STANBIC IBTC HOLDINGS PLC

CONSOLIDATED AND SEPARATE ANNUAL REPORT
31 DECEMBER 2017

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Directors' report
For the year ended 31 December 2017

The directors present their annual report on the affairs of Stanbic IBTC Holdings PLC (“the company”) and its subsidiaries (“the group”), together with the consolidated financial statements and auditor's report for the year ended 31 December 2017.

a. Legal form

The company was incorporated in Nigeria under the Companies & Allied Matters Act (CAMA) as a public limited liability company on 14 March 2012. The company’s shares were listed on 23 November 2012 on the floor of The Nigerian Stock Exchange.

b. Principal activity and business review

The principal activity of the company is to carry on business as a financial holding company, to invest and hold controlling shares, in as well as manage equity in its subsidiary companies.

The company has nine direct subsidiaries, namely: Stanbic IBTC Bank PLC, Stanbic IBTC Pension Managers Limited, Stanbic IBTC Asset Management Limited, Stanbic IBTC Capital Limited, Stanbic IBTC Investments Limited, Stanbic IBTC Stockbrokers Limited, Stanbic IBTC Ventures Limited, Stanbic IBTC Insurance Brokers Limited and Stanbic IBTC Trustees Limited.

The company prepares consolidated financial statements, which includes separate financial statements of the company.

c. Operating results and dividends

The group's gross earnings increased by 35.81%, while profit before tax increased by 64.38% for the year ended 31 December 2017. The board recommended the approval of a final dividend of 50 kobo per share (31 Dec 2016: 5 kobo per share) for the year ended 31 December 2017.

Highlights of the group's operating results for the year under review are as follows:

	31 Dec. 2017 Group	31 Dec. 2016 Group	**31 Dec. 2017 Company**	31 Dec. 2016 Company
	₦'million	₦'million	**₦'million**	₦'million
Gross earnings	**212,434**	156,425	**29,922**	2,528
Profit before tax	**61,166**	37,209	**27,545**	1,501
Income tax	**(12,785)**	(8,689)	**(2,380)**	(892)
Profit after tax	**48,381**	28,520	**25,165**	609
Non controlling interest	**(2,186)**	(3,878)	**-**	-
Profit attributable to equity holders of the parent	**46,195**	24,642	**25,165**	609
Dividend proposed (final)	**5,025**	500	**5,025**	500
Dividend paid (Interim)	**6,000**	-	**6,000**	-

d. Directors' shareholding

The direct interest of directors in the issued share capital of the company as recorded in the register of directors shareholding and/or as notified by the directors for the purposes of section 275 and 276 of CAMA and the listing requirements of the Nigerian Stock Exchange as follows:

	Direct shareholding	
	Number of Ordinary Shares of Stanbic IBTC Holdings PLC held as at 31 December 2017	**Number of Ordinary Shares of Stanbic IBTC Holdings PLC held as at 31 December 2016**
Basil Omiyi	-	-
Yinka Sanni[1]	-	-
Dominic Bruynseels	-	-
Salamatu Suleiman	-	-
Ifeoma Esiri[2]	42,894,194	42,776,676
Ratan Mahtani[3]	28,544,005	28,465,803
Ngozi Edozien	18,563	18,563
Ballama Manu	151,667	151,667
Simpiwe Tshabalala	-	-

[1]Mr Yinka Sanni has indirect shareholding amounting to 5,005,466 ordinary shares through SITL The Sanni Family Trust.

[2]Mrs Ifeoma Esiri has indirect shareholding amounting to 2,666,670 ordinary shares through Ashbert Limited.

[3]Mr Ratan Mahtani has indirect shareholdings amounting to 1,083,670,994 ordinary shares (Dec 2016: 1,064,555,439) respectively through First Century International Limited, Churchgate Nigeria Limited, International Seafoods Limited, Foco International Limited and RB Properties Limited.

In terms of section 259 (1) of the Companies & Allied Matters Act 2004, Stanbic IBTC Holdings PLC shall hold its sixth annual general meeting in 2018, and Ms Ngozi Edozien; Mr Dominic Bruynseels and Yinka Sanni all of whom are eligible for re–election, will be retiring as directors and, shall offer themselves for re-election in compliance with Section 259 of the Companies and Allied Matters Act 2004.

e. Directors interest in contracts

The Company currently has a number of Technical and Management Service Agreements with is subsidiaries, which provide for the provision of shared services to these subsidiaries in line with CBN Regulation for Holding Companies. These services are provided at arm's length and appropriate fees charged in line with best practice.

One of the Bank's branch located on the Ground Floor at Churchgate Towers, PC 30, Churchgate Street, Victoria Island, Lagos is owned by First Continental Properties Limited, and Mr. Ratan Mahtani is a Director on the Board of this Company. The lease was renewed in March 2015 is for a period of three years at a cost of N146 million.

Stanbic IBTC Bank (a subsidiary of the Company) has a security equipment maintenance contract with Allegiance Technologies Limited whose director is a close family member of Mr. Moses Adedoyin who is a former non-executive director of Stanbic IBTC Bank (a subsidiary of the Company). The contract covers provision of maintenance services for CCTV and electronic access control systems to the bank. Payment made within the year was N24.74mn.

f. Property and equipment

Information relating to changes in property and equipment is given in note 17 to the financial statements. In the directors' opinion the disclosures regarding the group's properties are in line with the related statement of accounting policy of the group.

g. Shareholding analysis

The shareholding pattern of the company as at 31 December 2017 is as stated below:

Share range	No. of shareholders	Percentage of shareholders	No. of holding	Percentage holdings
1 - 1,000	38,927	41.26	20,876,138	0.21
1,001 - 5,000	36,234	38.41	75,010,745	0.75
5,001 - 10,000	9,314	9.87	57,898,179	0.58
10,001 - 50,000	7,677	8.14	144,351,126	1.44
50,001 - 100,000	1,109	1.18	70,347,244	0.70
100,001 - 500,000	808	0.86	150,642,851	1.50
500,001 - 1,000,000	114	0.12	72,107,982	0.72
1,000,001 - 5,000,000	82	0.09	166,658,735	1.66
5,000,001 - 10,000,000	17	0.02	124,336,305	1.24
10,000,001 - 50,000,000	38	0.04	931,519,004	9.27
50,000,001 - 100,000,000	12	0.01	857,323,698	8.53
100,000,001 - 10,000,000,000	11	0.01	7,378,393,724	73.42
Grand Total	**94,343**	**100**	**10,049,465,731**	**100**
Foreign shareholders	158		5,461,742,246	54.47%

h. Substantial interest in shares

According to the register of members as at 31 December 2017, no shareholder held more than 5% of the issued share capital of the company except the following:

	2017		2016	
Shareholder	**No of shares held**	**Percentage shareholding**	**No of shares held**	**Percentage shareholding**
Stanbic Africa Holdings Limited (SAHL)	5,333,569,874	53.07%	5,318,957,354	53.20%
First Century International Limited	760,504,089	7.61%	747,089,076	7.47%

i. Share capital history

Year	Authorised (No of shares) (N'000)		Issued and fully paid up (N'000)		
	Increase	Cumulative	Increase	Cumulative	
2012	5,000,000	5,000,000	5,000,000	5,000,000	
2015	1,500,000	6,500,000	-	5,000,000	
2017			24,733	5,024,733	

j. Dividend history and unclaimed dividend as at 31 December 2017

Year end	Dividend type	Total dividend amount declared*	Dividend per share	Net dividend amount unclaimed as at 31 Dec. 2017	Percentage unclaimed
		N		N	%
2005	Final	2,170,298,271	20 kobo	3,813,332	0.18
2006	Final	2,170,297,800	20 kobo	49,113,763	2.26
2007	Interim	3,375,000,000	30 kobo	3,385,581	0.10
2007	Final	4,218,750,000	25 kobo	5,022,292	0.12
2008	Final	6,750,000,000	40 kobo	239,894,898	3.55
2009	Final	5,062,500,000	30 kobo	250,319,391	4.94
2010	Final	3,240,215,108	39 kobo	191,261,012	5.90
2011	Interim	1,687,500,000	10 kobo	29,024,733	1.72
2012	Final	900,570,889	10 kobo	18,793,715	2.09
2013	Interim	6,304,041,033	70 kobo	158,033,873	2.51
2013	Final	901,992,337	10 kobo	25,760,154	2.86
2014	Interim	9,920,077,516	110 kobo	260,858,575	2.63
2014	Final	1,352,701,559	15 kobo	35,351,269	2.61
2015	Final	8,235,882,607	90 kobo	228,808,346	2.78
Total				**1,499,440,936**	

k. Dividend history and unclaimed dividend as at 31 December 2017 (continued)

The total unclaimed dividend fund as at 31 December 2017 amounted to N1,475 million (Dec. 2016: N1,540 million) - see note 26.1. A sum of N1,301 million of the fund balance is held in an investment account (money market mutual fund) managed by Stanbic IBTC Asset Management Limited (Dec. 2016: N723 million), while the balance is held in demand deposits maintained with Stanbic IBTC Bank PLC. Total income earned on the investment account and recognised by the company for the year ended 31 December 2017 was N141 million (Dec 2016: N61 million) - see notes 31.1 and 31.5.

l. Donations and Charitable Gifts

The group and company made contributions to charitable and non – political organizations amounting to N436.63 million and N142.81 million respectively (Dec 2016: Group - N121.75 million; Company - N83.97 million) during the year.

	Group N'000	Company N'000
Nigerian Police Force - Purchase of Cars and Security Equipments*	180,000	-
Adopted School Project - Lagos Progressive School, Surulere, Lagos	67,608	17,328
Kaduna State Business Incubator Project	25,000	-
Chartered Institute of Stockbrokers (CIS) Secretariat Building Project	25,000	25,000
Lagos State Security Trust Fund	25,000	25,000
North East Children's Trust Fund	20,000	20,000
Lagos State Healthcare Centre, Ebute Metta, Lagos	17,511	-
Institute of Human Virology Nigeria - Contribution to Research Centre	10,000	10,000
Society for Family Health - development of point of use water guard in Otta, Ogun State	10,000	10,000
CBN's Financial Literacy Campaign	7,249	575
Nigeria Prisons Training School, Kaduna	7,205	-
Support for Benue State Flood Victims	4,998	4,998
National Orthopaedic Special School, Igbobi, Lagos	3,500	3,500
Together4alimb Education Trust Fund - South South	3,000	3,000
Together4alimb Education Trust Fund - North Central	3,000	3,000
Lagos University Teaching Hospital - Renovation of Accident and Emergency Ward	3,000	3,000
Human Development Initiatives(HDI) Onike, Lagos	2,500	2,500
Kano State Appeal Fund Raising for Victims of Fire Disasters	2,500	2,500
Together4alimb - limb project	2,286	1,328
Nigerian Foundation For The Support of Terrorism	2,208	-
Bank Directors Association of Nigeria - Head Office Project	2,000	2,000
Makoko Community Children - Insecticide mosquito treated nets on World Malaria Day	1,887	1,887
Together4alimb Education Trust Fund - South East	1,500	1,500
Center for Values in Leadership - Support for School Project in Delta State	1,500	1,500
Save the Children Project	1,020	-
CIS 2017 National Workshop and Annual Conference	1,000	-
Edo State sensitization program on Contributory pensions scheme	850	-
Child Correctional Center, Idi – Araba, Lagos	811	811
Nigerian Red Cross Society Motherless Babies' Home	558	558
Kaduna State Muslim Pilgrims Welfare Board	500	-
Nigerian Red Cross Society - “Give Love” programme	500	500
Perculiar Saint Orphange & Special Needs Centre, Ajah, Lagos	420	420
Salvation Army	411	-
Ken Ade Private School Makoko	348	348
Heart of Gold Children’s Hospice Surulere	348	348
Web of Hearts Migrants & IDP Camp, Ibeju-Lekki, Lagos	265	265
National Association of Nigerian students - Logistics support	250	250
Pure Souls Learning Foundation for Autism, Ikeja GRA, Lagos	225	225
Bola-Mofo Zion Shelter	150	150
Sokoto Bankers Committee dinner	100	-
Youth Rescue & Care Initiative	100	-
LagosCheshire Home for the Disabled	80	80
Royal Diamond Orphanage, Ikeja, Lagos	75	75
Bales of Mercy Orphanage, Gbagada, Lagos	75	75
Sickle Cell Foundation Nigeria	50	50
Companionate Orphanage Home	43	43
	436,629	**142,812**

* Bank commitments to The Nigerian Police Force for the purchase of cars and security equipment, as decided by the Body of Bank CEOs to boost national security which was ratified at the 331st meeting of the Bankers' Committee held on 09 February 2017.

m. Events after the reporting date

There were no events after the reporting date which could have a material effect on the financial position of the group as at 31 December 2017 which have not been recognised or disclosed

n. Human resources

Employment of disabled persons

The company continues to maintain a policy of giving fair consideration to applications for employment made by disabled persons with due regard to their abilities and aptitude. The company's policy prohibits discrimination of disabled persons or persons with HIV in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, efforts will be made to ensure that, as far as possible, their employment with company continues and appropriate training is arranged to ensure that they fit into the company's working environment.

Health safety and welfare at work

The company enforces strict health and safety rules and practices at the work environment which are reviewed and tested regularly. The company's staff are covered under a comprehensive health insurance scheme pursuant to which the medical expenses of staff and their immediate family are covered up to a defined limit.

Fire prevention and firefighting equipment are installed in strategic locations within the company's premises.

The company has both Group Personal Accident and Workmen's Compensation Insurance cover for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2014.

o. Employee involvement and training

The company ensures, through various fora, that employees are kept informed on matters concerning them. Formal and informal channels are employed for communication with employees with an appropriate two – way feedback mechanism. In accordance with the company's policy of continuous staff development, training facilities are provided in the group's well equipped Training School (the Blue Academy). Employees of the Company attend training programmes organized by the Standard Bank Group (SBG) in South Africa and elsewhere and participate in programmes at the Standard Bank Global Leadership centre in South Africa. The company also provides its employees with on the job training in the company and at various Standard Bank locations.

p. Auditors

The auditors, Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors. In accordance with Section 357 (2) of the Companies and Allied Matters Act of Nigeria, the auditors will be re-appointed at the next annual general meeting without any resolution being passed.

By order of the Board

Chidi Okezie
Company Secretary
FRC/2013/NBA/00000001082
01 February 2018

Statement of directors' responsibilities in relation to the financial statements
For the year ended 31 December 2017

The directors accept responsibility for the preparation of the annual consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act, Cap C. 20, Laws of the Federation of Nigeria, 2004, the Financial Reporting Council of Nigeia Act, 2011 and the Banks and Other Financial Institutions Act, Cap B3, Laws of the Federation of Nigeria, 2004 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act Cap C.20, Laws of the Federation of Nigeria, 2004 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

SIGNED ON BEHALF OF THE DIRECTORS BY:

Basil Omiyi	Yinka Sanni
Chairman	**Chief Executive**
FRC/2016/IODN/00000014093	**FRC/2013/CISN/00000001072**
01 February 2018	**01 February 2018**

Corporate governance report
For the year ended 31 December 2017

Introduction

The company is a member of the Standard Bank Group, which holds a 53.07% equity holding (through Stanbic Africa Holdings Limited) in the company.

Standard Bank Group ("SBG") is committed to implementing initiatives that improve corporate governance for the benefit of all stakeholders. SBG's board of directors remains steadfast in implementing governance practices that comply with international best practice, where substance prevails over form.

Subsidiary entities within SBG are guided by these principles in establishing their respective governance frameworks, which are aligned to SBG's standards in addition to meeting the relevant jurisdictional requirements in their areas of operation.

Stanbic IBTC Holdings PLC ("the company"), and its subsidiaries ("the group"), as a member of SBG, operate under a governance framework which enables the board to balance its role of providing oversight and strategic counsel with its responsibility to ensure conformance with regulatory requirements, group standards and acceptable risk tolerance parameters.

The direct subsidiaries of the company are: Stanbic IBTC Bank PLC, Stanbic IBTC Asset Management Limited, Stanbic IBTC Pension Managers Limited, Stanbic IBTC Insurance Brokers Limited, Stanbic IBTC Trustees Limited, Stanbic IBTC Stockbrokers Limited, Stanbic IBTC Ventures Limited, Stanbic IBTC Investments Limited and Stanbic IBTC Capital Limited and these subisidiaries have their own distinct boards and take account of the particular statutory and regulatory requirements of the businesses they operate. These subsidiaries operate under a governance framework that enables their boards to balance their roles in providing oversight and strategic counsel with their responsibility for ensuring compliance with the regulatory requirements that apply in their areas of operation and the standards and acceptable risk tolerance parameters adopted by the company. In this regard they have aligned their respective governance frameworks to that of the company. As Stanbic IBTC Holdings PLC is the holding company for the subsidiaries in the group, the company's board also acts as the group board, with oversight of the full activities of the group.

A number of committees have been established by the company's board that assists the board in fulfilling its stated objectives. The committees' roles and responsibilities are set out in their mandates, which are reviewed periodically to ensure they remain relevant. The mandates set out their roles, responsibilities, scope of authority, composition and procedures for reporting to the board.

Codes and regulations

The company operates in highly regulated markets and compliance with applicable legislation, regulations, standards and codes, including transparency and accountability, remain an essential characteristic of its culture. The board monitors compliance with these by means of management reports, which include information on the outcome of any significant interaction with key stakeholders such as regulators.

The group complies with all applicable legislation, regulations, standards and codes.

Shareholders' responsibilities

The shareholders' role is to approve appointments to the board of directors and the external auditors as well as to grant approval for certain corporate actions that are by legislation or the company's articles of association specifically reserved for shareholders. Their role is extended to holding the board accountable and responsible for efficient and effective corporate governance.

Developments during the year ended 31 December 2017

During the year under review, the following developments in the company's corporate governance practices occurred:

- The Board conducted an annual review of its Mandates and the Mandates of the Board and Executive Committees and aproved the revised Mandates.
- There was a continued focus on directors training via attendance at various courses such as Effective Corporate Governance & the Role of Company Secretaries in building Progressive Boards, London School of Bank Risk Management, 2017 Global CEO Conference – Module II in addition, and as with prior years, the Board held its annual Board Strategy Session in order to review the overall Group Strategy.

Developments during 2017 (continued)

- The Chairman of the Board, Mr Atedo Peterside CON, resigned on 31 March 2017 and was replaced by Mr. Basil Omiyi
- Prof. Fabian Ajogwu SAN was appointed as an Independent Non-Executive Director following receipt of all required regulatory approvals.
- Mr. Yinka Sanni was appointed Chief Executive of the Company following the resignation of Mrs. Sola David-Borha, who assumed a new role as Chief Executive, Africa Regions at Standard Bank. All regulatory and shareholders' approvals for Mr. Sanni's appointement have been obtained.
- The Company listed additional 49,465,731 ordinary shares of 0.50kobo each via two scrip dividend issues, which increased the total issued and paid up shares of the Company to 10,049,465,731 ordinary shares

Focus areas for 2018

The group intends during 2018 to:
- continue the focus on directors’ training via formal training sessions and information bulletins on issues that are relevant;
- continue to enhance the level of information provided to and interaction with shareholders, investors and stakeholders generally.

Board and directors

Board structure and composition

Ultimate responsibility for governance rests with the board of directors of the company, who ensure that appropriate controls, systems and practices are in place. The company has a unitary board structure and the roles of chairman and chief executive are separate and distinct. The company’s chairman is a non-executive director. The number and stature of non-executive directors ensure that sufficient consideration and debate are brought to bear on decision thereby contributing to the efficient running of the board.

One of the features of the manner in which the board operates is the role played by board committees, which facilitate the discharge of board responsibilities. The committees each have a board approved mandate that is regularly reviewed.

Strategy

The board considers and approves the company’s strategy. Once the financial and governance objectives for the following year have been agreed, the board monitors performance against financial objectives and detailed budgets on an on-going basis, through quarterly reporting.

Regular interaction between the board and the executive is encouraged. Management is invited, as required, to make presentations to the board on material issues under consideration.

Directors are provided with unrestricted access to the company’s management and company information, as well as the resources required to carry out their responsibilities, including external legal advice, at the company’s expense.

It is the board’s responsibility to ensure that effective management is in place to implement the agreed strategy, and to consider issues relating to succession planning. The board is satisfied that the current pool of talent available within the company, and the ongoing work to deepen the talent pool, provides adequate succession depth in both the short and long term.

Skills, knowledge, experience and attributes of directors

The board ensures that directors possess the skills, knowledge and experience necessary to fulfill their obligations. The directors bring a balanced mix of attributes to the board, including:

- international and domestic experience;
- operational experience;
- knowledge and understanding of both the macroeconomic and the microeconomic factors affecting the group;
- local knowledge and networks; and
- financial, legal, entrepreneurial and banking skills.

The credentials and demographic profile of the board are regularly reviewed, to ensure the board's composition remains both operationally and strategically appropriate.

Appointment philosophy

The appointment philosophy ensures alignment with all necessary legislation and regulations which include, but are not limited to the requirements of the Central Bank of Nigeria; SEC Code of Corporate Governance; the Companies & Allied Matters Act as well as the legislations of Standard Bank Group's home country.

Consideration for the appointment of directors and key executives take into account compliance with legal and regulatory requirements and appointments to external boards to monitor potential for conflicts of interest and ensure directors can dedicate sufficient focus to the company's business. The board takes cognisance of the skills, knowledge and experience of the candidate, as well as other attributes considered necessary to the prospective role.

The board's size as at 31 December 2017 was ten (10), comprisig one (1) executive director and nine (9) non-executive directors. It is important to note that of the nine (9) non-executive directors, three (3) namely; Mrs. Salamatu Hussaini Suleiman, Ms. Ngozi Edozien and Prof. Fabian Ajogwu SAN are Independent Non-Executive Directors in compliance with the CBN Code. The board has the right mix of competencies and experience.

Board responsibilities

The key terms of reference in the board's mandate, which forms the basis for its responsibilities, are to:

- agree the group's objectives, strategies and plans for achieving those objectives;
- annually review the corporate governance process and assess achievement against objectives;
- review its mandate at least annually and approve recommended changes;

Board responsibilities (continued)

- delegate to the chief executive or any director holding any executive office or any senior executive any of the powers, authorities and discretions vested in the board's directors, including the power of sub-delegation; and to delegate similarly such powers, authorities and discretions to any committee and subsidiary company board as may exist or be created from time to time;
- determine the terms of reference and procedures of all board committees and review their reports and minutes;
- consider and evaluate reports submitted by members of the executive;
- ensure that an effective risk management process exists and is maintained throughout the bank and its subsidiaries to ensure financial integrity and safeguarding of the group's assets;
- review and monitor the performance of the chief executive and the executive team;
- ensure consideration is given to succession planning for the chief executive and executive management;
- establish and review annually, and approve major changes to, relevant group policies;
- approve the remuneration of non-executive directors on the board and board committees, based on recommendations made by the remuneration committee, and recommend to shareholders for approval;
- approve capital funding for the group, and the terms and conditions of rights or other issues and any prospectus in connection therewith;
- ensure that an adequate budget and planning process exists, performance is measured against budgets and plans, and approve annual budgets for the group;
- approve significant acquisitions, mergers, take-overs, divestments of operating companies, equity investments and new strategic alliances by the group;
- consider and approve capital expenditure recommended by the executive committee;
- consider and approve any significant changes proposed in accounting policy or practice, and consider the recommendations of the statutory audit committee;
- consider and approve the annual financial statements, quarterly results and dividend announcements and notices to shareholders, and consider the basis for determining that the group will be a going concern as per the recommendation of the audit committee;
- assume ultimate responsibility for financial, operational and internal systems of control, and ensure adequate reporting on these by committees to which they are delegated;
- take ultimate responsibility for regulatory compliance and ensure that management reporting to the board is comprehensive;
- ensure a balanced and understandable assessment of the group's position in reporting to stakeholders;
- review non financial matters that have not been specifically delegated to a management committee; and
- specifically agree, from time to time, matters that are reserved for its decision, retaining the right to delegate any of these matters to any committee from time to time in accordance with the articles of association.

Delegation of authority

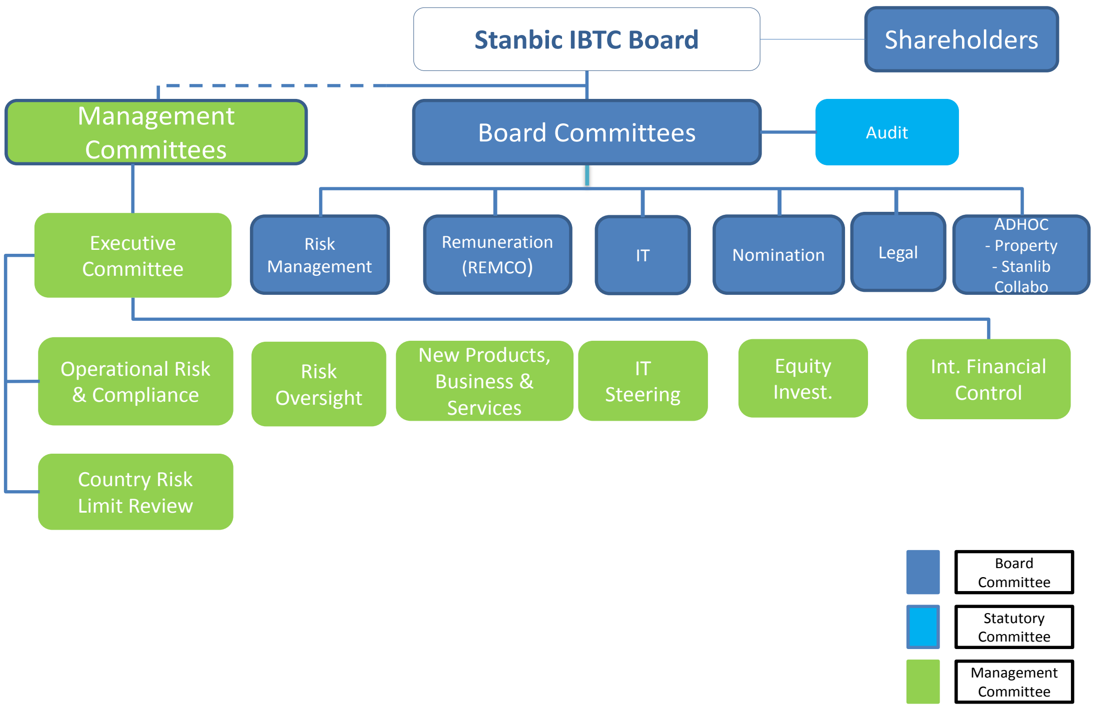
The ultimate responsibility for the company and its operations rests with the board. The board retains effective control through a well-developed governance structure of board committees. These committees provide in-depth focus on specific areas of board responsibility.

The board delegates authority to the chief executive to manage the business and affairs of the company. The executive committee assists the chief executive when the board is not in session, subject to specified parameters and any limits on the board's delegation of authority to the chief executive.

Membership of the executive committee is set out on page xii.
In addition, a governance framework for executive management assists the chief executive in his task. Board-delegated authorities are regularly monitored by the company secretary's office.

The corporate governance framework was adopted by the board on 28 November 2012 and formalised with mandate approvals which were reviewed in July 2017. The corporate governance framework is set out below:

STANBIC IBTC HOLDCO GOVERNANCE STRUCTURE



Induction and training

An induction programme designed to meet the needs of each new director is being implemented. One-on-one meetings are scheduled with management to introduce new directors to the company and its operations. The company secretary manages the induction programme. The CBN Code of Conduct as well as the Securities & Exchange Commission's code of corporate governance is provided to new directors on their appointment.

Directors are kept abreast of all relevant legislation and regulations as well as sector developments leading to changing risks to the organisation on an on - going basis. This is achieved by way of management reporting and quarterly board meetings, which are structured to form part of ongoing training.

Directors attended various trainings at different periods during the year that included trainings on Risk Management; enhancing Board performance, Change Management, and Financial Reporting. These trainings were aimed at enhancing the understanding of key issues, and skills of directors.

Executive committee members

As at 31 December 2017, the Group Executive committee comprised of 21 members drawn from key functions within the Company as well as its subsidiaries.

S/N	Name	Responsibility
i	Yinka Sanni	Chief Executive Stanbic IBTC Holdings PLC
ii	Demola Sogunle	Chief Executive Stanbic IBTC Bank PLC
iii	Andrew Mashanda	Executive Director, Corp & Trans Banking
iv	Babatunde Macaulay	Executive Director, Personal & Business Banking Stanbic
v	Wole Adeniyi	Executive Director, Operations Stanbic IBTC Bank PLC
vi	Angela Omo - Dare	Head, Country Legal Services SIBTC Holdings PLC
vii	Olufunke Amobi	Head, Human Capital
viii	Kola Lawal	Head, CIB Credit Stanbic IBTC Bank PLC
ix	Chidi Okezie	Company Secretary
x	M'fon Akpan	Chief Risk Officer Stanbic IBTC Bank PLC
xi	Nkiru Olumide-Ojo	Head, Marketing and Communications
xii	Taiwo Ala	Head Internal Controls Stanbic IBTC Bank PLC
xiii	Victor Yeboah-Manu	Chief Financial Officer Stanbic IBTC Holdings PLC
xiv	Gboyega Dada	Head, Information Technology
xv	Rotimi Adojutelegan	Chief Compliance Officer Stanbic IBTC Bank PLC
xvi	Eric Fajemisin	Head, Wealth
xvii	Malcolm Irabor	Head, Legal Services Stanbic IBTC Bank PLC
xviii	Tosin Odutayo	Ag. Head of Finance, Stanbic IBTC Bank PLC
xix	Sam Ocheho	Head, Global Markets Stanbic IBTC Bank PLC
xx	Dele Kuti	Sector Head, Oil & Gas CIB
xxi	Benjamin Ahulu	Head - Internal Audit

Board meetings

The board meets, at a minimum, once every quarter with ad-hoc meetings being held whenever it was deemed necessary. The board will hold a strategy session in July 2018. Directors, in accordance with the articles of association of the company, attend meetings either in person or via tele / video conferencing.

Directors are provided with comprehensive board documentation at least seven days prior to each of the scheduled meetings.

Name	Feb	April	July	Oct
Basil Omiyi	√	√	√	√
Yinka Sanni	√	√	√	√
Prof. Fabian Ajogwu*	-	-	√	√
Sim Tshabalala	√	√	√	√
Dominic Bruynseels	√	√	√	√
Ifeoma Esiri	√	√	√	√
Ballama Manu	√	√	√	√
Ratan Mahtani	√	√	√	√
Ngozi Edozien*	√	√	√	√
Salamatu Suleiman*	√	√	√	√

√ = Attendance

A = Apology

- = Not a member of the Board at the relevant time

* Independent Director

Board committees

Some of the functions of the board have been delegated to board committees, consisting of board members appointed by the board, which operates under mandates approved at the board meeting of 28 July 2017.

Risk management committee

The board is ultimately responsible for risk management. The main purpose of the risk management committee, as specified in its mandate is the provision of independent and objective oversight of risk management within the company. The committee is assisted in fulfilling its mandate by a number of management commitees.

To achieve effective oversight, the committee reviews and assesses the integrity of risk control systems and ensures that risk policies and strategies are effectively managed and contribute to a culture of discipline and control that reduces the opportunity for fraud.

The risk management committee during the year under review was vested, among others, with the following responsibilities:

- to oversee management's activities in managing credit, market, liquidity, operational, legal and other risks of the group;

- to periodically review the group's risk management systems and report thereon to the board;
- to ensure that the group's material business risks are being effectively identified, quantified, monitored and controlled and that the systems in place to achieve this are operating effectively at all times; and
- such other matters relating to the group's risk assets as may be specifically delegated to the committee by the board.

The committee's mandate is in line with SBG's standards, while taking account of local circumstances.

As at 31 December 2017, the committee consisted of six directors, five of whom, including the chairman are non – executive directors.

Members' attendance at risk management committee meetings during the year ended 31 December 2017 is stated below:

Name	January	April	July	October
Ifeoma Esiri (Chairman)	√	√	√	√
Yinka Sanni	√	√	√	√
Dominic Bruynseels	√	√	√	√
Ngozi Edozien	√	√	A	√
Ballama Manu	√	√	√	√
Fabian Ajogwu	-	-	-	√

√ = Attendance

A = Apology

- = Not a member of the Board at the relevant time

* Independent Director

Remuneration committee

The remuneration committee (REMCO) was vested with responsibilities during the year under review that included:

- reviewing the remuneration philosophy and policy;
- considering the guaranteed remuneration, annual performance bonus and pension incentives of the group's executive directors and managers;
- reviewing the performance measures and criteria to be used for annual incentive payments for all employees;
- determining the remuneration of the chairman and non-executive directors, which are subject to board and shareholder approval;
- considering the average percentage increases of the guaranteed remuneration of executive management across the group, as well as long-term and short-term incentives; and
- agreeing incentive schemes across the group.

The chief executive attends meetings by invitation. Other members of executive management are invited to attend when appropriate. No individual, irrespective of position, is expected to be present when his or her remuneration is discussed.

Remuneration committee (continued)

When determining the remuneration of executive and non-executive directors as well as senior executives, REMCO is expected to review market and competitive data, taking into account the company's performance using indicators such as earnings.

REMCO utilises the services of a number of suppliers and advisors to assist it in tracking market trends relating to all levels of staff, including fees for non-executive directors.

The board reviews REMCO's proposals and, where relevant, will submit them to shareholders for approval at the annual general meeting (AGM.). The board remains ultimately responsible for the remuneration policy.

As at 31 December 2017, the committee consisted of four directors, all of whom are non–executives, with the Chairman being an Independent Director.

Members' attendance at REMCO meetings during the year ended 31 December 2017 is stated below:

Name	January	April	July	October
Salamatu Suleiman (Chairman)	√	√	√	√
Dominic Bruynseels	√	√	√	√
Sim Tshabalala	√	√	√	√
Fabian Ajogwu	-	-	-	√

√ = Attendance

- = Not a member of the Committee at the relevant time

A = Apology

Remuneration

Introduction

The purpose of this section is to provide stakeholders with an understanding of the remuneration philosophy and policy applied across the group for executive management, employees, and directors (executive and non-executive).

Remuneration philosophy

The group's board and remuneration committee set a remuneration philosophy which is guided by SBG's philosophy and policy as well as the specific social, regulatory, legal and economic context of Nigeria.

In this regard, the group employs a cost to company structure, where all benefits are included in the listed salary and appropriately taxed.

The following key factors have informed the implementation of reward policies and procedures that support the achievement of business goals:

• the provision of rewards that enable the attraction, retention and motivation of employees and the development of a high performance culture;
• maintaining competitive remuneration in line with the market, trends and required statutory obligations;
• rewarding people according to their contribution;
• allowing a reasonable degree of flexibility in remuneration processes and choice of benefits by employees;
• utilising a cost-to-company remuneration structure; and
• educating employees on the full employee value proposition;

The group's remuneration philosophy aligns with its core values, including growing our people, appropriately remunerating high performers and delivering value to our shareholders. The philosophy emphasises the fundamental value of our people and their role in ensuring sustainable growth. This approach is crucial in an environment where skills remain scarce.

The board sets the principles for the group's remuneration philosophy in line with the approved business strategy and objectives. The philosophy aims to maintain an appropriate balance between employee and shareholder interests. The deliberations of REMCO inform the philosophy, taking into account reviews of performance at a number of absolute and relative levels – from a business, an individual and a competitive point of view.

A key success factor for the group is its ability to attract, retain and motivate the talent it requires to achieve its strategic and operational objectives. The group's remuneration philosophy includes short-term and long-term incentives to support this ability.

Short-term incentives, which are delivery specific, are viewed as strong drivers of competitiveness and performance. A significant portion of top management's reward is therefore variable, being determined by financial performance and personal contribution against specific criteria set in advance. This incites the commitment and focus required to achieve targets.

Long-term incentives seek to ensure that the objectives of management and shareholders are broadly aligned over longer time periods.

Corporate governance report (continued)
For the year ended 31 December 2017

Remuneration policy

The group has always had a clear policy on the remuneration of staff, executive and non-executive directors which set such remuneration at levels that are fair and reasonable in a competitive market for the skills, knowledge, experience required and which complies with all relevant tax laws.

REMCO assists the group's board in monitoring the implementation of the group remuneration policy, which ensures that:

• salary structures and policies, as well as cash and long term incentives, motivate sustained high performance and are linked to corporate performance objectives;
• stakeholders are able to make a reasonable assessment of reward practices and the governance process; and
• the group complies with all applicable laws and codes.

Remuneration structure

Non-executive directors

Terms of service

Directors are appointed by the shareholders at the AGM, although board appointments may be made between AGMs. These appointments are made in terms of the company's policy. Shareholder approvals for such interim appointments are however sought at the annual general meeting that holds immediately after such appointments are made.

Non-executive directors are required to retire after three years and may offer themselves for re-election. If recommended by the board, their re-election is proposed to shareholders at the AGM.

In terms of CAMA, if a director over the age of 70 is seeking re-election to the board his age must be disclosed to shareholders at the meeting at which such reelection is to occur.

Fees

Non-executive directors' receive fixed annual fees and sitting allowances for service on the board and board committees. There are no contractual arrangements for compensation for loss of office. Non-executive directors do not receive short-term incentives, nor do they participate in any long-term incentive schemes.

REMCO reviews the non-executive directors' fees annually and makes recommendations on same to the board for consideration. Based on these recommendations, the board in turn recommends a gross fee to shareholders for approval at the Annual General Meeting (AGM).

Fees that are payable for the reporting period 1 January to 31 December of each period.

Category	**2018**[(i)]	**2017**
Chairman	35,000,000	30,000,000
Non-Executive Directors	23,500,000	20,000,000
Sitting Allowances for Board Meetings[(ii)]		
- Chairman	460,000	400,000
- Non-Executive Directors	400,000	340,000

[(i)] Proposed for approval by shareholders at the AGM taking place in 2018.

[(ii)] Fees quoted as sitting allowance represent per meeting sitting allowance paid for board, board & audit committees and ad hoc meetings. No annual fees are payable to committee members with respect to their roles on such committees.

Retirement benefits

Non-executive directors do not participate in the pension scheme.

Executive directors

The company had only one executive director as at 31 December 2017.

Executive directors receive a remuneration package and qualify for long-term incentives on the same basis as other employees.

Executive director's bonus and pension incentives are subject to an assessment by REMCO of performance against various criteria. The criteria include the financial performance of the company, based on key financial measures and qualitative aspects of performance, such as effective implementation of group strategy and human resource leadership. In addition, the Group's remuneration philosophy is designed in such a way as to prevent excessive risk taking by Management.

Management and general staff

Total remuneration packages for employees comprises the following:

• guaranteed remuneration – based on market value and the role played;
• annual bonus – used to stimulate the achievement of group objectives;
• long term incentives – rewards the sustainable creation of shareholder value and aligns behaviour to this goal;
• pension – provides a competitive post-retirement benefit in line with other employees.
• where applicable, expatriate benefits in line with other expatriates in Nigeria.

Terms of service

The minimum terms and conditions for managers are governed by relevant legislation and the notice period is between one to three months.

Fixed remuneration

Managerial remuneration is based on a total cost-to-company structure. Cost-to-company comprises a fixed cash portion, compulsory benefits (medical aid and retirement fund membership) and optional benefits. Market data is used to benchmark salary levels and benefits. Salaries are normally reviewed annually in March.

For all employees, performance-related payments have formed an increasing proportion of total remuneration over time to achieve business objectives and reward individual contribution.

All employees (executives, managers and general staff) are rated on the basis of performance and potential and this is used to influence performance-related remuneration rating and the consequent pay decision is done on an individual basis.

There is therefore a link between rating, measuring individual performance and reward. However, as noted earlier, the Group's remuneration philosophy is designed in such a way as to prevent excessive risk taking by Management.

Short-term incentives

All staff participate in a performance bonus scheme. Individual awards are based on a combination of business unit performance, job level and individual performance. In keeping with the remuneration philosophy, the bonus scheme seeks to attract and retain high-performing managers.

As well as taking performance factors into account, the size of the award is assessed in terms of market-related issues and pay levels for each skill set, which may for instance be influenced by the scarcity of skills in that area.

The company has implemented a deferred bonus scheme (DBS) to compulsorily defer a portion of incentives over a minimum threshold for some senior managers and executives. This improves alignment of shareholder and management interests and enables clawback under certain conditions, which supports risk management.

Long-term incentives

It is essential for the group to retain key skills over the longer term. The group has put in place a deferred bonus scheme for top talents. The scheme is designed to reward and retain top talents.

Post-retirement benefits
Pension

Retirement benefits are typically provided on the same basis for employees of all levels and are in line and comply with the Pension Reform Act 2014.

Remuneration as at 31 December 2017

The amounts specified below represent the total remuneration paid to executive and non-executive directors for the year under review:

	2017	2016
	N'million	N'million
Fees & sitting allowance	401	334
Executive compensation	373	373
Total	**774**	**707**

The group will continue to ensure its remuneration policies and practices remain competitive, drive performance and are aligned across the group and with its values.

The board nomination committee

The board nominations committee is a sub-committee of the Board of Directors ("the board") of the company and has the responsibility to:

a) provide oversight on the selection nomination and re – election process for directors;

b) provide oversight on the performance of directors on the various committees established by the board;

c) provide oversight in relation to the board evaluation and governance process and the reports that are to be made to the Securities & Exchange Commission, Central Bank of Nigeria and shareholders with respect to same.

The goal of the committee is to review nomination and election and re- election for directors in such a way as to attract and retain the highest quality directors whose attributes will ensure that their membership of the board will be of benefit and add value to the bank.

The committee consists of such number of directors as may be approved by the board, but shall not be less than three and shall include the Chief Executive. In addition, any member of senior management may be invited to attend meetings of the committee.

Composition

The committee is made up of three non-executive directors and one executive director appointed by the Board.

Members' attendance at the Board Nomination Committee meetings for the year 01 January to 31 December 2017 is stated below:

Name	January
Mr Sim Tshabalala	√
Mr Yinka Sanni	√
Ms. Ngozi Edozien	-
Mr. Dominic Bruynseels	√

√ = Attendance

'- = Not a member at the time

The audit committee

The role of the audit committee is defined by the Companies & Allied Matters Act and includes making recommendations to the board on financial matters. These matters include assessing the integrity and effectiveness of accounting, financial, compliance and other control systems. The committee also ensures effective communication between internal auditors, external auditors, the board and management.

The committee's key terms of reference comprise various categories of responsibilities and include the following:

- review the audit plan with the external auditors with specific reference to the proposed audit scope, and approach to risk activities and the audit fee;
- meet with external auditors to discuss the audit findings and consider detailed internal audit reports with the internal auditors;
- annually evaluate the role, independence and effectiveness of the internal audit function in the overall context of the risk management systems;
- review the accounting policies adopted by the group and all proposed changes in accounting policies and practices;
- consider the adequacy of disclosures;
- review the significant differences of opinion between management and internal audit;
- review the independence and objectivity of the auditors; and
- all such other matters as are reserved to the audit committee by the Companies & Allied Matters Act and the company's Articles of Association.

As required by law, the audit committee members have recent and relevant financial experience.

Composition

The committee is made up of six members, three of whom are non - executive directors while the remaining three members are shareholders elected at the Annual General Meeting (AGM). The committee, whose membership is stated below, is chaired by a shareholder representative.

As at 31 December 2017, the committee consisted of the following persons:

Mr. Samuel Ayininuola*	Chairman
Mr. Ibhade George*	Member
Mr. Olatunji Bamidele*	Member
Mr. Dominic Bruynseels**	Member
Mrs. Ifeoma Esiri**	Member
Mr. Ratan Mahtani**	Member

* = Shareholders representative

** = Non Executive Director

The audit committee (continued)

Members' attendance at audit committee meetings for the period 01 January to 31 December 2017 is stated below:

Name	January	April	July	October
Mr. Samuel Ayininuola	-	√	√	√
Mr Dominic Bruynseels	√	√	√	√
Mrs Ifeoma Esiri	√	√	√	√
Mr Ratan Mahtani	√	√	√	√
Mr. Olatunji Bamidele	√	√	√	√
Mr Ibhade George	√	√	√	√

√ = Attendance

A = Apology

'- = Not a member at the revelant time

The board IT committee

The board IT committee is one of the committees established by the Board in 2015. The committee has the following responsibilities:

a) provide guidance on how IT decisions are made, enforced and evaluated within Stanbic IBTC in accordance with Central Bank of Nigeria (CBN) IT standards blue print;

b) assist the Board to fulfil its oversight responsibilities for Stanbic IBTC's investments, operations and strategy in relation to IT;

c) review Stanbic IBTC's assessment of risks associated with IT including disaster recovery, business continuity and IT security.

The committee consists of a minimum of two Non-Executive Directors and shall also include the Chief Executive. In addition, any member of senior management may be invited to attend meetings of the committee.

Members' attendance at the Board IT Committee meetings for the period 01 Jan to 3 1 December 2017 is stated below:

Name	January	April	July	October
Mr Dominic Bruynseels	√	√	√	√
Mr Yinka Sanni	√	√	√	√
Ms. Ngozi Edozien	√	√	√	√
Mr. Ballama Manu	√	√	√	√

√ = Attendance

A = Apology

The board legal committee

This Committee was also established by the Board in 2015 and has the following key responsibilities.

The committee's key terms of reference comprise various categories of responsibilities and include the following:

1. reviewing the legal risks and other legal issues facing Stanbic IBTC and its subsidiaries and for discussing appropriate strategies to address the risk arising from the litigation portfolios of Stanbic IBTC and its subsidiaries (the litigation Portfolio)

2. review and assess the likely success of the individual matters included in the Litigation Portfolio and of any threatened litigation and where necessary shall recommend that Management seek appropriate out-of-court settlement of specific matters

Composition

The committee is made up of at least two non-executive directors and one executive director appointed by the Board.

Members' attendance at the Board Legal Committee meetings for the year 01 January to 31 December 2017 is stated below:

The board legal committee (continued)

Name	January	April	July	October
Mrs. Ifeoma Esiri	√	√	√	√
Mr Yinka Sanni	√	√	√	√
Prof Fabian Ajogwu	-	-	-	√
Mr. Dominic Bruynseels	√	√	√	√
Mrs. Salamatu Suleiman	√	√	√	√

√ = Attendance
A = Apology
'- = Not a member at the time

The Board has also established a number of Ad-Hoc Committees with specific responsibilities. As those Committees are not Standing Committees of the Board, those Ad-Hoc Committees would be dissolved as soon as they have concluded their responsibilities as delegated by the Board.

Company secretary

It is the role of the company secretary to ensure the board remains cognisant of its duties and responsibilities. In addition to providing the board with guidance on its responsibilities, the company secretary keeps the board abreast of relevant changes in legislation and governance best practices. The company secretary oversees the induction of new directors, including subsidiary directors, as well as the ongoing training of directors. All directors have access to the services of the company secretary.

Going concern

On the recommendation of the audit committee, the board annually considers and assesses the going concern basis for the preparation of the financial statements at the year end.

The board continues to view the company as a going concern for the foreseeable future.

Management committees

The group has the following management committees:

- Executive committee (Exco)
- Equity Investment Committee
- Information Strategy & Data Governance Committee
- Operational risk and compliance committee
- New & Amended Products committee
- Risk oversight committee
- Internal Financial Control committee

Relationship with shareholders

As an indication of its fundamental responsibility to create shareholder value, effective and ongoing communication with shareholders is seen as essential. In addition to the ongoing engagement facilitated by the company secretary and the head of investor relations, the company encourages shareholders to attend the annual general meeting and other shareholder meetings where interaction is welcomed. The chairman of the company's audit committee is available at the meeting to respond to questions from shareholders.

Voting at general meetings is conducted either a show of hands or a poll depending on the subject matter of the resolution on which a vote is being cast and separate resolutions are proposed on each significant issue.

Dealing in securities

In line with its commitment to conduct business professionally and ethically, the company has introduced policies to restrict the dealing in securities by directors, shareholder representatives on the audit committee and embargoed employees. A personal account trading policy is in place to prohibit employees and directors from trading in securities during close periods. Compliance with this policy is monitored on an ongoing basis.

Sustainability

The company as a member of the Standard Bank Group (SBG) is committed to conducting business professionally, ethically, with integrity and in accordance with international best practice. To this end, the company subscribes to and adopts risk management standards, policies and procedures that have been adopted by the SBG. The company is also bound by the Nigerian Sustainable Banking Principles ("the Principles") and the provisions of the Principles are incorporated into policies approved by the Board.

SBG's risk management standards, policies and procedures have been amended to be more reflective of the Nigerian business and regulatory environment. All such amendments to the risk management standards, policies and procedures have been agreed to by Standard Bank Africa (SBAF) Risk Management.

The group is committed to contributing to sustainable development through ethical, responsible financing and business practices which unlocks value for our stakeholders. We manage the environmental and social aspects that impact our activities, products and services whilst ensuring sustainable value creation for our customers. We are passionately committed to encouraging financial inclusion through the provision of banking and other financial services to all cadres of the society and a promoter of gender equality.

Social responsibility

As an African business, the group understands the challenges and benefits of doing business in Africa, and owes its existence to the people and societies within which it operates.

The group is therefore committed not only to the promotion of economic development but also to the strengthening of civil society and human well being.

The group is concentrating its social investment expenditure in defined focus area which currently include education in order to make the greatest impact. These areas of focus will be subject to annual revision as the country socio-economic needs change.

Ethics and organisational integrity

The board aims to provide effective and ethical leadership and ensures that its conduct and that of management is aligned to the organization's values and code of ethics. The board subscribes to the SBG group's values and enables decision making at all levels of the business according to defined ethical principles and values.

Compliance with the Nigerian Stock Exchange's listing rule

Stanbic IBTC Holdings PLC ("SIBTC") has adopted a Personal Account Trading Policy ("PATP") for both employees and directors which incorporates a code of conduct regarding securities transactions by directors and employees. The PATP was circulated to all employees who in the course of the year had any insider or material information about SIBTC; it is also published in the company's internal communication on a regular basis and also hoisted on the company's website.

For the year ended 31 December 2017, we confirm that all directors, complied with the PATP regarding their SIBTC securities transacted on their account during the year.

Compliance with the Securities and Exchange Commission's code of corporate governance

As a public company, Stanbic IBTC Holdings PLC confirms that as at the year ended 31 December 2017 the company has complied with the principles set out in the Securities and Exchange Commission's code of corporate governance.

The company applies the code's principles of transparency, integrity and accountability through its own behaviour, corporate governance best practice and by adopting, as appropriate and proportionate for a company of its size and nature. The policies and procedures adopted by the Board and applicable to the company's businesses are documented in mandates, which also set out the roles and delegated authorities applying to the Board, Board Committees, and the Executive Committee.

Compliance with the Central Bank of Nigeria code of corporate governance

As a financial holding company, Stanbic IBTC Holdings PLC is primarily regulated by the Central Bank of Nigeria ("CBN"). In this regard, compliance with the CBN Code of Corporate Governance, as well as all regulations issued by the CBN for Financial Holding Companies remain an essential characteristic of its culture. We confirm that as at the year ended 31 December 2017 the company has complied in all material respects with the principles set out in the CBN's code of corporate governance.

Compliance with the Central Bank of Nigeria Whistleblowing Guidelines

In accordance with clause 4.11 of the CBN Guidelines for Whistleblowing, Stanbic IBTC Holdings PLC and its subsidiaries have complied in all material respects with the principles set out in the Whistleblowing Guidelines, as at year end.

Complaints Management Policy

Stanbic IBTC Holdings PLC has a Complaints Management Policy in place in compliance with the Securities & Exchange Commission rule which became effective in February 2015. Shareholders may have access to this policy via any of the following options:

• By accessing same through our website
http://www.stanbicibtc.com/nigeriagroup/AboutUs/Code-of-Ethics
• By requesting for a copy through the office of the Company Secretary

Disclosure on diversity in employment

The group is an equal opportunity employer that is committed to maintaining a positive work environment that facilitates high level of professional efficiency at all times. The group's policy prohibits discrimination of gender, disabled persons or persons with HIV in the recruitment, training and career development of its employees.

i) Persons with disability:

The group continues to maintain a policy of giving fair consideration to applications for employment made by disabled persons with due regard to their abilities and aptitude.

ii) Gender diversity within the group

	31 Dec. 2017		31 Dec. 2016	
	Workforce	**% of gender composition**	Workforce	% of gender composition
Total workforce:				
Women	**1,285**	**42%**	1,241	42%
Men	**1,746**	**58%**	1,685	58%
	3,031	**100%**	2,926	100%
Recruitments made during the period:				
Women	**168**	**41%**	214	44%
Men	**242**	**59%**	275	56%
	410	**100%**	489	100%
Diversity of members of board of directors - *Number of Board members*				
Women	**3**	**30%**	3	30%
Men	**7**	**70%**	7	70%
	10	**100%**	10	100%
Diversity of board executives - *Number of Executive directors to Chief executive officer*				
Women	**-**	**0%**	1	100%
Men	**1**	**100%**		0%
	1	**100%**	1	100%
Diversity of senior management team - *Number of Assistant General Manager to General Manager*				
Women	**30**	**33%**	29	32%
Men	**61**	**67%**	63	68%
	91	**100%**	92	100%

Report of the audit committee
For the year ended 31 December 2017

To the members of Stanbic IBTC Holdings PLC

In compliance with the provisions of Section 359(3) to (6) of the Companies & Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004, the audit committee considered the audited consolidated and separate financial statements for the year ended 31 December 2017 together with the management controls report from the auditors and the company's response to this report at its meeting held on 29 January 2018.

In our opinion, the scope and planning of the audit for the year ended 31 December 2017 were adequate.

We have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters Act of Nigeria and acknowledge the co-operation of management and staff in the conduct of these responsibilities.

We are of the opinion that the accounting and reporting policies of the company and the group are in accordance with legal requirements and agreed ethical practices, and that the scope and planning of both the external and internal audits for the year ended 31 December 2017 were satisfactory and reinforce the group's internal control systems.

After due consideration, the audit committee accepted the report of the auditors that the financial statements were in accordance with ethical practice and International Financial Reporting Standards.

The committee reviewed management's response to the auditors findings in respect of management matters and we are satisfied with management's response thereto.

We are satisfied that the company has complied with the provisions of Central Bank of Nigeria circular BSD/1/2004 dated 18 February 2004 on "Disclosure of insider related credits in the financial statements of banks", and hereby confirm that an aggregate amount of N55,430,844,445 (31 December 2016: N40,857,634,282) was outstanding as at 31 December 2017. The perfomance status of insider related credits is as disclosed in note 37.

The committee also approved the provision made in the consolidated and separate financial statements in relation to the remuneration of the auditors.

Mr. Samuel Ayininuola
Chairman, Audit Committee
FRC/2016/ICAN/00000015248
29 January 2018

Members of the audit committee are

1. Mr Samuel Ayininuola
2. Mr. Ibhade George
3. Mr. Olatunji Bamidele
4. Mr. Dominic Bruynseels
5. Mrs. Ifeoma Esiri
6. Mr. Ratan Mahtani

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Stanbic IBTC Holdings Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Stanbic IBTC Holdings Plc ("the Company") and its subsidiaries (together, "the group"), which comprise the consolidated and separate statement of financial position as at 31 December, 2017, and the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 1 to 128.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and its subsidiaries as at 31 December, 2017, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011 and the Banks and other Financial Institutions Act, Cap B3, Laws of the Federation of Nigeria, 2004 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Credit impairment of loans and advances to customers

The impairment of loans and advances to customers is inherently a significant and judgmental area for the Group. Management makes complex and subjective judgments over both the timing of recognition and the estimation of the size of impairment.

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Registered in Nigeria No BN 986925

Partners:

Abiola F. Bada, Adewale K. Ajayi, Ayodele A. Soyinka, Ibitomi M. Adepoju, Lawrence C. Amadi, Oladapo R. Okubadejo, Olusegun A. Sowande, Tolulope A. Odukale, Adebisi O. Lamikanra, Ajibola O. Olomola, Chibuzor N. Anyanechi, Ijeoma T. Emezie-Ezigbo, Mohammed M. Adama, Oladimeji I. Salaudeen, Oluwafemi O. Awotoye, Victor U. Onyenkpa, Adekunle A. Elebute, Ayobami L. Salami, Ehile A. Aibangbee, Joseph O. Tegbe, Nneka C. Eluma, Olanike I. James, Oluwatoyin A. Gbagi, Adetola P. Adeyemi, Ayodele H. Othihiwa, Goodluck C. Obi, Kabir O. Okunlola, Oguntayo I. Ogungbenro, Olumide O. Olayinka, Temitope A. Onitiri

KPMG

The credit impairment recognized for loans and advances to customers represents management's best estimate of the impairment within the loan portfolios at the reporting date and is determined on an individual basis for loans and advances to customers that exceed specific thresholds, and on a collective basis for a portfolio of loans of a similar nature.

For individual specific credit impairments on significant corporate and retail loans and advances to customers, key assumptions, judgments and estimates made by the Directors include: the adequacy and recoverability of collateral; expected future cash flows and the timing of the cash flows.

For collective credit impairment on retail loans and advances, a statistical model is applied, which approximates the losses inherent in the credit portfolios. The key assumptions, estimates and judgments made by management include: the probability of default; the loss given default; and the emergence periods. For collective impairments on corporate loans a credit risk grade is allocated to the exposures based on a pre-specified scale that reflects the underlying credit risk for a given exposure. These grades determine the probability of defaults and explain management's perspective of the credit risk of the obligors/exposures.

How the matter was addressed in our audit

Our audit procedures in this area included the following:

- For the corporate loans and advances, we tested controls over management review of data inputted in the risk grading system as well as timing of reviews of risk grades allocated to counterparties.
- We tested controls over the accuracy of credit data such as management review and approval of loan parameters inputted into the software, used in the loans and advances impairment process both for retail and corporate loans and advances.
- We performed substantive procedures which included validating loans and advances by sector, type and currency in order to identify credit exposures with a higher risk on a sample basis
- We re-calculated management's discounted cash flow for specific credit impairments on corporate loans and advances and assessed the reasonableness of the cash flow forecasts and the valuation of collaterals against customer information in the credit files and the historical experience on realisation.
- For corporate and retail portfolio loans and advances we challenged management's assumptions used in calculating the collective credit impairment by recalculating and testing key parameters such as probability of default, emergence period and loss given default.

The Group's accounting policy on credit impairment and related disclosures on credit impairments and risks are shown in notes 4.3, 6.1, 12.3 and 41 respectively.

Provisions for legal and tax matters

In the normal course of business, the Group is exposed to the risk of litigation and claims from third parties. Management makes significant estimates in determining the provisions to be recorded in the financial statements with respect to claims and judgments against the Group. .
We focused on this area due to the range of potential outcomes, number and amount claimed against the Group as well as the considerable uncertainties around timing and probability of various litigations and claims against the Group.

In addition, the Group was subjected to significant tax assessments from the relevant tax authorities during the year. Tax laws are subject to varying interpretations in determining the amounts that should be recognised and therefore provisions for tax are subject to management's estimation and judgment.

Management's judgment includes consideration and application of regulations by various tax authorities with respect to the relevant tax positions.
Where there is uncertainty, management makes provisions for tax based on the most probable outcome.
We focused on this area due to the significance of these estimations, uncertainties and judgments applied by management.

How the matter was addressed in our audit

Our procedures included the following:

With respect to provision for legal claims:

- We inspected a sample of significant litigations and claims to substantiate the information provided by management on the nature of the claims.
- We challenged management's assessment of the possible outcome for significant litigation and claims and the related provisions by inspecting correspondence with the Group's solicitors and obtaining direct confirmations from the Group's solicitors to test for completeness and the likelihood of the Group's success in defending the claims.
- We obtained from independent solicitors other than those handling the claims, their opinion on the likelihood of the success in respect of claims where the Group has appealed.
- We assessed whether the Group's disclosures relating to significant legal proceedings adequately disclosed the potential liabilities to the Group.

With respect to tax provisions

- We inspected correspondences with relevant tax authorities to understand the nature and management's consideration of tax assessments
- We engaged our Tax Specialists to evaluate the assumptions applied by the Group in the determination of tax provisions, based on their knowledge and experience of the Group's operations and of the application of the relevant tax legislation by the respective authorities.
- We evaluated the adequacy of the Group's disclosures regarding current taxes and tax provisions.

The Group's policy on current tax and legal provisions as well as related disclosures and notes to the financial statements on provisions are contained in note 4.10, 6.9 and 25.

Recoverability of deferred tax assets

The Group had recognized deferred tax assets of N 8.9 billion (2016:N8.6 billion) which arose from historic tax losses, unutilised capital allowances and other deductible temporary differences. An assessment is required as to when and whether sufficient future taxable profits are likely to be generated to support the recoverability of the deferred tax assets recognised.

We focused on this area due to the significant judgments involved in the estimation of future taxable profits.

How the matter was addressed in our audit

Our procedures included the following:

- We tested the recoverability assessment including calculations to check that the recorded amount of the deferred asset is adequate based on the temporary differences identified, the timing of the estimated future taxable profits and the tax rate applied.
- We challenged management assessment of the recoverable amounts, including the estimated future taxable profits and the underlying assumptions including forecasts and projections by using our knowledge of the business, industry and past performance.
- We checked whether historic tax losses, unutilized capital allowance and other deductible temporary differences were determined in accordance with the relevant tax laws.

The Group's accounting policy on deferred tax and related disclosures are shown in notes 4.11, 6.6 and note 16 respectively.

Valuation of derivatives

The Group's derivative instruments comprise foreign currency swaps and foreign exchange forward contracts, which are used to manage foreign exchange risk. Management uses a complex valuation methodology involving multiple inputs including discount rates, exchange rates, earning yields and adjustments to estimate the fair value of these derivative instruments.

We focused on this area due to the significance of these derivatives and the related estimation uncertainty.

How the matter was addressed in our audit

Our procedures included the following:

- We evaluated the design, implementation and operating effectiveness of key controls over the inputs used in determining the Group's valuation of derivative instruments.
- We inspected derivative contracts on a sample basis to obtain an understanding of the respective transactions.
- We engaged our Valuation Specialists to evaluate the appropriateness of the methodology and assumptions used by management including correlation factors, volatilities in determining fair value and accounting for the derivative positions to assess whether the valuation model used by the Group was in line with acceptable market practice.
- We carried out substantive test to ascertain the accuracy of the fair value of derivative assets and liabilities by obtaining quoted rates and compared these rates to the mark-to-market rates used by management.
- We recomputed the fair value of the instruments using validated inputs.

The Group's accounting policy on derivative instruments and relevant financial risk disclosures are shown in notes) 4.3, 4.5, 6.2, 10, 28, and note 41 respectively

Information Other than the Financial Statements and Audit Report thereon

The Directors are responsible for the other information which comprises the Chairman's statement, Chief executive's statement, Economic review, Financial review, Directors' report, Statement of Directors' responsibilities, Corporate governance, Report of the Audit Committee, Other national disclosures, the Overview, Business Review and the overviews of Management team, Branch network, Abridged sustainability report and contact information but does not include the consolidated and separate financial statements and our audit report thereon. We obtained prior to the date of this auditor's report the Directors' report, Statement of Directors' responsibilities, corporate governance report, Report of the Audit Committee and Other national disclosures. The Chairman's statement, Chief executive's statement, Economic review, Financial review, the Overview, Business review and the reviews of the management team, Branch network, Abridged sustainability report and contact information is expected to be made available to us after that date.

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

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

When we read the reports which have not been made available to us at the date of this report, if we conclude that there is a material misstatements therein, we are required to communicate the matter to those charged with governance

KPMG

Responsibilities of the Directors for the Consolidated and separate Financial Statements

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011 and the Banks and other Financial Institutions Act, Cap B3, Laws of the Federation of Nigeria, 2004 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group (and Company)'s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group (and Company)'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (and Company) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Board of Directors and the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors and the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004

In our opinion, proper books of account have been kept by the Group, so far as appears from our examination of those books and the Bank's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Compliance with Section 27 (2) of the Banks and the other Financial Institutions Act Cap B3, Laws of the Federation of Nigeria, 2004 and Central Bank of Nigeria circular BSD/1/2004

i. The Group paid penalties in respect of contravention of the Central Bank of Nigeria guidelines during the year ended 31 December 2017. Details of penalties paid are disclosed in note 40 to the financial statements.
ii. Related party transactions and balances are disclosed in note 36 to the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Kabow

Kabir O. Okunlola
FRC/2012/ICAN/00000000428
For: KPMG Professional Services
Chartered Accountants
12 February 2018.
Lagos, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ACCURACY & INTEGRITY
A1373707

STANBIC IBTC HOLDINGS PLC

Consolidated and separate statements of financial position at 31 December 2017

	Note	Group 31 Dec. 2017 N'million	Group 31 Dec. 2016 N'million	Company 31 Dec. 2017 N'million	Company 31 Dec. 2016 N'million
Assets					
Cash and cash equivalents	7	401,348	301,351	7,545	1,768
Pledged assets	8.1	43,240	28,303	-	-
Trading assets	9.1	151,479	16,855	-	-
Derivative assets	10.6	11,052	14,317	-	-
Financial investments	11	316,641	252,823	1,625	920
Asset held for sale	11.4	114	112	-	-
Loans and advances	12	381,711	368,229	-	-
Loans and advances to banks	12	9,623	15,264	-	-
Loans and advances to customers	12	372,088	352,965	-	-
Other assets	15	49,442	39,220	2,148	2,226
Equity investment in subsidiaries	13	-	-	85,539	85,539
Property and equipment	17	21,883	22,962	517	2,404
Intangible assets	18	605	713	-	-
Deferred tax assets	16	8,901	8,638	-	-
Total assets		1,386,416	1,053,523	97,374	92,857
Equity and liabilities					
Equity		185,218	140,798	92,654	72,970
Equity attributable to ordinary shareholders		182,060	137,102	92,654	72,970
Ordinary share capital	19.2	5,025	5,000	5,025	5,000
Share premium	19.2	66,945	65,450	66,945	65,450
Reserves	19.3	110,090	66,652	20,684	2,520
Non-controlling interest		3,158	3,696		
Liabilities		1,201,198	912,725	4,720	19,887
Trading liabilities	9.2	62,449	5,325	-	-
Derivative liabilities	10.6	2,592	11,788	-	-
Current tax liabilities	24	12,240	9,508	157	68
Deposit and current accounts	21	815,363	614,735	-	-
Deposits from banks	21	61,721	53,766	-	-
Deposits from customers	21	753,642	560,969	-	-
Other borrowings	22	74,892	96,037	-	16,404
Subordinated debt	23	29,046	27,964	-	-
Provisions	25	12,979	10,581	-	-
Other liabilities	26	191,517	136,740	4,563	3,406
Deferred tax liabilities	16.1	120	47	-	9
Total equity and liabilities		1,386,416	1,053,523	97,374	92,857

Yinka Sanni
Chief Executive
FRC/2013/CISN/00000001072
01 February 2018

Victor Yeboah-Manu
Chief Financial Officer
FRC/2016/ANAN/00000015802
01 February 2018

Basil Omiyi
Chairman
FRC/2016/IODN/00000014093
01 February 2018

The accompanying notes from page 7 to 128 form an integral part of these financial statements.

STANBIC IBTC HOLDINGS PLC

Consolidated and separate statements of profit or loss
For the year ended 31 December 2017

		Group		Company	
	Note	31-Dec-17 N'million	31-Dec-16 N'million	31-Dec-17 N'million	31-Dec-16 N'million
Gross earnings		**212,434**	156,425	**29,922**	2,528
Net interest income		**83,587**	57,859	**(1,050)**	(80)
Interest income	31.1	**122,911**	87,467	**45**	17
Interest expense	31.2	**(39,324)**	(29,608)	**(1,095)**	(97)
Non-interest revenue		**89,182**	68,194	**29,877**	2,511
Net fee and commission revenue	31.3	**59,089**	52,154	**1,491**	852
Fee and commission revenue	31.3	**59,430**	52,918	**1,491**	852
Fee and commission expense	31.3	**(341)**	(764)	**-**	-
Trading revenue	31.4	**29,148**	15,326	**-**	-
Other revenue	31.5	**945**	714	**28,386**	1,659
Income before credit impairment charges		**172,769**	126,053	**28,827**	2,431
Credit impairment charges	31.6	**(25,577)**	(19,803)	**-**	-
Income after credit impairment charges		**147,192**	106,250	**28,827**	2,431
Operating expenses		**(86,026)**	(69,041)	**(1,282)**	(930)
Staff costs	31.7	**(36,282)**	(30,173)	**(590)**	(500)
Other operating expenses	31.8	**(49,744)**	(38,868)	**(692)**	(430)
Profit before tax		**61,166**	37,209	**27,545**	1,501
Income tax	33.1	**(12,785)**	(8,689)	**(2,380)**	(892)
Profit for the year		**48,381**	28,520	**25,165**	609
Profit attributable to:					
Non-controlling interests	13.3	**2,186**	3,878	**-**	-
Equity holders of the parent		**46,195**	24,642	**25,165**	609
Profit for the year		**48,381**	28,520	**25,165**	609
Earnings per share					
Basic earnings per ordinary share (kobo)	34	**460**	246	**250**	6
Diluted earnings per ordinary share (kobo)	34	**460**	246	**250**	6

The accompanying notes from page 7 to 128 form an integral part of these financial statements.

STANBIC IBTC HOLDINGS PLC

Consolidated and separate statements of profit or loss and other comprehensive income
For the year ended 31 December 2017

	Group		Company	
	31-Dec-17 N'million	31-Dec-16 N'million	**31-Dec-17 N'million**	31-Dec-16 N'million
Profit for the year	**48,381**	28,520	**25,165**	609
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Net change in fair value of available-for-sale financial assets	**4,294**	(333)	-	-
Realised fair value adjustments on available-for-sale financial assets reclassified to income statement	**(63)**	76	-	-
Income tax on other comprehensive income	**83**	(76)	-	-
	4,314	(333)	**-**	-
Other comprehensive income for the year net of tax	**4,314**	(333)	-	-
Total comprehensive income for the year	**52,695**	28,187	**25,165**	609
Total comprehensive income attributable to:				
Non-controlling interests	**2,250**	3,829	**-**	-
Equity holders of the parent	**50,445**	24,358	**25,165**	609
	52,695	28,187	**25,165**	609

The accompanying notes from page 7 to 128 form an integral part of these financial statements.

STANBIC IBTC HOLDINGS PLC

Consolidated and separate statements of changes in equity

For the year ended 31 December 2017

Group	Note	Ordinary share capital N'million	Share premium N'million	Merger reserve N'million	Statutory credit risk reserve N'million	Available-for-sale revaluation reserve N'million	Share-based payment reserve N'million	AGSMEIS reserve N'million	Other regulatory reserves N'million	Retained earnings N'million	Ordinary shareholders' equity N'million	Non-controlling interest N'million	Total equity N'million
Balance at 1 January 2017		**5,000**	**65,450**	**(19,123)**	**1,025**	**942**	**36**	**-**	**33,615**	**50,157**	**137,102**	**3,696**	**140,798**
Total comprehensive income for the year						**4,250**	**-**		**-**	**46,195**	**50,445**	**2,250**	**52,695**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**-**		**-**	**46,195**	**46,195**	**2,186**	**48,381**
Other comprehensive (loss)/income after tax for the year						**4,250**	**-**	**-**	**-**	**-**	**4,250**	**64**	**4,314**
Net change in fair value on available-for-sale financial assets		**-**	**-**	**-**	**-**	**4,230**	**-**		**-**	**-**	**4,230**	**64**	**-** **4,294**
Realised fair value adjustments on available-for-sale financial assets		**-**	**-**	**-**	**-**	**(63)**	**-**		**-**	**-**	**-** **(63)**	**-**	**-** **(63)**
Income tax on other comprehensive income		**-**	**-**	**-**	**-**	**83**	**-**		**-**	**-**	**83**	**-**	**83**
Statutory credit risk reserve					**(1,025)**					**1,025**	**-**	**-**	**-**
Transfer to AGSMEIS reserves		**-**	**-**	**-**	**-**	**-**	**-**	**749**	**-**	**(749)**	**-**	**-**	**-**
Transfer to statutory reserves	19.3	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,547**	**(6,547)**	**-**	**-**	**-**
Transactions with shareholders, recorded directly in equity		**25**	**1,495**	**-**	**-**	**-**	**(7)**	**-**	**-**	**(7,000)**	**(5,487)**	**(2,788)**	**(8,275)**
Equity-settled share-based payment transactions		**-**	**-**	**-**	**-**	**-**	**(7)**	**-**	**-**	**-**	**(7)**		**(7)**
Increase in paid-up capital (scrip issue)	19.2	**25**	**1,495**								**1,520**		**1,520**
Dividends paid to equity holders	20	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(7,000)**	**(7,000)**	**(2,788)**	**(9,788)**
Balance at 31 December 2017		**5,025**	**66,945**	**(19,123)**	**-**	**5,192**	**29**	**749**	**40,162**	**83,081**	**182,060**	**3,158**	**185,218**
Balance at 1 January 2016		5,000	65,450	(19,123)	6,684	1,226	56	-	26,218	38,215	123,726	5,241	128,967
Total comprehensive income for the year						(284)		-	-	24,642	24,358	3 829	28,187
Profit for the year		-	-	-	-	-	-	-	-	24,642	24,642	3,878	28,520
Other comprehensive income/(loss) after tax for the year						(284)		-	-		(284)	(49)	(333)
Net change in fair value on available-for-sale financial assets		-	-	-	-	(284)	-	-	-	-	(284)	(49)	(333)
Realised fair value adjustments on available-for-sale financial assets		-	-	-	-	76	-	-	-	-	76	-	76
Income tax on other comprehensive income		-	-	-	-	(76)	-		-	-	(76)	-	(76)
Statutory credit risk reserve		-	-	-	(5,659)	-	-		-	5,659	-	-	-
Transfer to statutory reserves									7,397	(7,397)	-	-	-
Transactions with shareholders, recorded directly in equity		-	-	-	-	-	(20)	-	-	(10,962)	(10,982)	(5,374)	(16,356)
Equity-settled share-based payment transactions		-	-	-	-	-	(8)	-	-	-	(8)		(8)
Transfer of vested portion of equity settled share based payment to retained earnings		-	-	-	-	-	(12)	-	-	12	-	-	-
Purchase of non-controlling shares										(10,974)	(10,974)	(5,374)	(16,348)
Dividends paid to equity holders		-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2016		5,000	65,450	(19,123)	1,025	942	36	-	33,615	50,157	137,102	3,696	140,798

Refer to note 19.3 for an explanation of the components of reserve

The accompanying notes from page 7 to 128 form an integral part of these financial statements.

STANBIC IBTC HOLDINGS PLC

Consolidated and separate statements of changes in equity

For the year ended 31 December 2017

Company	Note	Ordinary share capital N'million	Share premium N'million	Available-for-sale revaluation reserve N'million	Share-based payment reserve N'million	Other regulatory reserves N'million	Retained earnings N'million	Ordinary shareholders' equity N'million
Balance at 1 January 2017		**5,000**	**65,450**	**-**	**5**	**-**	**2,515**	**72,970**
Total comprehensive income for the year				**-**			**25,165**	**25,165**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**25,165**	**25,165**
Other		**-**	**-**	**-**	**-**	**-**	**-**	**-**
		-	**-**		**-**	**-**	**-**	**-**
Transactions with shareholders, recorded directly in equity		**25**	**1,495**	**-**	**(1)**	**-**	**(7,000)**	**(5,481)**
Equity-settled share-based payment transactions				**-**	**(1)**		**-**	**(1)**
Increase in paid-up capital (scrip issue)	19.2	**25**	**1,495**				**-**	**1,520**
Dividends paid to equity holders	20	**-**	**-**	**-**	**-**	**-**	**(7,000)**	**(7,000)**
Balance at 31 December 2017		**5,025**	**66,945**	**-**	**4**	**-**	**20,680**	**92,654**
Balance at 1 January 2016		5,000	65,450	-	9	-	1,901	72,360
Total comprehensive income for the year				-			609	609
Profit for the year		-	-	-	-	-	609	609
								-
Transactions with shareholders, recorded directly in equity		-	-	-	(4)	-	5	1
Equity-settled share-based payment transactions				-	1	-	-	1
Transfer of vested portion of equity settled share based payment to retained earnings		-	-	-	(5)	-	5	-
Dividends paid to equity holders		-		-	-	-	-	-
Balance at 31 December 2016		5,000	65,450	-	5	-	2,515	72,970

The accompanying notes from page 7 to 128 form an integral part of these financial statements.

STANBIC IBTC HOLDINGS PLC

Consolidated and separate statements of cash flows
For the year ended 31 December 2017

		Group		Company	
	Note	**31-Dec-17 N'million**	31-Dec-16 N'million	**31-Dec-17 N'million**	31-Dec-16 N'million
Net cash flows from operating activities		**131,786**	201,215	**26,668**	2,105
Cash flows from operations		**57,651**	161,739	**1,926**	1,004
Profit before tax		**61,166**	37,209	**27,545**	1,501
Adjusted for:		**(57,915)**	5,640	**(26,854)**	(1,191)
Credit impairment charges on loans and advances		**25,577**	19,803	**-**	-
Depreciation of property and equipment	31.8	**4,129**	4,204	**308**	229
Amortisation of intangible asset	31.8	**46**	33	**-**	-
Dividend income	31.5	**(112)**	(225)	**(28,092)**	(1,501)
Equity-settled share-based payments		**(7)**	(8)	**(1)**	1
Unobservabale Valuation difference in derivates	10.7	**(9,598)**	(3,460)	**-**	-
Fair value adjustment for derivatives	35.5	**3,667**	1,459	**-**	-
Non-cash flow movements in other borrowings	22	**1,035**	37,484	**-**	-
Non-cash flow movements in subordinated debt	23	**1,082**	4,265	**-**	-
Impairment of intangible asset	18	**62**	-	**-**	-
Interest expense	31.2	**39,324**	29,608	**1,095**	97
Interest income	31.1	**(122,911)**	(87,467)	**(45)**	(17)
Loss/(gain) on sale of property and equipment	31.5	**(209)**	(56)	**(119)**	-
(Increase)/decrease in income-earning assets	35.1	**(258,873)**	60,607	**78**	770
Increase/(decrease) in deposits and other liabilities	35.2	**313,273**	58,283	**1,157**	(76)
Dividends received		**101**	203	**28,092**	1,501
Interest paid		**(36,855)**	(30,328)	**(1,095)**	(97)
Interest received		**121,193**	77,505	**45**	17
Direct taxation paid	24.1	**(10,304)**	(7,904)	**(2,300)**	(320)
Net cash flows from/ (used in) investing activities		**(62,345)**	(109,204)	**993**	(16,749)
Capital expenditure on - property	17	**(1,820)**	(168)	**-**	-
- equipment, furniture and vehicles	17	**(3,318)**	(2,061)	**(110)**	(139)
Proceeds from sale of property, equipment, furniture and vehicles		**2,297**	430	**1,808**	-
(Purchase)/sale of financial investments		**(59,504)**	(90,311)	**(705)**	(262)
Investment in subsidiaries		**-**	(16,348)	**-**	(16,348)
Net cash flows (used in)/ from financing activities		**(30,448)**	(22,554)	**(21,884)**	16,404
Proceeds from addition to other borrowings	22	**25,278**	22,054	**-**	16,404
Repayment of other borrowings	22	**(47,458)**	(44,608)	**(16,404)**	-
Proceed from scrip issue		**1,520**	-	**1,520**	-
Dividends paid		**(9,788)**	-	**(7,000)**	-
Net increase in cash and cash equivalents		**38,993**	69,457	**5,777**	1,760
Effect of exchange rate changes on cash and cash equivalents	35.4	**(745)**	14,906	**-**	-
Cash and cash equivalents at beginning of the year		**191,761**	107,398	**1,768**	8
Cash and cash equivalents at end of the year	35.3	**230,009**	191,761	**7,545**	1,768

The accompanying notes from page 7 to 128 form an integral part of these financial statements.

1 Reporting entity

Stanbic IBTC Holdings PLC (the 'company') is a company domiciled in Nigeria. The company's registered office is at I.B.T.C. Place Walter Carrington Crescent Victoria Island, Lagos, Nigeria. These consolidated financial statements comprise the company and its subsidiaries (together referred to as the 'group'). The group is primarily involved in the provision of banking and other financial services to corporate and individual customers.

2 Basis of preparation

(a) Statement of compliance

These consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements comply with the Companies and Allied Matters Act of Nigeria, Bank and Other Financial Institution Act, Financial Reporting Council of Nigeria Act, and relevant Central Bank of Nigeria circulars.

The consolidated and separate financial statements were authorised for issue by the Board of Directors on 1 February 2018.

(b) Basis of measurement

These consolidated and separate financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value
- liabilities for cash-settled share-based payment arrangements are measured at fair value
- trading assets and liabilities are measured at fair value

The group applies accrual accounting for recognition of its income and expenses.

(c) Going concern assumption

These consolidated and separate financial statements have been prepared on the basis that the group and company will continue to operate as a going concern.

(d) Functional and presentation currency

These consolidated and separate financial statements are presented in Nigerian Naira, which is the company's functional and presentation currency. All financial information presented in Naira has been rounded to the nearest million, except when otherwise stated.

(e) Use of estimates and judgement

The preparation of the consolidated and separate financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future period affected.

i) Judgement

Information about judgement made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 6.7 Depreciation and useful life of property adn equipment
- Note 6.10 Foreign currency obligation valued at different rates

ii) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have significant risk resulting in material adjustment to the carrying amounts of assets and liabilities within the year ending 31 December 2017 is included in the following notes:

-Note 6.4 Intangible assets
-Note 6.6 Recognition of deferred tax assets
-Note 6.7 Share-based payments

3 Changes in accounting policies

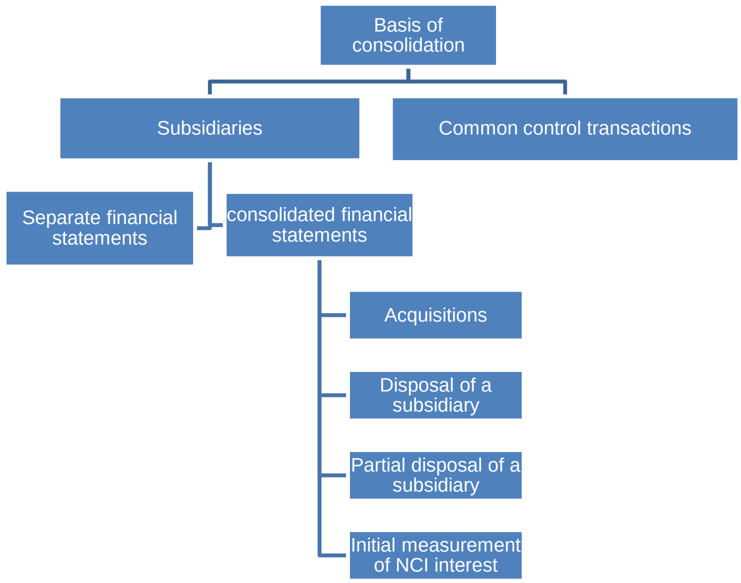
The group has consistently applied the accounting policies as set out in Note 4 to all periods presented in these financial statements.

Notes to the consolidated and separate financial statements
For the year ended 31 December 2017

4 Statement of significant accounting policies

Except for the changes explained in note 3, the group has consistently applied the following accounting policies to all periods presented in these consolidated and separate financial statements.

4.1 Basis of consolidation



Subsidiaries (including mutual funds, in which the group has both an irrevocable asset management agreement and a significant investment)

Separate financial statements

Investments in subsidiaries are accounted for at cost less accumulated impairment losses (where applicable) in the separate financial statements. The carrying amounts of these investments are reviewed annually for impairment indicators and, where an indicator of impairment exists, are impaired to the higher of the investment's fair value less costs to sell and value in use.

Consolidated financial statements

The accounting policies of subsidiaries that are consolidated by the group conform to the group's accounting policies. Intragroup transactions, balances and unrealised gains (losses) are eliminated on consolidation. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. The proportion of comprehensive income and changes in equity allocated to the group and non controlling interests (NCI) are determined on the basis of the group's present ownership interest in the subsidiary.

Acquisitions	Subsidiaries are consolidated from the date on which the group acquires control up to the date that control is lost. The group controls an entity if it is exposed to, or has the rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Control is assessed on a continuous basis. For mutual funds the group further assesses its control by considering the existence of either voting rights or significant economic power. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the group. The consideration transferred is measured as the sum of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. The consideration includes any asset, liability or equity resulting from a contingent consideration arrangement. The obligation to pay contingent consideration is classified as either a liability or equity based on the terms of the arrangement. The right to a return of previously transferred consideration is classified as an asset. Transaction costs are recognised within profit or loss as and when they are incurred. Where the initial accounting is incomplete by the end of the reporting period in which the business combination occurs (but no later than 12 months since the acquisition date), the group reports provisional amounts.

4 Statement of significant accounting policies (continued)

Acquisitions	Where applicable, the group adjusts retrospectively the provisional amounts to reflect new information obtained about facts and circumstances that existed at the acquisition date and affected the measurement of the provisional amounts. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any NCI. The excess (shortage) of the sum of the consideration transferred (including contingent consideration), the value of NCI recognised and the acquisition date fair value of any previously held equity interest in the subsidiary over the fair value of identifiable net assets acquired is recorded as goodwill in the statement of financial position (gain on bargain purchase, which is recognised directly in profit or loss).When a business combination occurs in stages, the previously held equity interest is remeasured to fair value at the acquisition date and any resulting gain or loss is recognised in profit or loss. Increases in the group's interest in a subsidiary, when the group already has control, are accounted for as transactions with equity holders of the group. The difference between the purchase consideration and the group's proportionate share of the subsidiary's additional net asset value acquired is accounted for directly in equity.
Disposal of a subsidiary	A disposal arises where the group loses control of a subsidiary. When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between the fair value of the consideration received (including the fair value of any retained interest in the underlying investee) and the carrying amount of the assets and liabilities and any non-controlling interest. Any gains or losses in OCI that relate to the subsidiary are reclassified to profit or loss at the time of the disposal. On disposal of a subsidiary that includes a foreign operation, the relevant amount in the FCTR is reclassified to profit or loss at the time at which the profit or loss on disposal of the foreign operation is recognised.
Partial disposal of a subsidiary	A partial disposal arises as a result of a reduction in the group's ownership interest in an investee that is not a disposal (i.e. a reduction in the group's interest in a subsidiary whilst retaining control). Decreases in the group's interest in a subsidiary, where the group retains control, are accounted for as transactions with equity holders of the group. Gains or losses on the partial disposal of the group's interest in a subsidiary are computed as the difference between the sales consideration and the group's proportionate share of the investee's net asset value disposed of, and are accounted for directly in equity.
Initial measurement of NCI	The group elects on each acquisition to initially measure NCI on the acquisition date at either fair value or at the NCI's proportionate share of the investees' identifiable net assets.

Common control transactions

Common control transactions, in which the company is the ultimate parent entity both before and after the transaction, are accounted for at book value.

Foreign currency translations

Foreign currency transactions are translated into the respective group entities' functional currencies at exchange rates prevailing at the date of the transactions. In accordance with IAS 21.26, the group concluded that it has to apply a different exchange rate for the measurement of some of its liabilities, as this rate represents the rate at which the liabilities could have been settled if the transaction occurred at balance sheet date.
Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are recognised in profit or loss.
Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the transaction date, and those measured at fair value are translated at the exchange rate at the date that the fair value was determined. Exchange rate differences on non-monetary items are accounted for based on the classification of the underlying items.

In the case of foreign currency gains and losses on debt instruments classified as available for sale, a distinction is made between foreign currency differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Foreign currency differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in equity. For available for sale equity investments, foreign currency differences are recognised in OCI.

Foreign currency gains and losses on intragroup loans are recognised in profit or loss except where the settlement of the loan is neither planned nor likely to occur in the foreseeable future.

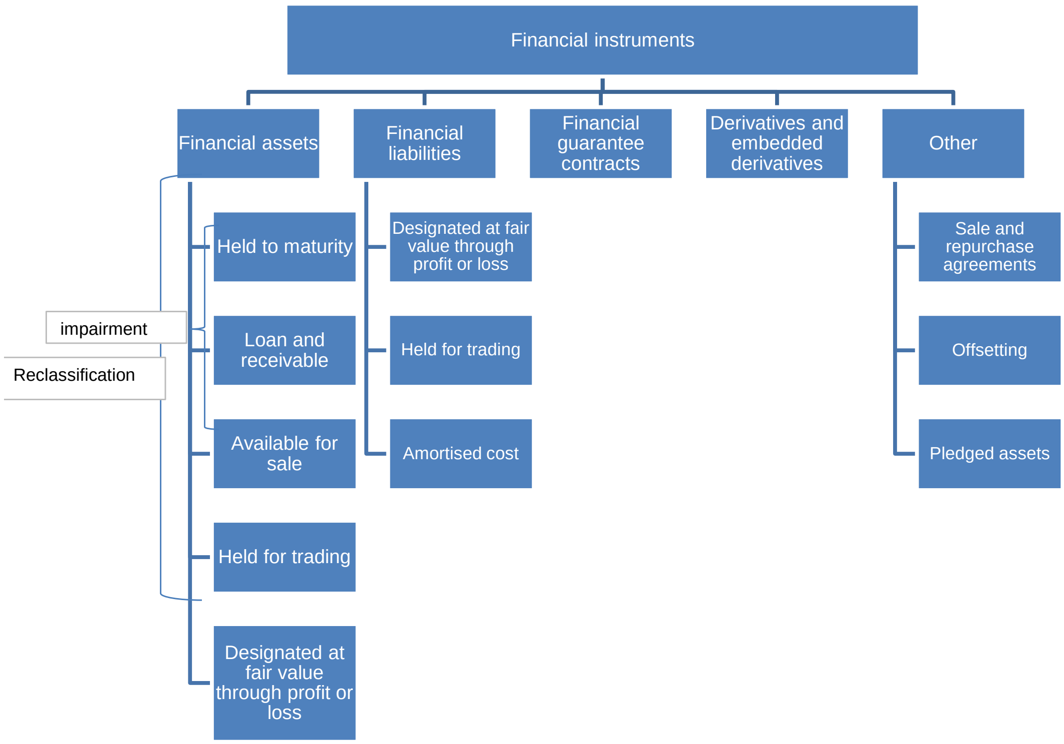
4.2 Cash and cash equivalents

Cash and cash equivalents presented in the statement of cash flows consist of cash and balances with central banks (excluding cash reserve), and balances with other banks with original maturities of 3 months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair values and are used by management to fulfill short term commitments. Cash and balances with central banks comprise coins and bank notes, balances with central banks and other short term investments.

4 Statement of significant accounting policies (continued)

4.3 Financial instruments

The relevant financial instruments are financial assets held for trading, available for sale financial assets, loans and receivables and other liabilities.



Recognition and initial measurement – financial instruments

All financial instruments are measured initially at fair value plus directly attributable transaction costs and fees, except for those financial instruments that are subsequently measured at fair value through profit or loss where such transaction costs and fees are immediately recognised in profit or loss. Financial instruments are recognised (derecognised) on the date the group commits to purchase (sell) the instruments (trade date accounting).

Financial assets

Held to maturity	Non-derivative financial assets with fixed or determinable payments and fixed maturities that management has both the positive intent and ability to hold to maturity.
Loans and receivables	Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified as at fair value through profit or loss or available-for-sale.
Held for trading	Those financial assets acquired principally for the purpose of selling in the near term, those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
Designated at fair value through profit or loss	Financial assets are designated to be measured at fair value in the following instances: - to eliminate or significantly reduce an accounting mismatch that would otherwise arise - where the financial assets are managed and their performance evaluated and reported on a fair value basis - where the financial asset contains one or more embedded derivatives that significantly modify the financial asset's cash flows.
Available for sale	Financial assets that are not classified into one of the above-mentioned financial asset categories.

4 Statement of significant accounting policies (continued)

Subsequent measurement

Subsequent to initial measurement, financial assets are classified in their respective categories and measured at either amortised cost or fair value as follows:

Held to maturity and Loans and receivables	Amortised cost using the effective interest method with interest recognised in interest income, less any impairment losses which are recognised as part of credit impairment charges. Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate.
Available for sale	Fair value, with changes in fair value recognised directly in the available-for-sale reserve until the financial asset is derecognised or impaired. Interest income on debt financial assets is recognised in profit and loss in terms of the effective interest rate method. Dividend receiveds on equity available-for-sale financial assets are recognised in other revenue within profit or loss. When debt (equity) available-for-sale financial assets are disposed of, the cumulative fair value adjustments in OCI are reclassified to interest income (other revenue).
Held for trading	Fair value, with gains and losses arising from changes in fair value) (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value, with gains and losses recognised in interest income for all debt financial assets and in other revenue within non-interest revenue for all equity instruments.

Impairment

A financial asset is impaired if objective evidence indicates that a loss event has occurred after initial recognition which has a negative effect on the estimated future cash flows of the financial asset that can be estimated reliably. The group assesses at each reporting date whether there is objective evidence that a financial asset which is either carried at amortised cost or classified as available-for-sale is impaired as follows:

Held to maturity and Loans and receivables	The following criteria are used by the group in determining whether there is objective evidence of impairment for loans or groups of loans include: • known cash flow difficulties experienced by the borrower; • a breach of contract, such as default or delinquency in interest and/or principal payments; • breaches of loan covenants or conditions; • it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and • where the group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the group would not otherwise consider. The group first assesses whether there is objective evidence of impairment individually for loans that are individually significant, and individually or collectively for loans that are not individually significant. Non-performing loans include those loans for which the group has identified objective evidence of default, such as a breach of a material loan covenant or condition as well as those loans for which instalments are due and unpaid for 90 days or more. The impairment of non-performing loans takes into account past loss experience adjusted for changes in economic conditions and the nature and level of risk exposure since the recording of the historic losses. When a loan carried at amortised cost has been identified as specifically impaired, the carrying amount of the loan is reduced to an amount equal to the present value of its estimated future cash flows, including the recoverable amount of any collateral, discounted at the financial asset's original effective interest rate. The carrying amount of the loan is reduced through the use of a specific credit impairment account and the loss is recognised as a credit impairment charge in profit or loss. Increases in loan impairments and any subsequent reversals thereof, or recoveries of amounts previously impaired (including loans that have been written off), are reflected within credit impairment charges in profit or loss. Subsequent to impairment, the effects of discounting unwind over time as interest income. The calculation of the present value of the estimated future cash flows of collateralised financial assets recognised on an amortised cost basis includes cash flows that may result from foreclosure less costs of obtaining and selling the collateral, whether or not foreclosure is probable.

4 Statement of significant accounting policies (continued)

Held to maturity and Loans and receivables	If the group determines that no objective evidence of impairment exists for an individually assessed loan, whether significant or not, it includes the loan in a group of financial loans with similar credit risk characteristics and collectively assesses for impairment. Loans that are individually assessed for impairment and for which an impairment loss is recognised are not included in a collective assessment for impairment. Impairment of groups of loans that are assessed collectively is recognised where there is objective evidence that a loss event has occurred after the initial recognition of the group of loans but before the reporting date. In order to provide for latent losses in a group of loans that have not yet been identified as specifically impaired, a credit impairment for incurred but not reported losses is recognised based on historic loss patterns and estimated emergence periods (time period between the loss trigger events and the date on which the group identifies the losses). Groups of loans are also impaired when adverse economic conditions develop after initial recognition, which may impact future cash flows. The carrying amount of groups of loans is reduced through the use of a portfolio credit impairment account and the loss is recognised as a credit impairment charge in profit or loss. Previously impaired loans are written off once all reasonable attempts at collection have been made and there is no realistic prospect of recovering outstanding amounts.
Available for sale	Available-for-sale debt instruments are impaired when there has been an adverse effect in fair value of the instrument below its cost and for equity instruments where there is information about significant or prolonged changes with an adverse effect on the environment in which the issuer operates that indicates that the cost of the investment in the equity instrument may not be recovered. When an available for sale asset has been identified as impaired, the cumulative loss, measured as the difference between the acquisition price and the current fair value, less any previously recognised impairment losses on that financial asset, is reclassified from OCI to profit or loss. If, in a subsequent period, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, where the instrument is a debt instrument, the impairment loss is reversed through profit or loss. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through profit or loss but accounted for directly in OCI.

Reclassification

Reclassifications of financial assets are permitted only in the following instances:

Held to maturity	Where the group is to sell more than an insignificant amount of held-to-maturity investments, the entire category would be tainted and reclassified from held-to-maturity to available-for-sale assets with the difference between amortised cost and fair value being accounted for in OCI.
Loans and receivables	The group may choose to reclassify financial assets from loans and receivables to held to maturity if the group, at the date of reclassification, has the intention and ability to hold these financial assets for the foreseeable future or until maturity.
Held for trading	The group may choose to reclassify held for trading non-derivative financial assets to another category of financial assets in the following instances: - non-derivative trading assets out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. - non-derivative trading assets that would not otherwise have met the definition of loans and receivables are permitted to be reclassified only in rare circumstances. - non-derivative trading assets that would meet the definition of loans and receivables if the group, at the date of reclassification, has the intention and ability to hold these financial assets for the foreseeable future or until maturity.

Reclassifications are made at fair value as of the reclassification date. Effective interest rates for financial assets reclassified to loans and receivables, held-to-maturity and available-for-sale categories are determined at the reclassification date. Subsequent changes in estimates of cash flows (other than credit impairment changes) adjust the financial asset’s effective interest rates prospectively. On reclassification of a trading asset, all embedded derivatives are reassessed and, if necessary, accounted for separately.

4 Statement of significant accounting policies (continued)

Financial liabilities

Nature

Held for trading	Those financial liabilities incurred principally for the purpose of re-purchasing in the near term, those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
Designated at fair value through profit or loss	Financial liabilities are designated to be measured at fair value in the following instances: - to eliminate or significantly reduce an accounting mismatch that would otherwise arise - where the financial liabilities are managed and their performance evaluated and reported on a fair value basis - where the financial liability contains one or more embedded derivatives that significantly modify the financial liability's cash flows.
At amortised cost	All other financial liabilities not included the above categories.

Subsequent measurement

Subsequent to initial measurement, financial liabilities are classified in their respective categories and measured at either amortised cost or fair value as follows:

Held for trading	Fair value, with gains and losses arising from changes in fair value) (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in interest expense.
At amortised cost	Amortised cost using the effective interest method with interest recognised in interest expense.

Derecognition of financial assets and liabilities

Financial assets and liabilities are derecognised in the following instances:

Financial assets	Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or where the group has transferred its contractual rights to receive cash flows on the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability. The group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or a portion of the risks or rewards of the transferred assets. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with the retention of all or substantially all risks and rewards include securities lending and repurchase agreements. In transfers where control over the asset is retained, the group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.
Financial liabilities	Financial liabilities are derecognised when the obligation of the financial liabilities are extinguished, that is, when the obligation is discharged, cancelled or expires.

Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability, with the difference in the respective carrying amounts being recognised in profit or loss. In all other instances, the renegotiated asset or liability's effective interest rate is redetermined at date of modification taking into account the renegotiated terms.

4 Statement of significant accounting policies (continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the group (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at fair value, which is generally equal to the premium received, and then amortised over the life of the financial guarantee. Financial guarantee contracts are subsequently measured at the higher of the:

- present value of any expected payment, when a payment under the guarantee has become probable; and
- unamortised premium.

Derivatives and embedded derivatives

A derivative is a financial instrument whose fair value changes in response to an underlying variable, requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors and is settled at a future date. Derivatives are initially recognised at fair value on the date on which the derivatives are entered into and subsequently remeasured at fair value.

All derivative instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative, subject to offsetting principles as described under the heading “Offsetting” below.

All gains and losses from changes in the fair values of derivatives are recognised immediately in profit or loss as trading revenue.

Other

Pledged assets

Financial assets transferred to external parties that do not qualify for de-recognition are reclassified in the statement of financial position from financial investments or trading assets to pledged assets, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms. Initial recognition of pledged assets is at fair value, whilst subsequently measured is at fair value. These transactions are performed in accordance with the usual terms of securities lending and borrowing.

Sale and repurchase agreements

Securities sold subject to linked repurchase agreements (repurchase agreements) are reclassified in the statement of financial position as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral. The liability to the counterparty is included under deposit and current accounts or trading liabilities, as appropriate.

Securities purchased under agreements to resell (reverse repurchase agreements), at either a fixed price or the purchase price plus a lender’s rate of return, are recorded as loans and included under trading assets or loans and advances, as appropriate. For repurchase and reverse repurchase agreements measured at amortised cost, the difference between the purchase and sales price is treated as interest and amortised over the expected life using the effective interest rate method.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle the asset and the liability on a net basis, or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparties to the transaction.

4.4 Rules issued by the Financial Reporting Council of Nigeria

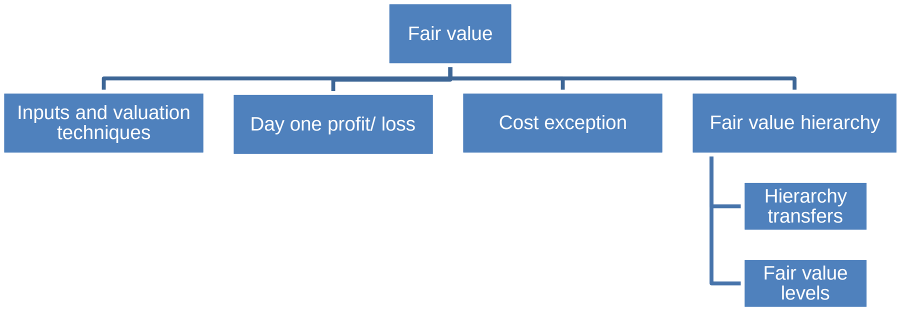
Transactions requiring registration from statutory bodies such as the National Office for Technology Acquisition and Promotion

Transactions and/or events of a financial nature that require approval and/or registration or any act to be performed by a statutory body in Nigeria and/or where a statute clearly provides for a particular act to be performed and/or registration to be obtained; such transactions or events shall be regarded as having financial reporting implication only when such act is performed and/or such registration is obtained. Accordingly, the details of the required act and/or registration obtained from such statutory body shall be disclosed by way of note in the financial statements if the transaction is recognised as part of the financial reporting of the entity.

The group has entered into various agreements in relation to franchise and management services as well as information technology services which, as at year end 31 December 2017 financial period, were yet to be registered by the appropriate statutory body. We have reported these contracts in line with the rule specified above.

4 Statement of significant accounting policies (continued)

4.5 Fair value



In terms of IFRS, the group is either required to or elects to measure a number of its financial assets and financial liabilities at fair value. Regardless of the measurement basis, the fair value is required to be disclosed, with some exceptions, for all financial assets and financial liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date under current market conditions. Fair value is a market based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value it is presumed that the entity is a going concern and is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

Inputs and valuation techniques

Fair value is measured based on quoted market prices or dealer price quotations for identical assets and liabilities that are traded in active markets, which can be accessed at the measurement date, and where those quoted prices represent fair value. If the market for an asset or liability is not active or the instrument is not quoted in an active market, the fair value is determined using other applicable valuation techniques that maximise the use of relevant observable inputs and minimises the use of unobservable inputs. These include the use of recent arm’s length transactions, discounted cash flow analyses, pricing models and other valuation techniques commonly used by market participants.

Fair value measurements are categorised into level 1, 2 or 3 within the fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.
Where discounted cash flow analyses are used, estimated future cash flows are based on management’s best estimates and a market related discount rate at the reporting date for an asset or liability with similar terms and conditions.
If an asset or a liability measured at fair value has both a bid and an ask price, the price within the bid-ask spread that is most representative of fair value is used to measure fair value.

The group’s valuation control framework governs internal control standards, methodologies, and procedures over its valuation processes, which include the following valuation techniques and main inputs and assumptions per type of instrument:

Item	Description	Valuation technique	Main inputs and assumptions (Level 2 and 3 fair value hierarchy items)
Derivative financial instruments	Derivative financial instruments comprise foreign exchange, and interest rate.	Standard derivative contracts are valued using market accepted models and quoted parameter inputs. More complex derivative contracts are modelled using more sophisticated modelling techniques applicable to the instrument. Techniques include: • Discounted cash flow model • Black-Scholes model	• Discount rate* • Spot prices of the underlying assets • Correlation factors • Volatilities • Dividend yields • Earnings yield • Valuation multiples
Trading assets and Trading liabilities	Trading assets and liabilities comprise instruments which are part of the group’s underlying trading activities. These instruments primarily include sovereign and corporate debt, and collateral.	Where there are no recent market transactions in the specific instrument, fair value is derived from the last available market price adjusted for changes in risks and information since that date.	

4 Statement of significant accounting policies (continued)

<table>
<tr><th>Item</th><th>Description</th><th>Valuation technique</th><th>Main inputs and assumptions (Level 2 and 3 fair value hierarchy items)</th></tr>
<tr><td>Pledged assets</td><td>Pledged assets comprise instruments that may be sold or repledged by the group's counterparty in the absence of default by the group. Pledged assets include sovereign debt (government treasury bills and bonds) pledged in terms of repurchase agreements.</td><td rowspan="2">Where a proxy instrument is quoted in an active market, the fair value is determined by adjusting the proxy fair value for differences between the proxy instrument and the financial investment being fair valued. Where proxies are not available, the fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks. Combination techniques are used to value unlisted equity securities and include inputs such as earnings and dividend yields of the underlying entity.</td><td rowspan="2">• Discount rate*
• Spot prices of the underlying
• Correlation factors
• Volatilities
• Dividend yields
• Earnings yield
• Valuation multiples</td></tr>
<tr><td>Financial investments</td><td>Financial investments are non-trading financial assets and primarily comprise of sovereign and corporate debt, unlisted equity instruments, investments in mutual fund investments and unit-linked investments.</td></tr>
<tr><td>Loans and advances to banks and customers</td><td>Loans and advances comprise:
• Loans and advances to banks: call loans, loans granted under resale agreements and balances held with other banks.
• Loans and advances to customers: mortgage loans (home loans and commercial mortgages), other asset-based loans, including collateralised debt obligations (instalment sale and finance leases), and other secured and unsecured loans (card debtors, overdrafts, other demand lending, term lending and loans granted under resale agreements).</td><td>For certain loans fair value may be determined from the market price of a recently occurring transaction adjusted for changes in risks and information between the transaction and valuation dates. Loans and advances are reviewed for observed and verified changes in credit risk and the credit spread is adjusted at subsequent dates if there has been an observable change in credit risk relating to a particular loan or advance. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value. Discounted cash flow models incorporate parameter inputs for interest rate risk, foreign exchange risk, liquidity and credit risk, as appropriate. For credit risk, probability of default and loss given default parameters are determined using the relevant terms of the loan and loan counterparty such as the industry classification and subordination of the loan.</td><td>• Discount rate.
• Probability of default.
• Loss given default.</td></tr>
<tr><td>Deposits from bank and customers</td><td>Deposits from banks and customers comprise amounts owed to banks and customers, deposits under repurchase agreements, negotiable certificates of deposit, credit-linked deposits and other deposits.</td><td>For certain deposits, fair value may be determined from the market price on a recently occurring transaction adjusted for all changes in risks and information between the transaction and valuation dates. In the absence of an observable market for these instruments discounted cash flow models are used to determine fair value based on the contractual cash flows related to the instrument. The fair value measurement incorporates all market risk factors including a measure of the group's credit risk relevant for that financial liability. The market risk parameters are valued consistently to similar instruments held as assets stated in the section above. For collateralised deposits that are designated to be measured at fair value through profit or loss, such as securities repurchase agreements, the credit enhancement is incorporated into the fair valuation of the liability.</td><td>• Discount rate.
• Probability of default.
• Loss given default.</td></tr>
</table>

**Discount rates, where applicable, include the risk-free rate, risk premiums, liquidity spreads, credit risk (own and counter party as appropriate), timing of settlement, storage/service costs, prepayment and surrender risk assumptions and recovery rates/loss given default.*

4 Statement of significant accounting policies (continued)

Day one profit or loss

For financial instruments, where the fair value of the financial instrument differs from the transaction price, the difference is commonly referred to as day one profit or loss. Day one profit or loss is recognised in profit or loss immediately where the fair value of the financial instrument is either evidenced by comparison with other observable current market transactions in the same instrument, or is determined using valuation models with only observable market data as inputs.

Day one profit or loss is deferred where the fair value of the financial instrument is not able to be evidenced by comparison with other observable current market transactions in the same instrument, or determined using valuation models that utilise non-observable market data as inputs.

The timing of the recognition of deferred day one profit or loss is determined individually depending on the nature of the instrument and availability of market observable inputs. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Any difference between the fair value at initial recognition and the amount that would be determined at that date using a valuation technique in a situation in which the valuation is dependent on unobservable parameters is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed.

Cost exception

Where the fair value of investments in equity instruments or identical instruments do not have a quoted price in an active market, and derivatives that are linked to and must be settled by delivery of such equity instruments, are unable to be reliably determined, those instruments are measured at cost less impairment losses. Impairment losses on these financial assets are not reversed.

Fair value hierarchy

The group's financial instruments that are both carried at fair value and for which fair value is disclosed are categorised by level of fair value hierarchy. The different levels are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.

Hierarchy levels

The levels have been defined as follows:

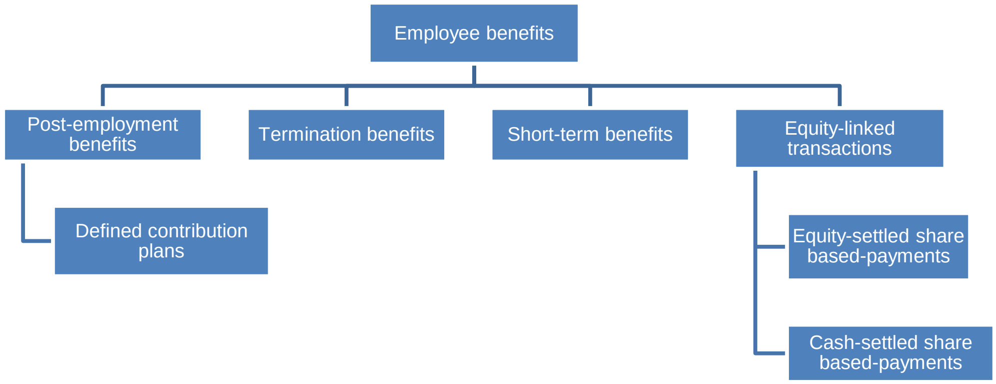
Level 1	Fair value is based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
Level 2	Fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
Level 3	Fair value is determined through valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instrument being valued and the similar instrument.

Hierarchy transfer policy

Transfers of financial assets and financial liabilities between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period during which change occurred.

4 Statement of significant accounting policies (continued)

4.6 Employee benefits



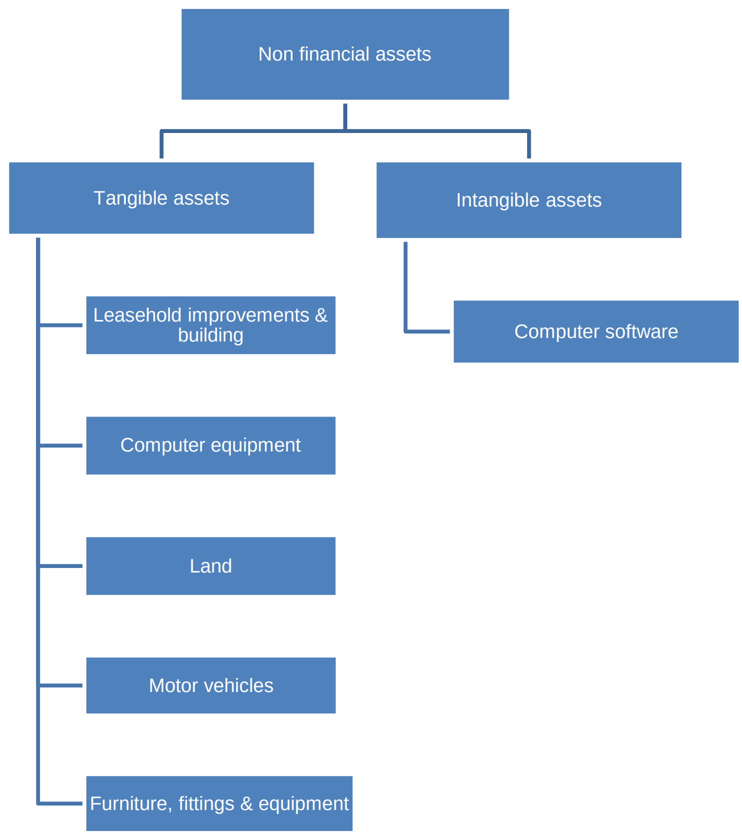
Type	Description	Statement of financial position	Statement of other comprehensive income	Income statement
Defined contribution plans	The group operates a contributory pension plan in line with the Pension Reform Act 2014. Employees and the Bank contribute 8% and 10% respectively of each of the qualifying staff salary in line with the provisions of the Pension Reforms Act 2014.	Liability is recognised for unpaid contributions.	No impact.	Contributions are recognised as an expense in profit or loss in the periods during which services are rendered by employees.
Termination benefits	Termination benefits are recognised when the group is committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy when it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.	A liability is recognised for the termination benefit representing the best estimate of the amount payable.	No impact.	Termination benefits are recognised as an expense if the group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.
Short-term benefits	Short-term benefits consist of salaries, accumulated leave payments, profit share, bonuses and any non-monetary benefits such as medical aid contributions.	A liability is recognised for the amount expected to be paid under short-term cash bonus plans or accumulated leave if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.	No direct impact.	Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

4 Statement of significant accounting policies (continued)

Equity-linked transactions

Equity-settled share based payments	The fair value of the equity-settled share based payments are determined on grant date and accounted for within operating expenses - staff costs over the vesting period with a corresponding increase in the group's share-based payment reserve. Non-market vesting conditions, such as the resignation of employees and retrenchment of staff, are not considered in the valuation but are included in the estimate of the number of options expected to vest. At each reporting date, the estimate of the number of options expected to vest is reassessed and adjusted against profit or loss and equity over the remaining vesting period. On vesting of the equity-settled share based payments, amounts previously credited to the share-based payment reserve are transferred to retained earnings through an equity transfer.
Cash-settled share based payments	Cash-settled share based payments are accounted for as liabilities at fair value until the date of settlement. The liability is recognised over the vesting period and is revalued at every reporting date up to and including the date of settlement. All changes in the fair value of the liability are recognised in operating expenses – staff costs.

4.7 Non-financial assets (Intangible assets, Property and equipment)

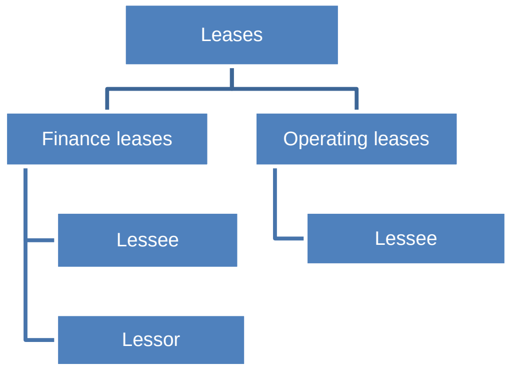


4 Statement of significant accounting policies (continued)

Type	Initial and subsequent measurement	Useful lives, depreciation/ amortisation method or fair value basis	Impairment	Derecognition
Tangible assets	Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Land is measured at cost less accumulative impairment loss. Land is not depreciated. Costs that are subsequently incurred are included in the asset's related carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the group and the cost of the item can be measured reliably. Expenditure, which does not meet these criteria, is recognised in profit or loss as incurred. Where significant parts of an item of property or equipment have different useful lives, they are accounted for as separate major components of property and equipment.	Property and equipment are depreciated on the straight-line basis over estimated useful lives (see below) of the assets to their residual values. Land is not depreciated. Land: N/A Buildings: 25 years Computer: 3-5 years Motor vehicles: 4 years Office equipments: 6 years Furniture: 4 years Capitalised leased assets/ branch refurbishments: greater of 6 years or useful life of underlying asset The residual values, useful lives and the depreciation method applied are reviewed, and adjusted if appropriate, at each financial period end.	Intangible assets that have an indefinite useful life are tested annually for impairment and additionally when an indicator of impairment exists. Other non-financial assets are reviewed for impairment at each reporting date and tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is determined as the higher of an asset's fair value less costs to sell and value in use. Fair value less costs to sell is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.	The non-financial assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss on derecognition is recognised in profit or loss and is determined as the difference between the net disposal proceeds and the carrying amount of the non-financial asset.
Intangible assets/ Computer software	Costs associated with developing or maintaining computer software programmes and the acquisition of software licences are generally recognised as an expense as incurred. However, direct computer software development costs that are clearly associated with an identifiable and unique system, which will be controlled by the group and have a probable future economic benefit beyond one period, are recognised as intangible assets. Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses from the date that the assets are available for use. Expenditure subsequently incurred on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.	Amortisation is recognised in profit or loss on a straight-line basis at rates appropriate to the expected lives of the assets (2 to 15 years) from the date that the asset is available for use. Amortisation methods, useful lives and residual values are reviewed at each financial period end and adjusted, if necessary.		

4 Statement of significant accounting policies (continued)

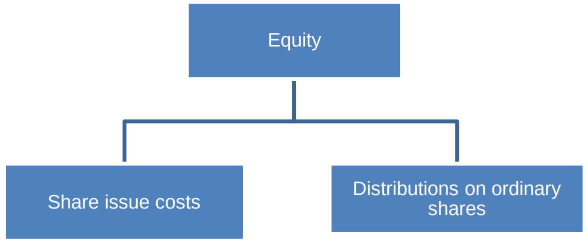
4.8 Leases



Type	Description	Statement of financial position	Income statement
Finance lease - lessee	Leases, where the group assumes substantially all the risks and rewards incidental to ownership, are classified as finance leases.	The leased asset is capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments together with an associated liability to the lessor. Lease payments less the interest component, which is calculated using the interest rate implicit in the lease or the group's incremental borrowing rate, are recognised as a capital repayment which reduces the liability to the lessor.	A lease finance cost, determined with reference to the interest rate implicit in the lease or the group's incremental borrowing rate, is recognised within interest expense over the lease period
Finance lease - lessor	Leases, where the group transfers substantially all the risks and rewards incidental to ownership, are classified as finance leases.	Finance lease receivable, including initial direct costs and fees, are primarily accounted for as financing transactions in banking activities, with rentals and instalments receivable, less unearned finance charges, being included in loans and receivables.	Finance charges earned within interest income are computed using the effective interest method, which reflects a constant periodic rate of return on the investment in the finance lease.
Operating lease - lessee	All leases that do not meet the criteria of a finance lease are classified as operating leases.	Accruals for unpaid lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease expense) are recognised.	Payments made under operating leases, net of any incentives received from the lessor, are recognised in profit or loss on a straight-line basis over the term of the lease.Contingent rentals are expensed as they are incurred. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

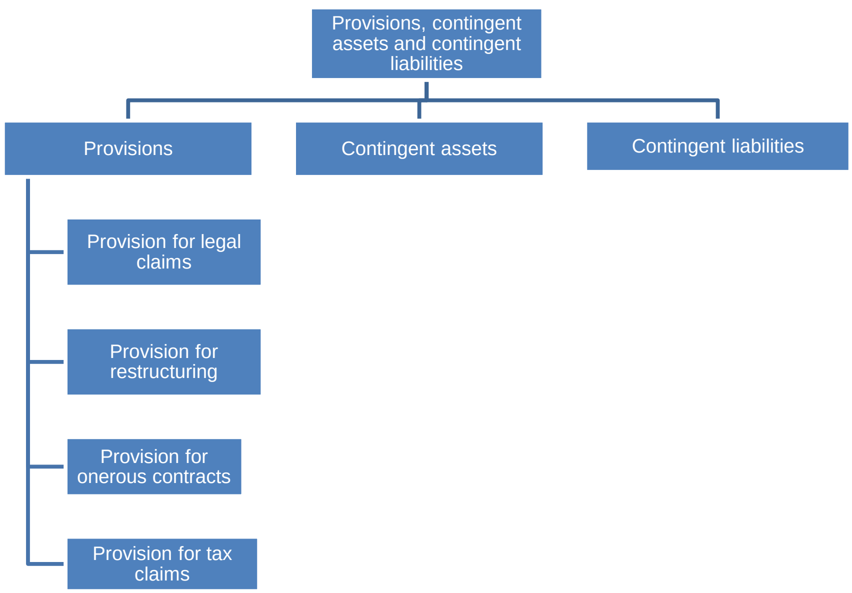
4 Statement of significant accounting policies (continued)

4.9 Equity



Share issue costs	Incremental external costs directly attributable to a transaction that increases or decreases equity are deducted from equity, net of related tax. All other share issue costs are expensed.
Distributions to owners	Distributions are recognised in equity in the period in which they are declared. Distributions declared after the reporting date are disclosed in the distributions note to the financial statements.

4.10 Provisions, contingent assets and contingent liabilities

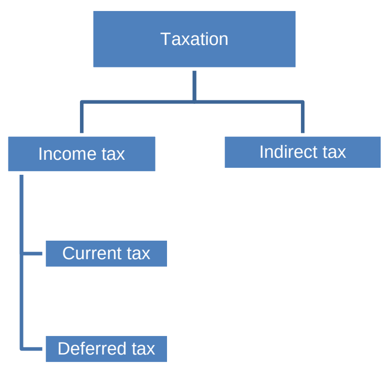


Provisions	Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The group's provisions typically (when applicable) include the following:

4 Statement of significant accounting policies (continued)

Provisions (continued)	**Provisions for legal claims** Provisions for legal claims are recognised on a prudent basis for the estimated cost for all legal claims that have not been settled or reached conclusion at the reporting date. In determining the provision management considers the probability and likely settlement (if any). Reimbursements of expenditure to settle the provision are recognised when and only when it is virtually certain that the reimbursement will be received. **Provision for restructuring** A provision for restructuring is recognised when the group has approved a detailed formal plan, and the restructuring either has commenced or has been announced publicly. Future operating costs or losses are not provided for. **Provision for onerous contracts** A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the group recognises any impairment loss on the assets associated with that contr**act.** **Provision for tax claims** Provisions for taxes claims relates to additional assessment on taxes, including withholding tax, value added tax, PAYE tax.
Contingent assets	Contingent assets are not recognised in the annual financial statements but are disclosed when, as a result of past events, it is probable that economic benefits will flow to the group, but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the group's control.
Contingent liabilities	Contingent liabilities include certain guarantees (other than financial guarantees) and letters of credit and are not recognised in the annual financial statements but are disclosed in the notes to the annual financial statements.

4.11 Taxation

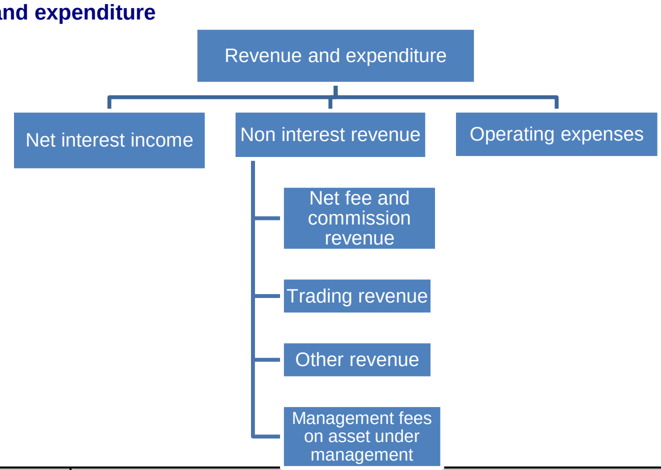


Type	Description, recognition and measurement	Offsetting
Current tax- determined for current period transactions and events	Current tax represents the expected tax payable on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous periods. Current tax also includes any tax arising from dividend. Current tax is recognised as an expense for the period and adjustments to past periods except to the extent that current tax related to items that are charged or credited in OCI or directly to equity. Nigerian tax laws mandates a minimum tax assessment for companies having no taxable profits for the period or where the tax on profits is below the minimum tax. Minimum tax is computed as 0.125% of turnover in excess of N500,000 plus the highest of: (i) 0.5% of gross profits; (ii) 0.5% of net assets; (iii) 0.25% of paid-up capital; or (iv) 0.25% of turnover. Further, the Nigerian tax laws mandates that where a dividend is paid out of profit on which no tax is payable due to either: (a) no total profit; or (b) the total profit is less than the amount of dividend paid, the company paying the dividend will be subjected to tax at 30% of the dividends paid, as if the dividend is the total profits of the company for the period of assessment to which the accounts, out of which the dividends paid relates. When applicable, minimum tax is recorded under current income tax in profit or loss. The company has also not been subject to minimum tax, (in line with the provisions of the Nigerian tax laws - Section 33 of Companies Income Tax Act CAP C21 LFN 2007 (as amended)) as it has more than 25% of imported capital.	

4 Statement of significant accounting policies (continued)

Type	Description, recognition and measurement	Offsetting
Deferred tax-determined for future tax consequences	Deferred tax is recognised in profit or loss except to the extent that it relates to a business combination (relating to a measurement period adjustment where the carrying amount of the goodwill is greater than zero), or items recognised directly as part of OCI. Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax is not recognised for the following temporary differences: • the initial recognition of goodwill; • the initial recognition of assets and liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits or losses; and • investments in subsidiaries, associates and jointly controlled arrangements (excluding mutual funds) where the group controls the timing of the reversal of temporary differences and it is probable that these differences will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.	Current tax assets and liabilities, deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.
Indirect taxation	Indirect taxes are recognised in profit or loss, as part of other operating expenses.	N/A
Dividend tax	Taxes on dividends declared by the group are recognised as part of the dividends paid within equity as dividend tax represents a tax on the shareholder and not the group.	N/A

4.12 Revenue and expenditure



Description	Recognition and measurement
Net interest income	Interest income and expense (with the exception of borrowing costs that are capitalised on qualifying assets, that is assets that necessarily take a substantial period of time to get ready for their intended use or sale and which are not measured at fair value) are recognised in profit or loss using the effective interest method for all interest-bearing financial instruments.

4 Statement of significant accounting policies (continued)

4.12 Revenue and expenditure (continued)

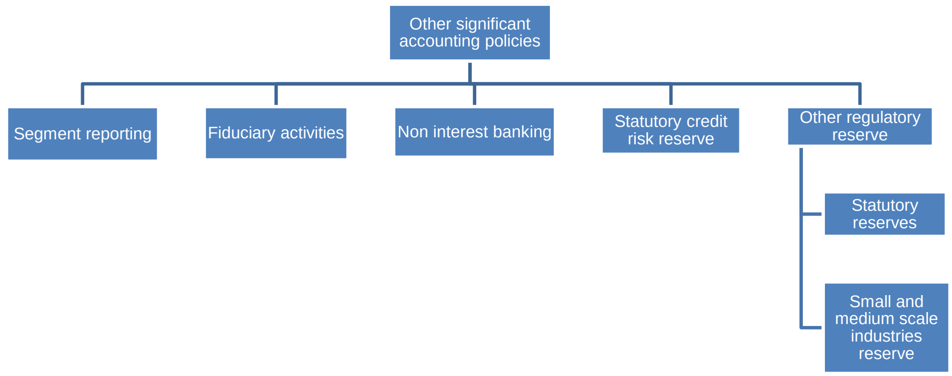
Description	Recognition and measurement
Net interest income	In terms of the effective interest method, interest is recognised at a rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. Direct incremental transaction costs incurred and origination fees received, including loan commitment fees, as a result of bringing margin-yielding assets or liabilities into the statement of financial position, are capitalised to the carrying amount of financial instruments that are not at fair value through profit or loss and amortised as interest income or expense over the life of the asset or liability as part of the effective interest rate. Where the estimates of payments or receipts on financial assets (except those that have been reclassified from held for trading) or financial liabilities are subsequently revised, the carrying amount of the financial asset or financial liability is adjusted to reflect actual and revised estimated cash flows. The carrying amount is calculated by computing the present value of the adjusted cash flows at the financial asset or financial liability's original effective interest rate. Any adjustment to the carrying value is recognised in net interest income. Where financial assets have been impaired, interest income continues to be recognised on the impaired value (gross carrying value less specific impairment) based on the original effective interest rate. Fair value gains and losses on realised debt financial instruments, including amounts reclassified from OCI in respect of available-for-sale debt financial assets are included in net interest income.
Net fee and commission revenue	Fee and commission revenue, including transactional fees, account servicing fees, investment management fees, sales commissions and placement fees are recognised as the related services are performed. Loan commitment fees for loans that are not expected to be drawn down are recognised on a straight-line basis over the commitment period. Loan syndication fees, where the group does not participate in the syndication or participates at the same effective interest rate for comparable risk as other participants, are recognised as revenue when the syndication has been completed. Syndication fees that do not meet these criteria are capitalised as origination fees and amortised as interest income. The fair value of issued financial guarantee contracts on initial recognition is amortised as income over the term of the contract. Fee and commission expenses, included in net fee and commission revenue, are mainly transaction and service fees relating to financial instruments, which are expensed as the services are received. Expenditure is recognised as fee and commission expenses where the expenditure is linked to the production of fee and commission revenue.
Trading revenue	Trading revenue comprises all gains and losses from changes in the fair value of trading assets and liabilities, together with related interest income, expense and dividends.
Other revenue	Other revenue includes dividends on equity investments. Gains and losses on equity available-for-sale financial assets are reclassified from OCI to profit or loss on derecognition or impairment of the investments. Dividends on these instruments are recognised in profit or loss.
Dividend income	Dividends are recognised in profit or loss when the right to receipt is established. Scrip dividends are recognised as dividends received where the dividend declaration allows for a cash alternative.
Management fees on assets under management	Fee income includes management fees on assets under management and administration fees. Management fees on assets under management are recognised over the period for which the services are rendered, in accordance with the substance of the relevant agreements.
Operating expenses	Expenses are recognized on an accrual bases regardless of the time of cash outflows. Expenses are recognized in the income statement when a decrease in future economic benefit related to a decrease in an assets or an increase of a liability has arisen that can be measured reliably. Expenses are recognized in the same reporting period when they are incurred in cases when it is not probable to directly relate them to particular income earned during the current reporting period and when they are not expected to generate any income during the coming periods. Expenses that are not related to the income earned during the reporting period, but expected to generate future economic benefits, are recorded in the financial statements as assets.

Offsetting

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

4 Statement of significant accounting policies (continued)

4.13 Other significant accounting policies



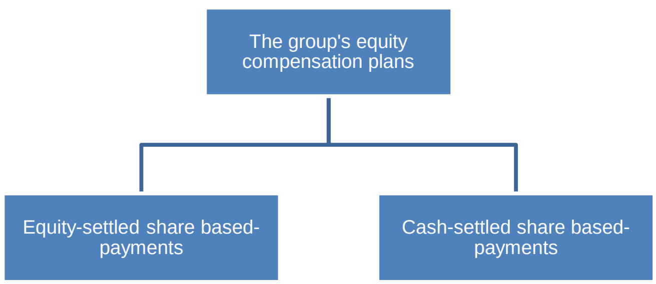
Segment reporting	An operating segment is a component of the group engaged in business activities, whose operating results are reviewed regularly by management in order to make decisions about resources to be allocated to segments and assessing segment performance. The group's identification of segments and the measurement of segment results is based on the group's internal reporting to management. Transactions between segments are priced at market-related rates.
Fiduciary activities	The group commonly engages in trust or other fiduciary activities that result in the holding or placing of assets on behalf of individuals, trusts, post-employment benefit plans and other institutions. These assets and the income arising directly thereon are excluded from these annual financial statements as they are not assets of the group. However, fee income earned and fee expenses incurred by the group relating to the group's responsibilities from fiduciary activities are recognised in profit or loss.
Non interest banking	The banking subsidiary operates a non-interest banking window. The window provides non-interest banking products and services (based on Islamic commercial jurisprudence) to its customers through existing infrastructure of the bank. The products and the accounting treatments are as follows: *Deposit liabilities:* Deposits liabilities generated by the non interest banking window are classified as financial liabilities at amortised cost. The non-interest banking deposits include Imaan Current account and Imaan Transact Plus. *Murabaha Financing:* The bank finances assets under its Imaan Local Purchase and Contract Finance Product. This is operated under the Murabaha mode of finance and its main purpose it to provide the avenue for contractors to obtain financial assistance required to execute supply contracts. Murabaha receivables from customers are stated net of deferred profits, impairment allowance, and any amounts written off. *Income and expenses:* Income from account transactions are included in fee and commission income, while income from murabaha financing is included in other income and is recognized on a time apportioned basis over the period of the contract based on the principal amounts outstanding. Administrative expenses of the window are included under staff costs and other operating expenses. The banking subsidiary on 11 December 2017 obtained the approval of the Central Bank of Nigeria to cease its operation of the products and services currently offered under the Non Interest Banking (NIB) Window. The Bank is therefore in the process of closing the Window and accordingly : 1. The Bank will not be taking on any new customers for NIB Business. 2. The Bank intends to provide customers who are currently enjoying the Window's products and services with the opportunity to subscribe for alternative products and services offered by the Stanbic IBTC group that will meet their specific needs. 3. It is envisaged that existing customers of the Window will remain as NIB customers for a period. During this period the NIB Relationship Managers will engage with and sensitize them on other products within the Stanbic IBTC bouquet of products and services that could provide a viable alternative to their current products and services. NIB Window is not a major line of business for the group and as such the closure of the NIB Window was not accounted under IFRS 5 Non current assets held for sale and discontinued operations.
Statutory credit risk reserve	The statutory credit risk reserve represents a reserve component created when credit impairment on loans and advances as accounted for under IFRS using the incurred loss model differ from the Prudential Guidelines set by the Central Bank of Nigeria.
Statutory reserve	Nigerian banking and pension industry regulations require the banking and pension subsidiaries to make an annual appropriation to a statutory reserve. For the banking subsidiary, 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. The pension subsidiary is required to transfer 12.5% of its profit after tax to a statutory reserve. Statutory reserve is not available for distribution to shareholders. See note 19.3 (b)(i).

4 Statement of significant accounting policies (continued)

4.14 Non-current assets held for sale and disposal groups

Type	Description	Statement of financial position	Income statement
Non-current assets/disposal groups that are held for sale	Comprising assets and liabilities that are expected to be recovered primarily through sale rather than continuing use (including regular purchases and sales in the ordinary course of business).	Immediately before classification, the assets (or components of a disposal group) are remeasured in accordance with the group's accounting policies and tested for impairment. Thereafter, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Assets and liabilities (or components of a disposal group) are presented separately in the statement of financial position.	Impairment losses on initial classification as well as subsequent gains and losses on remeasurement of these assets or disposal groups are recognised in profit or loss. Property and equipment and intangible assets are not depreciated or amortised.

4.15 Equity-linked transactions



Equity-settled share based payments	The fair value of the equity-settled share based payments are determined on grant date and accounted for within operating expenses - staff costs over the vesting period with a corresponding increase in the group's share-based payment reserve. Non-market vesting conditions, such as the resignation of employees and retrenchment of staff, are not considered in the valuation but are included in the estimate of the number of options expected to vest. At each reporting date, the estimate of the number of options expected to vest is reassessed and adjusted against profit or loss and equity over the remaining vesting period. On vesting of the equity-settled share based payments, amounts previously credited to the share-based payment reserve are transferred to retained earnings through an equity transfer.
Cash-settled share based payments	Cash-settled share based payments are accounted for as liabilities at fair value until the date of settlement. The liability is recognised over the vesting period and is revalued at every reporting date up to and including the date of settlement. All changes in the fair value of the liability are recognised in operating expenses – staff costs.

4 Statement of significant accounting policies

4.16 New standards and interpretations not yet effective

The following new or revised standards, amendments and interpretations are not yet effective for the year ended 31 December 2017 and have not been applied in preparing these annual financial statements.

Pronouncement	
Title	**IFRS 9 Financial Instruments** **Background** IFRS 9 Financial Instruments (IFRS 9) will replace the existing standard dealing with the accounting treatment for financial instruments IAS 39 Financial Instruments: Recognition and Measurement (IAS 39) from 1 January 2018. IFRS 9 consists of the following key areas which represent changes from that of IAS 39: • Revised requirements for the classification and measurement of financial assets and consequential changes in the classification and measurement of financial liabilities, mainly relating to the recognition of changes in fair value due to changes in own credit risk on fair value designated financial liabilities in OCI as opposed to the income statement. • An expected credit loss (ECL) impairment model. • Revised requirements and simplifications for hedge accounting. IFRS 9 is required to be adopted retrospectively from 1 January 2018, with the exception of IFRS 9's hedge accounting requirements where the standard permits an entity to choose as its accounting policy to continue to apply with IAS 39 hedge accounting requirements instead of the requirements in Chapter 6 of IFRS 9. The group has elected to not restate its comparative financial statements. Accordingly, the difference between the previous (IAS 39) and new (IFRS 9) carrying values will be recognised in the group's opening retained earnings as at 1 January 2018. **IFRS 9 requirements** The following is a summary of IFRS 9's key requirements and the estimated impact on the group (it should be noted that the group's final transition impact was, at the time of the preparation of these financial statements, being determined. Accordingly, the estimated impact set out below, may change as a result of changes in the group's size and nature of its assets and liabilities as well as changes in the risk rating and expected loss input variables (including forward looking macroeconomic factors) of its assets): **Classification of financial assets and liabilities** IFRS 9 requires all financial assets to be classified and measured on the basis of the entity's business model for managing the financial assets and its contractual cash flow characteristics. The accounting for financial assets differs in various other areas to existing requirements such as embedded derivatives and the recognition of fair value adjustments in OCI. All changes in the fair value of financial liabilities that are designated at fair value through profit or loss due to changes in own credit risk will be required to be recognised in OCI with no subsequent recognition in the income statement. Whilst IFRS 9's classification and measurement requirements are expected to have a negligible net impact on the group's reserves as at 1 January 2018, there were instances in which the classification and measurement of financial assets changed from fair value to amortised cost. There was no impact on the group's reserve in respect of classification requirements for financial liabilities IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

4 Statement of significant accounting policies

4.16 New standards and interpretations not yet effective

Pronouncement	
Title	**IFRS 9 Financial Instruments** **Expected credit loss (ECL) impairment model** IFRS 9's ECL impairment model's requirements will represent the most material IFRS 9 impact. The IASB developed the IFRS 9 ECL impairment model with the objective of transitioning from an incurred loss approach to an expected loss model which will require entities to recognise impairment losses in advance of an exposure having objective evidence of impairment. The ECL model will apply to financial assets measured at either amortised cost or at fair value through OCI, as well as loan commitments when there is present commitment to extend credit (unless these are measured at fair value through profit or loss). With the exception of purchased or originated credit impaired financial assets, expected credit losses are required to be measured through a loss allowance at an amount equal to either 12-month expected credit losses or full lifetime expected credit losses. A loss allowance for full lifetime expected credit losses is recognised for a financial asset where the credit risk of that financial asset increased significantly since initial recognition (unless the financial asset is exposed to a low level of credit risk) as well as for certain contract assets and trade receivables or where the exposure is classified as in default. For all other financial instruments, expected credit losses are measured at an amount equal to 12-month expected credit losses. **Significant increase in credit risk or low credit risk** The assessment of significant increase in credit risk for the group's PBB exposures will be based on changes in a customer's credit score and for the group's CIB exposures on changes in internal credit ratings, together with the expected outlook for the specific sector and industry and other relevant available information. For both the group's PBB and CIB exposures, the determination will be set to identify significant deterioration in credit risk before the exposure reaches a past due status of 30 days. Exposures for which there is a significant increase in credit risk but for which the credit risk is low remain in stage one. Exposures are generally considered to have a low credit risk where there is a low risk of default, the exposure has a strong capacity to meet its contractual cash flow obligations and adverse changes in economic and business conditions are unlikely to reduce the exposure's ability to fulfil its contractual obligations. **Forward-looking information** In determining whether there has been a significant increase in credit risk and in determining the expected credit loss calculation, IFRS 9 requires the consideration of forward-looking information. The determination of significant increase in credit risk is required to include consideration of all reasonable and supportable information available without undue cost or effort. This information will typically include forward-looking information based on expected macro-economic conditions and specific factors that are expected to impact individual portfolios. The incorporation of forward-looking information represents a significant change from existing accounting requirements which are based on observable events. The use of such forward-looking information will increase the use of management judgement and is expected to increase the volatility of impairment provisions as a result of continuous changes in future expectations. The forward-looking framework will be based on the group's economic expectations, industry and sub-sector-specific expectations, as well as expert management judgement. **Default** While default is not specifically defined by IFRS 9, the group has aligned the determination of default with its existing internal credit risk management definitions and approaches. Default is determined as occurring at the earlier of: • when either, based on objective evidence, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as realisation of security; or • when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit). In some cases, additional specific criteria are set according to the nature of the lending product.

4 Statement of significant accounting policies

4.16 New standards and interpretations not yet effective

Pronouncement

Title

IFRS 9 Financial Instruments

Impact on reserves

The IFRS 9's requirements noted above are expected to reduce the group's reserves at 1 January 2018 by approximately N10,857 million.

Estimated impact on adoption of IFRS 9

In Nmillion	As reported at 31 December 2017	Estimated adjustment on adoption of IFRS 9	Estimated adjusted opening balance as at 01 January 2018
Retained earnings	83,830	(10,739)	73,091
Other reserves	26,260	(118)	26,142
NCI	3,158	(5)	3,153

- a decrease of N118 million related to classification and measurement requirements, other than impairments
- a decrease of approximately N10,739 million related to impairment requirements

The following table details the key drivers of this estimate:

IFRS 9 ECL Driver	Reason
Stage one (12-month expected loss)	PBB' existing emergence period is between three to six months and for CIB exposure is 12 months. The change to a 12 month expected loss requirement for exposures will hence result in an increase in impairments for PBB.
Stage two (lifetime expected loss for items for which there is a significant increase in credit risk)	IFRS 9 will require a lifetime loss to be recognised for items for which there has been a significant increase in credit risk. This requirement will affect both PBB and CIB's credit impairments.
Stage three (lifetime expected loss for credit impaired exposures)	Whilst IFRS 9 contains similar requirements to that of existing accounting requirements, an increase in impairment provisions will be recognised as a result of the requirement to include the probability of multiple lifetime defaults.
Off-balance sheet exposures	The IFRS 9 requirement for impairments for off-balance sheet facilities results in the requirement for additional credit impairments for both PBB and CIB.
Forward-looking information	The inclusion of forward-looking economic information could increase the level of provisions as a result of the possible consequence of deteriorating economic conditions.

Hedge accounting

The revised general hedge accounting requirements are better aligned with an entity's risk management activities and provide both additional opportunities to apply hedge accounting and various simplifications in achieving hedge accounting. The group's date of adoption of the IFRS 9 revised hedge accounting requirements will be based on further IFRS developments with respect to the IASB's macro hedge accounting project or on the group deeming it opportune to adopt the revised requirements. The group has elected to continue with IAS 39's hedge accounting requirements, but will implement IFRS 9's revised hedge accounting disclosures.

Capital Implications

IFRS 9 will have consequential impacts on the group's regulatory capital adequacy. The group has estimated the impact of IFRS 9 on capital to be approximately 7% in total regulatory capital and 140 basis points reduction in capital adequacy ratio.

Effective date **1 January 2018**

4 Statement of significant accounting policies

4.16 New standards and interpretations not yet effective

Pronouncement	
Title	**IFRS 9 *Financial Instruments* amendment** On 12 October 2017, IASB issued an amendment to IFRS 9 (the amendment). This allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortised cost or at fair value through other comprehensive income. The amendment is required to be applied retrospectively. The amendment is not expected to have a material impact on the group.
Effective date	1 January 2019 earlier application permitted
Title	**IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments will be applied prospectively and are not expected to have a material impact on the group's financial statements.
Effective date	1 January 2019
Title	**IFRS 15 Revenue from Contracts with Customers** This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration which the entity expects to be entitled to in exchange for those goods and services. The standard incorporates a five step analysis to determine the amount and timing of revenue recognition. The group has analysed the nature of it's fees follows: i) *Bank transaction fees*: This include electronic banking charges, account transaction fee, custody fees among others. There will be no changes to the current account treatment of these fees. ii) *Asset management fee*: Fee is based on daily net asset of the fund or performance of the fund at the end of the quarter. There will be no changes to the current account treatment of these fees. iii) *Insurance fees and commission:* This include administrative and brokerages fees charges on insurance related porducts. There will be no changes to the current account treatment of these fees. Based on the analysis done to date, the impact on the annual financial statements is not expected to be significant.
Effective date	**1 January 2018**
Title	**IAS 40 *Investment Property* amendment** The amendments clarify the requirements on transfers to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. The standard is not expected to have a significant impact on the group as the group does not have investment property.
Effective date	**1 January 2018**

4 Statement of significant accounting policies

4.16 New standards and interpretations not yet effective

Pronouncement	
Title	**IFRIC 22 Foreign Currency Transactions and Advance Consideration** The IFRIC provides guidance on how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. The IFRIC will be applied retrospectively or prospectively. The group has identified and reviewed the contracts and transaction that are within the scope of this interpretation which indicate that this IFRIC will not materially impact the annual financial statements.
Effective date	1 January 2018
Title	**IFRS 17 Insurance Contracts** This standard replaces the existing accounting standard IFRS 4 Insurance Contracts which gave entities dispensation to account for insurance contracts (particularly measurement) using local actuarial practice, resulting in a multitude of different approaches. The overall objective of IFRS 17 is to provide a more useful and consistent accounting model for insurance contracts among entities issuing insurance contracts globally. The standard requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. A general measurement model (GMM) will be applied to long-term insurance contracts, and is based on a fulfilment objective (risk-adjusted present value of best estimate future cash flows) and uses current estimates, informed by actual trends and investment markets. IFRS 17 establishes what is called a contractual service margin (CSM) in the initial measurement of the liability which represents the unearned profit on the contract and results in no gain on initial recognition. The CSM is released over the life of the contract, but interest on the CSM is locked in at inception rates. The CSM will be utilised as a “shock absorber” in the event of changes to best estimate cash flows. On loss making (onerous) contracts, no CSM is set up and the full loss is recognised at the point of contract inception. The GMM is modified for contracts which have participation features. An optional simplified premium allocation approach (PAA) is available for all contracts that are less than 12 months at inception. The PAA is similar to the current unearned premium reserve profile over time. The requirement to eliminate all treasury shares has been amended such that treasury shares held as underlying items for a group of direct participating contracts or investment funds are not required to be eliminated and can be accounted for as financial assets. These requirement will provide transparent reporting about an entities’ financial position and risk and will provide metrics that can be used to evaluate the performance of insurers and how that performance changes over time. An entity may re-assess its classification and designation of financial instruments under IFRS 9, on adoption of IFRS 17. The standard will be applied retrospectively. The impact on the annual financial statements has not yet been fully determined.
Effective date	1 January 2021 earlier application permitted
Title	**IFRIC 23 Uncertainty over Income Tax Treatments** This Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation. This Interpretation addresses: whether an entity considers uncertain tax treatments separately; the assumptions an entity makes about the examination of tax treatments by taxation authorities; how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and how an entity considers changes in facts and circumstances. The IFRIC will be applied retrospectively. The impact on the annual financial statements has not yet been fully determined.
Effective date	1 January 2019 earlier application permitted
Title	**IFRS 2 *Share-based Payment* amendment** The amendments are intended to eliminate diversity in practice in three main areas of the classification and measurement of share based payment transactions are: the effects of vesting conditions on the measurement of a cash-settled share based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments will be applied prospectively. The impact on the annual financial statements is not expected to be significant.
Effective date	1 January 2018

4 Statement of significant accounting policies

4.16 New standards and interpretations not yet effective

Pronouncement	
Title	**IAS 28 Interest in Associates and Joint Ventures (amendment)** This amendment clarifies that an entity should apply IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture only when the equity method is not applied. The amendments will be applied retrospectively. The impact on the annual financial statements is not expected to have a significant impact on the annual financial statements.
Effective date	1 January 2019 earlier application permitted
Title	**Annual improvements 2015-2017 cycle** The IASB has issued various amendments and clarifications to existing IFRS, none of which is expected to have a significant impact on the group's annual financial statements.
Effective date	1 January 2019 earlier application permitted
Title	**IFRS 16 Leases** This standard will replace the existing standard IAS 17 Leases as well as the related interpretations and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, being the lessee (customer) and the lessor (supplier). The core principle of this standard is that the lessee and lessor should recognise all rights and obligations arising from leasing arrangements on balance sheet. The most significant change pertaining to the accounting treatment of operating leases is from the lessees' perspective. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and introduces a single lessee accounting model, where a right of use (ROU) asset together with a liability for the future payments is to be recognised for all leases with a term of more than 12 months, unless the underlying asset is of low value. The lessor accounting requirements in IAS 17 has not changed substantially in terms of this standard as a result a lessor continues to classify its leases as operating leases or finance leases and accounts for these as it currently done in terms of IAS 17. In addition, the standard requires lessor to provide enhanced disclosures about its leasing activities and in particular about its exposure to residual value risk and how it is managed. The standard will be applied retrospectively. The impact on the annual financial statements has not yet been fully determined. However, the group has formed an IFRS 16 working group and detailed project plan, identifying key responsibilities and milestones of the project. The group is in the process of determining the estimated impact as well as discussing the system requirements to accommodate IFRS 16's principles.
Effective date	1 January 2019 earlier application permitted
Title	**IFRS 4 (amendment) Insurance Contracts** The amendment to applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts introduce two approaches: an overlay approach and a deferral approach. The amended Standard will give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments Standard IAS 39. The amendments to IFRS 4 supplement existing options in the Standard that can already be used to address the temporary volatility. The amendments will have no material impact on the activities of the group as the group has no insurance contract as at reporting date and has no intention to issue insurance contract in the coming year.
Effective date	1 January 2019 earlier application permitted

5 Segment reporting

The group is organised on the basis of products and services, and the segments have been identified on this basis. The principal business units in the group are as follows:

Business unit	
Personal and Business Banking	Banking and other financial services to individual customers and small-to-medium-sized enterprises. Mortgage lending – Provides residential accommodation loans to mainly personal market customers. Instalment sale and finance leases – Provides instalments finance to personal market customers and finance of vehicles and equipment in the business market. Card products – Provides credit and debit card facilities for individuals and businesses. Transactional and lending products – Transactions in products associated with the various points of contact channels such as ATMs, internet, telephone banking and branches. This includes deposit taking activities, electronic banking, cheque accounts and other lending products coupled with debit card facilities to both personal and business market customers.
Corporate and Investment Banking	Corporate and investment banking services to larger corporates, financial institutions and international counterparties. Global markets – Includes foreign exchange, fixed income, interest rates, and equity trading. Transactional and lending products – Includes corporate lending and transactional banking businesses, custodial services, trade finance business and property-related lending. Investment banking – Include project finance, structured finance, equity investments, advisory, corporate lending, primary market acquisition, leverage finance and structured trade finance.
Wealth	The wealth group is made up of the company's subsidiaries, whose activities involve investment management, pension management, portfolio management, unit trust/funds management, and trusteeship.

An operating segment is a component of the group engaged in business activities from which it can earn revenues, whose operating results are regularly reviewed by the group's executive management in order to make decisions about resources to be allocated to segments and assessing segment performance. The group’s identification of segments and the measurement of segment results is based on the group’s internal reporting to management. Segment results include customer-facing activities and support functions.

5 Segment reporting

Operating segments

	Personal & Business Banking		Corporate & Investment Banking		Wealth		Eliminations		Group	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Net interest income	**31,243**	29,964	**47,969**	24,202	**4,375**	3,693	**-**	-	**83,587**	57,859
Interest income -external source	**29,890**	31,882	**87,551**	51,892	**5,470**	3,693	**-**	-	**122,911**	87,467
Interest expense - external source	**(13,022)**	(10,287)	**(25,207)**	(19,321)	**(1,095)**	-	**-**	-	**(39,324)**	(29,608)
Inter-segment revenue/(costs)	**14,375**	8,369	**(14,375)**	(8,369)	**-**	-	**-**	-	**-**	-
Non-interest revenue	**13,044**	14,512	**44,533**	26,548	**35,087**	28,374	**(3,482)**	(1,240)	**89,182**	68,194
Net fee and commission revenue	**12,664**	14,312	**15,060**	10,731	**35,058**	28,348	**(3,693)**	(1,237)	**59,089**	52,154
Trading revenue	**-**	-	**29,146**	15,326	**2**	-	**-**	-	**29,148**	15,326
Other revenue	**380**	200	**327**	491	**27**	26	**211**	(3)	**945**	714
Revenue	**44,287**	44,476	**92,502**	50,750	**39,462**	32,067	**(3,482)**	(1,240)	**172,769**	126,053
Credit impairment charges	**(14,970)**	(9,504)	**(10,607)**	(10,299)	**-**	-	**-**	-	**(25,577)**	(19,803)
Income after credit impairment charges	**29,317**	34,972	**81,895**	40,451	**39,462**	32,067	**(3,482)**	(1,240)	**147,192**	106,250
Operating expenses	**(44,234)**	(36,656)	**(33,038)**	(23,732)	**(12,236)**	(9,893)	**3,482**	1,240	**(86,026)**	(69,041)
Profit before direct taxation	**(14,917)**	(1,684)	**48,857**	16,719	**27,226**	22,174	**-**	-	**61,166**	37,209
Direct taxation	**(1,608)**	71	**(3,109)**	(1,796)	**(8,068)**	(6,964)	**-**	-	**(12,785)**	(8,689)
Profit/ (loss) for the year	**(16,525)**	(1,613)	**45,748**	14,923	**19,158**	15,210	**-**	-	**48,381**	28,520
Total assets	**227,531**	227,149	**1,140,332**	788,451	**43,995**	47,318	**(25,442)**	(9,391)	**1,386,416**	1,053,524
Total liabilities	**203,721**	207,655	**959,069**	703,143	**12,964**	11,322	**25,444**	(9,391)	**1,201,198**	912,726
Depreciation and amortisation	**3,251**	3,177	**538**	738	**387**	322	**-**	-	**4,175**	4,237
Number of employees	**2,030**	2,154	**454**	237	**547**	535	**-**	-	**3,031**	2,926

6 Key management assumptions

In preparing the financial statements, estimates and assumptions are made that could materially affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on factors such as historical experience and current best estimates of uncertain future events that are believed to be reasonable under the circumstances.

6.1 Credit impairment losses on loans and advances

Portfolio loan impairments

The group assesses its loan portfolios for impairment at each reporting date. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be allocated to an individual loan in that portfolio. For corporate and investment banking portfolio, estimates are made of the duration between the occurrence of a loss event and the identification of a loss on an individual basis. This is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These include early arrears and other indicators of potential default, such as changes in macroeconomic conditions and legislation affecting credit recovery. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period. At the year end, the group applied the following loss emergence periods.

For Personal and Business Banking portfolio, the estimates for the duration between the occurrence of a loss event and the identification of a loss impairment for performing loans is calculated using portfolio loss given default and the probability of default for the arrears bucket and linked to the relevant emergence period.

	Average loss emergence period		Sensitivity[1]	
	Dec 2017	Dec 2016	**Dec 2017**	Dec 2016
	Months	Months	**Nm**	Nm
Personal & Business Banking			**307**	41
Mortgage lending	**3**	3	**9**	(.4)
Instalment sale and finance leases	**3**	3	**(5)**	90
Card debtors	**3**	3	**(0.4)**	(1)
Other lending	**3**	3	**303**	(48)
Corporate & Investment Banking (total loan portfolio)	**12**	12	**1,125**	1,187

[1] Sensitivity is based on the effect of a change of one month in the emergence period on the value of the impairment.

Specific loan impairments

Non-performing loans include those loans for which the group has identified objective evidence of default, such as a breach of a material loan covenant or condition as well as those loans for which instalments are due and unpaid for 90 days or more. Management's estimates of future cash flows on individually impaired loans are based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any difference between loss estimates and actual loss experience. Recoveries of individual loans as a percentage of the outstanding balances are estimated as follows:

	Expected time to recovery		Expected recoveries as a percentage of impaired loans		Impairment loss sensitivity[1]	
	Dec 2017	Dec 2016	**Dec 2017**	Dec 2016	**Dec 2017**	Dec 2016
	Months	Months	**%**	%	**Nm**	Nm
Personal & Business Banking					**65**	47
Mortgage lending	**12**	12	**38**	38	**2**	1
Instalment sale and finance leases	**6**	6	**48**	55	**3**	3
Card debtors	**8**	8	**9**	9	**3**	2
Other lending	**8**	8	**22**	22	**57**	41

Corporate & Investment Banking

The estimated recoveries for Corporate and Investment Banking non performing loans are calculated on a customer by customer basis.

[1] Sensitivity is based on the effect of a change of one percentage point in the value of the estimated recovery on the value of the impairment.

6 Key management assumptions (continued)

Determination of statutory credit risk reserves

Provisions under prudential guidelines are determined using the time based provisioning regime prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the incurred loss model required by IFRS under IAS 39. As a result of the differences in the methodology/provision regime, there will be variances in the impairments allowances required under the two methodologies.

Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted. However, Banks would be required to comply with the following:

Provisions for loans recognised in the profit and loss account should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserves should be treated as follows:

* Prudential Provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the general reserve account to a "regulatory risk reserve".
* Prudential Provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the general reserve account

The company's subsidiary Stanbic IBTC Bank, has complied with the requirements of the guidelines as follows:

	Note	31 Dec. 2017 N'million	31 Dec. 2016 N'million
Statement of prudential adjustments			
Prudential Provision			
Specific provision on loans and advances		**14,995**	14,467
General provision on loans and advances		**7,338**	11,102
Impairment on other financial assets		**18,148**	10,851
		40,481	36,420
IFRS Provision			
Specific impairment on loans and advances	12.3	**20,916**	11,249
Portfolio Impairment on loans and advances	12.3	**10,848**	11,102
Impairment on other financial assets		**18,148**	13,044
		49,912	35,395
Closing regulatory reserve		**-**	1,025
Opening regulatory reserve		**1,025**	6,684
Appropriation:Transfer (to)/from retained earnings		**(1,025)**	(5,659)

6 Key management assumptions (continued)

6.2 Fair value of financial instruments

The fair value of financial instruments, such as unlisted equity investments and certain derivatives, that are not quoted in active markets is determined using valuation techniques. Wherever possible, models use only observable market data. Where required, these models incorporate assumptions that are not supported by prices from observable current market transactions in the same instrument and are not based on available observable market data. Such assumptions include risk premiums, liquidity discount rates, credit risk, volatilities and correlations. Changes in these assumptions could affect the reported fair values of financial instruments.

Additional disclosures on fair value measurements of financial instruments are set out in notes 28.

6.3 Impairment of available-for-sale investments

The group determines that available-for-sale equity investments are impaired and recognised as such in profit or loss when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgement. In making this judgement, the group evaluates, among other factors, the normal volatility in the fair value. In addition, impairment may be appropriate when there is evidence of a deterioration in the financial health of the investee, industry or sector, or operational and financing cash flows or significant changes in technology.

Had the declines of financial instruments with fair values below cost been considered significant or prolonged, the group would have suffered an additional loss attributable to ordinary shareholders of N0 million (Dec 2016: N12 million) in its financial statements, being the transfer of the negative revaluations within the available-for-sale reserve to profit or loss.

6.4 Intangible assets

Direct computer software development costs that are clearly associated with an identifiable and unique system, which will be controlled by the group and have a probable future economic benefit beyond one year, are capitalised and disclosed as computer software intangible assets.

Computer software intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. The assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The determination of the recoverable amount of each asset requires judgement. The recoverable amount is based on the value in use and calculated by estimating future cash benefits that will result from each asset and discounting these cash benefits at an appropriate pre-tax discount rate (see note 4.7).

6.5 Investment funds

The group acts as fund manager to a number of investment funds. Determination of whether the group controls such an investment fund usually focuses on the assessment of the aggregate economic interest of the group in the fund and the investors' rights to remove the fund manager. For all the investment funds managed by the group, the trust deed empowers the investors to vote for the removal of the fund manager without cause, but subject to approval of a vast majority of all unitholders, and the group's aggregate economic interest in each case is less than 25%. As a result, the group has concluded that it acts as agent for the investors in all cases, and therefore has not consolidated these funds.

Further disclosure in respect of investment funds in which the group has an interest is contained in note 14.

6 Key management assumptions (continued)

6.6 Recognition of deferred tax assets:

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The most significant management assumption is the forecasts used to support the probability assessment that sufficient taxable profits will be generated by the entities in the group in order to utilise the deferred tax assets. The forecasts of taxable profits are determined based on approved budgets for future periods and adjusted for any adjustments that management deems necessary and are supportable at the time of reporting.

The tax exempt status of income realised on Nigerian government securities is one of the major drivers for the negative taxable income within Stanbic IBTC Bank PLC, which is the largest contributor to the deferred tax asset, through tax losses, in the group. The uncertainty surrounding the ability to generate sufficient future taxable income after the termination of the tax exempt status in 2022 has made management to conclude that not all tax losses carried forward should be recorded as deferred tax assets. The assessment of availability of future taxable profit against which carry forward tax losses can be utilised is disclosed under Note 16.

6.7 Share-based payment

The group have both cash and equity-settled share incentive schemes which are issued to qualifying employees based on the rules of the respective schemes. The group uses the Black-Scholes option pricing model to determine the fair value of awards on grant date for its equity-settled share incentive schemes. The valuation of the group's obligations with respect to its cash-settled share incentive scheme obligations is determined with reference to the parent and ultimate parent's share price, which is an observable market input. In determining the expense to be recognised for both the cash and equity-settled share schemes, the group estimates the expected future vesting of the awards by considering staff attrition levels. The group also makes estimates of the future vesting of awards that are subject to non-market vesting conditions by taking into account the probability of such conditions being met.

Refer to note 31.11 for further details regarding the carrying amount of the liabilities arising from the group's cash-settled share incentive schemes and the expenses recognised in the income statement.

6.8 Depreciation and useful life of property and equipment

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

6.9 Provisions

The group make provisions for items such as legal claims, fines, and penalties. The amount provided are based on the management best estimate of the amounts that will be required to settle the obligation in the event that it crystallises. Provisions are determined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. Any material difference in management best estimates will have an impact to the carrying amount of the provisions. Refer to note 25 for further details.

6.10 Foreign currency obligations valued at different rates

Following the developments in the foreign exchange market, the group concluded during the year that is was no longer feasible to settle all its USD deposits and other borrowings at the interbank rate applied to other assets and liabilities. For the determination of the impacted USD deposits and other borrowings, the group assessed the deposits and other borrowings that were not covered by available USD assets for settlement of those liabilities and for determination of the applicable rate, the group made an analysis of applicable transactions in the market and based on that analysis assessed the rate at which the relevant USD deposits and other borrowing could have been settled if the cash flows occurred at balance sheet date.
Refer to note 22 (viii).

		Group		Company	
		31 Dec. 2017 N'million	31 Dec. 2016 N'million	**31 Dec. 2017 N'million**	31 Dec. 2016 N'million
7	**Cash and cash equivalents**				
	Coins and bank notes	**36,853**	66,300		-
	Balances with central bank	**177,990**	113,656		-
	Current balances with banks within Nigeria	**519**	12,047	**7,545**	1,768
	Current balances with banks outside Nigeria	**185,986**	109,348		-
		401,348	301,351	**7,545**	1,768

Balances with central bank include cash reserves of N150,523 million (Dec. 2016: N88,773 million) and special intervention fund of N20,817 million (Dec. 2016: N20,817) that are not available for use by the group on a day to day basis. These restricted cash balances are held with Central Bank of Nigeria (CBN).

Included in current balances with banks outside Nigeria is N19,602 million (Dec. 2016: N41,420 million) which represents Naira value of foreign currency bank balances held on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities (See note 26.1).

Included in current balances with banks outside Nigeria is N19,641 million (Dec. 2016: N15,151 million) due from Standard Bank Group. See note 36.3 for details.

		Group		Company	
		31 Dec. 2017 N'million	31 Dec. 2016 N'million	**31 Dec. 2017 N'million**	31 Dec. 2016 N'million
8	**Pledged assets**				
8.1	**Pledged assets**				
	Financial assets that may be repledged or resold by counterparties				
	Treasury bills - Trading	**10,769**	-	**-**	-
	Treasury bills - Available-for-sale	**32,471**	28,303	**-**	-
		43,240	28,303	**-**	-
	Maturity analysis				
	The maturities represent periods to contractual redemption of the pledged assets recorded.				
	Maturing within 1 month	**-**	-	**-**	-
	Maturing after 1 month but within 6 months	**43,240**	16,434	**-**	-
	Maturing after 6 months but within 12 months	**-**	11,869	**-**	-
		43,240	28,303	**-**	-

8.2 Total assets pledged

The assets pledged by the group are strictly for the purpose of providing collateral to counterparties for various transactions. These transactions include assets pledged in connection with clearing/settlement activities of the group.

To the extent that the counterparty is permitted to sell and/or repledge the assets in the absence of default, the assets are classified in the statement of financial position as pledged assets.

Financial assets pledged as collateral for liabilities

The carrying amount of total financial assets that have been pledged as collateral for liabilities (included in amounts reflected in 8.1 above) at 31 Dec 2017 was N13,699 million (Dec. 2016: N2,716 million). The transactions in respect of which the collaterals were pledged are as follows:

(i) N2,931 million (Dec. 2016: N2,716 million) pledged in respect of on-lending facility obtained from Bank of Industry as disclosed under note 22(iii).

(ii) N10,768 million (Dec. 2016: N0 million) pledged in respect of repurchase lending agreements. These transactions are conducted under terms that are usual and customary to standard lending, and securities borrowing and lending activities.

9 Trading assets and trading liabilities

Trading assets and trading liabilities mainly relate to client-facilitating activities carried out by the Global Markets business. These instruments are managed on a combined basis and should therefore be assessed on a total portfolio basis and not as stand-alone assets and liability classes.

	Group		Company	
	31 Dec. 2017 N'million	31 Dec. 2016 N'million	**31 Dec. 2017 N'million**	31 Dec. 2016 N'million
9.1 Trading assets				
Classification				
Listed	**143,195**	11,854	**-**	-
Unlisted	**8,284**	5,001	**-**	-
	151,479	16,855	**-**	-
Comprising:				
Government bonds	**2,930**	2,185	**-**	-
Treasury bills	**140,265**	9,669	**-**	-
Placements	**8,284**	5,001	**-**	-
	151,479	16,855	**-**	-
Dated assets	**151,479**	16,855	**-**	-
	151,479	16,855	**-**	**-**
Maturity analysis The maturities represent periods to contractual redemption of the trading assets recorded.				
Redeemable on demand	**-**	-	**-**	-
Maturing within 1 month	**8,284**	5,017	**-**	-
Maturing after 1 month but within 6 months	**82,768**	8,262	**-**	-
Maturing after 6 months but within 12 months	**57,513**	2,645	**-**	-
Maturing after 12 months	**2,914**	931	**-**	-
Undated assets	**-**	-	**-**	-
	151,479	16,855	**-**	-

Redemption value

Trading assets had a redemption value at 31 December 2017 of N151,479 million (Dec. 2016: N16,956 million).

9 Trading assets and trading liabilities (continued)

	Group		Company	
	31 Dec. 2017 N'million	31 Dec. 2016 N'million	31 Dec. 2017 N'million	31 Dec. 2016 N'million
9.2 Trading liabilities				
Classification				
Listed	52,451	5,325	-	-
Unlisted	9,998	-	-	-
	62,449	5,325	-	-
Comprising:				
Government bonds (short positions)	657	655	-	-
Deposits	9,998	-	-	-
Treasury bills (short positions)	51,794	4,670	-	-
	62,449	5,325	-	-

Maturity analysis

The maturity analysis is based on the remaining periods to contractual maturity from period end.

	Group 31 Dec. 2017	Group 31 Dec. 2016	Company 31 Dec. 2017	Company 31 Dec. 2016
Repayable on demand	-	-	-	-
Maturing within 1 month	28,383	99	-	-
Maturing after 1 month but within 6 months	27,170	4,489	-	-
Maturing after 6 months but within 12 months	6,239	82	-	-
Maturing after 12 months	657	655	-	-
	62,449	5,325	-	-

10 Derivative instruments

All derivatives are classified as derivatives held for trading purposes.

10.1 Use and measurement of derivative instruments

In the normal course of business, the group enters into a variety of derivative transactions for both trading and risk management purposes. Derivative financial instruments are entered into for trading purposes and for hedging foreign exchange and interest rate exposures. Derivative instruments used by the group in both trading and hedging activities include swaps, forwards and other similar types of instruments based on foreign exchange rates and interest rates.

The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take into account possible correlations.

The fair value of all derivatives is recognised on the statement of financial position and is only netted to the extent that there is both a legal right of set-off and an intention to settle on a net basis.

Swaps are transactions in which two parties exchange cash flows on a specified notional amount for a predetermined period.

10.2 Derivatives held-for-trading

The group trades derivative instruments on behalf of customers and for its own positions. The group transacts derivative contracts to address customer demand by structuring tailored derivatives for customers. The group also takes proprietary positions for its own account. Trading derivative products include the following derivative instruments:

10.2.1 Foreign exchange derivatives

Foreign exchange derivatives are primarily used to hedge foreign currency risks on behalf of customers and for the group's own positions. Foreign exchange derivatives primarily consist of foreign exchange forwards.

10.2.2 Non-deliverable foreign exchange derivatives contract

Non-deliverable foreign exchange derivative contracts (NDFs) is a variation of foreign exchange derivatives described above. NDFs are cash settled and do not require physical delivery of foreign currency. The counterparties settle the difference between the contracted NDF price or rate and the prevailing spot price or rate on an agreed notional amount.

10.2.3 Interest rate derivatives

Interest rate derivatives are primarily used to modify the volatility and interest rate characteristics of interest-earning assets and interest-bearing liabilities on behalf of customers and for the group's own positions. Interest rate derivatives primarily consist of swaps.

10.3 Unobservable valuation differences on initial recognition

If fair value on initial recognition is not evidenced by a quoted price in an active market or based on a valuation technique that uses data only from observable markets, then any difference between the fair value at initial recognition and the transaction price is not recognised in profit and loss immediately but is deferred. The unobservable valuation difference is disclosed under note 10.7.

10.4 Fair values

The fair value of a derivative financial instrument represents for quoted instruments the quoted market price and for unquoted instruments the present value of the positive or negative cash flows, which would have occurred if the rights and obligations arising from that instrument were closed out in an orderly market place transaction at year end.

10.5 Notional amount

The gross notional amount is the sum of the absolute value of all bought and sold contracts. The notional amounts have been translated at the closing rate at the reporting date where cash flows are receivable in foreign currency. The amount cannot be used to assess the market risk associated with the positions held and should be used only as a means of assessing the group's participation in derivative contracts.

10.6 Derivative assets and liabilities

	Maturity analysis of net fair value						
	Within 1 year	After 1 year but within 5 years	After 5 years	Net fair value	Fair value of assets	Fair value of liabilities	Contract/ notional amount
	N million	N million	N million	N million	N million	N million	N million
31 December 2017							
Derivatives held-for-trading							
Forwards	**1,455**			**1,455**	**4,038**	**(2,583)**	**482,364**
Swaps	**7,005**	**-**		**7,005**	**7,014**	**(9)**	**115,140**
Total derivative assets/(liabilities)	**8,460**	**-**	**-**	**8,460**	**11,052**	**(2,592)**	**597,504**

	Maturity analysis of net fair value						
	Within 1 year	After 1 year but within 5 periods	After 5 years	Net fair value	Fair value of assets	Fair value of liabilities	Contract/ notional amount
	N million	N million	N million	N million	N million	N million	N million
31 December 2016							
Derivatives held-for-trading							
Forwards	1,981			1,981	13,713	(11,732)	121,445
Swaps	548	-		548	604	(56)	23,352
Total derivative assets/(liabilities)	2,529	-	-	2,529	14,317	(11,788)	144,797

Included in derivative assets is N973 million (Dec. 2016: N265 million) due from related parties. See note 36.3 for details.

Included in derivative liabilities is N186 million (Dec. 2016: N5,336 million) due from related parties. See note 36.3 for details.

10.7 Unobservable valuation differences on initial recognition

The table below sets out the aggregate difference yet to be recognised in profit or loss at the beginning and end of the year with a reconciliation of the changes of the balance during the year for derivative assets and liabilities.

		Group	
		31 Dec. 2017	31 Dec. 2016
	Note	**N** million	N million
Unrecognised profit at beginning of the year		**-**	3,460
Additional profit on new transactions		**14,098**	-
Recognised in profit or loss during the year		**(9,598)**	(3,460)
Unrecognised profit at end of the year	**31.4**	**4,500**	**-**

11 Financial investments

Financial investments comprise assets held for liquidity requirement purposes.

		Group		Company	
		31 Dec. 2017 N'million	31 Dec. 2016 N'million	**31 Dec. 2017 N'million**	31 Dec. 2016 N'million
	Short - term negotiable securities	**301,995**	240,059	**-**	**-**
	Listed	**301,995**	240,059	-	-
	Unlisted	**-**	-	-	-
	Other financial investments	**14,646**	12,764	**1,625**	920
	Listed	**11,293**	11,174	**1,625**	920
	Unlisted	**3,353**	1,590	**-**	-
		316,641	252,823	**1,625**	920
11.1	**Comprising:**				
	Government bonds	**1,530**	1,456	**-**	-
	Treasury bills	**301,995**	240,059	**-**	-
	Corporate bonds	**1,079**	-	**-**	-
	Unlisted equities (see note 11.2 below)	**2,274**	1,590	**-**	-
	Mutual funds and unit-linked investments (see note 14)	**9,763**	9,718	**1,625**	920
		316,641	252,823	**1,625**	920

Mutual funds and unit-linked investments include N1.3 billion (Dec 2016: N723 million) held against unclaimed dividend liability as disclosed in note 26.

Maturity analysis

The maturities represent periods to contractual redemption of the financial investments recorded.

	Group 31 Dec. 2017	Group 31 Dec. 2016	Company 31 Dec. 2017	Company 31 Dec. 2016
Redeemable on demand	**-**	**-**	**-**	**-**
Maturing within 1 month	**29,873**	3,775	**-**	-
Maturing after 1 month but within 6 months	**179,562**	168,365	**-**	-
Maturing after 6 months but within 12 months	**92,560**	68,332	**-**	-
Maturing after 12 months	**2,609**	1,043	**-**	-
Undated investments[1]	**12,037**	11,308	**1,625**	920
	316,641	252,823	**1,625**	920

All financial investments of the group are classified as available for sale investments.

[1] Undated investments include unlisted equities and mutual funds and linked investments .

11.2 Analysis of unlisted equity investments

	Group 31 Dec. 2017	Group 31 Dec. 2016	Company 31 Dec. 2017	Company 31 Dec. 2016
Small and medium scale industries:	**137**	137	**-**	-
Credit Reference Company Limited	**50**	50	**-**	-
CR Services Limited	**87**	87	**-**	-
Other unquoted equity direct investments	**2,274**	1,590		
Unified Payment Services Ltd (formerly Smart Card Nigeria PLC)	**219**	158	**-**	-
FSDH Merchant Bank Limited	**650**	707	**-**	-
FMDQ OTC PLC	**29**	27	**-**	-
MTN Communications	**553**	470	**-**	-
Central Securities Clearing System PLC	**18**	14	**-**	-
Nigerian Interbank Settlement System PLC	**805**	214	**-**	-
Total investment in unlisted equity investment	**2,411**	1,727	**-**	-
Impairment allowance (note 11.3)	**(137)**	(137)	**-**	-
	2,274	1,590	**-**	-

	Group		Company	
	31 Dec. 2017	31 Dec. 2016	**31 Dec. 2017**	31 Dec. 2016
	N'million	N'million	**N'million**	N'million
11.3 Impairment on unlisted equity investments				
At start of the year	**137**	1,072	**-**	-
Additions	**-**	-	**-**	-
Write back	**-**	(15)	**-**	-
Write off	**-**	(920)	**-**	-
	137	137	**-**	-
11.4 Asset classified as held for sale				
Unquoted equity investment	**114**	112	**-**	**-**
	114	112	**-**	**-**

(i) Asset held for sale represents investment in Nigeria Mortgage Refinance Company Ltd. No impairment loss was recognised on reclassification of the unquoted equity investment as held for sale as at 31 December 2017 (31 December 2016: Nil) as the directors expect that the fair value less costs to sell is not lower than the carrying amount.

		Group		Company	
		31 Dec. 2017 N'million	31 Dec. 2016 N'million	31 Dec. 2017 N'million	31 Dec. 2016 N'million
12	**Loans and advances**				
12.1	**Loans and advances net of impairments**				
	Loans and advances to banks	9,623	15,264	-	-
	Placements with banks	9,623	15,264	-	-
	Loans and advances to customers	372,088	352,965	-	-
	Gross loans and advances to customers	403,852	375,316	-	-
	Personal and business banking (PBB)	149,325	152,360		
	Mortgage loans	7,426	8,924	-	-
	Instalment sale and finance leases	12,167	16,532	-	-
	Card debtors	1,451	1,793	-	-
	Other loans and advances	128,281	125,111	-	-
	Corporate and Investment banking (CIB)	254,527	222,956		
	Corporate loans	254,527	222,956	-	-
	Credit impairments for loans and advances (note 12.3)	(31,764)	(22,351)	-	-
	Specific credit impairments	(20,916)	(11,249)	-	-
	Portfolio credit impairments	(10,848)	(11,102)	-	-
	Net loans and advances	381,711	368,229	-	-
	Comprising:				
	Gross loans and advances	413,475	390,580	-	-
	Less: Credit impairments	(31,764)	(22,351)	-	-
	Net loans and advances	381,711	368,229	-	-

Regulatory prudential disclosures on loans and advances have been disclosed under note 6 and credit risk management– prudential guidelines disclosures.

Included in loans and advances to banks is N9,234 million (Dec. 2016: N7,760 million) due from Standard Bank Group. See note 36.3 for details. Of this amount, N7,027 million (Dec 2016: N5,413 million) relates to proceeds received from SBSA from the sale of Finacle software. The proceeds are placed in an escrow account and are not available for use by the group on a day to day basis.

Included in gross loans and advances to customers is an amount of N13,520 million (2016: N17,272 million) relating to both PBB and CIB instalmental sale and finance leases. See note 12.2 for analysis of finance lease receivable.

The group has a standby contingency funding agreement with Zenith Bank PLC under which the group commits to provide up to N10 billion liquidity cover to Zenith Bank PLC. The agreement took effect from 09 February 2017. Zenith Bank did not draw on the commitment during the year. See page 120 under "Liquidity Contingency" for further details.

Analysis of gross loans and advances by performance

	Group 31 Dec. 2017	Group 31 Dec. 2016	Company 31 Dec. 2017	Company 31 Dec. 2016
Performing loans	381,762	371,905	-	-
- customers	372,139	356,641	-	-
- bank	9,623	15,264	-	-
Non- performing loans	31,713	18,675		
- substandard	17,453	8,035	-	-
- doubtful	8,032	4,803	-	-
- lost	6,228	5,837	-	-
Gross loans and advances to customers	413,475	390,580	-	-

Maturity analysis

The maturity analysis is based on the remaining periods to contractual maturity from the period end.

	Group 31 Dec. 2017	Group 31 Dec. 2016	Company 31 Dec. 2017	Company 31 Dec. 2016
Redeemable on demand	26,217	76,174	-	-
Maturing within 1 month	62,244	54,594	-	-
Maturing after 1 month but within 6 months	79,076	83,324	-	-
Maturing after 6 months but within 12 months	25,004	20,283	-	-
Maturing after 12 months	220,934	156,205	-	-
Gross loans and advances	413,475	390,580	-	-

	Group		Company	
	31 Dec. 2017 N'million	31 Dec. 2016 N'million	31 Dec. 2017 N'million	31 Dec. 2016 N'million

12 Loans and advances (continued)

Segmental analysis - industry

	Group 31 Dec. 2017 N'million	Group 31 Dec. 2016 N'million	Company 31 Dec. 2017 N'million	Company 31 Dec. 2016 N'million
Agriculture	**24,760**	29,424	**-**	-
Business services	**4,213**	4,548	**-**	-
Communication	**20,494**	22,500	**-**	-
Community, social & personal services	**-**	2	**-**	-
Construction & real estate	**42,737**	38,066	**-**	-
Financial intermediaries & insurance	**10,235**	16,870	**-**	-
Government	**22,285**	14,631	**-**	-
Hotels, restaurants and tourism	**36**	35	**-**	-
Manufacturing	**125,979**	101,242	**-**	-
Oil & Gas	**71,226**	65,578	**-**	-
Private households	**50,607**	52,511	**-**	-
Transport, storage & distribution	**8,601**	12,140	**-**	-
Wholesale & retail trade	**32,302**	33,033	**-**	-
Gross loans and advances	**413,475**	390,580	-	-

Segmental analysis - geographic area

The following table sets out the distribution of the group's loans and advances by geographic area where the loans are recorded.

	Group 31 Dec. 2017 N'million	Group 31 Dec. 2016 N'million	Company 31 Dec. 2017 N'million	Company 31 Dec. 2016 N'million
South South	**16,673**	15,021	**-**	-
South West	**346,409**	308,662	**-**	-
South East	**8,289**	7,153	**-**	-
North West	**17,762**	25,605	**-**	-
North Central	**13,629**	24,560	**-**	-
North East	**1,090**	1,819	**-**	-
Outside Nigeria	**9,623**	7,760	**-**	-
Gross loans and advances	**413,475**	390,580	**-**	-

12.2 Instalment sale and finance leases

Included in gross loans and advances to customers are finance leases as analysed below:

	Group 31 Dec. 2017 N'million	Group 31 Dec. 2016 N'million	Company 31 Dec. 2017 N'million	Company 31 Dec. 2016 N'million
Gross investment in instalment sale and finance leases	**16,951**	22,595	**-**	-
Receivable within 1 year	**2,310**	1,882	**-**	-
Receivable after 1 year but within 5 years	**14,641**	17,730	**-**	-
Receivable after 5 years	**-**	2,983	**-**	-
Unearned finance charges deducted	**(3,431)**	(5,323)		
Net investment in instalment sale and finance leases	**13,520**	17,272	**-**	-
Receivable within 1 year	**2,125**	1,716	**-**	-
Receivable after 1 year but within 5 years	**11,395**	13,635	**-**	-
Receivable after 5 years	**-**	1,921	**-**	-

All loans and advances to customers are held at amortised cost.

12.3 Credit impairments for loans and advances

A reconciliation of the allowance for impairment losses for loans and advances, by class:

Group	Mortgage lending N'million	Instalment sale and finance leases N'million	Card debtors N'million	Other loans and advances N'million	Corporate loans N'million	Total N'million
31 December 2017						
Specific impairments						
Balance at beginning of the year	164	784	211	10,090	-	11,249
Net impairments raised	507	3,079	114	14,408	10,127	28,235
Impaired accounts written off	(6)	(1,306)	(36)	(17,091)	-	(18,439)
Discount element recognised in interest income	(9)	(6)	(2)	(88)	(24)	(129)
Balance at end of the year	**656**	**2,551**	**287**	**7,319**	**10,103**	**20,916**
Portfolio impairments						
Balance at beginning of the year	51	275	49	3,136	7,591	11,102
Net impairments raised /(released)	23	(99)	(27)	(633)	482	(254)
Balance at end of the year	**74**	**176**	**22**	**2,503**	**8,073**	**10,848**
Total	**730**	**2,727**	**309**	**9,822**	**18,176**	**31,764**

Group	Mortgage lending N million	Instalment sales and finance leases N million	Card debtors N million	Other loans and advances N million	Corporate loans N million	Total N million
31 December 2016						
Specific impairments						
Balance beginning of the year	429	3,447	138	7,089	7,588	18,691
Net impairments raised /(released)	222	340	215	8,068	7,549	16,394
Discount element recognised in interest income	(3)	(4)	(1)	(72)	-	(80)
Impaired accounts written off	(484)	(2,999)	(141)	(4,995)	(15,137)	(23,756)
Balance at end of the year	164	784	211	10,090	-	11,249
Portfolio impairments						
Balance beginning of the year	112	496	19	1,761	4,836	7,224
Net impairments (released)/ raised	(61)	(221)	30	1,375	2,755	3,878
Balance at end of the year	51	275	49	3,136	7,591	11,102
Total	215	1,059	260	13,226	7,591	22,351

12.3 Credit impairments for loans and advances (continued)

Segmental analysis of non performing loans and specific impairments - industry

The following table sets out the segment analysis of the group non performing loans and impairment by industry.

	Non-performing loans		Specific impairments	
Group	**31 Dec. 2017 N million**	31 Dec. 2016 N million	**31 Dec. 2017 N million**	31 Dec. 2016 N million
Agriculture	**1,492**	3,128	**886**	1,799
Business services	**225**	967	**121**	753
Communication	**8,537**	2,643	**6,784**	1,119
Construction & real estate	**1,780**	322	**792**	176
Government	**165**	119	**132**	94
Hotels, restaurants and tourism	**23**	23	**14**	14
Manufacturing	**125**	1,726	**79**	585
Oil & Gas	**7,379**	2,114	**3,938**	1,704
Private households	**6,551**	4,313	**4,754**	3,462
Transport, storage & distribution	**4,027**	1,885	**2,414**	614
Wholesale & retail Trade	**1,409**	1,435	**1,002**	929
	31,713	18,675	**20,916**	11,249

Segmental analysis of non performing loans and specific impairment - geographic area

The following table sets out the distribution of the group's impairments by geographic area where the loans are recorded.

	Non-performing loans		Specific impairments	
	31 Dec. 2017 N million	31 Dec. 2016 N million	**31 Dec. 2017 N million**	31 Dec. 2016 N million
South South	**1,917**	1,756	**1,488**	1,315
South West	**26,377**	9,523	**16,918**	5,652
South East	**1,365**	487	**872**	375
North West	**1,009**	3,664	**793**	2,273
North Central	**965**	3,191	**780**	1,588
North East	**80**	54	**65**	46
	31,713	18,675	**20,916**	11,249

		Group		Company	
		31 Dec. 2017 N million	31 Dec. 2016 N million	**31 Dec. 2017 N million**	31 Dec. 2016 N million
13 Equity investment in subsidiaries					
Stanbic IBTC Ventures Limited	100%	**-**	-	**500**	500
Stanbic IBTC Bank PLC	100%	**-**	-	**63,467**	63,467
Stanbic IBTC Capital Limited	100%	**-**	-	**3,500**	3,500
Stanbic IBTC Asset Management Limited	100%	**-**	-	**710**	710
Stanbic IBTC Pension Managers Limited	88.24%	**-**	-	**16,913**	16,913
Stanbic IBTC Trustees Limited	100%	**-**	-	**300**	300
Stanbic IBTC Insurance Brokers Limited	100%	**-**	-	**20**	20
Stanbic IBTC Investments Limited	100%	**-**	-	**20**	20
Stanbic IBTC Stockbrokers Limited	100%	**-**	-	**109**	109
		-	-	**85,539**	85,539

13 Equity investment in subsidiaries (continued)

13.1 List of significant subsidiaries

The table below provides details of the direct and indirect subsidiaries of the group.

Subsidiaries	Country of Incorporation	Nature of business	Perentage holdings	Financial year end
Stanbic IBTC Ventures Limited	Nigeria	Undertakes venture capital projects	100%	31 December
Stanbic IBTC Bank PLC	Nigeria	Provision of banking and related financial services	100%	31 December
Stanbic IBTC Capital Limited	Nigeria	Provision of general corporate finance and debt advisory services	100%	31 December
Stanbic IBTC Asset Management Limited	Nigeria	Acting as an investment manager, portfolio manager and as a promoter of unit trust and funds	100%	31 December
Stanbic IBTC Pension Managers Limited	Nigeria	Administration and management of pension fund assets	88.24%	31 December
Stanbic IBTC Trustees Limited	Nigeria	Acting as executors and trustees of wills and trusts and provision of agency services	100%	31 December
Stanbic IBTC Stockbrokers Limited	Nigeria	Provision of stockbroking services	100%	31 December
Stanbic IBTC Insurance Brokers Limited	Nigeria	Provision of insurance brokerage services	100%	31 December
Stanbic IBTC Investments Limited	Nigeria	Undertake private equity investments	100%	31 December
Stanbic IBTC Bureau De Change Limited (Indirect holding)	Nigeria	Buying and selling of currencies	100%	31 December
Stanbic IBTC Nominees Limited (Indirect holding)	Nigeria	Investor services as well as acting as an agent of its parent company Stanbic IBTC Bank PLC in the execution of various mandates relating to the custody of assets.	100%	31 December

13.2 Significant restrictions

The group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the regulatory frameworks within which the subsidiaries operate.

The regulatory frameworks require all the subsidiaries (except Stanbic IBTC Ventures Ltd and Stanbic IBTC Investments Ltd) to maintain certain level of regulatory capital. In addition, the banking subsidiary (Stanbic IBTC Bank PLC) is required to keep certain levels of liquid assets, limit exposures to other parts of the group and comply with other ratios.

For information on assets, liabilities and earnings of the subsidiaries, see Note 13.4.

13.3 Non-controlling interests (NCI) in subsidiaries

The following table summarises the information relating to the group subsidiary that has material NCI.

Stanbic IBTC Pension Managers Limited: The principal place of business is Wealth House, Plot 1678, Olakunle Bakare Close, Off Sanusi Fafunwa Street, Victoria Island, Lagos.

	31 Dec. 2017	31 Dec. 2016
NCI percentage	**11.76%**	11.76%
	N'million	N'million
Total assets	**38,144**	41,210
Total liabilities	**(11,290)**	(9,781)
Net assets	**26,854**	31,429
Carrying amount of NCI	**3,158**	3,696
	31 Dec. 2017	31 Dec. 2016
Revenue	**35,328**	27,850
Profit	**18,589**	13,890
Profit allocated to NCI	**2,186**	3,878
Cash flows from operating activities	**17,991**	14,521
Cash flows from investing activities	**(8,736)**	(16,779)
Cash flow from financing activities, before dividends to NCI	**(20,912)**	-
Cash flow from financing activities - cash dividends to NCI	**(2,788)**	-
Net decrease in cash and cash equivalents	**(14,445)**	(2,258)

13.4 Summary financial information of the consolidated entities

	Stanbic IBTC Holdings PLC Company	Stanbic IBTC Bank PLC	Stanbic IBTC Capital Ltd	Stanbic IBTC Pension Mgrs Ltd	Stanbic IBTC Asset Mgt Ltd	Stanbic IBTC Ventures Ltd	Stanbic IBTC Trustees Ltd	Stanbic IBTC Insurance Brokers Ltd	Stanbic IBTC Investments Ltd	Stanbic IBTC Stockbrokers Ltd	Consoli-dations / Eliminations	Stanbic IBTC Holdings PLC Group
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Income statement												
Net interest income	(1,050)	78,009	729	5,026	307	144	90	47	-	285		**83,587**
Non interest revenue	29,877	49,658	3,718	30,302	4,098	117	309	379	-	1,112	(30,388)	**89,182**
Total income	**28,827**	**127,667**	**4,447**	**35,328**	**4,405**	**261**	**399**	**426**	**-**	**1,397**	**(30,388)**	**172,769**
Staff costs	(590)	(28,296)	(1,506)	(3,811)	(1,378)	-	(157)	(168)	-	(376)		**(36,282)**
Operating expenses	(692)	(43,449)	(669)	(5,563)	(949)	(69)	(95)	(116)	(13)	(210)	2,081	**(49,744)**
Credit impairment charges	-	(25,577)	-	-	-	-	-	-	-	-	-	**(25,577)**
Total expenses	**(1,282)**	**(97,322)**	**(2,175)**	**(9,374)**	**(2,327)**	**(69)**	**(252)**	**(284)**	**(13)**	**(586)**	**2,081**	**(111,603)**
Profit before tax	**27,545**	**30,345**	**2,272**	**25,954**	**2,078**	**192**	**147**	**142**	**(13)**	**811**	**(28,307)**	**61,166**
Tax	(2,380)	(1,503)	(585)	(7,365)	(631)	(194)	(29)	(43)	-	(55)		**(12,785)**
Profit for the year	**25,165**	**28,842**	**1,687**	**18,589**	**1,447**	**(2)**	**118**	**99**	**(13)**	**756**	**(28,307)**	**48,381**
For the year ended 31 December 2016	609	15,030	(935)	13,890	1,096	494	110	110	-	123	(2,007)	**28,520**
Assets:												
Cash and cash equivalents	7,545	400,838	5,777	510	566	79	50	25	19	7,435	(21,496)	**401,348**
Derivative assets	-	11,052	-	-	-	-	-	-	-	-	-	**11,052**
Trading assets	-	151,479	-	-	-	-	-	-	-	-	-	**151,479**
Pledged assets	-	43,240	-	-	-	-	-	-	-	-	-	**43,240**
Financial investments	1,625	276,530	2,238	29,600	2,305	1,967	453	206	-	1,902	(185)	**316,641**
Asset held for sale	-	-	-	-	-	-	-	-	114	-	-	**114**
Loans and advances to banks	-	9,234	-	324	-	-	-	-	-	-	65	**9,623**
Loans and advances to customers	-	372,088	-	-	-	-	-	-	-	-	-	**372,088**
Deferred tax assets	-	8,346	183	213	111	-	12	13	-	23	-	**8,901**
Equity investment in group companies	85,539	-	-	-	-	-	-	-	-	-	(85,539)	**-**
Other assets	2,148	40,655	1,959	4,649	1,677	-	171	102	-	75	(1,994)	**49,442**
Property and equipment	517	18,602	10	2,848	103	-	2	8	-	2	(209)	**21,883**
Intangible assets	-	605	-	-	-	-	-	-	-	-	-	**605**
Total assets	**97,374**	**1,332,669**	**10,167**	**38,144**	**4,762**	**2,046**	**688**	**354**	**133**	**9,437**	**(109,358)**	**1,386,416**
At 31 December 2016	92,857	993,759	8,483	41,210	5,057	2,872	743	306	132	2,497	(94,393)	1,053,523

13.4 Summarised financial information of the consolidated entities (continued)

	Stanbic IBTC Holdings PLC Company	Stanbic IBTC Bank PLC	Stanbic IBTC Capital Ltd	Stanbic IBTC Pension Mgrs Ltd	Stanbic IBTC Asset Mgt Ltd	Stanbic IBTC Ventures Ltd	Stanbic IBTC Trustees Ltd	Stanbic IBTC Insurance Brokers Ltd	Stanbic IBTC Investments Ltd	Stanbic IBTC Stockbrokers Ltd	Consoli-dations / Elimina -tions	Stanbic IBTC Holdings PLC Group
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Liabilities and equity:												
Derivative liabilities	-	2,592	-	-	-	-	-	-	-	-	-	**2,592**
Trading liabilities	-	62,449	-	-	-	-	-	-	-	-	-	**62,449**
Deposits from banks	-	61,721	-	-	-	-	-	-	-	-	-	**61,721**
Deposits from customers	-	775,262	-	-	-	-	-	-	-	-	(21,620)	**753,642**
Other borrowings	-	74,892	-	-	-	-	-	-	-	-	-	**74,892**
Subordinated debt	-	29,046	-	-	-	-	-	-	-	-	-	**29,046**
Current tax liabilities	157	2,412	664	7,817	752	146	43	57	-	192	-	**12,240**
Deferred tax liabilities	-	-	-	-	-	120	-	-	-	-	-	**120**
Provisions and other liabilities	4,563	185,595	4,349	3,473	840	5	136	186	113	7,530	(2,294)	**204,496**
Equity and reserves	92,654	138,700	5,154	26,854	3,170	1,775	509	111	20	1,715	(85,444)	**185,218**
Total liabilities and equity	**97,374**	**1,332,669**	**10,167**	**38,144**	**4,762**	**2,046**	**688**	**354**	**133**	**9,437**	**(109,358)**	**1,386,416**
At 31 December 2016	92,857	993,759	8,483	41,210	5,057	2,872	743	306	132	2,497	(94,393)	1,053,523

14 Involvement with unconsolidated investment funds

The table below describes the types of investment funds that the group does not consolidate but in which it holds an interest.

Type of Investment funds	Nature and purpose	Interest held by the group
Mutual funds	To generate fees from managing assets on behalf of third party investors.	Investments in units issued by the funds
	These vehicles are financed through the issue of units to investors.	Management fees

The table below sets out an analysis of the investment funds managed by the group, their assets under management, and the carrying amounts of interests held by the group in the investment funds. The maximum exposure to loss is the carrying amount of the interest held by the group.

S/N	Investment fund	Asset under management		Interest held by the group	
		31 Dec. 2017	31 Dec. 2016	**31 Dec. 2017**	31 Dec. 2016
		N'million	N'million	**N'million**	N'million
i	Stanbic IBTC Nigerian Equity Fund	**7,077**	7,696	**482**	191
ii	Stanbic IBTC Ethical Fund	**1,991**	1,724	**245**	225
iii	Stanbic IBTC Imaan Fund	**183**	148	**5**	3
iv	Stanbic IBTC Guaranteed Investment Fund	**4,069**	3,146	**112**	-
v	Stanbic IBTC Money Market Fund	**166,828**	65,661	**7,882**	8,839
vi	Stanbic IBTC Bond Fund	**1,077**	1,004	**176**	211
vii	Stanbic IBTC Balanced Fund	**1,059**	883	**80**	-
viii	Stanbic IBTC Dollar Fund	**5,604**	-	**188**	91
ix	Stanbic IBTC Aggressive Fund	**291**	208	**15**	10
x	Stanbic IBTC Conservative Fund	**330**	425	**37**	27
xi	Stanbic IBTC Absolute Fund	**4,950**	5,318	**288**	80
xii	Stanbic IBTC Exchange Traded Fund	**1,567**	530	**200**	41
Total		**195,028**	86,743	**9,710**	9,718

The interest held by the group is presented under financial investments in the statement of financial position and no losses were incurred by the group during the year. Income earned by the group from this investment was N2,204 million (December 2016: N2,179 million).

15 Other assets

	Group		Company	
	31 Dec. 2017	31 Dec. 2016	**31 Dec. 2017**	31 Dec. 2016
	N'million	N'million	**N'million**	N'million
Trading settlement assets	**12,742**	20,863	**-**	-
Due from group companies (see note 36.3)	**15**	561	**1,365**	1,082
Accrued income	**1,027**	432	**-**	-
Indirect / withholding tax receivables	**1,360**	784	**409**	55
Accounts receivable (see note (i) below)	**31,626**	11,550	**11**	92
Receivable in respect of unclaimed dividends (see (ii) below)	**250**	817	**250**	817
Deposit for investment (see (iii) below)	**749**	-	**-**	-
Prepayments	**6,655**	6,539	**219**	252
Other debtors	**50**	-	**-**	-
	54,474	41,546	**2,254**	2,298
Impairment allowance on doubtful receivables	**(5,032)**	(2,326)	**(106)**	(72)
	49,442	**39,220**	**2,148**	2,226
Current	**40,428**	31,080	**1,270**	1,102
Non-current	**9,014**	8,140	**878**	1,124
	49,442	**39,220**	**2,148**	2,226

(i) Account receivable includes an amount of N2.5 billion representing a judgment sum held with Access Bank PLC pursuant to a garnishee order granted by the Federal high court. It also includes fee receivables and short term receivables in respect of electronic payment transactions.
Account receivable also includes an amount of N2.7 billion representing cash collateral placed with the Central Bank of Nigeria in respect of foreign exchange forward trasactions executed on behalf of clients.

(ii) Amount represents receivable from the company's registrar in respect of unclaimed dividends and forms part of the assets held against unclaimed dividend liabilities as disclosed in note 26.

(iii) Deposit for investment relates to SIBTC Bank PLC's annual commitment towards Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS) based on CBN guidelines (see note 19.3(b)(ii)).

15 Other assets (continued)

	Group		Company	
	31 Dec. 2017	31 Dec. 2016	**31 Dec. 2017**	31 Dec. 2016
Movement in provision for doubtful receivables	**N million**	N million	**N million**	N million
At start of year	**2,326**	1,601	**72**	50
Additions / (write back)	**3,068**	801	**34**	22
Amount written off	**(362)**	(76)	**-**	-
At end of year	**5,032**	2,326	**106**	72

16 Deferred tax assets

	Group		Company	
	31 Dec. 2017	31 Dec. 2016	**31 Dec. 2017**	31 Dec. 2016
	N million	N million	**N million**	N million
Deferred tax assets (note 16.1)	**8,901**	8,638	**-**	-
	8,901	8,638	**-**	-

The directors have determined that based on the group's profit forecast, it is probable that there will be future taxable profits against which the temporary differrence, from which a deferred tax asset has been recognised, can be utilised. Deferred tax asset amounting to N9,437 million (Dec 2016: N9,141 million) (Company N229 million,Dec 2016: Nil) arising from unutilised tax losses and capital allowances has not been recognised as at 31 December 2017. Unutilised tax losses arise mainly from tax exempt income from government instruments.

Analysis of unrecognised deferred tax				
Unutilised tax losses	**9,590**	8,587	**382**	-
Capital allowances	**(153)**	554	**(153)**	-
	9,437	9,141	**229**	-

16.1 Deferred tax analysis

Deferred tax analysis	**N million**	N million	**N million**	N million
Deferred tax liabilities	**(120)**	(47)	**-**	(9)
Deferred tax asset	**8,901**	8,638	**-**	-
Deferred tax closing balance	**8,781**	8,591	**-**	(9)

16.2

i) Deferred tax assets by source	**N million**	N million	**N million**	N million
Credit impairment charges	**3,756**	3,330	**-**	-
Property and equipment	**3,432**	3,941	**-**	(176)
Fair value adjustments on financial instruments	**(2,353)**	(716)	**-**	-
Unutilised losses	**1,599**	49	**-**	49
Provision for employee bonus & share incentive	**2,468**	2,034	**-**	118
Deferred tax assets closing balance	**8,901**	8,638	**-**	(9)

ii) Deferred tax liabilities by source	**N million**	N million	**N million**	N million
Fair value adjustments on financial instruments	**(120)**	(47)	**-**	-
Deferred tax liabilities closing balance	**(120)**	(47)	**-**	-

Deferred tax at end of the year	**8,781**	8,591	**-**	(9)

16.3	Deferred tax reconciliation	N million	N million	N million	N million
	Deferred tax at beginning of the year	**8,591**	8,222	**(9)**	555
	Originating/(reversing) temporary differences for the year:	**273**	293	**9**	(564)
	Credit impairment charges	**426**	1,163	**-**	-
	Property and equipment	**(509)**	(40)	**176**	(366)
	Fair value adjustments on financial instruments	**(1,627)**	(605)	**-**	-
	Unutilised losses	**1,550**	(285)	**(49)**	(123)
	Provision for employee bonus & share incentive	**434**	60	**(118)**	(75)
	Fair value adjustments on financial instruments-Available for sale	**(83)**	76	-	-
	Deferred tax at end of the year	8,781	8,591	-	(9)

17	Property and equipment Group	Leasehold improvements and building N million	Land N million	Motor vehicles N million	Furniture, fittings & equipment N million	Computer equipment N million	Work in progress N million	Total N million
17.1	**Cost**							
	Balance at 1 January 2017	**20,579**	**939**	**699**	**11,120**	**14,624**	**2,539**	**50,500**
	Additions	**139**	**1,681**	**380**	**477**	**1,646**	**815**	**5,138**
	Disposals / expensed	**(156)**	**-**	**(63)**	**(277)**	**(113)**	**(1,942)**	**(2,551)**
	Transfers / reclassifications	**10**	**-**	**43**	**160**	**1,149**	**(1,362)**	**-**
	Balance at 31 December 2017	**20,572**	**2,620**	**1,059**	**11,480**	**17,306**	**50**	**53,087**
	Balance at 1 January 2016	20,293	973	526	10,377	13,329	3,424	48,922
	Additions	114	54	239	662	497	663	2,229
	Disposals	(68)	(185)	(66)	(14)	(165)	(153)	(651)
	Transfers/ reclassifications	240	97	-	95	963	(1,395)	-
	Balance at 31 December 2016	20,579	939	699	11,120	14,624	2,539	50,500
17.2	**Accumulated depreciation**							
	Balance at 1 January 2017	**8,317**	**-**	**384**	**8,799**	**10,038**	**-**	**27,538**
	Charge for the year	**1,225**	**-**	**159**	**752**	**1,993**	**-**	**4,129**
	Disposals	**(43)**	**-**	**(57)**	**(262)**	**(101)**	**-**	**(463)**
	Transfers/ reclassifications	**(31)**	**-**	**-**	**29**	**2**	**-**	**-**
	Balance at 31 December 2017	**9,468**	**-**	**486**	**9,318**	**11,932**	**-**	**31,204**
	Balance at 1 January 2016	6,844	-	312	8,076	8,379	-	23,611
	Charge for the year	1,514	-	130	728	1,832	-	4,204
	Disposals	(41)	-	(58)	(2)	(176)	-	(277)
	Transfers/ reclassifications	-	-	-	(3)	3	-	-
	Balance at 31 December 2016	8,317	-	384	8,799	10,038	-	27,538
	Net book value:							
	31 December 2017	**11,104**	**2,620**	**573**	**2,162**	**5,374**	**50**	**21,883**
	31 December 2016	12,262	939	315	2,321	4,586	2,539	22,962

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2016: Nil).

17 Property and equipment (continued)

Company	Freehold land and building N million	Motor vehicles N million	Furniture, fittings & equipment N million	Computer equipment N million	Work in progress N million	Total N million
17.1 Cost						
Balance at 1 January 2017	**-**	**-**	**175**	**1,135**	**1,683**	**2,993**
Additions	**-**	**-**	**14**	**57**	**39**	**110**
Disposals	**-**	**-**	**(3)**	**(10)**	**(1,683)**	**(1,696)**
Transfers/ reclassifications				**39**	**(39)**	**-**
Balance at 31 December 2017	**-**	**-**	**186**	**1,221**	**-**	**1,407**
Balance at 1 January 2016	-	-	129	826	1,900	2,855
Additions	1	-	48	25	66	140
Disposals	-	-	(2)	-	-	(2)
Transfers/ reclassifications	(1)	-	-	284	(283)	0
Balance at 31 December 2016	-	-	175	1,135	1,683	2,993
17.2 Accumulated depreciation						
Balance at 1 January 2017	**-**	**-**	**82**	**507**	**-**	**589**
Charge for the year	**-**	**-**	**39**	**269**	**-**	**308**
Disposals			**(2)**	**(5)**		**(7)**
Transfers/ reclassifications						**-**
Balance at 31 December 2017	**-**	**-**	**119**	**771**		**890**
Balance at 1 January 2016	-	-	46	315	-	361
Charge for the year	-	-	37	192	-	229
Disposals	-	-	(1)	-	-	(1)
Impairments	-	-	-	-	-	-
Transfers/ reclassifications	-	-	-	-	-	-
Balance at 31 December 2016	-	-	82	507	-	589
Net book value:						
31 December 2017	**-**	**-**	**67**	**450**	**-**	**517**
31 December 2016	-	-	93	628	1,683	2,404

18 Intangible asset

Reconciliation of carrying amount

Group	Purchased Software N million	Total N million
18.1 Cost		
Balance at 1 January 2017	**746**	**746**
Additions	**-**	**-**
Write-off / expenses	**(62)**	**(62)**
Balance at 31 December 2017	**684**	**684**
Balance at 1 January 2016	-	-
Additions	746	746
Balance at 31 December 2016	746	746
18.2 Accumulated amortisation		
Balance at 1 January 2017	**33**	**33**
Amortisation for the year	**46**	**46**
Balance at 31 December 2017	**79**	**79**
Balance at 1 January 2016	-	-
Amortisation for the year	33	33
Balance at 31 December 2016	33	33
Carrying amount:		
31 December 2017	**605**	**605**
31 December 2016	713	713

There were no capitalised borrowing costs related to the internal development of software during the year (Dec 2016: Nil).

Intangible assets relate to cost of upgrade to Finacle core banking software. The original asset was leased from Standard Bank of South Africa (SBSA) under a Sale, Purchase and Assignment Agreement (SPA) which is currently a subject of pending litigation. Refer to note 30.6 for details of the litigation and explanation of the SPA. The software development cost was borne by the group and and assessed by the group to qualify for capitalisation, since the future benefits are available to the group.

		Group		Company	
		31 Dec. 2017	31 Dec. 2016	**31 Dec. 2017**	31 Dec. 2016
		N million	N million	**N million**	N million
19	**Share capital and reserves**				
19.1	**Authorised**				
	13,000,000,000 Ordinary shares of 50k each (Dec 2016: 13,000,000,000 Ordinary shares of 50k each)	**6,500**	6,500	**6,500**	6,500
19.2	**Issued and fully paid-up**				
	10,049,465,732 Ordinary shares of 50k each (Dec 2016: 10,000,000,000 Ordinary shares of 50k each)	**5,025**	5,000	**5,025**	5,000
	Ordinary share premium	**66,945**	65,450	**66,945**	65,450

There was no increase in authorised share capital during the year.

All issued shares are fully paid up. Details of directors' interest in shares, the shareholder spread and major shareholders are given in the directors' report on pages ii and iii of this annual report.

Reconciliation of shares issued	**Number of ordinary shares million**	**Value of ordinary shares N'million**	**Ordinary share premium N'million**
Balance as at 31 December 2016	**10,000**	**5,000**	**65,450**
	49	**25**	**1,495**
Shares issued in terms of the final scrip distribution declared in respect of 2016 final dividend	20	10	361
Shares issued in terms of the final scrip distribution declared in respect of 2017 interim dividend	29	15	1,134
Balance as at 31 December 2017	**10,049**	**5,025**	**66,945**

19.3 Reserves

a) Merger reserve

Merger reserve arose as a result of the implementation of the holding company restructuring. It represents the difference between pre-restructuring share premium/share capital and the post-restructuring share premium/share capital.

b) Other regulatory reserves

The other regulatory reserves includes statutory reserve and the small and medium scale industries reserve (SMEEIS) as described below.

(i) Statutory reserves

Nigerian banking and pension industry regulations require the Stanbic IBTC Bank PLC ("the bank") and Stanbic IBTC Pension Managers Ltd ("SIPML) that are subsidiary entities, to make an annual appropriation to a statutory reserve.

As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 1991 (amended), 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. The bank (a subsidiary) transferred 15% of its profit after tax to statutory reserves as at year end.

Section 69 of Pension Reform Act, 2004 requires SIPML to transfer 12.5% of its profit after tax to a statutory reserve.

(ii) Agri-Business / Small and medium scale industries reserve (AGSMEEIS)

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 (approved by the Bankers' Committee on 9 February 2017), participating banks shall set aside 5% of their profit after tax (PAT) annually. A transfer of N749 million (2016: nil) was made into the AGSMEEIS reserve, which represents 5% of prior year PAT. See note 15 (iii))

c) Available for sale reserve

This represents unrealised gains or losses arising from changes in the fair value of available-for-sale financial assets which are recognised directly in the available-for-sale reserve until the financial asset is derecognised or impaired.

19.3 Reserves (continued)

d) Statutory credit risk reserve

Should credit impairment on loans and advances as accounted for under IFRS using the incurred loss model differ from the Prudential Guidelines set by the Central Bank of Nigeria the following adjustment is required.

(i) If the Prudential Provision is greater than IFRS provisions; transfer the difference from the general reserve to a non-distributable regulatory reserve (statutory credit reserve).

(ii) If the Prudential Provision is less than IFRS provisions; the excess charges resulting should be transferred from the regulatory reserve account to the general reserve to the extent of the non-distributable reserve previously recognized.

Analysis of the statutory credit risk reserve is disclosed under note 6.1.

e) Share based payment reserve

This represents obligations under the equity settled portion of the group's share incentive scheme which enables key management personnel and senior employees to benefit from the performance of Stanbic IBTC Holdings Plc and its subsidiaries.

20 Dividend

The directors recommend the payment of a final dividend of 50 kobo per share for the year ended 31 December 2017 (Dec 2016: 5 kobo per share). Withholding tax is deducted at the time of payment.

During the year, the company paid total dividends of N7 billion with the details below;

	N'million
2015 Final Dividend	500
2016 Final Dividend	500
2017 Interim Dividend	6,000
Total	**7,000**

21 Deposit and current accounts

	Group		Company	
	31 Dec. 2017 N'million	31 Dec. 2016 N'million	31 Dec. 2017 N'million	31 Dec. 2016 N'million
Deposits from banks	**61,721**	53,766	**-**	-
Other deposits from banks	**61,721**	53,766	**-**	
Deposits from customers	**753,642**	560,969	**-**	-
Current accounts	**322,440**	281,523	**-**	-
Call deposits	**75,480**	42,303	**-**	-
Savings accounts	**48,444**	38,630	**-**	-
Term deposits	**307,278**	191,535	**-**	-
Negotiable certificate of deposits	**-**	6,978	-	-
Total deposits and current accounts	**815,363**	614,735	**-**	-

Included in deposits from banks is N38,843 million (Dec 2016: N605 million) due to Standard Bank Group. See note 36.3.

Maturity analysis

The maturity analysis is based on the remaining periods to contractual maturity from period end.

Repayable on demand	**524,029**	446,724	**-**	-
Maturing within 1 month	**162,281**	89,925	**-**	-
Maturing after 1 month but within 6 months	**112,485**	67,108	**-**	-
Maturing after 6 months but within 12 months	**16,564**	10,973	**-**	-
Maturing after 12 months	**4**	5	**-**	-
Total deposits and current accounts	**815,363**	614,735	**-**	-

21 Deposit and current accounts (continued)

Segmental analysis - geographic area

The following table sets out the distribution of the group's deposit and current accounts by geographic area.

Group	31 Dec. 2017		31 Dec. 2016	
	%	N'million	%	N'million
South South	5	43,702	5	33,464
South West	73	594,369	70	432,359
South East	2	15,076	2	13,626
North West	3	26,750	4	21,839
North Central	8	68,442	9	54,680
North East	1	5,303	1	5,001
Outside Nigeria	8	61,721	9	53,766
Total deposits and current accounts	100	815,363	100	614,735

22 Other borrowings

	Group		Company	
	31 Dec. 2017 N'million	31 Dec. 2016 N'million	31 Dec. 2017 N'million	31 Dec. 2016 N'million
On-lending borrowings	74,892	79,633	-	-
FMO - Netherland Development Finance Company (see (i) below)	18,369	11,562	-	-
African Development Bank (see (ii) below)	543	427	-	-
Nigeria Mortgage Refinance Company	1,669	1,839	-	-
Bank of Industry (see (iii) below)	3,116	4,153	-	-
Standard Bank Isle of Man (see (iv) below & note 36.3)	40,406	50,524	-	-
CBN Commercial Agricultural Credit Scheme (see (v) below)	10,789	11,128	-	-
Other debt funding	-	16,404	-	16,404
Debt funding from banks (see (vi) below)	-	16,404		16,404
Other borrowings	74,892	96,037	-	16,404

The terms and conditions of other borrowings are as follows:

On-lending borrowings are funding obtained from Development Financial Institutions and banks which are simultaneously lent to loan customers. The group bears the credit risk on the loans granted to customers and are under obligation to repay the lenders. Specific terms of funding are provided below.

i. This represents a on-lending dollar denominated loan of US$90 million (2016: US$ 45 million) obtained from Netherland Development Finance Company (FMO). Additional disbursement of US$45 million was received during the year. The initial facility amount of US$45 million was effective from 08 April 2015, while the second disbursement of US$45 million was effective from 10 May 2017. The entire facility amount expires on 20 December 2019. Repayment of principal will be made in seven equal instalments which commenced from 20 December 2016 (for the initial disbursement) and 06 June 2017 (for the second disbursement) up till maturity. Interest is payable semi-annually at 6-month LIBOR plus 3.50%.

ii. This represents US$2.5m on-lending facility obtained during the period from African Development Bank. The facility was disbursed in two tranches of US$1.25 million each. Tranch A is priced at 6-month LIBOR + 3.6%, while Tranche B is priced at 6-month LIBOR +1.9%. Both tranches expires 09 June 2022 and are unsecured.

iii. The bank obtained a Central Bank of Nigeria (CBN) initiated on-lending naira facility from Bank of Industry in September 2010 at a fixed rate of 1% per annum on a tenor based on agreement with individual beneficiary customer. The facility was granted under the Power and Aviation Intervention Fund scheme and Restructuring and Refinancing Facilities scheme. Disbursement of these funds are represented in loans and advances to customers. Based on the structure of the facility, the bank assumes default risk of amount lent to its customers. The facility was secured with treasury bills amounting to N2,931 million (Dec. 2016: N2,716 million). See note 8.2.

iv. The bank obtained an unsecured dollar denominated long term on-lending facilities with floating rates tied to LIBOR from Standard Bank Isle of Man with average tenor of 5 years. The dollar value of the facility as at 31 December 2017 was USD$122 million (Dec 2016: USD$153 million).

v. The bank obtained an unsecured loan from the Central Bank of Nigeria (CBN) for the purpose of on - lending to customers under the Commercial Agricultural Credit Scheme (CACS). The tenor is also based on agreement with individual beneficiary customer. Disbursement of these funds are represented in loans and advances to customers. Based on the structure of the facility, the bank assumes default risk of amount lent to its customers.

vi. Other debt funding of N16.4bn billion represents a loan facility obtained from Zenith Bank effective 21 December 2016. The facility was repaid during the period.

vii The group has not had any default of principal, interest or any other breaches with respect to its debt securities during the period ended 31 December 2017 (Dec 2016: Nil).

22 Other borrowings (continued)

viii Following the developments in the foreign exchange market, the group concluded during the year that is was no longer feasible to settle all its USD other borrowings at the interbank rate applied to other assets and liabilities. For the determination of the impacted USD deposits and other borrowings, the group assessed the deposits and other borrowings that were not covered by available USD assets for settlement of those liabilities.

In determining the applicable rate, the group made an analysis of applicable transactions in the market and based on that analysis assessed the rate at which the relevant USD deposits and other borrowing could have been settled if the cash flows occurred at balance sheet date. The different rate applied was N366/$ and the impact was N489 million (Dec 2016: N3,765 million)

Maturity analysis

The maturity analysis is based on the remaining periods to contractual maturity from period end.

	Group		Company	
	31 Dec. 2017 N million	31 Dec. 2016 N million	**31 Dec. 2017 N million**	31 Dec. 2016 N million
Repayable on demand	**160**	203	**-**	-
Maturing within 1 month	**18,014**	2,559	**-**	-
Maturing after 1 month but within 6 months	**27,293**	4,318	**-**	-
Maturing after 6 months but within 12 months	**7,157**	25,956	**-**	-
Maturing after 12 months	**22,268**	63,001	**-**	16,404
	74,892	96,037	**-**	16,404

Movement in other borrowings

At start of year	**96,037**	81,107	**16,404**	-
Additions	**25,278**	22,054	**-**	16,404
Accrued interest	**55**	2,102	**1,095**	
Effect of exchange rate changes [loss/(profit)]	**980**	35,382		
Payments made	**(47,458)**	(44,608)	**(17,499)**	-
At end of year	**74,892**	96,037	**-**	16,404

23 Subordinated debt

	Group		Company	
	31 Dec. 2017 N million	31 Dec. 2016 N million	**31 Dec. 2017 N million**	31 Dec. 2016 N million
Subordinated fixed rate notes- Naira (see (i) below)	**15,636**	15,609	**-**	-
Subordinated floating rate notes -Naira (see (ii) below)	**104**	104	**-**	-
Subordinated debt - US dollar (see (iii) below)	**13,306**	12,251	**-**	-
	29,046	**27,964**	**-**	-

The terms and conditions of subordinated debt are as follows:

(i) This represents Naira denominated subordinated debt issued on 30 September 2014 at an interest rate of 13.25% per annum payable semi-annually. It has a tenor of 10 years and is callable after 5 years from the issue date. The debt is unsecured.

(ii) This represents N100 million Naira denominated subordinated debt issued on 30 September 2014. Interest is payable semi-annually at 6-month Nigerian Treasury Bills yield plus 1.20%. It has a tenor of 10 years and is callable after 5 years from the issue date. The debt is unsecured.

(iii) This represents US dollar denominated term subordinated non-collaterised facility of USD$40million obtained from Standard Bank of South Africa effective 31 May 2013. The facility expires on 31 May 2025 and is repayable at maturity. Interest on the facility is payable semi-annually at LIBOR (London Interbank Offered Rate) plus 3.60%. See note 36.3.

The group has not had any default of principal, interest or any other convenant breaches with respect to its debt securities during the year ended 31 December 2017 (2016: Nil).

Movement in subordinated debt	Group		Company	
	31 Dec. 2017	**31 Dec. 2016**	**31 Dec. 2017**	**31 Dec. 2016**
	N million	N million	**N million**	N million
At start of year	**27,964**	23,699	**-**	-
Additions	**-**	-	**-**	-
Accrued interest for the year	**2,706**	2,621	**-**	-
Accrued interest paid	**(2 678)**	(2 512)		
Effect of exchange rate changes [loss/(profit)]	**1,054**	4,156	**-**	-
Payments made		-	**-**	-
At end of year	**29,046**	27,964	**-**	-

24 Current tax liabilities

	Group		Company	
	31 Dec. 2017	31 Dec. 2016	**31 Dec. 2017**	31 Dec. 2016
	N million	N million	**N million**	N million
Current tax liabilities	**12,240**	9,508	**157**	68
	12,240	9,508	**157**	68

24.1 Reconciliation of current tax liabilities

	N million	N million	**N million**	N million
Current tax liabilities at beginning of the year	**9,508**	8,727	**68**	60
Movement for the year	**2,732**	781	**89**	8
Charge for the year	**13,058**	8,981	**2,389**	328
(Over) / under provision - prior year	**(22)**	(296)	**-**	-
Payment made	**(10,304)**	(7,904)	**(2,300)**	(320)
Current tax liabilities at end of the year	**12,240**	9,508	**157**	68

25 Provisions

	Legal	Taxes & levies	Interest cost on judgment debt	Penalties & fines	Total
31 December 2017	**N million**	**N million**	**N million**	**N million**	**N million**
Balance at 1 January 2017	**8,040**	**1,541**	**1,000**	**-**	**10,581**
Provisions made during the year	**250**	**5,189**		**-**	**5,439**
Provisions used during the year	**(96)**	**(1,044)**	**-**		**(1,140)**
Provisions reversed during the year	**(901)**	**-**	**(1,000)**	**-**	**(1,901)**
Balance at 31 December 2017	**7,293**	**5,686**	**-**	**-**	**12,979**
Current	-	-	-	-	-
Non-current	7,293	5,686	-	-	12,979
	7,293	**5,686**	**-**	**-**	**12,979**

	Legal	Taxes & levies	Interest cost on judgment debt	Penalties & fines	Total
31 December 2016	**N million**	**N million**	**N million**	**N million**	**N million**
Balance at 1 January 2016	8,043	984	-	1,000	10,027
Provisions made during the year	1,272	610	1,000	-	2,882
Provisions used during the year	(371)	(53)	-	(1,000)	(1,424)
Provisions reversed during the year	(904)	-	-	-	(904)
Balance at 31 December 2016	**8,040**	**1,541**	**1,000**	**-**	**10,581**
Current		-	-	-	-
Non-current	8,040	1,541	1,000	-	10,581
	8,040	**1,541**	**1,000**	**-**	**10,581**

(a) Legal

In the conduct of its ordinary course of business, the group is exposed to various actual and potential claims, lawsuits. The group makes provision for amounts that would be required to settle obligations that may crystallise in the event of unfavourable outcome of the lawsuits. Estimates of provisions required are based on management judgment. See note 30.4 for further details.

(b) Taxes & levies

Provisions for taxes and levies relates to additional assessment on taxes, including withholding tax, value added tax, PAYE tax.

(c) Interest cost on judgment debt

Provisions for interest cost on judgment debt relates to additional liability that management estimates the group would be required to settle over and above a judgment debt in legal cases where the group appealed a lower court decision but believes its appeal is unlikely to be successful.

26 Other liabilities

	Group		Company	
	31 Dec. 2017 N million	31 Dec. 2016 N million	**31 Dec. 2017 N million**	31 Dec. 2016 N million
26.1 Summary				
Trading settlement liabilities	**13,250**	19,078	**-**	-
Cash-settled share-based payment liability (note 31.11)	**2,308**	1,246	**105**	240
Accrued expenses - staff	**6,163**	4,581	**1,071**	258
Deferred revenue	**4,690**	331	**-**	-
Accrued expenses - others	**4,735**	5,445	**1,252**	968
Due to group companies (see note 36.3)	**17**	34,335	**227**	86
Collections / remmitance payable (see note (i) below)	**58,824**	9,498	**146**	40
Customer deposit for letters of credit	**47,077**	41,420	**-**	-
Unclaimed balance (see note (ii) below)	**1,973**	1,766	**-**	-
Payables to suppliers and asset management clients	**8,042**	1,621	**7**	12
Draft & bank cheque payable	**2,007**	1,629	**-**	-
Electronic channels settlement liability	**4,344**	1,611	**-**	-
Unclaimed dividends liability (see note (iii) below)	**1,475**	1,540	**1,475**	1 540
Clients cash collateral for derivative transactions	**22,443**	5,527	**-**	-
Sundry liabilities	**14,169**	7,112	**280**	262
	191,517	136,740	**4,563**	3,406
Current	**168,685**	128,625	**2,976**	1,614
Non-current	**22,832**	8,115	**1,587**	1,792
	191,517	136,740	**4,563**	3,406

(i) Collections and remittance payable includes N19.6bn (31 Dec 2016: N69.3bn) relating to balance held in respect of clearing and settlement activities for over-the-counter foreign exchange transactions.

(ii) Unclaimed balances include demand drafts not yet presented for payment by beneficiaries.

(iii) Amount represents liability in respect of unclaimed dividends as at 31 December 2017. The assets held for the liability are presented in note 11 and note 15.

27 Classification of group financial instruments

Accounting classifications and fair values

The table below sets out the group's classification of assets and liabilities, and their fair values.

	Note	Held-for-trading	Loans and receivables	Available-for-sale	Other financial liabilities	Total carrying amount	Fair value [1]
		N million	N million	N million	N million	N million	N million
31 December 2017							
Assets							
Cash and cash equivalents	7	-	401,348	-	-	401,348	401,348
Derivative assets	10.6	11,052	-	-	-	11,052	11,052
Trading assets	9.1	151,479	-	-	-	151,479	151,479
Pledged assets	8	10,769	-	32,471	-	43,240	43,240
Financial investments	11	-	-	316,641	-	316,641	316,641
Loans and advances to banks	12	-	9,623	-	-	9,623	9,623
Loans and advances to customers	12	-	372,088	-	-	372,088	353,431
Other assets (see (a) below)		-	41,427	-	-	41,427	41,427
		173,300	824,486	349,112	-	1,346,898	1,328,241
Liabilities							
Derivative liabilities	10.6	2,592	-	-	-	2,592	2,592
Trading liabilities	9.2	62,449	-	-	-	62,449	62,449
Deposits from banks	21	-	-	-	61,721	61,721	61,721
Deposits from customers	21	-	-	-	753,642	753,642	771,152
Subordinated debt	23	-	-	-	29,046	29,046	27,611
Other borrowings	22	-	-	-	74,892	74,892	69,984
Other liabilities (see (b) below)		-	-	-	186,827	186,827	186,827
		65,041	-	-	1,106,128	1,171,169	1,182,336

(a) Other assets presented in the table above comprise financial assets only. The following items have been excluded: prepayment, indirect / withholding tax receivable, and accrued income.

(b) Other liabilities presented in the table above comprise financial liabilities only. The following items have been excluded: deferred revenue.

27 Classification of group financial instruments (continued)

	Note	Held-for-trading	Loans and receivables	Available-for-sale	Other financial liabilities	Total carrying amount	Fair value [1]
		N million	N million	N million	N million	N million	N million
31 December 2016							
Assets							
Cash and cash equivalents	7	-	301,351	-	-	301,351	301,351
Derivative assets	10.6	14,317	-	-	-	14,317	14,317
Trading assets	9.1	16,855	-	-	-	16,855	16,855
Pledged assets	8	-	-	28,303	-	28,303	28,303
Financial investments	11	-	-	252,823	-	252,823	252,823
Loans and advances to banks	12	-	15,264	-	-	15,264	15,265
Loans and advances to customers	12	-	352,965	-	-	352,965	341,941
Other assets (see (a) below)		-	31,897	-	-	31,897	31,897
		31,172	701,477	281,126	-	1,013,775	1,002,752
Liabilities							
Derivative liabilities	10.6	11,788	-	-	-	11,788	11,788
Trading liabilities	9.2	5,325	-	-	-	5,325	5,325
Deposits from banks	21	-	-	-	53,766	53,766	53,766
Deposits from customers	21	-	-	-	560,969	560,969	574,310
Subordinated debt	23	-	-	-	27,964	27,964	25,423
Other borrowings	22	-	-	-	96,037	96,037	91,555
Other liabilities (see (b) below)		-	-	-	136,409	136,409	136,409
		17,113	-	-	875,145	892,258	898,576

[1] Carrying value has been used where it closely approximates fair values. Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. Where available, the most suitable measure for fair value is the quoted market price. In the absence of organised secondary markets for financial instruments, such as loans, deposits and unlisted derivatives, direct market prices are not always available. The fair value of such instruments was therefore calculated on the basis of well-established valuation techniques using current market parameters.

(a) Other assets presented in the table above comprise financial assets only. The following items have been excluded: prepayment, indirect / withholding tax receivable, and accrued income.

(b) Other liabilities presented in the table above comprise financial liabilities only. The following items have been excluded: deferred revenue.

28 Fair values of financial instruments

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, fair values are determined using other valuation techniques.

28.1 Valuation models

The group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1 - fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2 - fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as quoted prices) or indirectly (i.e. derived from quoted prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 - fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include discounted cash flow models, comparison with similar instruments for which market observable prices exist, Black-Scholes and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, bonds and equity prices, foreign exchange rates, equity pricess and expected volatilities and correlations.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the group believes that a third party market participant would take them into account in pricing a transaction. For measuring derivatives that might change classification from being an asset to a liability or vice versa such as interest rate swaps, fair values take into account the credit valuation adjustment (CVA) when market participants take this into consideration in pricing the derivatives.

28 Fair values of financial instruments

28.2 Valuation framework

The group has an established control framework with respect to the measurement of fair values. This framework includes a *market risk function*, which has overall responsibility for independently verifying the results of trading operations and all significant fair value measurements, and a *product control function*, which is independednt of front office management and reports to the Chief Financial Officer. The roles performed by both functions include:

- verification of observable pricing
- re-performance of model valuations;
- review and approval process for new models and changes to models
- calibration and back-testing of models against observed market transactions;
- analysis and investigation of significant daily valuation movements; and
- review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of level 3 instruments.

Significant valuation issues are reported to the audit committee.

28.3 Financial instruments measured at fair value - fair value hierarchy

The tables below analyze financial instruments carried at fair value at the end of the reporting year, by level of fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. See note 4.5 on accounting policies on fair value.

Group	Note	Carrying amount N million	Level 1 N million	Level 2 N million	Level 3 N million	Total N million
31 December 2017						
Assets						
Derivative assets	10.6	11,052	-	4,805	6,247	11,052
Trading assets	9.1	151,479	143,195	8,284	-	151,479
Pledged assets	8	43,240	43,240	-	-	43,240
Financial investments	11	316,641	313,288	1,536	1,817	316,641
		522,412	499,723	14,625	8,064	522,412
Comprising:						
Held-for-trading		173,300	153,964	13,089	-	167,053
Available-for-sale		349,112	345,759	1,536	8,064	355,359
		522,412	499,723	14,625	8,064	522,412
Liabilities						
Derivative liabilities	10.6	2,592	-	2,592	-	2,592
Trading liabilities	9.2	62,449	52,451	9,998	-	62,449
		65,041	52,451	12,590	-	65,041
Comprising:						
Held-for-trading		65,041	52,451	12,590	-	65,041
		65,041	52,451	12,590	-	65,041

There have been no transfers between Level 1 and Level 2 during the year. No reclassifications were made in or out of level 3 during the year.

28 Financial instruments measured at fair value (continued)

28.3 Financial instruments measured at fair value - fair value hierarchy

Group	Note	Carrying amount N million	Level 1 N million	Level 2 N million	Level 3 N million	Total N million
31 December 2016						
Assets						
Derivative assets	10.6	14,317	-	14,317	-	14,317
Trading assets	9.1	16,855	11,854	5,001	-	16,855
Pledged assets	8	28,303	28,303	-	-	28,303
Financial investments	11	252,823	251,247	470	1,106	252,823
		312,298	291,404	19,788	1,106	312,298
Comprising:						
Held-for-trading		31,172	11,854	19,318	-	31,172
Available-for-sale		281,126	279,550	470	1,106	281,126
		312,298	291,404	19,788	1,106	312,298
Liabilities						
Derivative liabilities	10.6	11,788	-	11,788	-	11,788
Trading liabilities	9.2	5,325	5,325	-	-	5,325
		17,113	5,325	11,788	-	17,113
Comprising:						
Held-for-trading		17,113	5,325	11,788	-	17,113
		17,113	5,325	11,788	-	17,113

There have been no transfers between Level 1 and Level 2 during the year. No reclassifications were made in or out of level 3 during the year.

28.4 Level 3 fair value measurement

(i) The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy.

	Derivative assets N million	Financial investments N million	Total N million
Balance at 1 January 2017		**1,106**	**1,106**
Gains/(losses) included in profit or loss - Trading revenue	**(5,240)**	**-**	**(5,240)**
Gain/(loss) recognised in other comprehensive income	**-**	**711**	**711**
Originations and purchases	**-**	**-**	**-**
Day one profit / (loss) recognised	**11,487**	**-**	**11,487**
Sales and settlements	**-**	**-**	**-**
Write back of impairment	**-**	**-**	**-**
Balance at 31 December 2017	**6,247**	**1 817**	**8,064**
Balance at 1 January 2016	**-**	502	502
Gains/(losses) included in profit or loss - Trading revenue	**-**	-	-
Gain/(loss) recognised in other comprehensive income	**-**	604	604
Originations and purchases	**-**	-	-
Sales and settlements	**-**	-	-
Write back of impairment	**-**	-	-
Balance at 31 December 2016	**-**	1,106	1,106

Gain or loss for the year in the table above are presented in the statement of profit or loss and other comprehensive income as follows:

	Derivative assets N million	Financial investments N million	Total N million
31 December 2017			
Other comprehensive income	**-**	**711**	**711**
Trading revenue	**(5,240)**	**-**	**(5,240)**
	(5,240)	**711**	**(4,529)**
31 December 2016			
Other comprehensive income	**-**	**604**	**604**
Trading revenue	**-**	**-**	**-**
	-	**604**	**604**

28.4 Level 3 fair value measurement (continued)

(ii) Unobservable inputs used in measuring fair value

The information below describes the significant unobservable inputs used at year end in measuring financial instruments categorised as level 3 in the fair value hierarchy.

Type of financial instrument	Fair value as at 31-Dec-2017 (N million)	Valuation technique	Significant unobservable input	Fair value measurement sensitivity to unobservable input
Unquoted equities	1,817 (2016: 1,106)	Discounted cash flow	- Risk adjusted discount rate	A significant increase in the spread above the risk-free rate would result in a lower fair value.
Derivative assets	6,247 (2016: Nil)	Discounted cash flow	- Own credit risk (DVA) - Counterparty credit risk (CVA, basis risk and country risk premium) - USD / NGN quanto risk - Implied FX volatility	A significant move (either positive or negative) in the unobservable input will result in a significant move in the fair value.

(iii) The effect of unobservable inputs on fair value measurement (sensitivity analysis)

The table below indicates the valuation techniques and main assumptions used in the determination of the fair value of the level 3 assets and liabilities measured at fair value on a recurring basis. The table further indicates the effect that a significant change in one or more of the inputs to a reasonably possible alternative assumption would have on profit or loss at the reporting date.

	Valuation technique	Significant unobservable input	Variance in fair value measurement	Effect on OCI/Profit or loss	
				Favourable Nmillion	Unfavourable Nmillion
2017					
Unquoted equities	Discounted cash flow	Risk adjusted discount rate	From (2%) to 2%	**144**	**(127)**
Derivative assets	Discounted cash flow	- Own credit risk (DVA) - Counterparty credit risk (CVA, basis risk and country risk premium) - USD / NGN quanto risk - Implied FX volatility	From (1%) to 1%	**360**	**(362)**
2016					
Unquoted equities	Discounted cash flow	Risk adjusted discount rate	From (2%) to 2%	80	(64)

28.5 Financial instruments not measured at fair value - fair value hierarchy

The following table set out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierachy into which each fair value measurement is categorised.

Group	Fair value N million	Level 1 N million	Level 2 N million	Level 3 N million	Total N million
31 December 2017					
Assets					
Cash and cash equivalents	**401,348**	**-**	**401,348**	**-**	**401,348**
Loans and advances to banks	**9,623**	**-**	**-**	**9,623**	**9,623**
Loans and advances to customers	**353,431**	**-**	**-**	**353,431**	**353,431**
Other financial assets	**41,427**	**-**	**41,427**	**-**	**41,427**
	805,829	**-**	**442,775**	**363,054**	**805,829**

28.5 Financial instruments not measured at fair value - fair value hierarchy (continued)

Group	Fair value N million	Level 1 N million	Level 2 N million	Level 3 N million	Total N million
31 December 2017					
Liabilities					
Deposits from banks	**61,721**	**-**	**61,721**	**-**	**61,721**
Deposits from customers	**771,152**	**-**	**771,152**	**-**	**771,152**
Other borrowings	**69,984**	**-**	**69,984**	**-**	**69,984**
Subordinated debt	**27,611**	**-**	**27,611**	**-**	**27,611**
Other financial liabilities	**186,827**	**-**	**186,827**	**-**	**186,827**
	1,117,295	**-**	**1,117,295**	**-**	**1,117,295**

Group	Fair value N million	Level 1 N million	Level 2 N million	Level 3 N million	Total N million
31 December 2016					
Assets					
Cash and cash equivalents	301,351	-	301,351	-	301,351
Loans and advances to banks	15,264	-	-	15,264	15,264
Loans and advances to customers	352,965	-	-	341,941	341,941
Other financial assets	31,897	-	31,897	-	31,897
	701,477	-	333,248	357,205	690,453
Liabilities					
Deposits from banks	53,766	-	53,766	-	53,766
Deposits from customers	560,969	-	574,310	-	574,310
Other borrowings	96,037	-	91,555	-	91,555
Subordinated debt	27,964	-	25,423	-	25,423
Other financial liabilities	136,409	-	136,409	-	136,409
	875,145	-	881,463	-	881,463

Fair value of loans and advances is estimated using discounted cash flow techniques. Input into the valuation techniques includes interest rates and expected cash flows. Expected cash flows are discounted at current market rates to determine fair value.

Fair value of deposits from banks and customers is estimated using discounted cash flow techniques, applying the rates offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.

29 Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

IFRS requires financial assets and financial liabilities to be offset and the net amount presented in the statement of financial position when, and only when, the group and company have a current legally enforceable right to set off recognised amounts, as well as the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Accordingly, the following table sets out the impact of offset, as well as financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they have been offset in accordance with IFRS.

It should be noted that the information below is not intended to represent the group and company's actual credit exposure, nor will it agree to that presented in the statement of financial position.

29 Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements (continued)

Group	Gross amount of recognised financial assets[1] N million	Gross amounts of recognised financial liabilities offset in the statement of financial position[2] N million	Net amounts of financial assets presented in the statement of financial position N million	Financial instruments, financial collateral and cash collateral[3] N million	Net amount N million
31 December 2017					
Assets					
Derivative assets	10,840	-	10,840	(3,689)	7,151
Pledged assets	10,768		10,768	(9,998)	770
Loans and advances to customers	11,865	-	11,865	(4,425)	7,440
	33,473	**-**	**33,473**	**(18,112)**	**15,361**

Group	Gross amount of recognised financial liabilities[1] N million	Gross amounts of recognised financial assets offset in the statement of financial position[2] N million	Net amounts of financial liabilities presented in the statement of financial position N million	Financial instruments, financial collateral and cash collateral[3] N million	Net amount N million
31 December 2017					
Liabilities					
Derivative liabilities	1,851	-	1,851	(1,851)	-
Trading liabilities	9,998		9,998	(9,998)	
Deposits from customer	4,425		4,425	(4,425)	
Other liabilities	21,121	-	21,121	(1,838)	19,283
	37,395	**-**	**37,395**	**(18,112)**	**19,283**

[1]Gross amounts are disclosed for recognised assets and liabilities that are either offset in the statement of financial position or subject to a master netting arrangement or a similar agreement, irrespective of whether the offsetting criteria is met.

[2]The amounts that qualify for offset in accordance with the criteria per IFRS.

[3]Related amounts not offset in the statement of financial position that are subject to a master netting arrangement or similar agreement, including financial collateral (whether recognised or unrecognised) and cash collateral.

The table below sets out the nature of agreement and the types of rights relating to items which do not qualify for offset but that are subject to a master netting arrangement or similar agreement.

	Nature of agreement	Related rights
Derivative assets and liabilities, other liabilities	ISDAs	The agreement allows for set off in the event of default
Trading liabilities, pledged assets	Global master repurchase agreements	The agreement allows for set off in the event of default

29 Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements (continued)

Group	Gross amount of recognised financial assets[1] N million	Gross amounts of recognised financial liabilities offset in the statement of financial position[2] N million	Net amounts of financial assets presented in the statement of financial position N million	Financial instruments, financial collateral and cash collateral[3] N million	Net amount N million
31 December 2016					
Assets					
Derivative assets	266	-	266	(266)	-
Loans and advances to customers	6,900	-	6,900	(4,934)	1,966
	7,166	**-**	**7,166**	**(5,200)**	**1,966**

Group	Gross amount of recognised financial liabilities[1] N million	Gross amounts of recognised financial assets offset in the statement of financial position[2] N million	Net amounts of financial liabilities presented in the statement of financial position N million	Financial instruments, financial collateral and cash collateral[3] N million	Net amount N million
31 December 2016					
Liabilities					
Derivative liabilities	(5,336)	-	(5,336)	266	(5,070)
Deposits from banks	-	-	-	-	-
	(5,336)	**-**	**(5,336)**	**266**	**(5,070)**

[1]Gross amounts are disclosed for recognised assets and liabilities that are either offset in the statement of financial position or subject to a master netting arrangement or a similar agreement, irrespective of whether the offsetting criteria is met.

[2]The amounts that qualify for offset in accordance with the criteria per IFRS.

[3]Related amounts not offset in the statement of financial position that are subject to a master netting arrangement or similar agreement, including financial collateral (whether recognised or unrecognised) and cash collateral.

The table below sets out the nature of agreement and the types of rights relating to items which do not qualify for offset but that are subject to a master netting arrangement or similar agreement.

	Nature of agreement	Related rights
Derivative assets and liabilities	ISDAs	The agreement allows for set off in the event of default
Trading liabilities	Global master repurchase agreements	The agreement allows for set off in the event of default

		Group		Company	
		31 Dec. 2017	31 Dec. 2016	**31 Dec. 2017**	31 Dec. 2016
		N million	N million	**N million**	N million
30	**Contingent liabilities and commitments**				
30.1	**Contingent liabilities**				
	Letters of credit	**118,054**	15,620	**-**	-
	Guarantees	**35,323**	38,523	**-**	-
		153,377	54,143	**-**	-

Guarantees and letters of credit are given to third parties as security to support the performance of a customer to third parties. As the group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

30.2	**Capital commitments**				
	Contracted capital expenditure	**789**	596	**26**	**-**
	Capital expenditure authorised but not yet contracted	**17,252**	8,841	**2,067**	**-**
		18,041	9,437	**2,093**	-

The expenditure will be funded from the group's internal resources.

30.3 Loan commitments

As at 31 December 2017, the group had irrevocable loan commitments amounting to N56.1 billion (Dec 2016: N30.2 billion) in respect of various loan contracts.

30.4 Legal proceedings

In the ordinary course of business the group is exposed to various actual and potential claims, lawsuits and other proceedings that relate to alleged errors, omissions, breaches. The directors are satisfied, based on present information and the assessed probability of such existing claims crystallising that the group has adequate insurance cover and / or provisions in place to meet such claims.

There were a total of 297 legal proceedings outstanding as at 31 December 2017 (Dec. 2016: 282 cases). 198 of these were against the group with claims amounting to N159.6 billion (31 December 2016: N158 billion), while 99 other cases (Dec 2016: 103 cases) were instituted by the group with claims amounting to N18.4 billion (31 December 2016: N13 billion).

The claims against the group are generally considered to have a low likelihood of success and the group is actively defending same. Management believes that the ultimate resolution of any of the proceedings will not have a significantly adverse effect on the group. Where the group envisages that there is a more than average chance that a claim against it will succeed, adequate provisions are raised in respect of such claim. See note 25 for details of provisions raised.

30.5 Update on the legal case between Stanbic IBTC Holdings PLC and the Financial Reporting Council

In November 2016, Stanbic IBTC Holdings PLC (SIBTC), the Financial Reporting Council of Nigeria (FRC) and National Office for Technology Acquisition and Promotion (NOTAP) reached a negotiated agreement on some of the issues that are related to the FRC regulatory decision. Pursuant to such agreement, SIBTC's appeal has been amended and a payment was made to the FRC. The appeal's its sole focus now relates to the alleged illegality of the agreements between SIBTC and Standard Bank of South Africa (SBSA). The appeal (as amended) is however still pending before the Court of Appeal. The FRC, which has amended its brief of appeal in response to the amended appeal filed by SIBTC, has also withdrawn its cross appeal and its appeal against the injunctive orders of the Federal High Court. The appeal has been adjourned for hearing on 08 November 2018.

30.6 Finacle Core Banking software

In 2012, SBSA purchased from Stanbic IBTC Bank PLC its Finacle banking software for a consideration of ZAR 189million which sale was captured in a Sale, Purchase and Assignment Agreement (SPA) submitted to the National Office for Technology Acquisition and Promotion ("NOTAP") in 2013. Subsequently, an affiliate software agreement was established with Stanbic IBTC Bank which related to SBSA licensing back the purchased software to Stanbic IBTC Bank in consideration of the payment of an annual license fee.

On 27 December 2013, NOTAP approved and registered the Affiliate Software License with a total technology fee not exceeding US$10,324,286.70 expiring on 31 May 2015 (Certificate No. NOTAP/AG/FI/1280/12/217). An amount of US$ 9.6m was remitted to SBSA on account of this authorisation. Following the expiration of NOTAP's approval for this license, no additional accruals have been made in relation to the fees payable for the use of the software, which situation has taken account of the Bank's inability to obtain NOTAP's further approval on the said affiliate software agreement.

The approval received from NOTAP for the payment of US$10.3m under the affiliate software agreement (ASA) is related to the software sold to SBSA pursuant to the SPA. The legality of the SPA is the issue before the Court of Appeal, Lagos Division in Appeal No. CA/L/208/2016. The transactions involved in the SPA will be reviewed, determined and accounted for after the judgment of the Court of Appeal, Lagos Division has been obtained.

As part of the Federal High Court judgment of the 14 December 2015, in the legal case between Stanbic IBTC Holdings PLC (SIBTC) and the FRC, the Court ruled that the original sale of the Finacle banking software to Standard Bank of South Africa (SBSA) through the SPA was illegal, null and void, because NOTAP's approval to the SPA had not been obtained. The Court also ruled that the agreement between SIBTC and SBSA by which the exported technology was leased back to Stanbic IBTC Bank was also illegal, null and void. Below is a consideration of the accounting implications.

The SPA agreement involved SBSA paying ZAR 189million to SIBTC to acquire the Finacle V1 software in 2012. The proceeds of the sale have since that time been held in an interest bearing deposit account with SBSA. As at 31 December 2017, the balance in the account was ZAR 261 million (made up of ZAR 189 million plus ZAR 72 million accrued interest up to 31 December 2017). SIBTC is yet to fulfill the full conditions of the SPA agreement which will result in the release of the deposit in escrow.

SIBTC is currently reviewing a number of options that are designed successfully separate its IT infrastructure from those of SBSA. Any chosen approach would require approvals from the Board, shareholders, NOTAP and the CBN.

30.7 Obligations not recognised on transactions with pending regulatory registration

In compliance with the rules of the Financial Reporting Council of Nigeria (FRC), the group has not recognised in these financial statements its obligations under some agreements where regulatory registration was yet to be received as at the end of the reporting year.
The details of the affected transactions and the associated obligations are as follows:

Type of agreement	Transferor	Registration status	Contingent liability	
			31 Dec. 2017 N million	31 Dec. 2016 N million
Software License Agreement with SunTec Business Solutions FZE as at December 29, 2015.	External	Pending	5	6
Information Technology Agreement between Stanbic IBTC Bank PLC and Infosys Technologies Limited (Online Procurement Request) as at March 2017	External	Pending	353	294
Finacle ITMS Integration Programme (Cash Management Solution): Agreement with Infosys Technologies Limited and Affiliate Software License Agreement Nucleus Software Limited India.	External	Pending	46	148
Finacle Production Support agreement between Edge Verve Systems Limited and Stanbic IBTC Bank PLC as at June 2017	External	Pending	69	-
STANBIC-NG V3 Finacle Enhancement and Implementation agreement between EdgeVerve Systems LIMITED and Stanbic IBTC Bank PLC, Nigeria.	External	Pending	85	-
Supplemental to the Master Agreement between Wizzit Technologies and Stanbic IBTC Bank PLC as at May 2017	External	Pending	22	-
Amendment to the Master Software License Agreement between Edgverve Systems Limited India and Stanbic IBTC Bank PLC	External	Pending	424	-

Third party funds under management and funds under administration

Members of the group provide discretionary and non-discretionary investment management services to institutional and private investors.
Commissions and fees earned in respect of trust and management activities performed are included in profit or loss.
Assets managed and funds administrated on behalf of third parties include:

	31 Dec. 2017 N million	31 Dec. 2016 N million
Pension funds	**2,312,872**	1,883,584
Unit Trusts / Collective investments	**400,928**	86,743
Trusts and Estates	**32,164**	22,507
Assets held under custody - custodial services	**5,643,213**	2,899,792
	8,389,177	4,892,626

31 Income statement information

	Group		Company	
	31 Dec. 2017 N million	31 Dec. 2016 N million	**31 Dec. 2017 N million**	31 Dec. 2016 N million
31.1 Interest income				
Interest on loans and advances to banks	**2,340**	1,200	-	-
Interest on loans and advances to customers	**61,284**	54,910	**-**	-
Interest on investments	**59,287**	31,357	**45**	17
	122,911	87,467	**45**	17

All interest income reported above relates to financial assets not carried at fair value through profit or loss. Interest income for the year ended 31 December 2017 includes N129 million (December 2016: N80 million) relating to the unwinding of discount element of credit impairments.

Included in interest income is N438 million (2016: N184 million) earned from related party transactions. See note 36.3.

Interest on investments of N45 million (2016: N17 million) reported by the company relates to interest earned on money market mutual funds held by the company.

	Group		Company	
31.2 Interest expense				
Savings accounts	**1,150**	821	**-**	-
Current accounts	**4,694**	701	**-**	-
Call deposits	**1,525**	1,744	**-**	-
Term deposits	**21,679**	18,294		97
Interbank deposits	**4,450**	2,790	**-**	-
Borrowed funds	**5,826**	5,258	**1,095**	-
	39,324	29,608	**1,095**	97

All interest expense reported above relates to financial assets not carried at fair value through profit or loss.

Included in interest expense reported above is N2,710 million (2016: N2,224 million) from related party transactions. See note 36.3.

	Group		Company	
31.3 Net fee and commission revenue				
Fee and commission revenue	**59,430**	52,918	**1,491**	852
Account transaction fees	**3,606**	7,113	**-**	-
Card based commission	**3,294**	3,970	**-**	-
Brokerage and financial advisory fees	**5,417**	2,944	**-**	-
Asset management fees	**33,928**	27,453	**-**	-
Custody transaction fees	**2,951**	1,751	**-**	-
Electronic banking	**1,220**	1,209	**-**	-
Foreign currency service fees	**6,207**	6,562	**-**	-
Documentation and administration fees	**1,703**	1,298	**-**	-
Other fee and commision revenue	**1,104**	618	**1,491**	852
Fee and commission expense	**(341)**	(764)	**-**	-
	59,089	52,154	**1,491**	852

Other fee income for Group includes commission on sale of government securities, agency fee, account statement fee, funds transfer charges, salary processing and administration charges, reference letter charges, and cash withdrawal charges.

Other fee and commission income for the Company of N1,477 million (2016: N835 million) represents fee income earned by the company from technical and management service provided to subsidiaries.

		Group		Company	
		31 Dec. 2017	31 Dec. 2016	**31 Dec. 2017**	31 Dec. 2016
		N million	N million	**N million**	N million
31	**Income statement information (continued)**				
31.4	**Trading revenue**				
	Foreign exchange	**11,085**	6,218	**-**	-
	Fixed income	**18,849**	5,548	**-**	-
	Interest rates	**(786)**	3,563	**-**	-
	Equities	**0**	(3)	**-**	-
		29,148	15,326	**-**	-

Included in trading revenue reported above is a trading loss amount of N4,143m (2016: N5,136m) from related party transactions. See note 36.3 for details.

Trading revenue reported above includes trading income of N5,749 million (2016: trading income of N2,778 million) relating to derivative transactions. Included in trading income / loss from derivatives is N9,598 million (2016: Nil) relating to unobservable valuation difference recognised during the year. As at year end, unobservable valuation difference yet to be recognised amounted to N4,500 million (see note 10.7).

		Group 31 Dec. 2017	Group 31 Dec. 2016	Company 31 Dec. 2017	Company 31 Dec. 2016
31.5	**Other revenue**				
	Dividend income	**112**	225	**28,092**	1,501
	Gain on disposal of property and equipment	**209**	56	**119**	-
	Others (see (b) below)	**624**	433	**175**	158
		945	714	**28,386**	1,659
(a)	Dividend income was earned from the following investees:				
	Stanbic IBTC Pension Managers Limited	**-**	-	**20,912**	-
	Stanbic IBTC Asset Management Limited	**-**	-	**2,000**	800
	Stanbic IBTC Ventures Limited	**-**	-	**900**	100
	Stanbic IBTC Capital Limited	**-**	-	**800**	-
	Stanbic IBTC Stockbrokers Limited	**-**	-	**280**	520
	Stanbic IBTC Insurance Limited	**-**	-	**100**	-
	Stanbic IBTC Trustees Limited	**-**	-	**100**	81
	Stanbic IBTC Bank PLC	**-**	-	**3,000**	-
	Other equity investments	**112**	225	**-**	-
		112	225	**28,092**	1,501

(b) These include gains from investment of unclaimed dividends, investment administration charges, and distribution received from liquidation of unquoted equity investments.

		Group 31 Dec. 2017	Group 31 Dec. 2016	Company 31 Dec. 2017	Company 31 Dec. 2016
31.6	**Credit impairment charges**				
	Net credit impairments raised and released for loans and advances	**27,981**	20,272	**-**	-
	Recoveries on loans and advances previously written off	**(2,404)**	(469)	**-**	-
		25,577	19,803	**-**	-
	Comprising:				
	Net specific credit impairment charges	**25,831**	15,925	**-**	-
	Specific credit impairment charges (note 12.3)	**28,235**	16,394	**-**	-
	Recoveries on loans and advances previously written off	**(2,404)**	(469)	**-**	-
	Portfolio credit impairment charges/(reversal) (note 12.3)	**(254)**	3,878		
		25,577	19,803	**-**	-
31.7	**Staff costs**				
	Short term - salaries and allowances	**33,177**	28,957	**170**	500
	Staff cost: below-market loan adjustment	**180**	241	**24**	-
	Equity-linked transactions (note 31.11)	**2,925**	975	**396**	-
		36,282	30,173	**590**	500

Included in staff costs is N344 million (2016: N333 million) representing salaries and allowances paid to executive directors for the year. See note 32.

		Group		Company	
		31 Dec. 2017 N million	31 Dec. 2016 N million	**31 Dec. 2017 N million**	31 Dec. 2016 N million
31	**Income statement information (continued)**				
31.8	**Other operating expenses**				
	Information technology	**5,984**	4,751	**-**	-
	Communication expenses	**1,205**	921	**-**	-
	Premises and maintenance	**4,517**	4,023	**-**	-
	Depreciation expense	**4,129**	4,204	**308**	229
	Amortisation of intangible assets	**46**	33	**-**	-
	Deposit insurance premium	**2,482**	2,382	**-**	-
	AMCON expenses (see (i) below)	**5,034**	4,504	**-**	-
	Other insurance premium	**858**	647	**-**	-
	Auditors renumeration	**340**	310	**49**	64
	Non-audit service fee (see (ii) below)	**19**	31	**6**	1
	Professional fees	**850**	755	**-**	-
	Administration and membership fees	**3,711**	2,103	**-**	-
	Training expenses	**1,139**	726	**-**	-
	Security expenses	**1,484**	1,195	**-**	-
	Travel and entertainment	**1,773**	1,280	**-**	-
	Stationery and printing	**1,182**	874	**-**	-
	Marketing and advertising	**2,982**	2,853	**-**	-
	Pension administration expense	**215**	336	**-**	-
	Penalties and fines	**38**	70	**-**	-
	Donations	**437**	122	**142**	84
	Operational losses	**25**	248	**-**	-
	Directors fees	**401**	334	**230**	208
	Provision for legal costs, levies and fines (See note 25)	**3,538**	1,978	**-**	-
	Impairment of other financial assets	**3,068**	914	**-**	-
	Bank Charges	**764**	280	-	
	Motor vehicle maintenance expense	**1,496**	1,458	-	
	Indirect tax (VAT)	**828**	437	**71**	55
	Others	**1,199**	1,099	**(114)**	(211)
		49,744	38,868	**692**	430

(i) AMCON expenses

AMCON charges (0.3% of total asset value) is a statutory levy by the Asset Management Corporation of Nigeria on all commercial banks operating in Nigeria.

31 Income statement information (continued)

(ii) Non-audit services

The details of services provided by the auditors (Messrs KPMG Professional Services) during the year, other than statutory audit of financial statements, are as follows:

	Group		Company	
	31 Dec. 2017 N million	31 Dec. 2016 N million	31 Dec. 2017 N million	31 Dec. 2016 N million
Advisory services – remuneration survey	4	-	-	-
Tax services – review transfer pricing documentation	-	1	-	1
Professional fees on Scrip dividend issue	2	-	2	-
Audit of deposit insurance certification	3	1	3	-
Professional fees on review of ISA 810	3	-	1	-
Assurance services – ISAE 3000 review of controls at	4	5	-	-
Advisory services – survey financial services industry	-	3	-	-
Compilation of financial information for preparation of rights issue	-	5	-	-
CBN corporate governance and whistle blowing guidelines	-	12	-	-
Training services	-	1	-	-
Audit services – audit procedures on BA 610 reporting for	4	3	-	-
	19	31	6	1

31.9 Transactions requiring regulatory approval

The rules of Financial Reporting Council of Nigeria require that transactions or agreements requiring registration by regulatory body in Nigeria shall only be recognised in the financial statements to the extent that approval is obtained. For transactions recognised, the relevant registration details are required to be disclosed.

The group obtained approval of National Office for Technology and Promotion (NOTAP) for some information technology project, the cost of which have been recognised in these financial statements. Relevant details are disclosed as follows:

31 Income statement information (continued)

31.9 Transactions requiring regulatory approval (continued)

	Transaction involved	Registration certificate number	Approved basis and amount	Certificate validity	Amounts recognised in financial statements 31 Dec 2017 N million	31 Dec 2016 N million
(i)	The Master agreement between Wizzit International and Stanbic IBTC PLC	NOTAP/AG/FI/1280/16/208	$54,570	30 April 2016 to 30 April 2017	**18**	9
(ii)	Microsoft Volume Licensing Agreement between Microsoft and Stanbic IBTC Bank PLC	NOTAP/AG/FI/1280/15/64	Bulk remittance of $3,396,240.00	01 March 2015 to 28 February 2018	**1,125**	385
(iii)	Amendment to the Master Software License Agreement between Edgverve Systems Limited India and Stanbic IBTC Bank PLC	NOTAP/AG/FI/1280/23/120	$665,622	1 year expiring on 31 December 2017	**220**	201
(iv)	Software License and Support Agreement between Intellinx Limited and Stanbic IBTC Bank PLC	NOTAP/AG/FI/1280/17/528	Bulk remittance of $306,497	02-05-17 to 02-11-2017	**101**	85
(v)	Affiliate Agreement between Nucleus Software Exports Limited and Stanbic IBTC	NOTAP/AG/FI/1280/13/440	Bulk remittance of $41,452	02-05-14 to 01-05-2017	**14**	-
					1,478	680

(i) NOTAP approved the transfer of technology agreement with Wizzit International, South Africa for a year and expired in April 2017. During the year, a total amount of N18 million was paid to Wizzit International.

(ii) The software license agreement payment to Microsoft Ireland Operations Limited was approved by NOTAP in 2015 for a validity period of 3 years. During the year, a total payment of N1,125 million was made.

(iii) NOTAP issued approval for a year and expired for payment of Annual Technical Supports (ATS) services for Finacle software expiring in December 2017. During this year, a total payment of N220 million was made.

(iv) An addendum NOTAP approval was received for a year, effective May 2017, to the software license agreement with Intellinx Limited. During the year, a total amount of N101 million was paid to Intellinx Limited.

(v) NOTAP approved the software license agreement payment to Nucleus Software Exports Limited for a year expiring March 2018. During the year under review, a total payment of N14 million was made.

31.10 Operating leases

The group leases a number of branch and office premises under operating leases. The lease period varies, and typically run for a period of 3 to 10 years, with an option to renew the lease after that date. Lease payments are increased periodically (usually every three periods) to reflect market rentals.

At year end, the future minimum lease payments under non-cancellable operating leases were payable as follows:

	Group		Company	
	31 Dec. 2017	31 Dec. 2016	**31 Dec. 2017**	31 Dec. 2016
	N million	N million	**N million**	N million
Less than one year	**63**	51	**-**	-
Between one and five years	**193**	354	**-**	-
More than five years	**-**	-	**-**	-
	256	405	**-**	-

31.11 Share-based payment transactions

The group operates a number of share- based payment arrangements under which the entity receives services from employees as a consideraion for equity instrument of the group or cash settlement based on equity instrument of the group.

At 31 December 2017, the group had the following share-based arrangements.

(a) Share appreciation rights based on equity instrument of Stanbic IBTC Holdings PLC (Stanbic IBTC Equity Growth Scheme) - cash settled

(b) Share options and appreciation rights based on equity instrument of Standard Bank Group (Parent company share incentive schemes) - equity settled.

(c) Deferred bonus scheme.

The expenses and liabilities recognised in respect of the share based arrangements are as follows:

	31 Dec. 2017	31 Dec. 2016
Expenses recognised in staff costs	**N million**	N million
Expenses recognised in staff costs		
Stanbic IBTC Equity Growth Scheme (credit)/charge	**1,520**	129
Parent company share incentive schemes**	**(7)**	(9)
Deferred bonus scheme (DBS)	**1,412**	854
	2,925	974

	31 Dec. 2017	31 Dec. 2016
	N million	N million
Liabilities recognised in other liabilities		
Stanbic IBTC Equity Growth Scheme	**1,265**	421
Deferred bonus scheme	**1,043**	825
	2,308	1,246

**The parent company share incentive scheme is equity settled. As such, a corresponding decrease in equity has been recognised. See Statement of changes in equity for further details.

(a) Stanbic IBTC Equity Growth Scheme

On 1 March 2010 and 1 March 2011, the group granted share appreciation rights to key management personnel that entitles the employees to cash value determined based on the decrease in share price of Stanbic IBTC Holdings PLC between grant date and exercise date.

31.11 Share-based payment transactions (continued)

(a) Stanbic IBTC Equity Growth Scheme (continued)

The object and purpose of the scheme is to promote an identity of interest between the group and its senior employees, to attract, retain and motivate skilled and competent personnel with high potential to influence the direction, growth and profitability of the group by enhancing leadership commitment and drive to grow the group market value and position in support of shareholder interests.

The provision in respect of liabilities under the scheme amounts to N1,265 million at 31 Dec 2017 (Dec 2016: N421 million).

The terms and conditions of the grants are as follows.

Vesting category	**Year**	**% Vesting**	Expiry
Type A	3, 4, 5	50, 75, 100	10 years

	Units	
	31 Dec. 2017	31 Dec. 2016
Reconciliation		
Units outstanding at beginning of the year	**59,113,755**	67,824,702
Granted	**-**	-
Forfeited	**(186,916)**	-
Exercised	**(33,599,126)**	(8,710,947)
Lapsed	**-**	-
Units outstanding at end of the year	**25,327,713**	59,113,755

The fair value of share appreciation rights is determined using Black-Scholes formula. The inputs used in the measurement of their fair value were as follows:

	31 Dec. 2017	31 Dec. 2016
Weighted average fair value at grant date (Naira) - Rights granted 1 March 2010	15.30	15.30
Weighted average fair value at grant date (Naira) - Rights granted 1 March 2011	17.83	17.83
Expected life (years)	3.19	3.19
Expected volatility (%)	37.46	40.84
Risk-free interest rate (%)	13.88	16.25
Dividend yield (%)	1.57	6.18

(b) Parent company share incentive schemes

Share options and appreciation rights

A number of employees of the group participate in the Standard Bank Group's share schemes. Standard Bank Group (SBG) has two equity-settled schemes, namely the Group Share Incentive Scheme and the Equity Growth Scheme. The Group Share Incentive Scheme confers rights to employees to acquire ordinary shares at the value of the SBG share price at the date the option is granted. The Equity Growth Scheme was implemented in 2005 and represents appreciation rights allocated to employees. The eventual value of the right is effectively settled by the issue of shares equivalent in value to the value of the rights.

The two schemes have five different sub-types of vesting categories as illustrated by the table below:

	year	**% vesting**	Expiry
Type A	**3, 4, 5**	**50, 75, 100**	10 years
Type B	**5, 6, 7**	**50, 75, 100**	10 years
Type C	**2, 3, 4**	**50, 75, 100**	10 years
Type D	**2, 3, 4**	**33, 67, 100**	10 years
Type E	**3, 4, 5**	**33, 67, 100**	10 years

A reconciliation of the movement of share options and appreciation rights is detailed as follows:

31.11 Share-based payment transactions (continued)

(b)(i) Group Share Incentive Scheme - Share options

	Option price range (ZAR) 31 Dec. 2017	Option price range (Naira) 31 Dec. 2017	Number of options 31 Dec. 2017	Number of options 31 Dec. 2016
Options outstanding at beginning of the year			-	227,525
Transfers	62.39 - 111.94	1,678 - 3,010	65,900	(96,350)
Exercised	92.00 - 111.94	2,474 - 3,010	(21,050)	(102,950)
Lapsed			-	(28,225)
Options outstanding at end of the year			44,850	-

The weighted average SBG share price for the year to 31 December 2017 year end was ZAR157.29 (December 2016: ZAR151.63).

The following options granted to employees had not been exercised at 31 December 2017:

Number of ordinary shares	Option price range (ZAR)	Option price range (Naira)	Weighted average price (ZAR)	Weighted average price (Naira)	Option expiry year
6,100	28.00	170,800	92.00	2,473.88	year to 31 December 2018
1,250	62.39	77,988	62.39	1,677.67	year to 31 December 2019
37,500	98.80 - 103.03	3,087 - 3,228	101.62	2,732.56	year to 31 December 2021
44,850					

There were no options oustanding at 31 December 2016.

(b)(ii) Equity Growth Scheme - Appreciation rights

	Appreciation right price range (ZAR) 31 Dec. 2017	Appreciation right price range (Naira) 31 Dec. 2017	Number of rights 31 Dec. 2017	Number of rights 31 Dec. 2016
Rights outstanding at beginning of the period			-	65,130
Transfers	62.39 - 156.96	1,677 - 4,221	113,230	(65,130)
Exercised	62.39 - 98.00		(77,204)	-
Lapsed			-	-
Rights outstanding at end of the period			36,026	-

31.11 Share-based payment transactions (continued)

(b)(ii) *Equity Growth Scheme - Appreciation rights* *(continued)*

The following rights granted to employees had not been exercised at 31 December 2017:

Number of rights	-----------Price range-----------		---Weighted average price---		
	(ZAR)	(Naira)	(ZAR)	(Naira)	----------Expiry period----------
15,005	156.96		156.96		period to 31 December 2025
21,021	122.24		122.24		period to 31 December 2026
36,026					

There were no options oustanding at 31 December 2016.

(c) Deferred bonus scheme (DBS)

It is essential for the group to retain key skills over the longer term. This is done particularly through share-based incentive plans. The purpose of these plans is to align the interests of the group, its subsidiaries and employees, as well as to attract and retain skilled, competent people.

The group has implemented a scheme to defer a portion of incentive bonuses over a minimum threshold for key management and executives. This improves the alignment of shareholder and management interests by creating a closer linkage between risk and reward, and also facilitates retention of key employees.

All employees, who are awarded short-term incentives over a certain threshold, are subject to a mandatory deferral of a percentage of their cash incentive into the DBS. Vesting of the deferred bonus occurs after three periods, conditional on continued employment at that time. The final payment of the deferred bonus is calculated with reference to the Standard Bank Group share price at payment date. To enhance the retention component of the scheme, additional increments on the deferred bonus become payable at vesting and one period thereafter. Variables on thresholds and additional increments in the DBS are subject to annual review by the remuneration committee, and may differ from one performance period to the next.

31.11 Share-based payment transactions (continued)

Deferred bonus scheme 2012 (DBS 2012)

In 2012, changes were made to the DBS to provide for a single global incentive deferral scheme across the Standard Bank Group (SBG). The purpose of the Deferred Bonus Scheme 2012 is to encourage a longer-term outlook in business decision-making and closer alignment of performance with long-term value creation.

All employees granted an annual performance award over a threshold have part of their award deferred. The award is indexed to the SBG's share price and accrues notional dividends during the vesting period, which are payable on vesting. The awards vest in three equal amounts at 18 months, 30 months and 42 months from the date of award. The final payout is determined with reference to the SBG's share price on vesting date.

	Units	
	31 Dec. 2017	31 Dec. 2016
Reconciliation		
Units outstanding at beginning of the period	**154,979**	457,450
Granted	**-**	316,353
Exercised	**(202,298)**	(183,269)
Transfers	**286,089**	(372,565)
Forfeited	**(5,089)**	(62,990)
Lapsed	**-**	-
Units outstanding at end of the period	**233,681**	154,979
Weighted average fair value at grant date (ZAR)	**122.24**	122.24
Expected life (periods)	**2.51**	2.51

(d) Performance reward plan (PRP)

A new performance driven share plan commenced in March 2014 which rewards value delivered against specific targets. The PRP incentivises a group of senior executives to meet the strategic long-term objectives that deliver value to shareholders, to align the interests of those executives with those of shareholders and to act as an attraction and retention mechanism in a highly competitive marketplace for skills. The PRP operates alongside the existing conditional, equity-settled long-term plans, namely the EGS, GSIS and DBS.

31.11 Share-based payment transactions (continued)

(d) Performance reward plan (PRP)-continued

The PRP is settled in shares to the employee on the applicable vesting dates together with notional dividends that are settled in cash. The shares that vest (if any) and that are delivered to the employee are conditional on the pre-specified performance metrics.

	Units	
	31 Dec. 2017	31 Dec. 2016
Reconciliation		
Units outstanding at beginning of the year	**12,300**	110,800
Granted	**67,200**	24,600
Cancelled	**(24,528)**	(37,700)
Transferred from/(to) group companies	**142,600**	(85,400)
Exercised	**(32,272)**	-
Units outstanding at end of the year	**165,300**	12,300
Weighted average fair value at grant date (ZAR)	**155.95**	122.24
Expected life at grant date (year)	**3.00**	3.00

(e) Quanto stock scheme

Since 2007 Standard Bank PLC has operated a deferred incentive arrangement in the form of the Quanto stock unit plan. Qualifying employees, with an incentive award above a set threshold are awarded Quanto stock units denominated in USD for nil consideration, the value of which moves in parallel to the change in price of the SBG shares listed on the JSE. The cost of the award is accrued over the vesting period (generally three periods), normally commencing the period in which these are awarded and communicated to employees.

Special terms apply to employees designated by the Prudential Regulatory Authority (PRA) as Code Staff. For these employees the deferred portion of the incentive is delivered in Quanto stock units with three period vesting and an additional six months holding period after vesting. Thereafter half of the remaining incentive (non-deferred portion) is paid immediately in cash and the other half is delivered in Quanto stock units with a six month vesting period.

	Units	
	31 Dec. 2017	31 Dec. 2016
Reconciliation		
Units outstanding at beginning of the year	**147,000**	287,000
Exercised	**(94,000)**	(140,000)
Transfers	**-**	-
Units outstanding at end of the year	**53,000**	147,000

Quanto stock units granted not yet exercised at year end:

	Number of units 31 Dec. 2017	Number of units 31 Dec. 2016
Unit expiry period		
period to 31 December 2016	**-**	-
period to 31 December 2017	**-**	94,000
period to 31 December 2018	**53,000**	53,000
Units outstanding at end of the year	**53,000**	147,000

	Group		Company	
	31 Dec. 2017 N'million	31 Dec. 2016 N'million	**31 Dec. 2017 N'million**	31 Dec. 2016 N'million
32 Emoluments of directors				
Executive directors				
Emoluments of directors in respect of services rendered[1]:				
While directors of Stanbic IBTC Holdings PLC				
as directors of the company and/ or subsidiary companies	**344**	333	**91**	78
otherwise in connection with the affairs of Stanbic IBTC Holdings PLC or its subsidiaries				
Non-executive directors				
Emoluments of directors in respect of services rendered:				
While directors of Stanbic IBTC Holdings PLC				
as directors of the company and/ or subsidiary companies	**401**	334	**230**	208
otherwise in connection with the affairs of Stanbic IBTC Holdings PLC or its subsidiaries				
Pensions of directors and past directors	**29**	**40**	**8**	7
	774	**707**	**329**	**293**

[1] *In order to align emoluments with the performance to which they relate, emoluments reflect the amounts accrued in respect of each period and not the amounts paid.*

	31 Dec. 2017 N'million	31 Dec. 2016 N'million
Emoluments disclosed above include amounts paid to:		
(i) the chairman	**31**	60
(ii) the highest paid director	**91**	78

		Group		Company	
		31 Dec. 2017 N million	31 Dec. 2016 N million	**31 Dec. 2017 N million**	31 Dec. 2016 N million
33	**Taxation**				
	Income tax (note 33.1)	**12,785**	8,689	**2,380**	892
		12,785	8,689	**2,380**	892

In accordance with Nigerian tax regime, dividends received by the company from its subsidiaries are exempted from tax if it is distributed to shareholders. The company has no taxable profit as a result of tax exempt dividends. The company has also not been subject to minimum tax, (in line with the provisions of the Nigerian tax laws - Section 33 of Companies Income Tax Act CAP C21 LFN 2007 (as amended)) as it has more than 25% of imported capital.

33.1	**Income tax**				
	Current year	**12,785**	8,689	**2,380**	892
	Current tax	**13,058**	8,981	**2,389**	328
	Deferred tax	**(273)**	(292)	**(9)**	564
	Taxation per statement of profit or loss	**12,785**	8,689	**2,380**	892
	Income tax recognised in other comprehensive income	**83**	-	**-**	-
	Deferred tax	**83**	-	**-**	-
	Current tax	**-**	-	**-**	-
	Taxation per total comprehensive income	**12,868**	8,689	**2,380**	892

33.2 Rate reconciliation

	Group		Company	
	31 Dec. 2017 %	31 Dec. 2016 %	**31 Dec. 2017 %**	31 Dec. 2016 %
Rate reconciliation				
The total tax charge for the year as a percentage of profit before taxation	**19**	23	**9**	
Information technology levy	**1**	-	**0**	1
Education tax	**1**	0	**0**	**-**
The corporate tax charge for the year as a percentage of profit before tax	**21**	23	**9**	1
Tax relating to prior years	**-**	-	**0**	**-**
Net tax charge	**21**	23	**9**	1
The charge for the year has been reduced/(increased) as a consequence of:				
Non-taxable dividends	**0**	**-**	**31**	**-**
WHT on Dividend not distributed & other taxes not at 30%	**(9)**	**-**	**(9)**	**29**
Other Non-deductible expense	**(1)**	**-**	**0**	**-**
Non-taxable interest	**28**	27	**0**	
Other non-taxable income	**9**	-	**0**	**-**
Tax losses not accounted for DTA	**(16)**	-	**0**	**-**
Temporary difference not accounted for in deferred tax asset	**-**	(11)	**0**	5
Other permanent differences	**(1)**	(10)	**(1)**	(5)
Standard rate of tax	**30**	29	**30**	30

Temporary differences not accounted for in deferred tax asset concern temporary differences relating to mainly tax losses carried forward for which no deferred tax asset is recognized although the tax losses will continue to be available to offset future tax liability. The tax law permits the Company to continue to carry forward the tax losses indefinitely.

33 Taxation (continued)

33.3 Income tax recognised in other comprehensive income

The table below sets out the amount of income tax relating to each component within other comprehensive income:

Group	Before tax N million	Tax (expense)/ benefit N million	Net of tax N million
31 December 2017			
Net change in fair value of available-for-sale financial assets	**4,294**	**-**	**4,294**
Realised fair value adjustments on available-for-sale financial assets transferred to profit or loss	**(63)**	**-**	**(63)**
Related tax	**-**	**83**	**83**
	4231	**-**	**4314**
31 December 2016			
Net change in fair value of available-for-sale financial assets	(333)	(76)	(409)
Realised fair value adjustments on available-for-sale financial assets transferred to profit or loss	76	-	76
	(257)	(76)	(333)

34 Earnings per ordinary share

	Group		Company	
	31 Dec. 2017	31 Dec. 2016	**31 Dec. 2017**	31 Dec. 2016
The calculations of basic earnings per ordinary share has been based on the following profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding:				
Earnings attributable to ordinary shareholders (N million)	**46 195**	24,642	**25,165**	609
Weighted average number of ordinary shares in issue	**10,049**	10,000	**10,049**	10,000
Basic earnings per ordinary share (kobo)	**460**	246	**250**	6

Diluted earnings per ordinary share
Basic earnings per ordinary share equals diluted earnings per share as there are no potential dilutive ordinary shares in issue.

		Group		Company	
		31 Dec. 2017 N million	31 Dec. 2016 N million	31 Dec. 2017 N million	31 Dec. 2016 N million
35	**Statement of cash flows notes**				
35.1	**(Increase)/decrease in assets**				
	Trading assets	**(134,624)**	21,101	**-**	-
	Pledged assets	**(14,937)**	58,267	**-**	-
	Loans and advances	**(37,341)**	2,225	**-**	-
	Other assets	**(10,222)**	(15,479)	**78**	770
	Restricted balance with the Central Bank	**(61,749)**	(5,507)	**-**	-
		(258,873)	60,607	**78**	770
35.2	**Increase/(decrease) in deposits and other liabilities**				
	Deposit and current accounts	**198,159**	26,496	**-**	-
	Trading liabilities	**57,124**	(18,776)	**-**	-
	Other liabilities and provisions	**57,990**	50,563	**1,157**	(76)
		313,273	58,283	**1,157**	(76)
35.3	**Cash and cash equivalents - Statement of cash flows**				
	Cash and cash equivalents (note 7)	**401,348**	301,351	**7,545**	1,768
	Less: restricted balance with the Central Bank of Nigeria	**(171,339)**	(109,590)	**-**	-
	Cash and cash equivalents at end of the year	**230,009**	191,761	**7,545**	1,768
35.4	**Effect of exchange rate changes on cash and cash equivalents**				
	Currency				
	USD	**(1,068)**	13,912	**-**	-
	EUR	**221**	741	**-**	-
	GBP	**106**	147	**-**	-
	Other currency	**(4)**	106	**-**	-
	Effect of exhange rate	**(745)**	14,906	**-**	-
35.5	**Net derivative assets**				
	Movement in derivative assets	**3,265**	(13,406)	**-**	-
	Movement in derivative liabilities	**(9,196)**	11,405	**-**	-
	Unobservable valuation difference	**9,598**	3,460	**-**	-
		3,667	1,459	**-**	-

36 Related party transactions

36.1 Parent and ultimate controlling party

The company is 53.07% owned by Stanbic Africa Holdings Limited, which is incorporated in the United Kingdom. The ultimate parent and controlling party of the group/ company is Standard Bank Group Limited, incorporated in South Africa. Stanbic IBTC Holdings PLC has 9 direct subsidiaries and 2 indirect subsidiaries as listed under note 36.2 below.

Stanbic IBTC Holdings PLC (Holdco) is related to other companies that are fellow subsidiaries of Standard Bank Group Limited. These include Standard Bank Isle of Man Limited, Standard Bank of South Africa (SBSA), Stanbic Bank Ghana Limited, CfC Stanbic Bank Kenya Limited, Stanbic Bank Botswana, Stanbic Bank Uganda Limited, and Standard Bank (Mauritius) Limited. ICBC Standard Bank PLC, which is an associate of Standard Bank Group Limited, is also a related party.

36.2 Subsidiaries

Details of effective interest in subsidiaries are disclosed below, and also in Note 13.

Direct subsidiaries	% holding
Stanbic IBTC Bank PLC	100%
Stanbic IBTC Ventures Limited ("SIVL")	100%
Stanbic IBTC Capital Limited	100%
Stanbic IBTC Asset Managers Limited ("SIAML")	100%
Stanbic IBTC Pension Managers Limited ("SIPML")	88.24%
Stanbic IBTC Investments Limited ("SIIL")	100%
Stanbic IBTC Stockbrokers Limited ("SISL")	100%
Stanbic IBTC Trustees Limited ("SITL")	100%
Stanbic IBTC Insurance Brokers Limited ("SIIB")	Direct 75%, Indirect 25%

Indirect subsidiaries

Stanbic IBTC Bureau De Change Limited
Stanbic IBTC Nominees Limited

36.3 Balances with Standard Bank of South Africa (SBSA) and other related parties

In the normal course of business, current accounts are operated and placements of foreign currencies and trades between currencies are made with SBSA and other entities within the Standard Bank Group.

The relevant balances are shown below:

		Group		**Company**	
		31 Dec. 2017	31 Dec. 2016	**31 Dec. 2017**	31 Dec. 2016
	Note	**N million**	N million	**N million**	N million
Amounts due from related parties					
Loans to banks	12	**9,234**	7,760	**-**	-
Current account balances	7	**19,641**	15,151	**7,545**	1,768
Derivatives assets	10.6	**973**	265	**-**	-
Other assets	15	**15**	-	**1,365**	1,082
		29,863	23,176	**8,910**	2,850

(a) **Loans to banks**: These represent foreign currency placement with Standard Bank Group entities. Placements are usually denominated in US dollars and Rands. USD interest rate ranges between 0.12% - 3.0%, while Rand rate ranges between 5-8%. Tenor is usually short ranging between 1-6 months. The contract terms are based on normal market terms. Details per counterparty are as follows:

Standard Bank of South Africa (see note i below)	**8,839**	7,396	**-**	-
ICBC Standard Bank PLC	**395**	364	**-**	-
	9,234	7,760	**-**	-

(i) Included in the balance with SBSA is N7,027 million (2016: N5,413 million) representing amount received from SBSA under the Sale, Purchase Agreement for Finacle banking software. The fund is placed in an escrow account and is not available for use by the group on a day to day basis. Interest rate applicable on the balance as at year end was 7.32%.

36 Related party transactions (continued)

(b) **Current account balances (Group):** These represent trade related balances held with SBSA and are particularly used for letters of credit and other foreign trade transactions. The balances are repayable on demand and usually non interest bearing.

Current account balances (Company): This relate to demand deposit held with Stanbic IBTC Bank PLC. The deposit is non interest bearing and the terms are based on normal market terms.

(c) **Derivatives:** These represent fair value of currency swap and foreign exchange forward transactions with related parties. The transaction includes EUR/ USD swap, USD/ ZAR swap, GBP/USD swap and USD/ CNH swap with a combined notional principal of N52.69bn (2016: N9.06bn). The contracts maturity ranges from one month to 2 years.

(d) **Other assets (Group)**: These represent reimbursable expenses recoverable from related parties. No specific impairments have been recognised in respect of the amount.

Other assets (Company): These represent receivable from subsidiary entities in respect of reimbursable expenses and management service agreement. There exist technical and management service agreements between the company and its subsidiaries. Under the agreement, the company provides technical expertise and management skills to the subsidiaries in functional areas including marketing and branding, internal audit, human resources, financial control, and information technology. In return, subsidiaries pay fee based on percentage of their income to the company. The percentage ranges from 2% to 10% of profit before tax or commission income.

		Group		Company	
	Note	**31 Dec. 2017 N million**	31 Dec. 2016 N million	**31 Dec. 2017 N million**	31 Dec. 2016 N million
Amounts due to related parties					
Deposits and current accounts	21	**38,843**	605	**-**	-
Derivatives liabilities	10.6	**186**	5,336	**-**	-
Trading liabilities	9.2	**-**	-	**-**	-
Subordinated debt	23	**13,306**	12,251	**-**	-
Other borrowings	22	**40,406**	50,524	**-**	-
Other liabilities	26	**17**	34,335	**227**	86
		92,758	103,051	**227**	86

(e) **Deposits and current accounts:** These represent demand deposits with related parties. Balances are denominated in NGN with no interest rates and are repayable on demand.

Standard Bank of South Africa	**38,840**	602	**-**	-
ICBC Standard Bank PLC- repurchase agreements	**-**		**-**	-
Standard Bank (Maritius) Ltd	**-**			
Standard Bank De Angola SA	**3**			
Fellow subsidiaries with Stanbic IBTC group	**-**	3	**-**	-
	38,843	605	**-**	-

(f) **Derivatives:** These represent fair value of currency swap and forward transactions with entities within the Standard Bank Group. Details per counterparty are as follows:

Standard Bank of South Africa	**2**	5,336	**-**	-
ICBC London PLC	**184**	-	**-**	-
	186	5,336	**-**	-

The contract terms include currency swaps and forward exchange of EUR / USD, USD / ZAR, and USD / NGN. The contracts had a total notional principal of N39.25bn (Dec 2016: N39.0bn). Maturity dates of the contracts ranges from one month to three years.

36.3 Balances with Standard Bank of South Africa (SBSA) and other related parties

(g) **Subordinated debt:** See note 23 for details of the transaction.

(h) **Other borrowings**: See note 22 for details of the transaction.

(i) **Other liabilities (Group)**: These relate to amount owed to SBSA in respect of refinanced letter of credits.

Other liabilities (Company): These represent reimbursable expenses payable to Stanbic IBTC Holdings Group.

Profit or loss impact of transactions with Standard Bank of South Africa and other related parties

		Group		Company	
		31 Dec. 2017	31 Dec. 2016	**31 Dec. 2017**	31 Dec. 2016
	Note	**N'million**	N'million	**N'million**	N'million
Interest income earned	31.1	**436**	184	**-**	-
Interest expense	31.2	**(2,715)**	(2,224)	**-**	-
Trading revenue/ (loss)	31.4	**(4,143)**	(5,136)	**-**	-
Fee and commission income	31.3	**-**	-	**1,491**	835
Dividend income	31.5	**-**	-	**28,092**	1,501
Operating expense incurred	31.8	**-**	-	**-**	-

(j) **Interest income earned**: This represents interest earned on placement with group entities. The nature of transaction is presented in note 36.3(a)

(k) **Interest expense**: This represents interest expense booked in respect of deposits, subordinated debt, and other borrowing transactions with group entities. The nature of transaction is presented in note 36.3(e), (g), & (h).

(l) **Trading revenue / (loss)**: This represents fair value gain/ (loss) on trading and derivative transactions with group entities. The nature of transaction is presented in note 36.3(c), (f) and (g).

(m) **Fee and commission income**: This represents fee income earned by the Company from technical and management service provided to subsidiaries. Details on the nature and terms of the agreement are provided in note 36.3 (d).

(n) **Dividend income**: represents dividend received from subsidiaries.

36.4 Balances with key management personnel

Key management personnel includes: members of the Stanbic IBTC Holdings PLC board of directors and Stanbic IBTC Holdings PLC executive committee. The definition of key management includes close members of key management personnel and any entity over which key management exercise control, joint control or significant influence. Close family members are those family members who may influence, or be influenced by that person in their dealings with Stanbic IBTC Holdings PLC. They include the person's domestic partner and children, the children of the person's domestic partner, and dependents of the person or the person's domestic partner.

36.4 Transactions with key management personnel (continued)

(i) Key management compensation

	Group	
	31 Dec. 2017 N'million	31 Dec. 2016 N'million
Salaries and other short-term benefits	**1,089**	474
Post-employment benefits	**50**	25
Value of share options and rights expensed	**154**	16
	1,294	515

(ii) Loans and deposit transactions with key management personnel

	31 Dec. 2017 N'million	31 Dec. 2016 N'million
Loans and advances		
Loans outstanding at the beginning of the year	**214**	330
Net movement during the year	**(23)**	(116)
Loans outstanding at the end of the year	**191**	214
Net interest earned	**13**	19

Loans include mortgage loans, instalment sale and finance leases and credit cards. Loans granted to employees and executive directors are granted at concessionary rates 14%-16% below the prime lending rate. No specific impairments have been recognised in respect of loans granted to key management at the reporting date (2016: nil). The mortgage loans and instalment sale and finance leases are secured by the underlying assets. All other loans are unsecured.

Deposit and current accounts		
Deposits outstanding at beginning of the year	**247**	373
Net movement during the year	**30**	(126)
Deposits outstanding at end of the year	**277**	247
Net interest expense	**1**	3

Deposits include cheque, current and savings accounts.

(iii) Investments

Details of key management personnel's investment transactions and balances with Stanbic IBTC Holdings PLC are set out below.

Investment products		
Balance at the beginning of the year	**63**	63
Net movement during the year	**288**	-
Balance at the end of the year	**351**	63

36.4 Transactions with key management personnel (continued)

(iv) **Shares and share options held**	**31 Dec. 2017 Number**	31 Dec. 2016 Number
Aggregate number of share options issued to Stanbic IBTC key management personnel:		
Share options held (Stanbic IBTC Holdings PLC scheme)	**2,569,101**	7,538,254
Share options held (ultimate parent company schemes)	**532,857**	314,279

(vi) Other transactions with key management personnel

Directors interests in contracts

One of the Bank's branch located on the Ground Floor at Churchgate Towers, PC 30, Churchgate Street, Victoria Island, Lagos is owned by First Continental Properties Limited, and Mr. Ratan Mahtani is a Director on the Board of this Company. The lease was renewed in March 2015 is for a period of three years at a cost of N146 million.

Stanbic IBTC Bank (a subsidiary of the Company) has a security equipment maintenance contract with Allegiance Technologies Limited whose director is a close family member of Mr Moses Adedoyin who is a former non-executive director of the Stanbic IBTC Bank (a subsidiary of the group). The contract covers provision of maintenance services for CCTV and electronic access control systems to the bank. Payment made within the year was N24.74mn.

Loans to entities affiliated to directors and ex-directors / loans to employees

The group has some exposures in terms of loans and advances to employees and to customers that are affiliated to its present and past directors. Loans granted to customers that are affiliated to directors were granted at commercial rates while those granted to executive directors and employees were granted at below-the market rates. There were no non-performing director related exposures as at balance sheet date (2016: Nil). Details of the exposures is presented in note 37.

36.5 Other related party transactions

Shared service arrangement with subsidiaries

Stanbic IBTC Holdings PLC provides some business support functions to some of its subsidiaries. The business support functions include internal audit, marketing and branding, internal control, legal and secretarial services. The costs incurred by Stanbic IBTC Holdings PLC in respect of the functions are shared between Stanbic IBTC Holdings PLC and subsidiaries in agreed ratio that reflect the rate of consumption by each entity. The costs shared are actual cost incurred with no mark-up included.

Purchase of customer loans from Standard Bank of South Africa and Stanbic Bank, Kenya

During the year, Stanbic IBTC Bank PLC bought some US dollar exposures from Standard Bank of South Africa (SBSA) and Stanbic Bank Kenya. The total value of the exposures bought from SBSA and Stanbic Bank, Kenya amounted to US$29.6 million and US$13.5 million respectively. The SBSA transaction was priced at a range of 99% to 100% of the loan value while the Stanbic Kenya transaction was priced at par value. These exposures have been derecognised in the financial statements of the group.

Foreign currency revolving facility from Standard Bank of South Africa

During 2017, Stanbic IBTC Bank PLC entered into a standby funding agreement with Standard Bank of South Africa (Isle of Man Branch) where Standard Bank of South Africa commits to provide up to US$50 million to Stanbic IBTC Bank PLC. The agreement is effective from 18 July 2017 and renewable annually. See page 120 under "Liquidity Contingency" for further details.

Stanbic IBTC Bank PLC did not draw any fund under the agreement during the year.

Staff health insurance scheme

The group's employees are covered under a comprehensive health insurance scheme provided by Total Health Trust Limited, a subsidiary of Liberty Holdings Limited. Liberty Holdings Limited is a subsidiary of Standard Bank Group Limited. Expenses incurred by the group in respect of the scheme for the year amounted to N311 million (2016: N305 million).

37 Directors and staff related exposures

The group has some exposures in terms of loans and advances to employees and to customers that are affiliated to its present and past directors. Loans granted to customers that are affiliated to directors are granted at commercial rates while those granted to executive directors and employees are granted at below-the market rates.. There were no non-performing director related exposures as at balance sheet date (2016: Nil). In cases where outstanding balance exceeds approved credit limit, no principal payment was due on the facility and the excess therefore relates to accrued interest.

Schedule of directors and staff related credits

Name of Company/Individual	Relationship	Name of related interest	Facility type	Currency	Date granted	Expiry date	Approved credit limit N'million	Outstanding plus Accrued Interest N million	Status	Interest Rate %	Security nature
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	10-Nov-17	9-Jan-18	52,179,855	52,657,831	Performing	6	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	15-Nov-17	14-Jan-18	56,230,968	56,697,579	Performing	6	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	29-Nov-17	27-Feb-18	39,906,704	40,141,268	Performing	6	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	6-Dec-17	6-Mar-18	11,743,800	11,788,969	Performing	5	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	8-Dec-17	8-Mar-18	11,743,800	11,785,520	Performing	5	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	8-Dec-17	13-Feb-18	24,986,022	25,092,682	Performing	6	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	12-Dec-17	12-Mar-18	11,717,549	11,758,928	Performing	6	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	12-Dec-17	12-Mar-18	36,319,563	36,447,814	Performing	6	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	15-Dec-17	15-Mar-18	8,153,205	8,173,855	Performing	5	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	15-Dec-17	15-Mar-18	12,998,030	13,037,756	Performing	6	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	28-Dec-17	26-Feb-18	5,282,002	5,312,730	Performing	6	UNSECURED
Seplat Petroleum Development Company Pl	CHAIRMAN (HOLDCO)	BASIL OMIYI	Term Loan	USD	30-Sep-16	30-Sep-21	381,780,270	363,682,899	Performing	10	All Asset Debenture and Borrower Personal Guarantee
Seplat Petroleum Development Company Pl	CHAIRMAN (HOLDCO)	BASIL OMIYI	Term Loan	USD	13-May-15	31-Dec-18	7,451,100,000	3,281,130,021	Performing	8	All Asset Debenture and Borrower Personal Guarantee
Seplat Petroleum Development Company Pl	CHAIRMAN (HOLDCO)	BASIL OMIYI	Term Loan	USD	30-Jun-15	30-Sep-21	8,433,099,786	5,791,523,471	Performing	10	All Asset Debenture and Borrower Personal Guarantee
Seplat Petroleum Development Company Pl	CHAIRMAN (HOLDCO)	BASIL OMIYI	Term Loan	USD	29-Jun-17	30-Sep-21	6,165,749,770	6,021,435,156	Performing	10	All Asset Debenture and Borrower Personal Guarantee
Seplat Petroleum Development Company Pl	CHAIRMAN (HOLDCO)	BASIL OMIYI	Term Loan	USD	18-Dec-17	11-Jan-18	1,043,814,793	571,178,890	Performing	6	All Asset Debenture and Borrower Personal Guarantee
Presco Plc	CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	26-Jul-17	30-Jun-22	10,000,000	9,979,287	Performing	20	NEGATIVE PLEDGE
Presco Plc	CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	8-Nov-13	12-Nov-20	1,066,070,000	538,044,069	Performing	7	NEGATIVE PLEDGE
Presco Plc	CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	17-Jul-17	30-Jun-22	1,700,000,000	1,702,820,109	Performing	20	NEGATIVE PLEDGE
Presco Plc	CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	22-Jun-17	30-Jun-22	2,000,000,000	2,003,317,775	Performing	20	NEGATIVE PLEDGE
Presco Plc	CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Overdraft	NGN	7-Dec-17	31-May-18	1,000,000,000	763,360,805	Performing	24	NEGATIVE PLEDGE
Presco Plc	CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	23-Nov-17	30-Jun-22	1,290,000,000	1,292,139,965	Performing	20	NEGATIVE PLEDGE
Presco Plc	CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	29-Dec-17	4-Feb-18	76,121,432	76,868,714	Performing	6	NEGATIVE PLEDGE
Presco Plc	CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	10-Nov-17	9-Jan-18	87,324,104	77,609,139	Performing	5	NEGATIVE PLEDGE
Presco Plc	CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	23-Oct-17	21-Jan-18	104,166,172	105,240,399	Performing	5	NEGATIVE PLEDGE

37 Directors and staff related exposures (continued)

Schedule of directors and staff related credits (continued)

Name of Company/ Individual	Relationship	Name of related interest	Facility type	Currency	Date granted	Expiry date	Approved credit limit N'million	Outstanding plus Accrued Interest N million	Status	Interest Rate %	Security nature
Nigerian Breweries Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-Jul-17	28-Jan-18	8,000,000,000	3,025,753,425	Performing	20	NEGATIVE PLEDGE
Nigerian Breweries Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	10-Oct-17	8-Jan-18	23,387,093	23,673,021	Performing	5	NEGATIVE PLEDGE
Nigerian Breweries Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	28-Dec-17	12-Jan-18	33,276,087	33,880,180	Performing	5	NEGATIVE PLEDGE
Nigerian Breweries Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	3-Nov-17	1-Feb-18	33,905,744	34,201,190	Performing	5	NEGATIVE PLEDGE
Nigerian Breweries Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	10-Oct-17	8-Jan-18	33,846,552	34,260,354	Performing	5	NEGATIVE PLEDGE
Nigerian Breweries Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	3-Nov-17	1-Feb-18	34,807,921	35,111,229	Performing	5	NEGATIVE PLEDGE
Nigerian Breweries Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	8-Nov-17	6-Feb-18	52,113,361	52,527,990	Performing	5	NEGATIVE PLEDGE
Nigerian Breweries Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	3-Nov-17	12-Feb-18	93,163,826	93,975,631	Performing	5	NEGATIVE PLEDGE
Nigerian Breweries Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	6-Dec-17	6-Mar-18	106,596,776	107,005,548	Performing	5	NEGATIVE PLEDGE
Nigerian Breweries Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	10-Oct-17	8-Jan-18	332,764,442	336,832,769	Performing	5	NEGATIVE PLEDGE
Nigerian Breweries Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	13-Dec-17	13-Mar-18	651,957,290	653,785,310	Performing	5	NEGATIVE PLEDGE
Nigerian Bottling Co Plc (Coca-Cola Hellenic Bo	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	13-Dec-17	13-Mar-18	7,327,461	7,348,007	Performing	5	UNSECURED
Nigerian Bottling Co Plc (Coca-Cola Hellenic Bo	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	USD	8-Nov-17	7-Jan-18	14,330,012	8,816,413	Performing	6	UNSECURED
Nigerian Bottling Co Plc (Coca-Cola Hellenic Bo	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	5-Dec-17	2-Mar-18	13,878,433	13,933,700	Performing	5	UNSECURED
Nigerian Bottling Co Plc (Coca-Cola Hellenic Bo	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	8-Dec-17	16-Jan-18	14,043,141	14,092,818	Performing	5	UNSECURED
Nigerian Bottling Co Plc (Coca-Cola Hellenic Bo	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	29-Nov-17	27-Feb-18	23,995,835	24,133,525	Performing	6	UNSECURED
Nigerian Bottling Co Plc (Coca-Cola Hellenic Bo	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	28-Nov-17	26-Feb-18	26,987,485	27,122,954	Performing	5	UNSECURED
Nigerian Bottling Co Plc (Coca-Cola Hellenic Bo	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	29-Dec-17	11-Jan-18	45,508,902	45,529,055	Performing	5	UNSECURED
Nigerian Bottling Co Plc (Coca-Cola Hellenic Bo	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	14-Dec-17	14-Jan-18	235,738,978	169,623,775	Performing	5	UNSECURED
Nigerian Bottling Co Plc (Coca-Cola Hellenic Bo	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	USD	29-Dec-17	11-Jan-18	306,383,967	306,543,781	Performing	6	UNSECURED
MTN Nigeria Communications Ltd	EX-NON EXECUTIVE DIRECTOR	AHMED I DASUKI	Term Loan	NGN	31-Mar-14	29-Nov-19	7,500,000,000	3,339,206,320	Performing	21	DEED OF SECURITY OVER SHARES AND SHAREHOLDERS LOANS, NEGATIVE PLEDGE, CHARGE OVER SECURITY AND MEMORADUM OF
MTN Nigeria Communications Ltd	EX-NON EXECUTIVE DIRECTOR	AHMED I DASUKI	Term Loan	NGN	30-Nov-15	29-Nov-19	2,592,947,314	742,045,849	Performing	21	DEED OF SECURITY OVER SHARES AND SHAREHOLDERS LOANS, NEGATIVE PLEDGE, CHARGE OVER
MTN Nigeria Communications Ltd	EX-NON EXECUTIVE DIRECTOR	AHMED I DASUKI	Term Loan	USD	26-Oct-17	24-Jan-18	172,329,041	174,372,255	Performing	6	DEED OF SECURITY OVER SHARES AND SHAREHOLDERS LOANS,
MTN Nigeria Communications Ltd	EX-NON EXECUTIVE DIRECTOR	AHMED I DASUKI	Term Loan	USD	30-Nov-17	28-Feb-18	1,097,143,670	1,103,333,273	Performing	6	DEED OF SECURITY OVER SHARES AND SHAREHOLDERS LOANS,
INT TOWERS LIMITED	EX-NON EXECUTIVE DIRECTOR	AHMED I DASUKI	Term Loan	USD	23-Dec-14	13-Dec-21	3,912,655,400	3,963,781,679	Performing	6	NEGATIVE PLEDGE
GOLDEN SUGAR COMPANY LIMITED	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	13-Jul-12	14-Jun-22	1,854,000,000	984,865,417	Performing	7	DEBENTURE ON FIXED AND FLOATING ASSETS
GOLDEN SUGAR COMPANY LIMITED	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Overdraft	NGN	29-Dec-17	29-Jan-18	890,000,000	246,233	Performing	0	DEBENTURE ON FIXED AND FLOATING ASSETS
Aptics Nigeria Ltd (Subsidiary of Novare Africa F	EXECUTIVE DIRECTOR	FABIAN AJOGWU SAN	Term Loan	USD	27-Mar-14	29-Mar-19	4,305,080,000	3,024,880,635	Performing	10	ALL ASSET MORTGAGE DEBENTURE

37 Directors and staff related exposures (continued)

Schedule of directors and staff related credits (continued)

Name of Company/ Individual	Relationship	Name of related interest	Facility type	Currency	Date granted	Expiry date	Approved credit limit N'million	Outstanding plus Accrued Interest N million	Status	Interest Rate %	Security nature
Urshday Limited (Subsidiary of Novare Africa Fund Pcc)	EXECUTIVE DIRECTOR	FABIAN AJOGWU SAN	Term Loan	NGN	28-Mar-17	30-Jun-22	450,000,000	503,897,612	Performing	23	All Asset Mortgage Debenture
Urshday Limited (Subsidiary of Novare Africa Fund Pcc)	EXECUTIVE DIRECTOR	FABIAN AJOGWU SAN	Term Loan	NGN	23-Dec-16	30-Jun-22	2,500,000,000	2,962,994,438	Performing	23	All Asset Mortgage Debenture
Cadbury Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	21-Sep-17	20-Mar-18	575,587,398	610,974,196	Performing	22	UNSECURED
Cadbury Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Sep-17	5-Jan-18	11,312,033	11,312,033	Performing	22	UNSECURED
Cadbury Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	5-Oct-17	11-Jan-18	1,692,334	1,692,334	Performing	22	UNSECURED
Cadbury Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	16-Oct-17	21-Jan-18	12,492,100	12,492,100	Performing	22	UNSECURED
Cadbury Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Overdraft	NGN	16-Oct-17	31-May-18	2,400,000,000	1,902,046,630	Performing	22	UNSECURED
Cadbury Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	20-Oct-17	26-Jan-18	1,508,914	1,508,914	Performing	22	UNSECURED
Cadbury Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	20-Oct-17	18-Apr-18	1,040,937,565	1,086,738,818	Performing	22	UNSECURED
Cadbury Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	26-Oct-17	2-Jan-18	7,084,101	7,084,101	Performing	22	UNSECURED
Cadbury Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	3-Nov-17	8-Feb-18	20,657,472	20,657,472	Performing	22	UNSECURED
Cadbury Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	15-Nov-17	21-Feb-18	24,901,041	24,901,041	Performing	22	UNSECURED
Cadbury Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	22-Nov-17	23-Feb-18	1,045,366	1,045,366	Performing	22	UNSECURED
Cadbury Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	6-Dec-17	2-Mar-18	5,666,923	5,666,923	Performing	22	UNSECURED
Cadbury Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	7-Dec-17	9-Mar-18	20,838,962	20,838,962	Performing	22	UNSECURED
Cadbury Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	11-Dec-17	19-Mar-18	14,491,565	14,491,565	Performing	22	UNSECURED
Cadbury Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	18-Dec-17	22-Mar-18	7,663,854	7,663,854	Performing	22	UNSECURED
Cadbury Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	21-Dec-17	29-Mar-18	2,673,543	2,673,543	Performing	22	UNSECURED
ANAP BUSINESS JETS LIMITED (ANAP HOLD	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	12-Jan-16	6-Jan-18	1,500,000	53	Performing	30	Shares
ANAP BUSINESS JETS LIMITED (ANAP HOLD	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	12-Jan-16	6-Jan-18	1,500,000	46,863	Performing	30	Shares
ANAP BUSINESS JETS LIMITED (ANAP HOLD	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	12-Jan-16	6-Jan-18	1,500,000	175,873	Performing	30	Shares
ANAP BUSINESS JETS LIMITED (ANAP HOLD	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	23-Nov-16	23-Nov-19	500,000	53	Performing	30	Shares
ANAP BUSINESS JETS LIMITED (ANAP HOLD	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	23-Nov-16	23-Nov-19	500,000	53	Performing	30	Shares
ANAP BUSINESS JETS LIMITED (ANAP HOLD	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	23-Nov-16	23-Nov-19	500,000	53	Performing	30	Shares
ANAP BUSINESS JETS LIMITED (ANAP HOLD	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	23-Nov-16	23-Nov-19	500,000	53	Performing	30	Shares
ANAP BUSINESS JETS LIMITED (ANAP HOLD	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	23-Nov-16	23-Nov-19	500,000	122,663	Performing	30	Shares
ANAP BUSINESS JETS LIMITED (ANAP HOLD	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	23-Nov-16	23-Nov-19	500,000	189,573	Performing	30	Shares
ANAP BUSINESS JETS LIMITED (ANAP HOLD	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	14-Dec-16	16-Jan-18	1,000,000	129,804	Performing	30	Shares
ANAP BUSINESS JETS LIMITED (ANAP HOLD	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	25-Jan-17	25-Jan-20	1,500,000	53	Performing	30	Shares

37 Directors and staff related exposures (continued)
Schedule of directors and staff related credits (continued)

Name of Company/ Individual	Relationship	Name of related interest	Facility type	Currency	Date granted	Expiry date	Approved credit limit N'million	Outstanding plus Accrued Interest N million	Status	Interest Rate %	Security nature
Guinness Nigeria Plc	NON-EXECUTIVE (HOLDCO)	NGOZI EDOZIEN	Term Loan	EUR	23-Nov-17	21-Feb-18	9,098,049	9,150,435	Performing	5	UNSECURED
Guinness Nigeria Plc	NON-EXECUTIVE (HOLDCO)	NGOZI EDOZIEN	Term Loan	EUR	27-Nov-17	26-Jan-18	25,966,018	26,100,197	Performing	5	UNSECURED
Guinness Nigeria Plc	NON-EXECUTIVE (HOLDCO)	NGOZI EDOZIEN	Term Loan	EUR	12-Dec-17	16-Jan-18	32,141,321	32,724,348	Performing	5	UNSECURED
Guinness Nigeria Plc	NON-EXECUTIVE (HOLDCO)	NGOZI EDOZIEN	Term Loan	EUR	27-Nov-17	26-Jan-18	36,093,463	36,279,972	Performing	5	UNSECURED
Guinness Nigeria Plc	NON-EXECUTIVE (HOLDCO)	NGOZI EDOZIEN	Term Loan	EUR	28-Dec-17	28-Mar-18	919,667,626	920,210,327	Performing	5	UNSECURED
ADENIYI OLUWOLE	DIRECTOR (BANK)	ADENIYI OLUWOLE	Home Loans	NGN	26-Mar-10	20-May-22	51,000,000	24,228,790	Performing	9	LEGAL MORTGAGE
ATEDO .N.APETERSIDE	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	10-Feb-15	31-Oct-19	20,000,000	490,628	Performing	30	Shares
DR AAE AND MRS JAO SOGUNLE	DIRECTOR (BANK)	DEMOLA SOGUNLE	Term Loan	NGN	28-Nov-17	20-Nov-22	60,000,000	59,477,258	Performing	18	LEGAL MORTGAGE
DR AAE AND MRS JAO SOGUNLE	DIRECTOR (BANK)	DEMOLA SOGUNLE	Card	USD	21-Nov-16	30-Nov-19	8,279,000	1,386,077	Performing	30	LEGAL MORTGAGE
VARIOUS STAFF	STAFF	VARIOUS STAFF	STAFF LOAN	NGN			9,191,683,238	5,869,343,455	Performing	11	
			Total-Insider related credits			**80,951,138,441**	**55,430,844,445**				

Off balance sheet engagements

Name of Company	Name of Related Interest	Relationship	Facility type	Currency	Outstanding N'000	Status
Golden Sugar Company Limited (A Subsidiary of Flour Mills)	ATEDO PETERSIDE	EX-CHAIRMAN (HOLDCO)	Letter of Credit	USD	8,600	Performing
Nigerian Breweries Group (Heineken INTL.)	ATEDO PETERSIDE	EX-CHAIRMAN (HOLDCO)	Letter of Credit	EUR	2,941	Performing
Nigerian Bottling Co Plc (Coca-Cola Hellenic Bottling Company)	OLUSOLA DAVID-BORHA	EX - CHIEF EXECUTIVE (HOLDCO)	Letter of Credit	EUR	22,709	Performing
Nigerian Bottling Co Plc (Coca-Cola Hellenic Bottling Company)	OLUSOLA DAVID-BORHA	EX - CHIEF EXECUTIVE (HOLDCO)	BONDS AND GUARANTEES	EUR	173,864	Performing
Guinness Nigeria Plc	NGOZI EDOZIEN	NON-EXECUTIVE (HOLDCO)	Letter of Credit	USD	6,601	Performing
Flour Mills of Nigeria Plc	ATEDO PETERSIDE	EX-CHAIRMAN (HOLDCO)	Letter of Credit	USD	27,435	Performing
PZ Cussons Nigeria Plc	NGOZI EDOZIEN	NON-EXECUTIVE (HOLDCO)	Letter of Credit	USD	2,828	Performing
UNILEVER NIGERIA PLC	ATEDO PETERSIDE	EX-CHAIRMAN (HOLDCO)	Letter of Credit	USD	7,572	Performing
MTN Nigeria Communications Ltd	AHMED I DASUKI	EX-NON EXECUTIVE DIRECTOR	Letter of Credit	USD	7,324	Performing
Presco Plc	ATEDO PETERSIDE	EX-CHAIRMAN (HOLDCO)	Letter of Credit	EUR	2,502	Performing
Total					**262,376**	

38 Retirement benefit obligations

The group operates a defined contribution pension scheme in line with the provisions of the Pension Reform Act 2014, with contributions based on the sum of employees' basic salary, housing and transport allowances in the ratio 8% by the employee and 10% by the employer. The amount contributed by the group and remitted to the Pension Fund Administrators during the year was N1,085 million (2016: N1,888 million).

The group's contribution to this scheme is charged to the income statement in the period to which it relates. Contributions to the scheme are managed by Stanbic IBTC Pension Managers Limited, and other appointed pension managers on behalf of the beneficiary staff in line with the provisions of the Pension Reform Act. Consequently, the group has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to meet the related obligations to employees.

Details of transactions between the group and the group’s post-employment contribution plans (that is, the contributory pension scheme) are listed below:

	31 Dec. 2017 N million	31 Dec. 2016 N million
Deposits held with the group	**5,000**	-
Interest paid	**848**	1,459
Value of asset under management	**19,112**	13,735
Number of Stanbic IBTC Holdings shares held	**-**	-

39 Employees and Directors

a) Employees

The average number of persons employed by the group during the year by category:

	Group 31 Dec. 2017	Group 31 Dec. 2016
	Number	Number
Executive directors	**3**	5
Management	**520**	505
Non-management	**2,508**	2,416
	3,031	2,926

			Number	Number
Below N1,000,001			**-**	-
N1,000,001	-	N2,000,000	**311**	486
N2,000,001	-	N3,000,000	**513**	468
N3,000,001	-	N4,000,000	**306**	202
N4,000,001	-	N5,000,000	**212**	232
N5,000,001	-	N6,000,000	**174**	166
N6,000,001 and above			**1,515**	1,372
			3,031	2,926

40 Compliance with banking regulation

The group was penalised by the Central Bank of Nigeria (CBN) Securities and Exchange Commission (SEC) and the Nigerian Stock Exchange (NSE) during the year as follows:

- CBN imposed a penalty of N200,000 for the late rendition of its daily FinA returns for 01 February 2017, 03 February 2017, 13 February 2017, 13 June, 14 June, 30 June, 18 July and 05 September 2017
- CBN imposed a penalty of N10million for the following breaches: (a) Deployment of an offsite ATM without CBN approval- E-business; (b) The returns for ATM cards sent to CBN on FINA were different from the returns provided for the examiners review at the bank- E-business; (c) Not fully complying with Section 3.8 of the Prudential Guidelines as it
- CBN imposed a penalty of N2m for contravening the CBN circular which is in respect to the repatriation of exports proceeds.
- CBN imposed a penalty of N4million for the following breaches: (a) Late reporting of twenty nine (29) suspicious transactions in a timely manner to the relevant authorities; (b) Untimely reporting of Currency Transaction Reports (CTRs) to the relevant authorities.
- CBN imposed a penalty of N4million for consummating a transaction of N16.35 billion without obtaining CBN approval and for contravening CBN circular.
- The CBN imposed a fine of N2million for the breach of section 4.1 of the revised Guidance Notes on Regulatory Capital Computation.
- CBN imposed a penalty of N14m for failure to notify the CBN within thirty days of the re-deployment of staff members of Stanbic IBTC to the Bank.
- NSE imposed a fine of N1,984,500 for failure to disclose material information to The Exchange as at when due.
- SEC observed violations of the Section 135 (1) & (2) of the Investment and Securities Act 2007 and imposed a penalty of N100,000.
- The SEC imposed a penalty of N480,000 for some observed violations of the section 323 (17) & (20) and 279 (2) (6) of the SEC Rules.

SEC imposed a penalty of N4,510,000 for the failure to obtain the approval of SEC to utilize the custodian function of the Bank and to hold securities owned by its clients in a nominee account and accept payment on behalf of its clients from individual issuers of securities in contravention of Rule 61(2a) of SEC Rules and Regulations.

Pencom imposed a penalty of N500, 000 for Incomplete Rendition of Risk Management and Analysis System (RMAS) Returns for the Month Ended 31 December 2016.

41 Risk and capital management

Enterprise risk review

Overview

Group Risk Management ("Group Risk") objective continues to align with the group's strategic focus "to be the leading end-to-end financial solutions provider in Nigeria through innovative and customer-focused people". Effective risk management is fundamental and essential to the achievement of the group's strategic objectives. It is also one of the pillars of the institution's strategic value drivers which entails supporting our clients by doing the right business the right way and maintaining the highest possible standards of responsible business practice using the right frameworks that align with regulatory expectations and standard business practices as well as procedures.

The Group Risk function continues its oversight and advisory responsibilities by deploying a consistent, comprehensive and strategic approach to the identification, measurement, management and reporting of enterprise-wide risks across the group. This is executed through proactive risk management practices which ensure that the business maintains the right balance in terms of the risk-return trade off whilst limiting the negative variations that could impact the group's risk assets and appetite levels in a constantly changing and dynamic operating environment. Furthermore, Group Risk continues to shape, drive and monitor the activities relating to risk and conduct in the institution through various measures including strengthening the risk and control environment, monitoring risk appetite and governance standards across the institution and elevating risk awareness by deploying requisite compliance training programme for all Stanbic IBTC employees with a standard process of monitoring and escalating deficiencies in meeting the required standards. This is also in line with the established code of conducts and ethics that all members of staff must adhere and attest to on an annual basis.

The Board sets the tone and risk appetite for the organization including the tolerance levels for key risks. The risks are however managed in accordance to a set of governance standards, frameworks and policies which align with the global best practices.
The overarching approach to managing the enterprise-wide risk is based on the Three Lines of Defense principle which requires the first line (risk owners) to own their risks and manage same closest to the point of incidence; second line to review and challenge as well as provide oversight and advisory functions; and the third line to conduct assurance that risk processes are fit for purpose and are implemented in accordance to the standard operating procedures.

Risk management framework

Approach and structure

The group's approach to risk management is based on governance processes that rely on both individual responsibility and collective oversight that is supported by a tailored Management Information System (MIS). This approach balances corporate oversight at senior management level with independent risk management structures in the business where the Business unit heads, as part of the first line of defense, are specifically responsible for the management of risk within their businesses using appropriate risk management frameworks that meet the required group minimum standards.

An important element that underpins the group's approach to the management of all risk is independence and appropriate segregation of responsibilities between Business and Risk. Risk officers report separately to the Head of Group Risk who reports to the Chief Executive Officer of Stanbic IBTC Bank and also through a matrix reporting line to the Standard Bank Group (SBG).
All principal risks are supported by the Risk Management department.

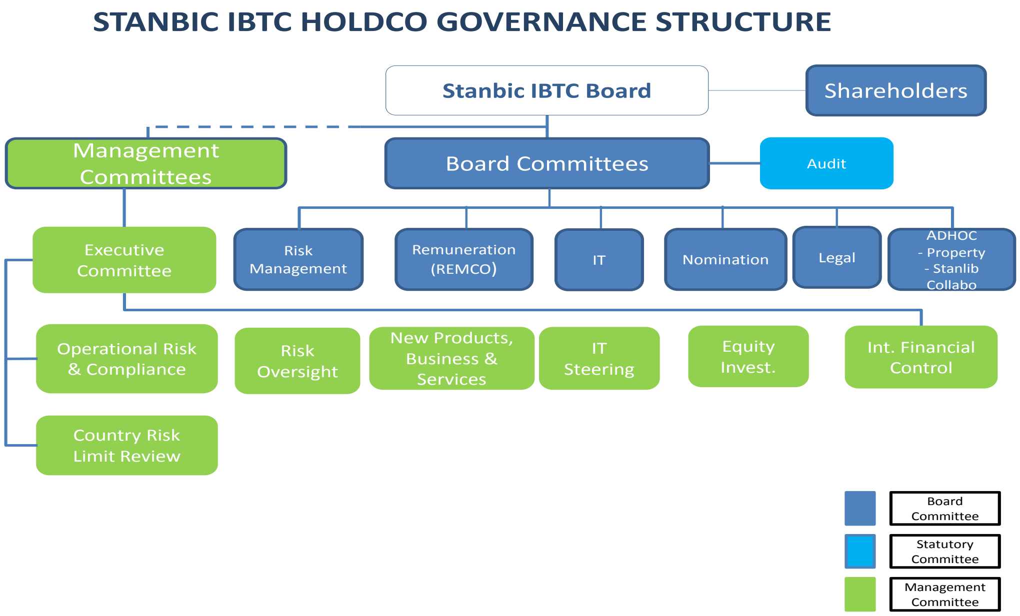
Governance structure

The risk governance structure provides a platform for the board, executive and senior management through the various committees to evaluate and debate key existential and emerging risks which the group is exposed to, and assess the effectiveness of risk responses through the risk profiles of the underlying business units and functional areas (please refer to the pictorial representation of the group risk governance structure below).

The risk-focused board committees include the statutory audit committee, board credit committee, board IT committee, board legal committee, and board risk management committee, while executive management oversight at the subsidiary and group levels is achieved through management committees that focus on specific risks. Each of the board and management committees is governed by mandates that set out the expected committee's terms of reference.

Risk management framework

Governance structure[a]



[a]This is continuously evolving to meet changing needs and requirements.

Risk governance standards, policies and procedures

The group has developed a set of risk governance standards for each principal risk including credit, market, operational, IT and compliance risks. The standards define the acceptable conditions for the assumption of the major risks and ensure alignment and consistency in the manner in which these risks are identified, measured, managed, controlled and reported, across the group.

All standards are supported by policies and procedural documents. They are applied consistently across the bank and are approved by the Board. It is the responsibility of the business unit executive management to ensure that the requirements of the risk governance standards, policies and procedures are implemented within the business units.

Risk appetite

Risk appetite is an expression of the amount, type and tenure of risk that the group is prepared to accept in order to deliver its business objectives. It is the balance of risk and return as the group implements business plans, whilst recognising a range of possible outcomes.

The Board establishes the group's parameters for risk appetite by:

- providing strategic leadership and guidance;
- reviewing and approving annual budgets and forecasts for the group and each subsidiary; and
- regularly reviewing and monitoring the group's performance in relation to set risk appetite.

The risk appetite is defined by several metrics which are then converted into limits and triggers across the relevant risk types, at both entity and business line levels, through an analysis of the risks that impact them.

Stress testing

Stress testing serves as a diagnostic and forward looking tool to improve the group's understanding of its credit; market, liquidity and operational risks profile under event based scenarios.

Management reviews the outcome of stress tests and selects appropriate mitigating actions to minimize and manage the impact of the risks to the group.

Residual risk is then evaluated against the risk appetite.

Risk categories

The group's enterprise risk management framework is designed to govern, identify, measure, manage, control and report on the principal risks to which the group is exposed. The principal financial risks are defined as follows:

Credit risk

Credit risk arises primarily in the group operations where an obligor / counterparty fails to perform in accordance with agreed terms or where the counterparty's ability to meet such contractual obligation is impaired.

Credit risk comprises counterparty risk, wrong-way risk, settlement risk, country risk and concentration risk.

Counterparty risk

Counterparty risk is the risk of loss to the group as a result of failure by a counterparty to meet its financial and/or contractual obligations to the group. It has three components:

• primary credit risk which is the exposure at default (EAD) arising from lending and related banking product activities, including their underwriting;

• pre-settlement credit risk which is the EAD arising from unsettled forward and derivative transactions, arising from the default of the counterparty to the transaction and measured as the cost of replacing the transaction at current market rates; and

• issuer risk which is the EAD arising from traded credit and equity products, and including their underwriting.

Wrong-way risk

Wrong-way risk is the risk that arises when default risk and credit exposure increase together. There are two types of wrong-way risk as follows: specific wrong way risk (which arises through poorly structured transactions, for example, those collateralized by own or related party shares) and general wrong way risk (which arises where the credit quality of the counterparty may for non-specific reasons be held to be correlated with a macroeconomic factor which also affects the credit quality of the counterparty).

Settlement risk

Settlement risk is the risk of loss to the group from a transaction settlement, where value is exchanged, failing such that the counter value is not received in whole or part.

Country and cross border risk

Country and cross border risk is the risk of loss arising from political or economical conditions or events in a particular country which reduce the ability of counterparties in that particular country to fulfill their obligations to the group.

Cross border risks is the risk of restriction on the transfer and convertibility of local currency funds, into foreign currency funds thereby limiting payment by offshore counterparties to the group.

Concentration risk

Concentration risk refers to any single exposure or group of exposures large enough to cause credit losses which threaten the group's capital adequacy or ability to maintain its core operations. It is the risk that common factors within a risk type or across risk types cause credit losses or an event occurs within a risk type which results to credit losses.

Market risk

Market risk is defined as the risk of a change in the actual or effective market value or earnings of a portfolio of financial instruments caused by adverse moves in market variables such as equity, bond and commodity prices, foreign exchange rates, interest rates, credit spreads, recovery rates, correlations and implied volatilities in the market variables. Market risk covers both the impact of these risk factors on the market value of traded instruments as well as the impact on the group's net interest margin as a consequence of interest rate risk on banking book assets and liabilities.

Liquidity risk

Liquidity risk is defined as the risk that the group, although balance-sheet solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due (as a result of funding liquidity risk), or can only do so at materially disadvantageous terms (as a result of market liquidity risk).

Funding liquidity risk refers to the risk that the counterparties, who provide the group with funding, will withdraw or not roll-over that funding.

Market liquidity risk refers to the risk of a generalised disruption in asset markets that makes normal liquid assets illiquid and the potential loss through the forced-sale of assets resulting in proceeds being below their fair market value.

Credit risk

Principal credit standard and policies

The group's Governance Standard, as reviewed regularly, sets out the broad overall principles to be applied in credit risk decisions and sets out the overall framework for the consistent and unified governance, identification, measurement, management and reporting of credit risk in the group.

The Corporate and Investment Banking (CIB) and the Personal and Business Banking (PBB) Global Credit Policies have been designed to expand the Group Credit Risk Governance Standard requirements by embodying the core principles for identifying, measuring, approving, and managing credit risk. These policies provide a comprehensive framework within which all credit risk emanating from the operations of the bank are legally executed, properly monitored and controlled in order to minimize the risk of financial loss; and assure consistency of approach in the treatment of regulatory compliance requirements.

In addition to the Credit Risk Governance Standard, CIB and PBB Global Credit Policies, a number of related credit policies and documents have been developed, with contents that are relevant to the full implementation and understanding of the credit policies.

Methodology for risk rating

Internal counterparty ratings and default estimates that are updated and enhanced from time-to-time play an essential role in the credit risk management and decision-making process, credit approvals, internal capital allocation, and corporate governance functions. Ratings are used for the following purposes:

- Credit assessment and evaluation
- Credit monitoring
- Credit approval and delegated authority
- Economic capital calculation, portfolio and management reporting
- Regulatory capital calculation
- RARORC (Risk-Adjusted Return on Regulatory Capital) calculation
- Pricing: PDs, EADs, and LGDs may be used to assess and compare relative pricing of assets/facilities, in conjunction with strategic, relationship, market practice and competitive factors.

Methodology for risk rating (continued)

The starting point of all credit risk assessment and evaluation lies in the counterparty risk grading, which is quantified and calculated in compliance with the group's credit rating policy and using such Basel-2 compliant models as are in current use and which are updated or enhanced from time to time.

Credit risk quantification for any exposure or portfolio is summarised by the calculation of the expected loss (EL), which is arrived at in the following way:

- Based on the risk grading foundation which yields the counterparty's probability of default (PD), the nature and quantum of the credit facilities are considered;
- A forward-looking quantification of the exposure at default (EAD) is determined in accordance with group standard guidelines.
- Risk mitigants such as security and asset recovery propensities are then quantified to moderate exposure at default to yield the loss given default (LGD).
- Finally, the EL is a function of the PD, the LGD and the EAD.

These parameters are in turn used in quantifying the required regulatory capital reserving, using the Regulatory Capital Calculator developed, maintained and updated in terms of Basel 2, and the economic capital implications through the use of Credit Portfolio Management's (CPM's) Economic Capital tools. Furthermore, bearing in mind the quantum of the facility and the risk/reward thereof, an appropriate consideration of Basel 2 capital requirements (where applicable) and the revenue and return implications of the credit proposal.

Framework and governance

Credit risk remains a key component of financial risks faced by any bank given the very nature of its business. The importance of credit risk management cannot be over emphasised as consequences can be severe when neglected. The bank has established governance principles to ensure that credit risk is managed effectively within a comprehensive risk management and control framework.

In reaching credit decisions and taking credit risk, both the credit and business functions must consistently and responsibly balance risk and return, as return is not the sole prerogative of business neither is credit risk the sole prerogative of credit. Credit (and the other risk functions, as applicable) and business must work in partnership to understand the risk and apply appropriate risk pricing, with the overall aim of optimising the bank's risk adjusted performance.

The reporting lines, responsibilities and authority for managing credit risk in the group are clear and independent. However, ultimate responsibility for credit risk rests with the board.

Credit risk mitigation

Credit risk mitigation is defined as all methods of reducing credit expected loss whether by means of reduction of EAD (e.g. netting), risk transfer (e.g. guarantees) or risk transformation.

Guarantees, collateral and the transaction structures are used by the group to mitigate credit risks both identified and inherent though the amount and type of credit risk is determined on a case by case basis. The group's credit policy and guidelines are used in a consistent manner while security is valued appropriately and reviewed regularly for enforceability and to meet changing business needs.

The credit policy establishes and defines the principles of risk transfer, transformation and reduction. The processes and procedures for accepting, verifying, maintaining, and releasing collateral are well documented in order to ensure appropriate application of the collateral management techniques.

Credit risk measurement

A key element in the measurement of credit risk is the assignment of credit ratings, which are used to determine expected defaults across asset portfolios and risk bands. The risk ratings attributed to counterparties are based on a combination of factors which cover business and financial risks:

The group uses the PD Master Scale rating concept with a single scale to measure the credit riskiness of all counterparty types. The grading system is a 25-point scale, with three additional default grades.

Group's rating	Grade description	Standard & Poor's	Fitch
SB01 - SB12/SB13	Investment grades	AAA to BBB-	AAA to BBB-
SB14 - SB21	Sub Investment grades	BB+ to CCC+	BB+ to CCC+
SB22 – SB25	Cautionary grade	CCC to C	CCC to C

IFRS 7
The tables that follow analyse the credit quality of loans and advances measured in terms of IFRS.

Maximum exposure to credit risk
Loans and advances are analysed and categorised based on credit quality using the following definitions.

Performing loans
Neither past due nor specifically impaired loans are loans that are current and fully compliant with all contractual terms and conditions.

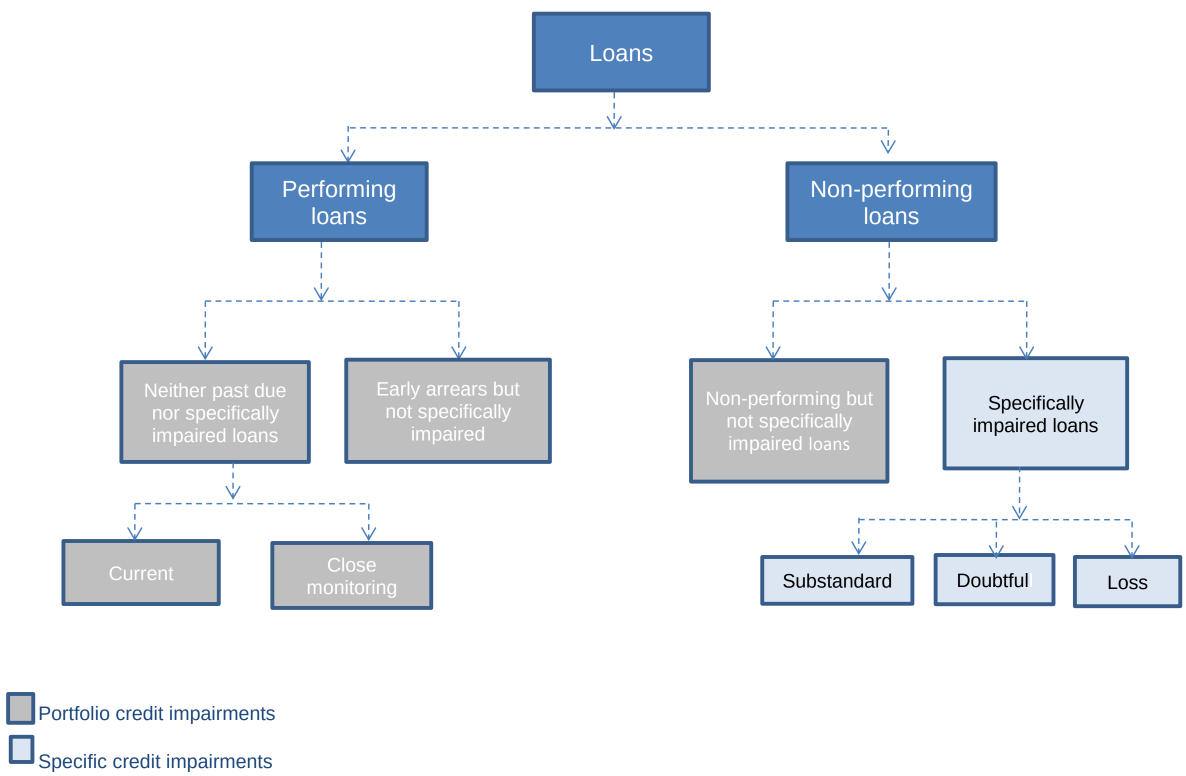
Early arrears but not specifically impaired loans include those loans where the counterparty has failed to make contractual payments and payments are less than 90 days past due, but it is expected that the full carrying value will be recovered when considering future cash flows, including collateral. Ultimate loss is not expected but could occur if the adverse conditions persist.

Non-performing loans
Non-performing loans are those loans for which:
- the group has identified objective evidence of default, such as a breach of a material loan covenant or condition; or

- Non-performing but not specifically impaired loans are not specifically impaired due to the expected recoverability of the full carrying value when considering future cash flows, including collateral.
Non-performing specifically impaired loans are those loans that are regarded as non-performing and for which there has been a measurable decrease in estimated future cash flows. Specifically impaired loans are further analysed into the following categories:

- *substandard items* that show underlying well-defined weaknesses and are considered to be specifically impaired;
- *doubtful items* that are not yet considered final losses due to some pending factors that may strengthen the quality of the items; and

- *lost items* that are considered to be uncollectible in whole or in part. The group provides fully for its anticipated loss, after taking collateral into account.



Maximum exposure to credit risk by credit quality

December 2017	Note	Total Loans and Advances to Customers N'million	Balance sheet impairments for performing loans N'million	Performing loans: Neither past due nor specifically impaired – Normal monitoring N'million	Performing loans: Neither past due nor specifically impaired – Close monitoring N'million	Performing loans: Not specifically – Early arrears N'million	Non-performing loans: Specifically impaired loans – Non-performing loans – Sub-standard N'million	Doubtful N'million	Lost N'million	Total N'million	Securities and expected recoveries on specifically impaired loans N'million	Net after securities and expected recoveries on specifically impaired loans N'million	Balance sheet impairments for non-performing specifically impaired loans N'million	Gross specific impairment coverage %	Total non-performing loans N'million	Non-performing loans %
Personal & Business Banking		149,324	2,775	106,656	12,186	13,526	4,426	6,301	6,228	16,955	6,142	10,813	10,813	64	16,955	11.4
Mortgage loans		7,426	76	4,365	724	889	1,113	156	179	1,448	793	655	655	45	1 448	19.5
Instalment sale and finance leases		12,167	162	4,555	2,596	772	65	3,663	516	4,244	1,694	2,550	2,550	60	4,244	34.9
Card debtors		1,451	20	923	6	210	28	68	216	312	24	288	288	92	312	21.5
Other loans and advances		128,280	2,517	96,813	8,860	11,655	3,220	2,414	5,317	10,951	3,631	7,320	7,320	67	10,951	8.5
Corporate & Investment Banking		254,528	8,072	219,326	8,366	12,079	13,027	1,730	-	14,757	4,654	10,103	10,103	68	14,757	5.8
Corporate loans		254,528	8,072	219,326	8,366	12,079	13,027	1,730	-	14,757	4,654	10,103	10,103	68	14,757	5.8
Gross loans and advances to customers		**403,852**	10,847	325,982	20,552	25,605	17,453	8,031	6,228	31,712	10,796	20,916	20,916	66	31,712	7.9

	Note	N'million
Less:		
Impairment for loans and advances		(31,764)
Net loans and advances	12	372,088
Add the following other banking activities exposures:		
Cash and cash equivalents	7	401,348
Derivatives	10.6	11,052
Financial investments (excluding equity)	11	314,367
Loans and advances to banks	12	9,623
Trading assets	9.1	151,479
Pledged assets	8	43,240
Other financial assets		41,427
Total on-balance sheet exposure		1,344,624
Unrecognised financial assets:		
Letters of credit	30.1	118,054
Guarantees	30.1	35,323
Loan commitments		56,108
Total exposure to credit risk		**1,554,109**

Additional disclosures on loans and advances is set out in note 12.

Maximum exposure to credit risk by credit quality

December 2016	Note			Performing loans			Non-performing loans										
				Neither past due nor specifically impaired		Not specifically impaired		Specifically impaired loans									
								Non-performing loans									
		Total Loans and Advances to Customers N'million	Balance sheet impairments for performing loans N'million	Normal monitoring N'million	Close monitoring N'million	Early arrears N'million	Non-performing N'million	Sub-standard N'million	Doubtful N'million	Lost N'million	Total N'million	Securities and expected recoveries on specifically impaired loans N'million	Net after securities and expected recoveries on specifically impaired loans N'million	Balance sheet impairments for non-performing specifically impaired loans N'million	Gross specific impairment coverage %	Total non-performing loans N'million	Non-performing loans %
Personal & Business Banking		152,360	3,509	86,222	25,092	22,372	-	8,035	4,803	5,837	18,675	7,426	11,249	11,249	60	18,675	12.3
Mortgage loans		8,924	51	5,396	1,472	1,798	-	189	27	42	258	94	164	164	64	258	2.9
Instalment sale and finance leases		16,532	275	6,141	5,277	3,417	-	1,111	68	518	1,697	916	781	781	46	1,697	10.3
Card debtors		1,793	48	1,185	-	380	-	68	92	68	228	14	214	214	94	228	12.7
Other loans and advances		125,111	3,135	73,500	18,343	16,777	-	6,667	4,616	5,209	16,492	6,402	10,090	10,090	61	16,492	13.2
Corporate & Investment Banking		222,956	7,591	194,856	5,995	22,104	-	-	-	-	-	-	-	-	-	-	-
Corporate loans		222,956	7,591	194,856	5,995	22,104	-	-	-	-	-	-		-	-	-	-
							-										
Gross loans and advances		**375,316**	11,100	281,078	31,087	44,476	-	8,035	4,803	5,837	18,675	7,426	11,249	11,249	60	18,675	5.0

Less:		
Impairment for loans and advances		(22,351)
Net loans and advances	12	352,965
Add the following other banking activities exposures:		
Cash and cash equivalents	7	301,351
Derivatives	10.6	14,317
Financial investments (excluding equity)	11	251,233
Loans and advances to banks	12	15,264
Trading assets	9.1	16,855
Pledged assets	8	28,303
Other financial assets		31,897
Total on-balance sheet exposure		1,012,185
Unrecognised financial assets:		
Letters of credit	30.1	15,620
Guarantees	30.1	38,523
Loan commitments		30,193
Total exposure to credit risk		**1,096,521**

Additional disclosures on loans and advances is set out in note 12.

Ageing of loans and advances past due but not specifically impaired

	Less than 31 days N'million	31-60 days N'million	61-89 days N'million	90-180 days N'million	More than 180 days N'million	Total N'million
December 2017						
Personal and Business Banking	**10,172**	**1,923**	**1,432**	**-**	**-**	**13,526**
Mortgage loans	501	272	117	-	-	889
Instalment sales and finance lease	490	272	11	-	-	772
Card debtors	144	48	17	-	-	210
Other loans and advances	9,038	1,331	1,287	-	-	11,655
Corporate and Investment Banking	3,261	582	8,236	-	-	12,079
Corporate loans	3,261	582	8,236	-	-	12,079
Total	**13,432**	**2,506**	**9,668**	**-**	**-**	**25,605**
December 2016						
Personal and Business Banking	16,824	3,923	1,624	-	-	22,372
Mortgage loans	1,579	142	77	-	-	1,798
Instalment sales and finance lease	1,801	1,054	562	-	-	3,417
Card debtors	200	131	49	-	-	380
Other loans and advances	13,244	2,596	936	-	-	16,777
Corporate and Investment Banking	-	8,675	13,430	-	-	22,105
Corporate loans	-	8,675	13,430	-	-	22,105
Total	16,824	12,598	15,054	-	-	44,477

Renegotiated loans and advances

Renegotiated loans and advances are exposures which have been refinanced, rescheduled, rolled over or otherwise modified due to weaknesses in the counterparty's financial position, and where it has been judged that normal repayment will likely continue after the restructure. Renegotiated loans that would otherwise be past due or impaired amounted to N13.5 billion as at 31 Dec 2017 (Dec 2016: N34.8 billion).

Collateral

The table that follows shows the financial effect that collateral has on the group's maximum exposure to credit risk. The table is presented according to Basel II asset categories and includes collateral that may not be eligible for recognition under Basel II but that management takes into consideration in the management of the group's exposures to credit risk. All on- and off-balance sheet exposures which are exposed to credit risk, including non-performing assets, have been included.

Collateral includes:
- financial securities that have a tradable market, such as shares and other securities;
- physical items, such as property, plant and equipment;and
- financial guarantees, suretyships and intangible assets.

All exposures are presented before the effect of any impairment provisions.

In the retail portfolio, 52% (Dec 2016: 69%) is collateralised. Of the group's total exposure, 85% (Dec 2016: 67%) is unsecured and mainly reflects exposures to well-rated corporate counterparties, bank counterparties and sovereign entities.

Collateral

	Note	Total exposure N'million	Unsecured N'million	Secured N'million	Netting agreements N'million	Secured exposure after netting N'million	Total collateral coverage 1%-50% N'million	50%-100% N'million	Greater than 100% N'million
December 2017									
Corporate		396,023	273,744	122,279	-	-	41,061	81,218	-
Sovereign		677,220	677,220	-	-	-	-	-	-
Bank		223,600	223,600	-	-	-	-	-	-
Retail		196,068	94,153	101,915	-	-	26,014	68,220	7,681
Retail Mortgage		7,426	-	7,426	-	-	-	-	7,426
Other retail		188,642	94,153	94,489	-	-	26,014	68,220	255
Total		**1,492,911**	**1,268,717**	**224,194**	**-**	**-**	**67,075**	**149,438**	**7,681**

	Note	N'million
Add: Financial assets not exposed to credit risk		36,853
Less: Impairments for loans and advances		(31,763)
Less: Unrecognised off balance sheet items		(153,377)
Total exposure		**1,344,624**
Reconciliation to statement of financial position:		
Cash and cash equivalents	7	401,348
Derivatives	10.6	11,052
Financial investments (excluding equity)	11	314,367
Loans and advances	12	381,711
Trading assets	9	151,479
Pledged assets	8	43,240
Other financial assets		41,427
Total		**1,344,624**

Collateral

	Note	Total exposure N'million	Unsecured N'million	Secured N'million	Netting agreements N'million	Secured exposure after netting N'million	Total collateral coverage 1%-50% N'million	50%-100% N'million	Greater than 100% N'million
December 2016									
Corporate		302,251	79,295	222,956	-	-	46,763	88,940	87,254
Sovereign		415,361	415,361		-	-			
Bank		134,739	134,739		-	-	-	-	-
Retail		170,029	52,354	117,675	-	-	41,972	41,710	33,994
Retail Mortgage		8,924	-	8,924	-	-	-	-	8,924
Other retail		161,105	52,354	108,751	-	-	41,972	41,710	25,070
Total		1,022,380	681,749	340,631	-	-	88,735	130,650	121,248
Add: Financial assets not exposed to credit risk		66,299							
Less: Impairments for loans and advances		(22,351)							
Less: Unrecognised off balance sheet items		(54,143)							
Total exposure		1,012,185							

Reconciliation to statement of financial position:

	Note	
Cash and cash equivalents	7	301,351
Derivatives	10.6	14,317
Financial investments (excluding equities)	11	251,233
Loans and advances	12	368,229
Trading assets	9.1	16,855
Pledged assets	8.1	28,303
Other financial assets		31,897
Total		1,012,185

Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

The following table breaks down the group's main credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2017. For this table, the group has allocated exposures to regions based on the region of domicile of our counterparties.

At 31 Decemeber 2017	Trading assets N'million	Derivative assets N'million	Pledged assets N'million	Financial investments (excluding equity) N'million	Loans and advances to customers N'million	Loans and advances to banks N'million	Total N'million
South South	-	-	-	-	14,896	-	**14,896**
South West	8,284	800	-	12,860	319,839	-	**341,783**
South East	-	-	-	-	7,273	-	**7,273**
North West	-	-	-	-	16,623	-	**16,623**
North Central	143,195	8,521	43,240	301,507	12,466	-	**508,929**
North East	-	-	-	-	991	-	**991**
Outside Nigeria	-	1,731	-	-	-	9,623	**11,354**
Carrying amount	**151,479**	**11,052**	**43,240**	**314,367**	**372,088**	**9,623**	**901,849**

At 31 December 2016	Trading assets N' million	Derivative assets N' million	Pledged assets N'million	Financial investments (excluding equity) N' million	Loans and advances to customers N' million	Loans and advances to banks N' million	Total N' million
South South	1,198	-	-	-	13,445	-	14,643
South West	5,001	1,208	-	10,131	293,196	-	309,536
South East	-	-	-	-	6,575	-	6,575
North West	-	-	-	-	22,837	-	22,837
North Central	10,656	12,529	28,303	241,102	15,171	7,504	315,265
North East	-	-	-	-	1,741	-	1,741
Outside Nigeria	-	580	-	-	-	7,760	8,340
	16,855	14,317	28,303	251,233	352,965	15,264	678,937

(b) Industry sectors

At 31 December 2017	Trading assets N'million	Derivative assets N'million	Pledged assets N'million	Financial investments (excluding equity) N'million	Loans and advances to customers N'million	Loans and advances to banks N'million	Total N'million
Agriculture	-	621	-	-	23,208	-	**23,829**
Business services	-	22	-	-	3,967	-	**3,989**
Communication	-	1	-	553	13,673	-	**14,227**
Community, social & personal services	-	-	-	-	-	-	**-**
Construction and real estate	-	3	-	-	41,526	-	**41,529**
Electricity	-	-	-	-	-	-	**-**
Financial intermediaries & insurance	8,284	1,752	-	11,326	600	9,623	**31,585**
Government (including Central Bank)	143,195	8,521	43,240	301,409	21,930	-	**518,295**
Hotels, restaurants and tourism	-	-	-	-	22	-	**22**
Manufacturing	-	26	-	-	124,539	-	**124,565**
Mining	-	1	-	-	61,285	-	**61,286**
Private households	-	1	-	-	45,364	-	**45,365**
Transport, storage and distribution	-	-	-	-	6,038	-	**6,038**
Wholesale & retail trade	-	104	-	1,079	29,936	-	**31,119**
Carrying amount	**151,479**	**11,052**	**43,240**	**314,367**	**372,088**	**9,623**	**901,849**

(b) Industry sectors (continued)

At 31 December 2016	Trading assets	Derivative assets	Pledged assets	Financial investments (excluding equity)	Loans and advances to customers	Loans and advances to banks	**Total**
	N' million	N' million	N'million	N' million	N' million	N' million	**N' million**
Agriculture	-	1	-	-	26,205	-	**26,206**
Business services	-	-	-	-	3,741	-	**3,741**
Communication	-	-	-	470	21,015	-	**21,485**
Community, social & personal services	-	-	-	-	2	-	**2**
Construction and real estate	-	26	-	-	37,546	-	**37,572**
Electricity	-	-	-	-	-	-	**-**
Financial intermediaries & insurance	5,001	582	-	9,248	1,538	7,760	**24,129**
Government (including Central Bank)	11,854	12,529	28,303	241,515	14,421	7,504	**316,126**
Hotels, restaurants and tourism	-	-	-	-	21	-	**21**
Manufacturing	-	1,097	-	-	99,510	-	**100,607**
Mining	-	-	-	-	58,244	-	**58,244**
Private households	-	-	-	-	48,215	-	**48,215**
Transport, storage and distribution	-	-	-	-	11,331	-	**11,331**
Wholesale & retail trade	-	82	-	-	31,176	-	**31,258**
Carrying amount	16,855	14,317	28,303	251,233	352,965	15,264	**678,937**

(c) Analysis of financial assets disclosed above by portfolio distribution and risk rating

	AAA to A- N'million	**BBB+ to BBB- N'million**	**Below BBB- N'million**	**Unrated N'million**	**Total N'million**
At 31 December 2017	**5**	**687,201**	**213,889**	**754**	**901,849**
At 31 December 2016	7,666	18,923	604,205	49,845	680,639

Concentration of risks of off-balance sheet engagements

(a) Geographical sectors

At 31 December 2017	**Bonds and guarantees N'million**	**Letters of credit* N'million**	**Total N'million**
South South	379	-	**379**
South West	34,044	118,054	**152,098**
South East	30	-	**30**
North West	120	-	**120**
North Central	750	-	**750**
North East	-	-	**-**
Outside Nigeria	-	-	**-**
Total	**35,323**	**118,054**	**153,377**

At 31 December 2016	Bonds and guarantees N'million	Letters of credit N'million	Total **N'million**
South South	850	-	**850**
South West	35,177	15,620	**50,797**
South East	18	-	**18**
North West	90	-	**90**
North Central	2,388	-	**2,388**
North East	-	-	**-**
Outside Nigeria	-	-	**-**
Total	38,523	15,620	**54,143**

*Amount excludes letters of credit for which cash collateral has been received.

Risk and capital management (continued)
For the year ended 31 December 2017

(b) Industry sectors	31 December 2017			31 December 2016		
	Bonds and guarantees N' million	Letters of credit N' million	2017 Total N'million	Bonds and guarantees N' million	Letters of credit N' million	2016 Total N' million
Agriculture	247	-	**247**	-	1	1
Business services	4,033	6,626	**10,659**	437	253	690
Communication	-	-	**-**	155	118	273
Construction and real estate	49	-	**49**	19,248	-	19,248
Financial intermediaries & insurance	17,912	-	**17,912**	154	31	185
Hotels, Restaurants and Tourism	-	45,159	**45,159**	-	-	-
Manufacturing	3,981	27,019	**31,000**	10,698	10,462	21,160
Mining/oil and gas	2,393	26,851	**29,244**	2,845	1,366	4,211
Private households	-	-	**-**	486	-	486
Transport, storage and distribution	168	1,728	**1,896**	22	-	22
Wholesale & retail trade	6,540	10,671	**17,211**	4,478	3,389	7,867
Carrying amount	35,323	118,054	**153,377**	38,523	15,620	54,143

Credit provisioning based on prudential guidelines
In accordance with the Prudential Guidelines issued by the Central Bank of Nigeria, provision against credit risk is as follows.

Non performing accounts

Interest and/or principal outstanding for over:	Classification	Minimum provision
90 days but less than 180 days	Substandard	10%
180 days but less than 360 days	Doubtful	50%
Over 360 days	Lost	100%

When a loan is deemed uncollectible, it is written off against the related provision for impairments. Subsequent recoveries are credited to the provision for loan losses in the profit and loss account. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited as a reduction of the provision for impairment in the statement of profit or loss.

Performing accounts

A minimum of 2% general provision on performing loans is made in accordance with the Prudential Guidelines.

Prudential guidelines disclosures

Had the Prudential Guidelines been employed in the preparation of these financial statements, the impairments for loans and advances to customers as well as related disclosures, would have been made as follows:

	Group	
	31 Dec. 2017 N million	31 Dec. 2016 N million
Prudential disclosure of loan and advances to customers		
Customer exposure for loans and advances	**403,852**	375,316
Mortgage loans	7,426	8,924
Instalment sale and finance leases	12,167	17,272
Card debtors	1,451	1,501
Overdrafts and other demand loans	128,281	45,970
Other term loans	254,527	301,649
Credit impairments for loans and advances	**(22,333)**	(25,569)
Specific provision	(14,995)	(14,467)
General provision	(7,338)	(11,102)
Net loans and advances to customers	**381,519**	349,747
Prudential disclosure of loan classification		
Performing loans	373,334	355,466
Non- performing loans	35,322	24,022
- substandard	17,732	5,685
- doubtful	8,736	5,828
- loss	8,854	12,509
Total performing and non performing loans	**408,656**	**379,488**
Adjustment for Interest in suspense and below-market interest staff loans	(4,804)	(4,172)
Customer exposure for loans and advances	**408,656**	379,488
Non-performing loan ratio (regulatory)	8.64%	6.33%

Liquidity risk

Framework and governance

The nature of banking and trading activities results in a continuous exposure to liquidity risk. Liquidity problems can have an adverse impact on a group's earnings and capital and, in extreme circumstances, may even lead to the collapse of a group which is otherwise solvent.

The group's liquidity risk management framework is designed to measure and manage the liquidity position at various levels of consolidation such that payment obligations can be met at all times, under both normal and considerably stressed conditions. Under the delegated authority of the board of directors, the Asset and Liability Committee (ALCO) sets liquidity risk policies in accordance with regulatory requirements, international best practice and SBG stated risk appetite.

Tolerance limits, appetite thresholds and monitoring items are prudently set and reflect the group's conservative appetite for liquidity risk. ALCO is charged with ensuring ongoing compliance with liquidity risk standards and policies. The group must, at all times, comply with the more stringent of Standard Bank imposed tolerance limits or regulatory limits.

Liquidity and funding management

A sound and robust liquidity process is required to measure, monitor and manage liquidity exposures. The group has incorporated the following liquidity principles as part of a cohesive liquidity management process:

• structural liquidity mismatch management;
• long-term funding ratio;
• maintaining minimum levels of liquid and marketable assets;
• depositor restrictions;
• local currency loan to deposit ratio;
• foreign currency loan to deposit ratio;
• interbank reliance limit;
• intra-day liquidity management;
• collateral management;
• daily cash flow management;
• liquidity stress and scenario testing; and
• funding plans;
• liquidity contingency planning.

The cumulative impact of the above principle is monitored, at least monthly by ALCO and the process is underpinned by a system of extensive controls. The latter includes the application of purpose-built technology, documented processes and procedures, independent oversight and regular independent reviews and evaluations of the effectiveness of the system.

The group ensures that the banking entity (Stanbic IBTC Bank PLC) is within the regulatory liquidity ratio of 30% at all times.

Liquidity ratio	Jan - Dec 2017	Jan - Dec 2016
Minimum	83.91%	56.24%
Average	106.72%	78.05%
Maximum	119.64%	101.95%

Structural liquidity mismatch management

The mismatch approach measures the group's liquidity by assessing the mismatch between its inflow and outflow of funds within different time bands on a maturity ladder. The structural liquidity mismatch is based on behaviourally-adjusted cash flows which factors a probability of maturity into the various time bands. As expected cash flows vary significantly from the contractual position, behavioural profiling is applied to assets, liabilities and off-balance sheet items with an indeterminable maturity or drawdown period.

A net mismatch figure is obtained by subtracting liabilities and net off-balance sheet positions from assets in each time band. The group's liquidity position is assessed by means of the net cumulative mismatch position while its liquidity mismatch performance is an aggregation of the net liquidity position in each successive time band expressed as a percentage of total funding related liabilities to the public.

Maintaining minimum levels of liquid and marketable assets

Minimum levels of prudential liquid assets are held in accordance with all prudential requirements as specified by the regulatory authorities. The group needs to hold additional unencumbered marketable assets, in excess of any minimum prudential liquid asset requirement, to cater for volatile depositor withdrawals, draw-downs under committed facilities, collateral calls, etc.

The following criteria apply to readily marketable securities:

• prices must be quoted by a range of counterparties;
• the asset class must be regularly traded;
• the asset may be sold or repurchased in a liquid market, for payment in cash; and
settlement must be according to a prescribed, rather than a negotiated, timetable.

Depositor concentration

To ensure that the group does not place undue reliance on any single entity as a funding source, restrictions are imposed on the short dated (0 – 3 months term) deposits accepted from any entity. These include:

• the sum of 0 – 3 month deposits and standby facilities provided by any single deposit counterparty must not, at any time, exceed 10% of total funding related liabilities to the public; and

• the aggregate of 0 – 3 month deposits and standby facilities from the 10 largest single deposit counterparties must not, at any time, exceed 20% of total funding related liabilities to the public.

Concentration risk limits are used to ensure that funding diversification is maintained across products, sectors, and counterparties. Primary sources of funding are in the form of deposits across a spectrum of retail and wholesale clients. As mitigants, the group maintains marketable securities in excess of regulatory requirements in order to condone occasional breaches of concentration limits.

Loan to deposit limit

A limit is put in place, restricting the local currency loan to deposit ratio to a maximum specified level, which is reviewed periodically. Similarly, in order to restrict the extent of foreign currency lending from the foreign currency deposit base, a foreign currency loan to deposit limit, which is also referred to as own resource lending, is observed. As mitigants, the group maintains high levels of unencumbered marketable and liquid assets in excess of regulatory benchmark.

Intra-day liquidity management

The group manages its exposures in respect of payment and settlement systems. Counterparties may view the failure to settle payments when expected as a sign of financial weakness and in turn delay payments to the group. This can also disrupt the functioning of payment and settlement systems. At a minimum, the following operational elements are included in the group's intra-day liquidity management:

• capacity to measure expected daily gross liquidity inflows and outflows, including anticipated timing where possible;
• capacity to monitor its intraday liquidity positions, including available credit and collateral;
• sufficient intraday funding to meet its objectives;
• ability to manage and mobilise collateral as required;
• robust capacity to manage the timing of its intraday outflows; and
• readiness to deal with unexpected disruptions to its intraday liquidity flows.

Daily cash flow management

The group generates a daily report to monitor significant cash flows. Maturities and withdrawals are forecast at least 3-months in advance and management is alerted to large outflows. The report, which is made available to the funding team, ALM and market risk also summarises material daily new deposit as well as the interbank and top depositor reliance (by value and product).
The daily cash flow management report forms an integral part of the ongoing liquidity management process and is a crucial tool to proactively anticipate and plan for large cash outflows.

Interbank reliance

Interbank funding traditionally is seen as the most volatile and least stable source of funding, easily influenced by market sentiment and prone to flight under stress situations. Consequently, to ensure prudent liquidity management is enforced, the group restricts the local currency interbank funding as a proportion of the local currency funding base to a maximum of 15% of the total currency funding base.

Liquidity stress testing and scenario testing

Anticipated on- and off-balance sheet cash flows are subjected to a variety of the group specific and systemic stress scenarios in order to evaluate the impact of unlikely but plausible events on liquidity positions. Scenarios are based on both historical events, such as past emerging markets crises, past local financial markets crisis and hypothetical events, such as a entity specific crisis. The results obtained from stress testing provide meaningful input when defining target liquidity risk positions.

Maturity analysis of financial liabilities by contractual maturity

The tables below analyses cash flows on a contractual, undiscounted basis based on the earliest date on which the group can be required to pay (except for trading liabilities and trading derivatives) and may therefore not agree directly to the balances disclosed in the consolidated statement of financial position.

Derivative liabilities are included in the maturity analysis on a contractual, undiscounted basis when contractual maturities are essential for an understanding of the derivatives' future cash flows. All other derivative liabilities are treated as trading and are included at fair value in the redeemable on demand bucket since these positions are typically held for short periods of time.

The following tables also include contractual cash flows with respect to off-balance sheet items which have not yet been recorded on-balance sheet. Where cash flows are exchanged simultaneously, the net amounts have been reflected.

Maturity analysis of financial liabilities by contractual maturity

	Redeemable on demand N'million	Maturing within 1 month N'million	Maturing between 1-6 months N'million	Maturing between 6-12 months N'million	Maturing after 12 months N'million	Total N'million
December 2017						
Financial liabilities						
Derivative financial instruments	134	449	1,678	331	-	2,592
Trading liabilities	-	28,385	27,170	6,239	658	62,452
Deposits and current accounts	577,551	138,719	107,192	18,332	4	841,798
Subordinated debt	-	-	-	-	45,687	45,687
Other borrowings	10,615	-	5,661	7,885	58,269	82,431
Total	**588,300**	**167,553**	**141,701**	**32,787**	**104,618**	**1,034,959**
Unrecognised financial instruments						
Letters of credit	-	30,128	87,096	8,128	-	125,352
Guarantees	-	332	20,365	7,650	6,977	35,324
Loan commitments	-	18,339	22,355	13,918	1,496	56,108
Total	**-**	**48,799**	**129,816**	**29,696**	**8,473**	**216,784**

Maturity analysis of financial liabilities by contractual maturity (continued)

	Redeemable on demand N'million	Maturing within 1 month N'million	Maturing between 1-6 months N'million	Maturing between 6-12 months N'million	Maturing after 12 months N'million	Total N'million
December 2016						
Financial liabilities						
Derivative financial instruments	-	1,177	8,466	2,110	35	11,788
Trading liabilities	-	99	4,489	82	655	5,325
Deposits and current accounts	455,715	97,185	72,885	12,102	5	637,892
Subordinated debt	-	-	1,337	1,338	46,767	49,442
Other borrowings	214	2,579	4,858	30,870	76,034	114,555
Total	455,929	101,040	92,035	46,502	123,496	819,002
Unrecognised financial instruments						
Letters of credit	1,020	2,625	12,449	546	-	16,640
Guarantees	1,178	367	11,107	20,818	5,053	38,523
Loan commitments	-	18,463	7,775	1,099	2,856	30,193
Total	2,198	21,455	31,331	22,463	7,909	85,356

Liquidity contingency plans

The group recognises that it is not possible to hold sufficiently large enough quantity of readily available liquidity to cover the least likely liquidity events. However, as such events can have devastating consequences, it is imperative to bridge the gap between the liquidity the group chooses to hold and the maximum liquidity the group might need.

The group's liquidity contingency plan is designed to, as far as possible, protect stakeholder interests and maintain market confidence in order to ensure a positive outcome in the event of a liquidity crisis. The plan incorporates an extensive early warning indicator methodology supported by a clear and decisive crisis response strategy. Early warning indicators span group specific crises, systemic crises, contingency planning, and liquidity risk management governance and are monitored based on assigned frequencies and tolerance levels. The crisis response strategy is formulated around the relevant crisis management structures and addresses internal and external communications, liquidity generation, operations, as well as heightened and supplementary information requirements.

To ensure adherence to international best practices for prudent liquidity risk management and in line with the Central Bank of Nigeria's guideline for the development of liquidity contingency funding plans by way of a binding standby funding agreement contracts between banks, Stanbic IBTC Bank PLC (a subsidiary of the group) has entered into the following funding agreements:

(i) A local currency contingency standby funding agreement with Zenith Bank PLC up to a limit of N10 billion effective 09 February 2017. See note 12.1.

(ii) A foreign currency revolving facility from Standard Bank of South Africa (Isle of Man Branch) of US$50 million. The facility is effective from 18 July 2017 and renewable annually. See note 36.5

The group did not draw on any of the commitments during the period.

Foreign currency liquidity management

A number of indicators are observed to monitor changes in either market liquidity or exchange rates. Foreign currency loans and advances are restricted to the availability of foreign currency deposits.

Funding strategy

Funding markets are evaluated on an ongoing basis to ensure appropriate group funding strategies are executed depending on the market, competitive and regulatory environment. The group employs a diversified funding strategy, sourcing liquidity in both domestic and offshore markets, and incorporates a coordinated approach to accessing capital and loan markets across the group. Concentration risk limits are used within the group to ensure that funding diversification is maintained across products, sectors, geographic regions and counterparties.

Primary funding sources are in the form of deposits across a spectrum of retail and wholesale clients, as well as long-term capital and loan markets. The group remains committed to increasing its core deposits and accessing domestic and foreign capital markets when appropriate to meet its anticipated funding requirements.

Depositor concentrations

	Dec 2017 %	Dec 2016 %
Single depositor	**7**	4
Top 10 depositors	**27**	16

Market risk

The identification, management, control, measurement and reporting of market risk is categorised as follows:

Trading market risk

These risks arise in trading activities where the bank acts as a principal with clients in the market. The group policy is that all trading activities are contained within the bank's Corporate and Investment Banking (CIB) trading operations.

Banking book interest rate risk

These risks arise from the structural interest rate risk caused by the differing re-pricing characteristics of banking assets and liabilities.

Foreign currency risk

These risks arise as a result of changes in the fair value or future cash flows of financial exposures due to changes in foreign exchange rates.

Equity investment risk

These risks arise from equity price changes in listed and unlisted investments, and managed through the equity investment committee, which is a sub-committee of the executive committee.

Framework and governance

The board approves the market risk appetite and standards for all types of market risk. The board grants general authority to take on market risk exposure to the asset and liability committee (ALCO). ALCO sets market risk policies to ensure that the measurement, reporting, monitoring and management of market risk associated with operations of the bank follow a common governance framework. The bank's ALCO reports to EXCO and also to the board risk management committee.

The in-country risk management is subject to SBG oversight for compliance with group standards and minimum requirements.

The market risk management unit which is independent of trading operations and accountable to ALCO, monitors market risk exposures due to trading and banking activities. This unit monitors exposures and respective excesses daily, report monthly to ALCO and quarterly to the board risk management committee.

Market risk measurement

The techniques used to measure and control market risk include:

- daily net open position
- daily VaR;
- back-testing;
- PV01;
- annual net interest income at risk; and

Daily net open position

The board on the input of ALCO sets limits on the level of exposure by currency and in aggregate for overnight positions. The latter is also aligned to the net open position limit as specified by the regulators, which is usually a proportion of the groups' capital.

Daily value-at-risk (VaR)

VaR is a technique that estimates the potential losses that may occur as a result of market movements over a specified time period at a predetermined probability.

VaR limits and exposure measurements are in place for all market risks the trading desk is exposed to. The bank generally uses the historical VaR approach to derive quantitative measures, specifically for market risk under normal market conditions. Normal VaR is based on a holding period of one day and a confidence level of 95%. Daily losses exceeding the VaR are likely to occur, on average, 13 times in every 250 days.

The use of historic VaR has limitations as it is based on historical correlations and volatilities in market prices and assumes that future prices will follow the observed historical distribution. Hence, there is a need to back-test the VaR model regularly.

VaR back-testing

The group and the banking business back-test its foreign currency, interest rate and credit trading exposure VaR model to verify the predictive ability of the VaR calculations thereby ensuring the appropriateness of the model. Back-testing exercise is an ex-post comparison of the daily hypothetical profit and loss under the one-day buy and hold assumption to the prior day VaR. Profit or loss for back-testing is based on the theoretical profits or losses derived purely from market moves both interest rate and foreign currency spot moves and it is calculated over 250 cumulative trading-days at 95% confidence level.

Stress tests
Stress testing provides an indication of the potential losses that could occur in extreme market conditions.
The stress tests carried out include individual market risk factor testing and combinations of market factors on individual asset classes and across different asset classes. Stress tests include a combination of historical and hypothetical simulations.

PV01
PV01 is a risk measure used to assess the effect of a change of rate of one basis point on the price of an asset. This limit is set for the fixed income, money market trading, credit trading, derivatives and foreign exchange trading portfolios.

Other market risk measures
Other market risk measures specific to individual business units include permissible instruments, concentration of exposures, gap limits, maximum tenor and stop loss triggers. In addition, only approved products that can be independently priced and properly processed are permitted to be traded.

Pricing models and risk metrics used in production systems, whether these systems are off-the-shelf or in-house developed, are independently validated by the market risk unit before their use and periodically thereafter to confirm the continued applicability of the models. In addition, the market risk unit assesses the daily liquid closing price inputs used to value instruments and performs a review of less liquid prices from a reasonableness perspective at least fortnightly. Where differences are significant, mark-to-market adjustments are made.

Annual net interest income at risk
A dynamic forward-looking annual net interest income forecast is used to quantify the banks' anticipated interest rate exposure. This approach involves the forecasting of both changing balance sheet structures and interest rate scenarios, to determine the effect these changes may have on future earnings. The analysis is completed under both normal market conditions as well as stressed market conditions.

Analysis of Value-at-Risk (VaR) and actual income
The table below highlights the historical diversified normal VaR across the various trading desks. The minimum and maximum trading diversified normal VaR stood at NGN10m and NGN396m respectively with an annual average of NGN188m which translates to a conservative VaR base limit utilisation of 16.2% on average.

Diversified Normal Var Exposures (N'million)

Desk	Maximum	Minimum	Average	31-Dec-17	31-Dec-16	Limit
Bankwide	396	10	188	135	41	1,057
FX Trading	243	5	91	75	35	246
Money markets trading	257	6	142	124	9	379
Fixed income trading	47	1	13	10	4	303
Credit trading	-	-	-	0	0	118
Derivatives	-	-	-	0	0	40

Analysis of PV01

The table below shows the PV01 of the money markets banking and the individual trading books as at year end. The money markets trading book PV01 exposure increased to N1.2m from that of the previous year as a result of T-bills purchase of N101bn, the money markets banking book PV01 exposure stood at N10.1m; higher than that of the previous year as a result of T-bills purchase of N27.4bn, while the fixed income trading book PV01 exposure was N939k. Overall trading PV01 exposure was N2.2m against a limit of N9.3m thus reflecting a very conservative exposure utilisation.

PV01 (NGN'000)	31-Dec-17	31-Dec-16	Limit
Money market trading book	1,213	218	2,998
Fixed income trading book	939	104	2,755
Credit trading book	-	-	1,032
Derivatives trading book	-	-	405
Total trading book	2,151	322	9,300
Money market banking book	10,057	8,430	11,800

Interest rate risk in the banking book

Interest rate risk in the banking book (IRRBB) can be defined as the reduction in banking book net interest income due to changes in interest rates arising from the different re-pricing characteristics of banking book assets and liabilities. IRRBB is further divided into the following sub-risk types:

• Repricing risk referring to the timing differences in the maturity (fixed rate) and repricing (floating rate) of assets and liabilities.

• Yield curve risk arising when unanticipated shifts in the yield curve have adverse effects on the group’s income.

• Basis risk arising from the imperfect correlation in the adjustment of the rates earned and paid on different instruments with otherwise similar repricing characteristics.

• Optionality risk arising from the options embedded in bank asset and liability portfolios, providing the holder with the right, but not the obligation, to buy, sell, or in some manner alter the cash flow of an instrument or financial contract.

• Endowment risk referring to the interest rate risk exposure arising from the net differential between interest rate insensitive assets such as non-earning assets and interest rate insensitive liabilities such as non-paying liabilities and equity.

Approach to managing interest rate risk on positions in the banking book

Banking-related market risk exposure principally involves the management of the potential adverse effect of interest movements on banking book earnings (net interest income and banking book mark-to-market profit or loss).

The group’s approach to managing IRRBB is governed by prudence and is in accordance with the applicable laws and regulations, best international practice and the competitive situation within which it operates in financial markets. Interest rate risk is transferred to and managed within the bank’s treasury operations under supervision of ALCO.

Measurement of IRRBB

The analytical technique used to quantify IRRBB is an earnings based approach. A dynamic, forward-looking net interest income forecast is used to quantify the bank’s anticipated interest rate exposure. Desired changes to a particular interest rate risk profile are achieved through the restructuring of on-balance sheet repricing or maturity profiles. All assets and liabilities are allocated to gap intervals based on either their repricing or maturity characteristics. However, assets and liabilities for which no identifiable contractual repricing or maturity dates exist are allocated to gap intervals based on behavioural profiling.

The impact on net interest income due to interest rate changes cover 12 months of forecasting and allows for the dynamic interaction of payments, new business and interest rates. The analyses are done under stressed market conditions in which the banking book is subjected to an upward 300 basis points (2016: 400 basis points) and downward 350 basis points (2016: 200 basis points) parallel rate shocks for local currency and 100 basis points (2016: 100 basis points) upward and downward parallel rate shocks for foreign currency positions. The table below shows the sensitivity of the bank’s net interest income in response to standardised parallel rate shocks.

31 December 2017		NGN	USD	Other	Total
Increase in basis points		**300**	**100**	**100**	
Sensitivity of annual net interest income	NGNm	**4,808**	**264**	**(56)**	**5 016**
Decrease in basis points		**350**	**100**	**100**	
Sensitivity of annual net interest income	NGNm	**(6,644)**	**(832)**	**56**	**(7 420)**

31 December 2016		NGN	USD	Other	Total
Increase in basis points		**400**	**100**	**100**	
Sensitivity of annual net interest income	NGNm	**3,827**	**601**	**(65)**	**4,363**
Decrease in basis points		**200**	**100**	**100**	
Sensitivity of annual net interest income	NGNm	**(2,556)**	**(546)**	**65**	**(3,037)**

Hedging of endowment risk

IRRBB is predominantly the consequence of endowment exposures, being the net exposure of non-rate sensitive liabilities and equity less non-rate sensitive assets. The endowment risk is hedged using marketable liquid instruments in the same currency as the exposure as and when it is considered opportune. Hedge decisions are made by ALCO following careful consideration of the interest rate views to be hedged against, including magnitude, direction, timing and probability, and the exposure to be hedged.

Market risk on equity investment
The equity committee (EC) has governance and oversight of all investment decisions. The committee is tasked with the formulation of risk appetite and oversight of investment performance. In this regard, a loss trigger is in place for the non-strategic portion.

Exposure to currency risks

The group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The board sets limits on the level of exposure by currency and in aggregate for both overnight and intra day positions, which are monitored daily. The table below summarises the group's exposure to foreign currency exchange risk as at 31 December 2017.

Concentrations of currency risk – on- and off-balance sheet financial instruments

At 31 December 2017 **Financial assets**	**Naira** **N' million**	**US Dollar** **N' million**	**GBP** **N' million**	**Euro** **N' million**	**Others** **N' million**	**Total** **N' million**
Cash and balances with central bank	196,431	187,599	4,424	11,741	1,153	401,348
Pledged asset	43,240	-	-	-	-	43,240
Derivative assets	11,044	8	-	-	-	11,052
Trading securities	143,195	8,284	-	-	-	151,479
Financial investments	316,266	375	-	-	-	316,641
Asset held for sale	114	-	-	-	-	114
Loans and advances to customers	194,715	168,990	198	8,173	12	372,088
Loans and advances to banks	8,086	1,509	28	-	-	9,623
Other assets	47,523	1,895	10	14	-	49,442
	960,614	**368,660**	**4,660**	**19,928**	**1,165**	**1,355,027**
Financial liabilities						
Derivative liabilities	2,584	8	-	-	-	2,592
Trading liabilities	62,449	-	-	-	-	62,449
Deposits and current accounts from banks	23,556	33,223	2	4,860	80	61,721
Deposits and current accounts from customers	438,537	301,476	4,029	9,489	111	753,642
Subordinated debt	15,784	13,262	-	-	-	29,046
Other liabilities	133,900	50,698	549	5,408	743	191,298
Other borrowings	15,581	59,311	-	-	-	74,892
	692,391	**457,978**	**4,580**	**19,757**	**934**	**1,175,640**
Net on-balance sheet financial position	268,223	(89,318)	80	171	231	179,387
Off balance sheet	13,904	108,762	1,170	29,542	-	153,378

Concentrations of currency risk – on- and off-balance sheet financial instruments

At 31 December 2016 Financial assets	Naira N' million	US Dollar N' million	GBP N' million	Euro N' million	Others N' million	Total N' million
Cash and balances with central bank	140,417	149,899	3,172	7,144	719	301,351
Trading assets	16,855	-	-	-	-	16,855
Pledged assets	28,303	-	-	-	-	28,303
Derivative assets	14,282	35	-	-	-	14,317
Financial investments	252,822	1	-	-	-	252,823
Asset held for sale	112	-	-	-	-	112
Loans and advances to banks	12,917	2,347	-	-	-	15,264
Loans and advances to customers	195,786	156,475	72	631	1	352,965
Other financial assets	31,155	683	58	2	(1)	31,897
	692,649	**309,440**	**3,302**	**7,777**	**719**	**1,013,887**
Financial liabilities						
Trading liabilities	5,325	-	-	-	-	5,325
Derivative liabilities	11,754	34	-	-	-	11,788
Deposits and current accounts from banks	53,692	-	-	74	-	53,766
Deposits and current accounts from customers	399,968	156,981	2,308	1,363	349	560,969
Other borrowings	37,253	58,784	-	-	-	96,037
Subordinated debt	15,713	12,251	-	-	-	27,964
Other financial liabilitiies (restated)	56,745	75,360	881	3,251	172	136,409
	580,450	**303,410**	**3,189**	**4,688**	**521**	**892,258**
Net on-balance sheet financial position	112,199	6,030	113	3,089	198	121,629
Off balance sheet	25,009	26,944	228	2,220	742	55,143

Exchange rates applied

Year-end spot rate*	2017	2016
US Dollar	**331.16**	305
GBP	**447.70**	377.33
Euro	**397.26**	321.62

*Some foreign currency borrowings were valued at a rate different from interbank rate due to volatile exchange regime. See note 22 (viii).

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US dollar, GBP or Euro against Naira at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Effect in N million	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
At 31 December 2017				
USD (20% movement)	**(17,864)**	**17,864**	**(12,505)**	**12,505**
GBP (10% movement)	**8**	**(8)**	**6**	**(6)**
EUR (5% movement)	**9**	**(9)**	**6**	**(6)**
At 31 December 2016				
USD (5% movement)	1,206	(1,206)	844	(844)
GBP (2% movement)	11	(11)	8	(8)
EUR (1% movement)	154	(154)	108	(108)

Basel II framework

The Basel II framework stipulates a minimum level of capital that banks must maintain to ensure that they can meet their obligations, cover unexpected losses; and can, very importantly, promote public confidence. It also specifies comprehensive disclosure requirements for banks operating under the framework.

"The Basel II framework is based on three pillars:

• Pillar I - Minimum Capital Requirements. This details various approaches to measure and quantify capital required for the three major risk components that a bank faces: credit risk, market risk and operational risk. SIBTC has adopted the Standardized Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk.

• Pillar II - Supervisory Review. This is structured along two separate but complementary stages; the Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review and Evaluation process (SREP). The bank conducts a self-assessment of its internal capital requirements via the ICAAP whilst the Central Bank of Nigeria (CBN) conducts its assessment of the bank via the SREP.

• Pillar III – Market Discipline allows market participants access information on risk exposure and risk management policies and procedures through disclosures. The bank through this Pillar III Disclosures report provides an overview of its risk management practices in line with the CBN Guidance Notes on Pillar III Disclosures.

The Pillar III Disclosures Report will be published on bi-annual basis and will be made available through the company's website at www.stanbicibtcbank.com.

Capital management

Capital adequacy

The group manages its capital base to achieve a prudent balance between maintaining capital ratios to support business growth and depositor confidence, and providing competitive returns to shareholders. The capital management process ensures that each group entity maintains sufficient capital levels for support of our clients, our business strategy, and regulatory compliance purposes including stress testing. The group ensures that its actions do not compromise sound governance and appropriate business practices and it eliminates any negative effect on payment capacity, liquidity and profitability. A sound capital

The Central Bank of Nigeria (CBN) adopted the Basel II capital framework with effect from 1 October 2014 and revised the framework in June 2015. Stanbic IBTC Group has been compliant with the requirements of Basel II capital framework since it was adopted.

Regulatory Capital

The group's regulatory capital is divided into two tiers:

- Tier 1 capital which comprises share capital, share premium, retained earnings and reserves created by appropriations of
- Tier 2 capital which includes subordinated debts and other comprehensive income. Subordinated debt at the end of the period totalled N28bn and is broken down as follows:

    - Naira denominated subordinated debt totalling N15.6bn issued on 30 September 2014 at an interest rate of 13.25% per annum;
    - N100 million Naira denominated subordinated debt issued on 30 September 2014. Interest is payable semi-annually at 6-month Nigerian Treasury Bills yield plus 1.20%. It has a tenor of 10 periods and is callable after 5 periods from the issue date. The debt is unsecured;
    - USD denominated term subordinated non-collaterised facility of USD40 million obtained from Standard Bank of South Africa effective 31 May 2013. The facility expires on 31 May 2025 and is repayable at maturity. Interest on the facility is payable semi-annually at LIBOR (London Interbank Offered Rate) plus 3.60%.

Total eligible Tier 2 Capital as at 31 December 2017 was N34bn (2016: N29bn).
Investment in unconsolidated subsidiaries and associations are deducted from Tier 1 and 2 capital to arrive at total regulatory capital.

Capital Adequacy

Regulatory capital adequacy is measured based on Pillar 1 of the Basel II capital framework. Capital adequacy ratio is calculated by dividing the capital held by total risk-weighted assets. Risk weighted assets comprise computed risk weights from credit, operational and market risks associated with the business of the bank. Notional risk weighted asset for market risk is calculated using the standardised approach while operational risk is determined using the basic indicator approach. Management monitors the capital adequacy ratio on a proactive basis.

Throughout the period under review, Stanbic IBTC Group operated above its targeted capitalization range and well over the minimum regulatory capital adequacy ratio of 10% as mandated by CBN.

The main movements in regulatory capital in 2017 were:

- The capital adequacy ratio increased to 23.8% due to a N46 billion increase in total regulatory capital . The increase in
- Tier 1 capital increased by N41 billion largely as a result of an increase in retained earnings of N35 billion
- Tier 2 capital increased by N5 billion
- RWA increased by N163 billion as a result of an increase in credit RWA
- The total capital ratio increased to 23.8% due to the combination of the factors detailed above

Capital management - BASEL II regulatory capital

Stanbic IBTC Group	B II Group 31 Dec 2017 N'million	B II Group 31 Dec 2016 N'million
Tier 1	179,270	138,831
Paid-up share capital	5,025	5,000
Share premium	66,945	65,450
General reserve (retained profit)	85,227	50,157
SMEEIS reserve	1,039	1,039
AGSMEIS reserve	749	-
Statutory reserve	16,863	32,576
Other reserves	264	(19,087)
Non controlling interests	3,159	3,696
Less: regulatory deduction	9,506	9,351
Goodwill	-	-
Deferred tax assets	8,901	8,638
Other intangible assets	605	713
Current year losses		-
Under impairment	-	-
Reciprocal cross-holdings in ordinary shares of financial institutions	-	-
Investment in the capital of banking and financial institutions	-	-
Excess exposure(s) over single obligor without CBN approval	-	-
Exposures to own financial holding company	-	-
Unsecured lending to subsidiaries within the same group	-	-
Eligible Tier I capital	169,763	129,480
Tier II	34,239	28,906
Hybrid (debt/equity) capital instruments	-	-
Subordinated term debt	29,046	27,964
Other comprehensive income (OCI)	5,193	942
Less: regulatory deduction	-	-
Reciprocal cross-holdings in ordinary shares of financial institutions	-	-
Investment in the capital of banking and financial institutions	-	-
Investment in the capital of financial subsidiaries	-	-
Exposures to own financial holding company	-	-
Unsecured lending to subsidiaries within the same group	-	-
Eligible Tier II capital	34,239	28,906
Total regulatory capital	**204,002**	**158,386**
Risk weighted assets:		
Credit risk	604,262	486,430
Operational risk	249,669	207,092
Market risk	13,270	1,917
Total risk weight	**867,200**	**695,439**
Total capital adequacy ratio	23.5%	22.8%
Tier I capital adequacy ratio	19.6%	18.6%

Risk and capital management (continued)
For the year ended 31 December 2017

Capital management - BASEL II regulatory capital

Stanbic IBTC Bank PLC	B II **31 Dec 2017** **N'million**	B II 31 Dec 2016 N'million
Tier 1		
	133,317	108,228
Paid-up share capital	1,875	1,875
Share premium	42,469	42,469
General reserve (retained profit)	65,767	40,664
SMEEIS reserve	1,039	1,039
AGSMEIS reserve	749	-
Statutory reserve	21,405	22,153
Other reserves	13	28
Non controlling interests	-	-
Less: regulatory deduction	8,976	9,084
Deferred tax assets	8,321	8,321
Other intangible assets	605	713
Investment in the capital of financial subsidiaries	50	50
Excess exposure(s) over single obligor without CBN approval		-
Exposures to own financial holding company	-	-
Unsecured lending to subsidiaries within the same group	-	-
Eligible Tier I capital	124,341	99,144
Tier II		
	32,787	28,149
Hybrid (debt/equity) capital instruments	-	-
Subordinated term debt	29,046	27,964
Other comprehensive income (OCI)	3,741	185
Less: regulatory deduction	50	50
Reciprocal cross-holdings in ordinary shares of financial institutions	-	-
Investment in the capital of banking and financial institutions	-	-
Investment in the capital of financial subsidiaries	50	50
Exposures to own financial holding company	-	-
Unsecured lending to subsidiaries within the same group	-	-
	32,737	28,099
Eligible Tier II capital	**157,078**	**127,243**
Risk weighted assets:		
Credit risk	574,948	458,266
Operational risk	179,605	146,986
Market risk	13,270	1,917
Total risk weight	**767,823**	**607,169**
Total capital adequacy ratio	20.5%	21.0%
Tier I capital adequacy ratio	16.2%	16.3%

Annexure A: Statements of value added

Annexure B: Financial summary

STANBIC IBTC HOLDINGS PLC

Annexure A: Value added statement
For the year ended 31 December 2017

	Group				Company			
	31-Dec-17 N'million	**%**	31-Dec-16 N'million	**%**	**31-Dec-17 N'million**	%	31-Dec-16 N'million	**%**
Gross earnings	**212,434**		156,425		**29,922**		10,987	
Interest paid:								
- local	**(35,115)**		(26,852)		**(1,095)**		-	
- foreign	**(4,209)**		(2,756)		**-**		-	
	(39,324)		(29,608)		**(1,095)**		-	
Administrative overhead:								
- local	**(45,176)**		(35,257)		**(692)**		(659)	
- foreign	**(780)**		(171)		**-**			
	(45,956)		(35,428)		**(692)**		(659)	
Provision for losses	**(25,577)**		(19,803)		**-**		-	
Value added	**101,577**	**100**	71,586	100	**28,135**	100	10,328	
DISTRIBUTION								
EMPLOYEES & DIRECTORS								
Salaries and benefits	**36,282**	**36**	30,173	42	**590**	**2**	429	4
GOVERNMENT								
Taxation	**12,785**	**12**	8,689	12	**2,380**	**8**	28	-
THE FUTURE								
Asset replacement (depreciation)	**4,129**		4,204		**-**		-	
Expansion (retained in the business)	**48,381**		28,520		**25,165**		9,871	
Total	**52,510**	**52**	32,724	46	**25,165**	**90**	9,871	96
	101,577	**100**	71,586	100	**28,135**	**100**	10,328	100

Annexure B: Financial summary

	Group 31 Dec 2017 N'million	Group 31 Dec. 2016 N'million	Group 31 Dec 2015 N'million	Group 31 Dec 2014 N'million	Group 31 Dec 2013 N'million	Company 31 Dec 2017 N'million	Company 31 Dec. 2016 N'million	Company 31 Dec 2015 N'million	Company 31 Dec 2014 N'million	Company 31 Dec 2013 N'million
STATEMENT OF FINANCIAL POSITION										
Assets										
Cash and cash equivalents	**401,348**	301,351	211,481	143,171	120,312	**7,545**	1,768	8	784	2,722
Derivative assets	**11,052**	14,317	911	4,860	1,526	**-**	-	-	-	-
Trading assets	**151,479**	16,855	37,956	96,345	40,711	**-**	-	-	-	-
Pledged assets	**43,240**	28,303	86,570	34,172	24,733	**-**	-	-	-	-
Financial investments	**316,641**	252,823	162,695	204,502	139,304	**1,625**	920	658	58	-
Asset held on sale	**114**	112	262	-	-	**-**	-	-	-	-
Loans and advances to banks	**9,623**	15,264	26,782	8,814	94,180	**-**	-	-	-	-
Loans and advances to customers	**372,088**	352,965	353,513	398,604	289,747	-	-	-	-	-
Deferred tax assets	**8,901**	8,638	8,342	5,737	6,059	**-**	-	555	484	118
Equity Investment in group companies	**-**	-	-	-	-	**85,539**	85,539	69,191	69,151	68,951
Other assets	**49,442**	39,220	23,741	21,710	19,891	**2,148**	2,226	2,996	2,541	1,038
Intangible assets	**605**	713	-	-	-	-	-	-	-	-
Property and equipment	**21,883**	22,962	25,311	24,004	24,988	**517**	2,404	2,494	2,653	2,572
	1,386,416	1,053,523	937,564	941,919	761,451	**97,374**	75,902	75,671	75,401	72,508
Equity and liabilities										
Share capital	**5,025**	5,000	5,000	5,000	5,000	**5,025**	5,000	5,000	5,000	5,000
Reserves	**177,035**	132,102	118,726	111,021	92,888	**87,629**	67,360	67,990	66,846	66,503
Non-controlling interest	**3,158**	3,696	5,241	4,223	3,321	**-**	-	-	-	-
Derivative liabilities	**2,592**	11,788	383	2,677	1,085	-	-	-	-	-
Trading liabilities	**62,449**	5,325	24,101	85,283	66,960	-	-	-	-	-
Deposits from banks	**61,721**	53,766	95,446	59,121	51,686	-	-	-	-	-
Deposits from customers	**753,642**	560,969	493,513	494,935	416,352	-	-	-	-	-
Other borrowings	**74,892**	96,037	81,107	70,151	48,764	**-**	-	-	-	-
Subordinated debt	**29,046**	27,964	23,699	22,973	6,399	-	-	-	-	-
Current tax liabilities	**12,240**	9,508	8,727	9,847	7,681	**157**	60	129	2	-
Deferred tax liabilities	**120**	47	120	111	256	**-**				
Provisions & other liabilities	**204,496**	147,321	81,501	76,577	61,059	**4,563**	3,482	2,552	3,553	1,005
	1,386,416	1,053,523	937,564	941,919	761,451	**97,374**	75,902	75,671	75,401	72,508
Acceptances and guarantees	**153,377**	54,143	49,973	65,563	44,615	**-**	-	-	-	-
STATEMENT OF PROFIT OR LOSS										
Net operating income	**172,769**	126,053	100,648	104,645	85,232	**28,827**	2,431	10,982	14,320	9,137
Operating expenses and provisions	**(111,603)**	(88,844)	(76,997)	(61,118)	(58,472)	**(1,282)**	(930)	(1,083)	(1,422)	(921)
Profit before tax	**61,166**	37,209	23,651	43,527	26,760	**27,545**	1,501	9,899	12,898	8,216
Taxation	**(12,785)**	(8,689)	(4,760)	(9,068)	(4,547)	**(2,380)**	(892)	(28)	238	116
Profit after taxation	**48,381**	28,520	18,891	34,459	22,213	**25,165**	609	9,871	13,136	8,332
Profit attributable to :										
Non-controlling interests	**2,186**	3,878	3,393	2,772	2,163	**-**	-	-	-	-
Equity holders of the parent	**46,195**	24,642	15,498	31,687	20,050	**25,165**	609	9,871	13,136	8,332
Profit for the year	**48,381**	28,520	18,891	34,459	22,213	**25,165**	609	9,871	13,136	8,332
STATISTICAL INFORMATION										
Earnings per share (EPS) - basic	**460k**	246k	155k	317k	200k	**250k**	6k	99k	131k	83k