balance	4,319	5,584	-	-

The fair value of the Group's investment property at 30 September 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 valuations conform to the Estate surveyors and valuers registration board of Nigeria Standards. Fees paid to valuers are based on fixed price contracts.

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

26 (a) Property, plant and equipment

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

Group

In millions of Naira	**Leasehold Land**	**Leasehold Building**	**Leasehold Improvement**	**Furniture, fittings and equipment****	**Computer equipment**	**Motor vehicles**	**Capital work-in-progress**	**Total**
(a) ***Cost***								
Balance as at 1 January, 2023	1,990	4,235	4,320	10,745	14,481	5,855	4,571	46,197
Additions for the period	-	256	112	2,613	334	1,157	6,894	11,366
Disposals	-	-	-	-	(3)	(839)	-	(842)
Adjustment	-	-	-	-	-	-	-	-
Reclassification	-	68	263	142	292	16	(864)	(83)
Writeoff	-	-	(1,567)	(4,755)	(6,458)	(487)	-	(13,267)
Balance as at 30 September 2023	1,990	4,559	3,128	8,745	8,646	5,702	10,601	43,371
Balance as at 1 January, 2022	1,993	4,317	4,007	11,666	15,592	5,943	3,178	46,696
Additions for the period	-	0	333	1,398	779	730	1,708	4,948
Disposals	(3)	(82)	-	(155)	(5)	(877)	-	(1,122)
Reclassification	-	-	73	59	34	59	(315)	(90)
Writeoff	-	-	(93)	(2,223)	(1,919)	(0)	-	(4,235)
Balance as at 31 December 2022	1,990	4,235	4,320	10,745	14,481	5,855	4,571	46,197
(b) ***Depreciation and impairment losses***								
Balance as at 1 January, 2023	242	753	2,944	8,095	11,870	4,380	-	28,284
Charge for the period	-	64	219	729	1,062	562	-	2,636
Disposals	-	-	-	-	(11)	(781)	-	(792)
Writeoff	-	-	(1,567)	(4,753)	(6,460)	(487)	-	(13,267)
Balance as at 30 September 2023	242	817	1,596	4,071	6,461	3,674	-	16,861
Balance as at 1 January, 2022	242	673	2,741	9,601	12,388	4,112	-	29,757
Charge for the period	-	86	275	867	1,405	1,022	-	3,655
Disposals	-	(6)	-	(151)	(4)	(754)	-	(915)
Writeoff	-	-	(72)	(2,222)	(1,919)	(0)	-	(4,213)
Balance as at 31 December 2022	242	753	2,944	8,095	11,870	4,380	-	28,284
Carrying amounts								
Balance as at 30 September 2023	1,748	3,742	1,532	4,674	2,185	2,028	10,601	26,510
Balance as at 31 December 2022	1,748	3,482	1,376	2,650	2,611	1,475	4,571	17,913
Balance as at 1 January, 2022	1,751	3,644	1,266	2,065	3,204	1,830	3,178	16,939

**Included in furniture, fittings and equipment are farm mechanized equipment from the Non-Interest Bank of the Group. The net book value of the farm mechanized equipment stood at N308million as at September 2023 (Dec. 2022: N424m).

26 (b) Property, plant and equipment

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

Company

In millions of Naira	Leasehold Land	Leasehold Building	Leasehold Improvement	Furniture, fittings and equipment**	Computer equipment	Motor vehicles	Capital work-in-progress	Total
(a) ***Cost***								
Balance as at 1 January, 2023	-	-	-	-	-	-	-	-
Additions for the period	-	-	-	-	1	247	-	248
Disposals	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-
Writeoff	-	-	-	-	-	-	-	-
Balance as at 30 September 2023	-	-	-	-	1	247	-	248
Balance as at 1 January, 2022	-	-	-	-	-	-	-	-
Additions for the period	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-
Writeoff	-	-	-	-	-	-	-	-
Balance as at 31 December 2022	-	-	-	-	-	-	-	-
(b) ***Depreciation and impairment losses***								
Balance as at 1 January, 2023	-	-	-	-	-	-	-	-
Charge for the period	-	-	-	-	-	5	-	5
Disposals	-	-	-	-	-	-	-	-
Writeoff	-	-	-	-	-	-	-	-
Balance as at 30 September 2023	-	-	-	-	-	5	-	5
Balance as at 1 January, 2022	-	-	-	-	-	-	-	-
Charge for the period	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Writeoff	-	-	-	-	-	-	-	-
Balance as at 31 December 2022	-	-	-	-	-	-	-	-
Carrying amounts								
Balance as at 30 September 2023	-	-	-	-	1	242	-	243
Balance as at 31 December 2022	-	-	-	-	-	-	-	-
Balance as at 1 January, 2022	-	-	-	-	-	-	-	-

27 Intangible assets

Purchased Software

	Group		Company	
In millions of Naira	September 2023	December 2022	September 2023	December 2022
Cost				
Beginning of period	5,853	5,484	-	-
Additions	92	278	-	-
Reclassification	83	91	-	-
Balance end of period	6,028	5,853	-	-
Amortisation and impairment losses				
Beginning of period	4,903	4,403	-	-
Amortisation for the period (See note 13)	342	500	-	-
Balance end of period	5,245	4,903	-	-
Carrying amounts	783	950	-	-

28 Non Current Assets Held for Sale

	Group		Company	
In millions of Naira	September 2023	December 2022	September 2023	December 2022
Beginning of period	3,027	-	-	-
Additions	-	3,027	-	-
Balance end of period	3,027	3,027	-	-

Non-financial assets acquired in exchange for loans as part of an orderly realization are recorded as assets held for sale if 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.

29 Deposits from Banks

	Group		Company	
In millions of Naira	September 2023	December 2022	September 2023	December 2022
Balances due to Local banks (See (i) below)	58,443	25,139	-	-
Money Market Deposits	-	12,039	-	-
	58,443	37,178	-	-

(i) This represents clearing/settlement position with local Banks

30 Deposits from customers

	Group		Company	
In millions of Naira	September 2023	December 2022	September 2023	December 2022
Current accounts	879,730	696,187	-	-
Savings accounts	289,602	243,069	-	-
Term deposits	239,075	319,732	-	-
Pledged deposits	115,128	68,817	-	-
	1,523,535	1,327,805	-	-

31 Other borrowed Funds

	Group		Company	
In millions of Naira	September 2023	December 2022	September 2023	December 2022
Foreign Funds				
Due to Blue Orchard (See (i) below)	14,747	11,961	-	-
Due To Master Card Foundation (MCF)(See (ii) below)	16,996	10,089	-	-
Due to Islamic Corporation Development Bank (See (iii) below)	15,104	10,239	-	-
Due To Africa Agric and Trade Investment Fund (See (iv) below)	-	773	-	-
Due To Africa Agric and Trade Investment Fund (See (v) below)	11,608	-	-	-
Due to ECOWAS Bank for Investment and Development (See (vi) below)	35,287	22,454	-	-
	93,742	55,516	-	-
Local Funds				
Due to BOI (See (vii) below)	626	305	-	-
Due to CBN-Agric-Fund (See (viii) below)	35,677	31,590	-	-
Due to Nigeria Mortgage Refinance Company (See (ix) below)	1,512	1,710	-	-
Due to Excess Crude Account (See (x) below)	12,294	12,677	-	-
Due to CBN - RSSF Fund (See (xi) below)	2,457	3,205	-	-
Due to CBN - NESF Fund (See (xii) below)	1,566	2,370	-	-
Due to CBN - ABP Fund (See (xiii) below)	45,636	25,897	-	-
	99,768	77,754	-	-
	193,510	133,270	-	-

(i) 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 Group'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.

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

In October 2021, the Group 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.

(iii) 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%.

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

(v) This represents the outstanding balance on the $15 million credit facility granted to the Bank 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.

(vi) 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 Group'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.

(vii) 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.

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

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

However, the CBN on August 17,2022 issued a curcular (reference No FPR/DIR/PUB/CIR/001/058) reinstating interest rate on all intervention funds back to 9% per annum; effective 01 September 2022.

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

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

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

However, the CBN on August 17,2022 issued a curcular (reference No FPR/DIR/PUB/CIR/001/058) reinstating interest rate on all intervention funds back to 9% per annum; effective 01 September 2022.

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

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

However, the CBN on August 17,2022 issued a curcular (reference No FPR/DIR/PUB/CIR/001/058) reinstating interest rate on all intervention funds back to 9% per annum; effective 01 September 2022.

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

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

However, the CBN on August 17,2022 issued a curcular (reference No FPR/DIR/PUB/CIR/001/058) reinstating interest rate on all intervention funds back to 9% per annum; effective 01 September 2022.

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

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

However, the CBN on August 17,2022 issued a curcular (reference No FPR/DIR/PUB/CIR/001/058) reinstating interest rate on all intervention funds back to 9% per annum; effective 01 September 2022.

32 Debt securities in issue

In millions of Naira	Group September 2023	Group December 2022	Company September 2023	Company December 2022
16.5% Debt securities carried at amortised cost (See (i) below)	-	8,502	-	-
16.25% Debt securities carried at amortised cost (See (ii) below)	35,290	33,886	-	-
Debt securities - Commercial Paper (See (iii) below)	32,935	-	-	-
	68,225	42,388	-	-

Movements in debt securities issued

In millions of Naira	September 2023	December 2022	September 2023	December 2022
At beginning of the period	42,388	42,327	-	-
Additions	47,796	-	-	-
Accrued interest	6,353	6,726	-	-
Interest paid	(6,240)	(6,665)	-	-
	90,297	42,388	-	-

(i) This represents a N7.9 billion 7-year 16.50% subordinated unsecured non-convertible debenture stock issued by the Group, 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 Group, and approved on 27 November 2018 and 5 October 2018 by the Central Bank of Nigeria and the Securities & Exchange Commission, respectively. Interest is payable semi-annually on the non-convertible debenture stock due in 2025. The effective interest rate is 16.887% per annum, and until the entire stock has been redeemed, the Issuer (Sterling Investment Management SPV Plc) is obliged to pay interest to the Trustees on behalf of the bond holders.

(iii) This represents N14.04billion 180-day and N33.72billion 240-day Commercial Papers issued on 20 March 2023 at interest rate of 12.25% and 13.50% respectively. The Commercial papers are quoted and traded on the FMDQ OTC Exchange.

33 Other Liabilities

In millions of Naira	Group September 2023	Group December 2022	Company September 2023	Company December 2022
Financial Liabilities				
Creditors and accruals	37,874	23,547	515	-
Certified cheques	1,933	1,437	-	-
Customers' deposits for foreign trade	134,996	97,205	-	-
Other credit balances (See (i) below)	59,940	37,451	-	-
	234,743	159,640	515	-
Non Financial Liabilities				
Information technology levy	201	228	-	-
Nigerian Police Trust Fund levy	1	1	-	-
Science and Engineering Infrastructure Levy	50	93	-	-
	234,995	159,962	515	-

(i) Other credit balances include CBN FX bid cover, Bond proceed collection, e-business settlement, long outstanding draft, upfront fees on financial guarantee contract (such as Advance Payment Guarantee and Bid bond), among others.

34 Lease Liability

Movement in Lease Liability is as shown below:

In millions of Naira	Group September 2023	Group December 2022	Company September 2023	Company December 2022
Opening Balance	295	60	-	-
Additions	-	239	-	-
Payments during the year	(119)	(11)	-	-
Interest on lease liability**	-	7	-	-
	176	295	-	-

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

35 Provisions

In millions of Naira	Group September 2023	Group December 2022	Company September 2023	Company December 2022
Provisions for litigations and claims (see note (a) below)	221	211	-	-
Provisions for guarantees and letters of credit	1,434	1,278	-	-
	1,655	1,489	-	-

Movement in provisions in other liabilities

In millions of Naira	September 2023	December 2022	September 2023	December 2022
Balance, beginning of period	1,489	1,180	-	-
Additions	166	309	-	-
	1,655	1,489	-	-

(a) The provision amount represents litigation and claims against the Group as at 30 September 2023. These claim 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 crystalised from these claims. There is no expected reimbursement in respect of this provision.

36 Capital and reserves

(a) ***Share capital***

In millions of Naira	Group September 2023	Group December 2022	Company September 2023	Company December 2022
Authorised:				
28.79 billion Ordinary shares of 50k each	14,395	14,395	14,395	-
Issued and fully-paid:				
28.79 billion (2021: 28.79 billion) Ordinary shares of 50k	14,395	14,395	14,395	-

(b) Share premium

In millions of Naira	September 2023	December 2022	September 2023	December 2022
Share premium	42,759	42,759	42,759	-

(c) Statutory reserves

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

(i) Fair value reserve

The fair value reserve includes the net cumulative change in the fair value on investments carried at fair value through other comprehensive income until the investment is derecognised or impaired.

(ii) Regulatory risk reserve

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

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

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

(iii) Other reserves

The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium-scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory and 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.

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

(d) Retained earnings

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

37 Cash and cash equivalents

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

	Group		Company	
In millions of Naira	September 2023	December 2022	September 2023	December 2022
Cash and foreign monies (See note 16)	32,269	30,409	-	-
Unrestricted balances with Central Bank of Nigeria (See note 16)	30,662	105,784	-	-
Balances held with local banks (See note 17)	939	288	10,000	-
Balances held with banks outside Nigeria (See note 17)	128,319	85,929	-	-
Money market placements (See note 17)	19,576	242	-	-
	211,765	222,652	10,000	-

38 Contingent Liabilities and commitments

In the normal course of business, 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.

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.

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

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

	Group		Company	
In millions of Naira	September 2023	December 2022	September 2023	December 2022
Bonds, guarantees and indemnities	143,508	116,156	-	-
Letters of credit	148,404	113,786	-	-
Performance bonds	21,557	23,278	-	-
	313,469	253,220	-	-

39 Events during and after the reporting period

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 30 September 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.

40 Operating licence for Sterling Financial Holdings Company Plc and The Alternative Bank Ltd.

The Central Bank of Nigeria (CBN) granted operating licence to both Sterling Financial Holdings Company Plc. and The Alternative Bank on June 26, 2023.

With the receipt of the final licences of both the Holdco and the Non- Interest Bank from the CBN, the Alternative Bank, a subsidiary of Sterling Financial Holdings commenced banking business as a standalone entity in July 2023.