STANBIC IBTC HOLDINGS PLC

CONSOLIDATED AND SEPARATE INTERIM FINANCIAL STATEMENTS
30 JUNE 2018

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Stanbic IBTC Holdings PLC RC 1018051

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Directors' report
For the period ended 30 June 2018

The directors present their interim 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 half year ended 30 June 2018.

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 and two indirect subsidiaries, namely: Stanbic IBTC Bureau De Change Limited, Stanbic IBTC Nominees 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 17.5%, while profit before tax increased by 73.9% for the period ended 30 June 2018. The board recommended the approval of an interim dividend of 100 kobo per share (31 Dec 2017: 50 kobo per share) for the period ended 30 June 2018.

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

	30 Jun. 2018 Group	30 Jun. 2017 Group	**30 Jun. 2018 Company**	30 Jun. 2017 Company
	₦'million	₦'million	**₦'million**	₦'million
Gross earnings	**114,207**	97,198	**18,256**	25,896
Profit before tax	**50,730**	29,169	**17,680**	24,020
Income tax	**(7,646)**	(5,057)	**(409)**	210
Profit after tax	**43,084**	24,112	**17,271**	24,230
Non controlling interest	**(1,280)**	(1,067)	**-**	-
Profit attributable to equity holders of the parent	**41,804**	23,045	**17,271**	24,230
Dividend proposed (interim)	**10,114**	6,000	**10,114**	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 30 June 2018	**Number of Ordinary Shares of Stanbic IBTC Holdings PLC held as at December 2017**
Basil Omiyi	-	-
Yinka Sanni[1]	-	-
Salamatu Suleiman	-	-
Ifeoma Esiri[2]	42,894,194	42,894,194
Ratan Mahtani[3]	-	28,544,005
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 previously had indirect shareholdings amounting to 1,083,670,994 ordinary shares (Dec 2016: 1,083,670,994) respectively through First Century International Limited, Churchgate Nigeria Limited, International Seafoods Limited, Foco International Limited and RB Properties Limited. As at 30 June 2018, these entities, inclusive of Mr. Mahtani have all divested their shareholding in the company. Accordingly, Mr. Mahtani no longer holds any direct or indirect shareholding in the Company.

In terms of section 259 (1) of the Companies & Allied Matters Act 2004, Stanbic IBTC Holdings PLC held its sixth annual general meeting on Tuesday 19 June 2018, and Ms Ngozi Edozien; Mr Dominic Bruynseels and Yinka Sanni all of whom were eligible for re-election, retired as directors and offered themselves for re-election in compliance with Section 259 of the Companies and Allied Matters Act 2004 save Mr. Dominic Bruynseels who did not seek re-election having resigned from the Board with effect from 06 April 2018.

e. Directors interest in contracts

The Company currently has a number of Technical and Management Service Agreements with its 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 for a period of five years at a cost of N278 million.

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 30 June 2018 is as stated below:

Share range		No. of shareholders	Percentage of shareholders	No. of holding	Percentage holdings
1	- 1,000	38,964	41.64	20,797,375	0.21
1,001	- 5,000	35,840	38.30	74,059,781	0.74
5,001	- 10,000	9,155	9.78	56,965,986	0.57
10,001	- 50,000	7,485	8.00	140,327,492	1.40
50,001	- 100,000	1,076	1.15	68,294,592	0.68
100,001	- 500,000	798	0.85	148,692,514	1.48
500,001	- 1,000,000	103	0.11	64,805,131	0.64
1,000,001	- 5,000,000	77	0.08	171,862,739	1.71
5,000,001	- 10,000,000	17	0.02	118,110,652	1.18
10,000,001	- 50,000,000	36	0.04	809,783,810	8.06
50,000,001	- 100,000,000	12	0.01	783,477,402	7.80
100,000,001	- 10,049,465,731	9	0.01	7,592,288,257	75.55
Grand Total		**93,572**	**100**	**10,049,465,731**	**100**
Foreign shareholders		157		6,604,355,267	65.30%

h. Substantial interest in shares

According to the register of members as at 30 June 2018, no shareholder held more than 5% of the issued share capital of the company except the following:

Shareholder	2018 No of shares held	2018 Percentage shareholding	2017 No of shares held	2017 Percentage shareholding
Stanbic Africa Holdings Limited (SAHL)	6,476,901,036	64.45%	5,333,569,874	53.07%
First Century International Limited			760,504,089	7.61%

i. Share capital history

Period	Authorised (No of shares) ('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	

Subsequent to the period under review, the Company issued an additional 64,208,713 ordinary shares of 50k each for scrip dividend, thereby bringing the total issued and fully paid up share capital of the Company to 10,113,674,444 ordinary shares of 50k each amounting to N5,056,837,222.

j. Dividend history and unclaimed dividend as at 30 June 2018

Period end	Dividend type	Total dividend amount declared*	Dividend per share	Net dividend amount unclaimed as at 30 Jun. 2018	Percentage unclaimed
		N		N	%
2005	Final	2,170,298,271	20 kobo	3,693,332	0.17
2006	Final	2,170,297,800	20 kobo	48,152,001	2.22
2007	Interim	3,375,000,000	30 kobo	612,284	0.02
2007	Final	4,218,750,000	25 kobo	3,150,000	0.07
2008	Final	6,750,000,000	40 kobo	236,320,519	3.50
2009	Final	5,062,500,000	30 kobo	247,711,548	4.89
2010	Final	3,240,215,108	39 kobo	187,249,535	5.78
2011	Interim	1,687,500,000	10 kobo	27,891,076	1.65
2012	Final	900,570,889	10 kobo	18,149,684	2.02
2013	Interim	6,304,041,033	70 kobo	144,864,289	2.30
2013	Final	901,992,337	10 kobo	23,449,059	2.60
2014	Interim	9,920,077,516	110 kobo	242,959,020	2.45
2014	Final	1,352,701,559	15 kobo	33,100,964	2.45
2015	Interim	8,235,882,607	90 kobo	220,928,983	2.68
2015	Final	210,646,919	5 kobo	16,371,357	7.77
2016	Final	210,646,919	5 kobo	16,364,001	7.77
2017	Interim	4,446,326,069	60 kobo		
2017	Final	1,712,614,735	50 kobo		
Total				**1,470,967,654**	

*Amount is less of withholding tax

k. Dividend history and unclaimed dividend as at 30 June 2018 (continued)

The total unclaimed dividend fund as at 30 June 2018 amounted to N1,471 million (Dec. 2017: N1,475 million) - see note 26.1. A sum of N1,266 million of the fund balance is held in an investment account (money market mutual fund) managed by Stanbic IBTC Asset Management Limited (Dec. 2017: N1,301 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 period ended 30 June 2018 was N21 million (June 2017: N19 million) - see note 31.5.

l. Donations and Charitable Gifts

The Group and Company made contributions to charitable and non – political organizations amounting to N125 million and N115 million respectively (June 2017: Group - N311 million; Company - N77 million) during the period.

	Group N'000	Company N'000
CBN's Financial Literacy Campaign	1,240	85
Kaduna State Business Incubator Project	6,000	-
The Rose of Sharon Foundation	2,000	-
Deepening financial inclusion	35,000	35,000
Lagos State Security Trust Fund	25,000	25,000
Capacity building at Federal Ministry of Finance	12,000	12,000
Lagos University Teaching Hospital - Renovation of Accident and Emergency Ward	3,825	3,825
Adopted School Project - Lagos Progressive School, Surulere, Lagos	2,913	2,913
Education Trust Fund - North Central	3,000	3,000
Education Trust Fund - South East	7,500	7,500
Malaria Day CSI Project	5,578	5,578
Ministry of Women Affairs and Poverty Alleviation	5,000	5,000
Together4alimb project	7,961	7,961
Compassionate Homes Orphanage	80	80
Special Correctional Centre For Boys Oregun	150	150
2 Counting machines @NYSC Camp	273	-
Centre for Destitute Empowerment Int'l	327	327
Borehole to the community of Oko-agbon, Agboyi, Ketu	350	350
Eti- Osa Local Govt Primary Healthcare Centre (PHC)	430	430
Donation to the Joy Hub Fundraiser	500	500
Federal Neuro-Psychiatric Hospital Yaba	590	590
Upgrades and capacity building at the Badagry prisons	1,184	1,184
Donation to Junior Achievement Nigeria	3,600	3,600
Total	**124,501**	**115,073**

m. Events after the reporting date

There were no other events after the reporting date which could have a material effect on the financial position of the group as at 30 June 2018 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. Auditor

The auditor, 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 were re-appointed at the annual general meeting held on 19 June 2018 without any resolution being passed.

By order of the Board

Chidi Okezie
Company Secretary
FRC/2013/NBA/00000001082
27 July 2018

Statement of directors' responsibilities in relation to the financial statements
For the period ended 30 June 2018

The directors accept responsibility for the preparation of the consolidated and separate interim financial statements that give a true and fair view in accordance with International Financial Repoting 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 of Nigeria 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 Company's ability to continue as a going concern and have no reason to believe the 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**
27 July 2018	**27 July 2018**

Corporate governance report
For the period ended 30 June 2018

Introduction

The company is a member of the Standard Bank Group, which holds a 64.45% 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 half year ended 30 June 2018

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

- The Standard Bank Group through its wholly owned subsidiary, Stanbic Africa Holdings Limited increased its equity stake in the company from 53.07% to 64.45% through the acquisition of additional 1.142 billion shares in an off-market transaction.
- There was a continued focus on directors training via attendance at various courses such as Value Creation Through Effective Boards, Finance for Lawyers Program; and as with prior years, the Board will hold its annual Board Strategy Session in order to review the overall Group Strategy.
- The company held its 6th Annual General Meeting on Tuesday 19 June 2018
- The Financial Reporting Council (FRC) released an exposure draft of the proposed National Code of Corporate Governance and has requested for comments on the draft Code from Stakeholders.
- Dominic Bruynseels resigned on 06 April 2018 following his retirement from the Standard Bank Group.

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 making 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 SBG'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.

In terms of Section 259 (1) of the Company and Allied Matters Act 2004, the company held its sixth Annual General Meeting on 19 June 2018, and Ms. Ngozi Edozien and Mr. Yinka Sanni, who retired by rotation and presented themselves for re-election, were duly elected by Shareholders .

The board's size as at 30 June 2018 was nine (9), comprising one (1) executive director and eight (8) non-executive directors. It is important to note that of the eight (8) non-executive directors, two (2) namely; Mrs. Salamatu Hussaini Suleiman and Ms. Ngozi Edozien 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.

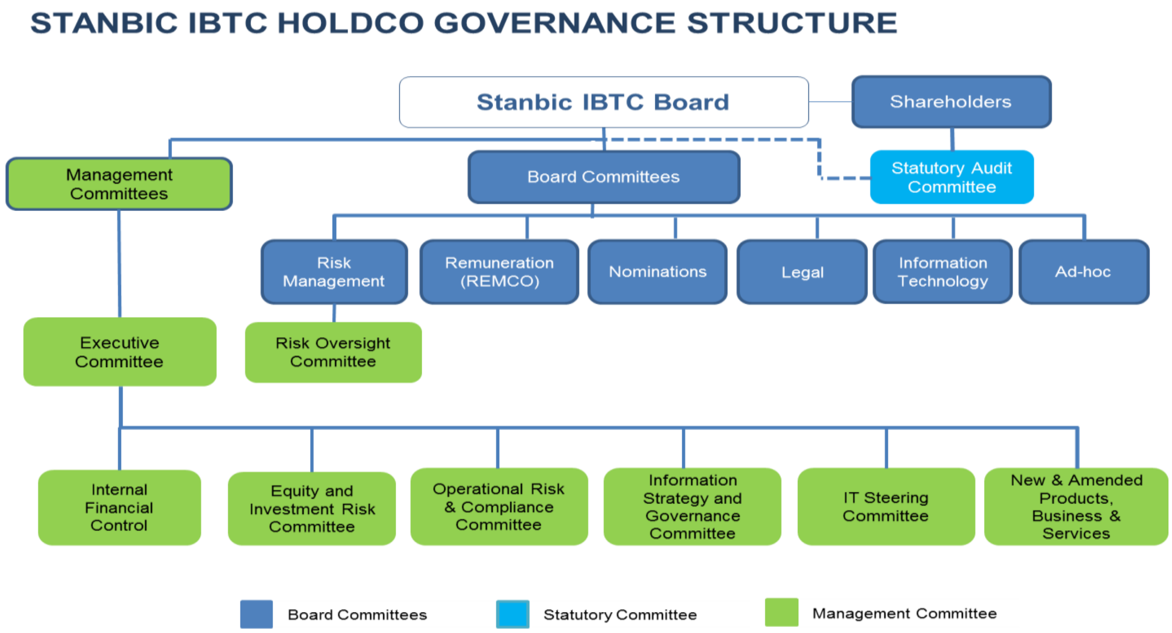
Delegation of authority

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



Board effectiveness and evaluation

The board is focused on continued improvements in its corporate governance performance and effectiveness.

The directors will undergo an evaluation by independent consultants as required by Section 2.8.1 of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks in Nigeria ("the Code"). The report of the consultants would also assess of the performance of the individual Directors on the Board for the year under review as perceived by the other directors based on their individual competence, level of attendance to Board and Board Committee meetings, contribution and participation at these meetings and relationship with other Board members. Individual Director's Assessment reports will be prepared and made available to each director while a consolidated report of the performance of all Directors will also submitted to the Chairman of the Board.

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 half 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 30 June 2018, the Group Executive committee comprised 20 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 IBTC
v	Wole Adeniyi	Executive Director, Operations Stanbic IBTC Bank PLC
vi	Angela Omo - Dare	Country Head, 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	Kunle Adedeji	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. Financial Controller, Stanbic IBTC Bank PLC
xix	Sam Ocheho	Head, Global Markets Stanbic IBTC Bank PLC
xx	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	June Out of Cycle
Basil Omiyi	√	√	√
Yinka Sanni	√	√	√
Prof. Fabian Ajogwu	√	√	√
Sim Tshabalala	√	A	A
Dominic Bruynseels	√	-	-
Ifeoma Esiri	√	√	√
Ballama Manu	√	√	√
Ratan Mahtani	√	√	A
Ngozi Edozien*	√	√	√
Salamatu Suleiman*	√	√	√

√ = Attendance
A = Apology
- = Not a member of the Board as 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 period 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 30 June 2018, the committee consisted of five directors, five of whom, including the chairman and non – executive directors.

Members' attendance at risk management committee meetings during the period ended 30 June 2018 is stated below:

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

√ = Attendance

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

Remuneration committee

The remuneration committee (REMCO) was vested with responsibilities during the half 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 30 June 2018, the committee consisted of three directors, all of whom are non–executives.

Members' attendance at REMCO meetings during the period ended 30 June 2018 is stated below:

Name	January	April
Salamatu Suleiman (Chairman)	√	√
Dominic Bruynseels	√	-
Sim Tshabalala	√	A
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.

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 in General Meeting, 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 in accordance with the provisions of the Companies and Allied Matters Act and may offer themselves for re-election. If recommended by the board, their re-election is proposed to shareholders at the AGM at which they are retiring.

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 re-election 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 30 June of each period.

Category	2018[(i)]	2017
	=N=	=N=
Chairman	17,500,000	15,000,000
Non-Executive Directors	11,750,000	10,000,000
Sitting Allowances for Board Meetings[(ii)]		
- Chairman	460,000	400,000
- Non-Executive Directors	400,000	340,000

(i) Approved by shareholders at the AGM held on Tuesday 19 June 2018.

(ii) Fees quoted as sitting allowance represent per meeting sitting allowance paid for board, board & audit committee 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 30 June 2018.

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 2004.

Remuneration as at 30 June 2018

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

	June 2018	June 2017
	N'million	N'million
Fees & sitting allowance	232	168
Executive compensation	273	178
Total	**505**	**346**

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 two non-executive directors and one executive director appointed by the Board.
The Board Nomination Committee met on 05 April 2018.

Name	January
Sim Tshabalala (Chairman)	√
Dominic Bruynseels*	√
Ngozi Edozien	√
Yinka Sanni	√

√ = Attendance
'A" = Apology
* = still a member of the Committee at the relevant time but resigned 06 April 2018

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

As at 30 June 2018, the committee was 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 30 June 2018, the committee consists of the following persons:

Mr. Samuel Ayininuola*	Chairman
Mr. Ibhade George*	Member
Mr. Olatunji Bamidele*	Member
Ms. Ngozi Edozien**	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 30 June 2018 is stated below:

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

√ = Attendance

- = Not a member of the Committee at the relevant 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 30 June 2018 is stated below:

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

√ = Attendance

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

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 period 01 January to 30 June 2018 is stated below:

The board legal committee (continued)

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

√ = Attendance
\- = 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 period 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)
- Wealth Exco
- Shared services operations Exco
- Operational risk and compliance committee
- New products committee
- Career management committee
- Risk oversight 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 half year ended 30 June 2018, we confirm that all directors, complied with the PATP regarding their SIBTC securities transacted on their account during the period.

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 half year ended 30 June 2018 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 half year ended 30 June 2018 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 period 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

	30 Jun. 2018		30 Jun. 2017	
	Workforce	**% of gender composition**	Workforce	% of gender composition
Total workforce:				
Women	**1,256**	**42%**	1,279	43%
Men	**1,702**	**58%**	1,728	57%
	2,958	**100%**	3,007	100%
Recruitments made during the period:				
Women	**31**	**35%**	100	39%
Men	**58**	**65%**	156	61%
	89	**100%**	256	100%
Diversity of members of board of directors - *Number of Board members*				
Women	**3**	**33%**	3	30%
Men	**6**	**66%**	7	70%
	9	**100%**	10	100%
Diversity of board executives - *Number of Executive directors to Chief executive officer*				
Women	**-**	**0%**	-	0%
Men	**5**	**100%**	4	100%
	5	**100%**	4	100%
Diversity of senior management team - *Number of Assistant General Manager to General Manager*				
Women	**29**	**33%**	28	31%
Men	**58**	**67%**	62	69%
	87	**100%**	90	100%

Report of the audit committee
For the period ended 30 June 2018

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 interim financial statements for the period ended 30 June 2018 together with the management controls report from the auditors and the company's response to this report at its meeting held on 23 July 2018.

In our opinion, the scope and planning of the audit for the period ended 30 June 2018 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 period ended 30 June 2018 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 N57,390,556,000 (31 December 2017: N55,430,844,000) was outstanding as at 30 June 2018. 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 interim financial statements in relation to the remuneration of the auditors.

Mr. Samuel Ayininuola
Chairman, Audit Committee
FRC/2016/ICAN/00000015248
23 July 2018

Members of the audit committee are:

1. Mr. Samuel Ayininuola
2. Mr. Ibhade George
3. Mr. Olatunji Bamidele
4. Ms. Ngozi Edozien
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 Interim Financial Statements

Opinion

We have audited the consolidated and separate interim 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 30 June, 2018, 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 period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 1 to 145.

In our opinion, the accompanying consolidated and separate interim financial statements give a true and fair view of the consolidated and separate financial position of the Company and its subsidiaries as at 30 June, 2018, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the period 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 Interim 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 interim 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 interim 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.

Determination of impairment allowance for loans and advances to customers

The Group's loans and advances to customers are categorised into personal and business banking loans to customers (retail loans) and corporate and transactional banking loans to customers (corporate loans). The impairment of these loans and advances is inherently a significant and judgmental area for the Group as subjective assumptions are made over both the timing of recognition and the estimation of the size of impairment allowance.

During the period, the Group adopted a new accounting standard, IFRS 9 *Financial Instruments* which became effective on 1 January 2018. The key change arising from the adoption of IFRS 9 was that the Group's impairment allowance on financial instruments are now based on an Expected Credit Loss (ECL) model rather than an incurred loss model, with the most significant impact on impairment on loans and advances.

The ECL model incorporates forward looking information related to expected outlook on inflation rate, exchange rates and growth in Gross Domestic Product (GDP) in determining the expected credit losses in the loans and advances portfolios.

The Group applies a statistical ECL model to calculate expected impairment allowances for the loans and advances. Key assumptions and judgments made in applying the model include: the possibility of a loan becoming past due and subsequently defaulting, credit conversion factors, the rate of recovery on the loans that are past due and in default, the market values and estimated time and cost to sell collateral and forward looking information which includes an estimate of the inflation rate, exchange rates and GDP growth rate.

Loans and advances to customers form a significant part of total assets and due to the judgment involved in classifying loans into stages based on the deterioration of credit risks, the level of subjectivity inherent in estimating the key assumptions on the recoverability of loan balances, the volume of inputs estimated, the complexity of the estimation process and the significant judgment involved in applying these estimates to determine the level of impairment allowance required, makes the impairment of loans and advances a matter of significance to the audit.

How the matter was addressed in our audit

Our audit procedures in these areas included the following:

- We evaluated the design and implementation and tested the operating effectiveness of 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.
- For the corporate loans and advances, we evaluated the design and implementation and tested the operating effectiveness of 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 assessed the appropriateness of the Group's determination of significant increase in credit risk and the resultant classification of loans into the various stages. For loans and advances which have shown a significant increase in credit risk, we evaluated the level of past due obligations and qualitative factors such as cumulative industry knowledge about the obligors to determine whether the Group should make an estimate based on the losses expected to result from default events within a year or defined default events over the life of the facilities.
- We engaged our Financial Risk Management specialists to:
    - evaluate the appropriateness of the basis of determining Exposure at Default, including the contractual cashflow, outstanding loan balance, loan repayment type, loan tenor and effective interest rate;
    - challenge the appropriateness of the modelling approach and significant assumptions for determining the Probability of Default;

- determine the accuracy of the calculations of the Loss Given Default (LGD) used by the Group in the ECL calculations, including the appropriateness of the use of collateral, and reviewing the valuation of the collateral used.
    - assess the appropriateness of management's forward looking assumptions comprising the inflation rates, exchange rates and GDP growth rates used in the ECL calculations using publicly available information from external sources;
    - review the Group's ECL methodology by considering whether it reflects probability-weighted amounts that are determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic condition, as expected by the newly adopted standard;
    - validate the model calculations by re-performing the calculations of impairment allowance for loans and advances using the Group's impairment model and validated key inputs. For loans and advances which have shown a significant increase in credit risk, the recalculation was based on the amount which the Group may not recover throughout the life of the loans while for loans and advances that have not shown significant increase in credit risk, the recalculation was based on the losses expected to result from default events within a year.
- We assessed whether the newly adopted standard was applied appropriately based on the requirements of the standard by checking that the difference between previously reported impairment allowance on loans and advances as at 31 December 2017 and the ECL impairment allowance was recognised in the opening retained earnings at 1 January 2018.

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 42 respectively.

Recoverability of deferred tax assets
The Group had recognised deferred tax assets of N 8.8 billion (2017: N8.9 billion) which arose from historic tax losses, unutilised capital allowances and other deductible temporary differences. The recognition of a deferred tax asset required the Group to perform an assessment of when and whether sufficient future taxable profits are likely to be generated by the Group to support the future recoverability of the deferred tax asset recognised.

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

How the matter was addressed in our audit
Our procedures included the following:

- We re-computed management's calculation of deferred tax assets to determine whether the recorded amount of deferred tax asset is accurate and reasonable, based on the temporary differences identified, and the tax rate applied.
- We challenged management assessment of the recoverable amounts, including the timing and amount of the projected future taxable profits and the underlying assumptions in the Group's budgets and forecasts, using our knowledge of the business and the industry and the Group's historic performance.
- We evaluated whether historic tax losses, unutilised 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 complex valuation methodologies 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 and complexity 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 Financial Risk Management 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.
  - 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.
  - Re-compute 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 42 respectively.

Information Other than the Financial Statements and Audit Report thereon

The Directors are responsible for the other information which comprises the Directors' report, Statement of Directors' responsibilities, Corporate governance, Report of the Audit Committee, Other national disclosures but does not include the consolidated and separate financial statements and our audit report thereon.

Our opinion on the consolidated and separate interim 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 interim 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 interim 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.

Responsibilities of the Directors for the Consolidated and Separate Interim Financial Statements

The Directors are responsible for the preparation of consolidated and separate interim 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 interim 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 Interim Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate interim 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 interim 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 interim 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 interim 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 interim 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 Group'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 period ended 30 June 2018. 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.

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

STANBIC IBTC HOLDINGS PLC

Consolidated and separate statement of financial position at 30 June 2018

	Note	Group 30 Jun. 2018 N'million	Group 31 Dec. 2017 N'million	Company 30 Jun. 2018 N'million	Company 31 Dec. 2017 N'million
Assets					
Cash and cash equivalents	7	**349,487**	401,348	**22,577**	7,545
Pledged assets	8.1	**49,193**	43,240	**-**	-
Trading assets	9.1	**156,675**	151,479	**-**	-
Derivative assets	10.6	**20,804**	11,052	**-**	-
Financial investments	11	**303,321**	316,641	**1,654**	1,625
Asset held for sale	11.4	**-**	114	**-**	-
Loans and advances	12	**412,128**	381,711	**-**	-
Loans and advances to banks	12	**8,811**	9,623	**-**	-
Loans and advances to customers	12	**403,317**	372,088	**-**	-
Other assets	15	**49,744**	49,442	**2,136**	2,148
Equity investment in subsidiaries	13	**-**	-	**85,539**	85,539
Property and equipment	17	**21,781**	21,883	**461**	517
Intangible assets	18	**788**	605	**-**	-
Deferred tax assets	16	**8,802**	8,901	**-**	-
Total assets		**1,372,723**	1,386,416	**112,367**	97,374
Equity and liabilities					
Equity		**210,466**	185,218	**104,916**	92,654
Equity attributable to ordinary shareholders		**207,253**	182,060	**104,916**	92,654
Ordinary share capital	19.2	**5,025**	5,025	**5,025**	5,025
Share premium	19.2	**66,945**	66,945	**66,945**	66,945
Reserves	19.3	**135,283**	110,090	**32,946**	20,684
Non-controlling interest		**3,213**	3,158		
Liabilities		**1,162,257**	1,201,198	**7,451**	4,720
Trading liabilities	9.2	**16,601**	62,449	**-**	-
Derivative liabilities	10.6	**3,548**	2,592	**-**	-
Current tax liabilities	24	**14,529**	12,240	**371**	157
Deposit and current accounts	21	**888,081**	815,363	**-**	-
Deposits from banks	21	**120,709**	61,721	**-**	-
Deposits from customers	21	**767,372**	753,642	**-**	-
Other borrowings	22	**67,025**	74,892	**-**	-
Subordinated debt	23	**30,266**	29,046	**-**	-
Provisions	25	**13,221**	12,979	**-**	-
Other liabilities	26	**128,811**	191,517	**7,080**	4,563
Deferred tax liabilities	16.1	**175**	120	**-**	-
Total equity and liabilities		**1,372,723**	1,386,416	**112,367**	97,374

Yinka Sanni
Chief Executive
FRC/2013/CISN/00000001072
27 July 2018

Adekunle Adedeji
Chief Financial Officer
FRC/2013/ICAN/00000001137
27 July 2018

Basil Omiyi
Chairman
FRC/2016/IODN/00000014093
27 July 2018

The accompanying notes from page 7 to 147 form an integral part of these financial statements

Consolidated and separate statement of profit or loss
For the period ended 30 June 2018

For the six months ended	Note	Group 30-Jun-18 N'million	Group 30-Jun-17 N'million	Company 30-Jun-18 N'million	Company 30-Jun-17 N'million
Gross earnings		**114,207**	97,198	**18,256**	25,896
Net interest income		**40,169**	41,035	**-**	(1,076)
Interest income	31.1	**59,924**	56,728	**-**	19
Interest expense	31.2	**(19,755)**	(15,693)	**-**	(1,095)
Non-interest revenue		**53,828**	40,289	**18,256**	25,877
Net fee and commission revenue	31.3	**36,687**	27,893	**1,199**	726
Fee and commission revenue	31.3	**37,142**	28,074	**1,199**	726
Fee and commission expense	31.3	**(455)**	(181)	**-**	-
Trading revenue	31.4	**15,976**	11,966	**-**	-
Other revenue	31.5	**1,165**	430	**17,057**	25,151
Income before credit impairment charges		**93,997**	81,324	**18,256**	24,801
Net impairment write-back/(loss) on financial assets	31.6	**5,508**	(13,953)	**-**	-
Income after credit impairment charges		**99,505**	67,371	**18,256**	24,801
Operating expenses		**(48,775)**	(38,202)	**(576)**	(781)
Staff costs	31.7	**(21,333)**	(16,492)	**(284)**	(375)
Other operating expenses	31.8	**(27,442)**	(21,710)	**(292)**	(406)
Profit before tax		**50,730**	29,169	**17,680**	24,020
Income tax	33.1	**(7,646)**	(5,057)	**(409)**	210
Profit for the period		**43,084**	24,112	**17,271**	24,230
Profit attributable to:					
Non-controlling interests		**1,280**	1,067	**-**	-
Equity holders of the parent		**41,804**	23,045	**17,271**	24,230
Profit for the period		**43,084**	24,112	**17,271**	24,230
Earnings per share					
Basic earnings per ordinary share (kobo)	34	**416**	230	**172**	242
Diluted earnings per ordinary share (kobo)	34	**413**	230	**171**	242

The accompanying notes from page 7 to 147 form an integral part of these financial statements

STANBIC IBTC HOLDINGS PLC

Consolidated and separate statement of profit or loss and other comprehensive income
For the period ended 30 June 2018

For the six months ended	Note	Group 30-Jun-18 N'million	Group 30-Jun-17 N'million	Company 30-Jun-18 N'million	Company 30-Jun-17 N'million
Profit for the period		**43,084**	24,112	**17,271**	24,230
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Movement in fair value reserve (equity instruments):		**174**	-	-	-
Net change in fair value		**160**			
Related income tax		**14**			
Items that are or may be reclassified subsequently to profit or loss:					
Movement in the available-for-sale revaluation reserve		**-**	(136)	-	-
Net change in fair value of available-for-sale financial assets before reclassification	33.3	**-**	(50)	-	-
Realised fair value adjustments on available-for-sale financial assets reclassified to income statement	33.3	**-**	(86)	-	-
Movement in debt instruments measured at fair value through other comprehensive income (OCI)		**(1,632)**		**-**	
Total expected credit loss		**(23)**	-		
Net change in fair value	33.3	**(944)**	-		
Realised fair value adjustments transfered to profit or loss	33.3	**(665)**	-		
Related income tax					
			-	-	-
				-	-
Other comprehensive income for the period net of tax		**(1,458)**	(136)	-	-
Total comprehensive income for the period		**41,626**	23,976	**17,271**	24,230
Total comprehensive income attributable to:					
Non-controlling interests		**1,231**	1,061	**-**	-
Equity holders of the parent		**40,395**	22,915	**17,271**	24,230
		41,626	23,976	**17,271**	24,230

The accompanying notes from page 7 to 147 form an integral part of these financial statements

STANBIC IBTC HOLDINGS PLC

Consolidated and separate interim statement of changes in equity

For the period ended 30 June 2018

Group	Note	Ordinary share capital N'million	Share premium N'million	Merger reserve N'million	Statutory credit risk reserve N'million	Available for Sale reserve N'million	Fair value through OCI 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 as at 31 December 2017		**5,025**	**66,945**	**(19,123)**	**-**	**-**	**5,192**	**29**	**749**	**40,162**	**83,081**	**182,060**	**3,158**	**185,218**
Impact of adopting IFRS 9 (net of tax)							**(51)**				**(10,173)**	(10,224)		(10,224)
Restated balance at 1 January 2018		**5,025**	**66,945**	**(19,123)**	**-**	**-**	**5,141**	**29**	**749**	**40,162**	**72,908**	**171,836**	**3,158**	**174,994**
Total comprehensive income for the period							**(1,409)**	**-**		**-**	**41,804**	**40,395**	**1,231**	**41,626**
Profit for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**	**41,804**	**41,804**	**1,280**	**43,084**
Other comprehensive (loss)/income after tax for the period							**(1,409)**	**-**	**-**	**-**	**-**	**(1,409)**	**(49)**	**(1,458)**
Net change in fair value on debt financial assets at FVOCI		**-**	**-**	**-**	**-**	**-**	**(895)**	**-**		**-**	**-**	**(895)**	**(49)**	**(944)**
Net change in fair value on equity financial assets at FVOCI							**160**					**160**		**160**
Realised fair value adjustments on financial assets at FVOCI (debt)		-	-	-	-	-	**(665)**	-	-	-	-	**(665)**	**-**	**(665)**
Expected credit loss on debt financial assets at FVOCI		**-**	**-**	**-**	**-**	**-**	**(23)**	**-**		**-**	**-**	**(23)**	**-**	**(23)**
Income tax on other comprehensive income		**-**	**-**	**-**	**-**	**-**	**14**	**-**		**-**	**-**	**14**	**-**	**14**
Statutory credit risk reserve					**2,508**	**-**					**(2,508)**	**-**	**-**	**-**
Transfer to statutory reserves	19.3	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,407**		**(1,407)**	**-**	**-**	**-**
Transactions with shareholders, recorded directly in equity		**-**	**-**	**-**	**-**	**-**	**-**	**47**	**-**	**-**	**(5,025)**	**(4,978)**	**(1,176)**	**(6,154)**
Equity-settled share-based payment transactions		**-**	**-**	**-**	**-**	**-**	**-**	**47**	**-**	**-**	**-**	**47**		**47**
Dividends paid to equity holders		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5,025)**	**(5,025)**	**(1,176)**	**(6,201)**
Balance at 30 June 2018		**5,025**	**66,945**	**(19,123)**	**2,508**	**-**	**3,732**	**76**	**2,156**	**40,162**	**105,772**	**207,253**	**3,213**	**210,466**
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 period							-		-	-	23,045	22,915	1 061	23,976
Profit for the period		-	-	-	-		-	-	-	-	23,045	23,045	1,067	24,112
Other comprehensive income/(loss) after tax for the period						(130)	-		-	-		(130)	(6)	(136)
Net change in fair value on available-for-sale financial assets		-	-	-	-	(44)	-	-	-	-	-	(44)	(6)	(50)
Realised fair value adjustments on available-for-sale financial assets		-	-	-	-	(86)	-	-	-	-	-	(86)	-	(86)
Statutory credit risk reserve		-	-	-	-		-	-		-	-	-	-	-
Transfer to statutory reserves									749		(749)	-	-	-
Transactions with shareholders, recorded directly in equity		-	-	-	-	-	-	(21)	-	-	(500)	(521)	(2,788)	(3,309)
Equity-settled share-based payment transactions		-	-	-	-	-	-	(21)	-	-	-	(21)		(21)
Transfer of vested portion of equity settled share based payment to retained earnings		-	-	-	-	-	-	-	-	-	-	-	(2,788)	(2,788)
Dividends paid to equity holders		-	-	-	-	-	-	-	-	-	(500)	(500)	-	(500)
Balance at 30 June 2017		5,000	65,450	(19,123)	1,025	812	-	15		33,615	71,953	159,496	1,969	161,465

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

The accompanying notes from page 7 to 147 form an integral part of these financial statements

STANBIC IBTC HOLDINGS PLC

Consolidated and separate interim statement of changes in equity

For the period ended 30 June 2018

Company	Ordinary share capital N'million	Share premium N'million	Fair value through OCI 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 2018	**5,025**	**66,945**	**-**	**4**	**-**	**20,680**	**92,654**
Total comprehensive income for the period			**-**			**17,271**	**17,271**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**17,271**	**17,271**
							-
Transactions with shareholders, recorded directly in equity	**-**	**-**	**-**	**16**	**-**	**(5,025)**	**(5,009)**
Equity-settled share-based payment transactions			**-**	**16**		**-**	**16**
Transfer of vested portion of equity settled share based payment to retained earnings						**-**	**-**
Dividends paid to equity holders	**-**	**-**	**-**	**-**	**-**	**(5,025)**	**(5,025)**
Balance at 30 June 2018	**5,025**	**66,945**	**-**	**20**	**-**	**32,926**	**104,916**
Balance at 1 January 2017	5,000	65,450	-	5	-	2,515	72,970
Total comprehensive income for the period			-			24,230	24,230
Loss for the period	-	-	-	-	-	24,230	24,230
							-
Transactions with shareholders, recorded directly in equity	-	-	-	(5)	-	(500)	(505)
Equity-settled share-based payment transactions			-	(5)	-	-	(5)
Transfer of vested portion of equity settled share based payment to retained earnings	-	-	-	-	-	-	-
Dividends paid to equity holders	-		-	-	-	(500)	(500)
Balance at 30 June 2017	5,000	65,450	-	-	-	26,245	96,695

The accompanying notes from page 7 to 147 form an integral part of these financial statements

STANBIC IBTC HOLDINGS PLC

Consolidated and separate interim statement of cash flows
For the period ended 30 June 2018

For the six months ended		Note	Group 30-Jun-18 N million	Group 30-Jun-17 N million	Company 30-Jun-18 N million	Company 30-Jun-17 N million
Net cash flows from operating activities			**(53,567)**	56,227	**20,196**	24,525
Cash flows used in operations			**(93,863)**	20,581	**3,450**	539
Profit before tax			**50,730**	29,169	**17,680**	24,020
Adjusted for:			**(36,828)**	(26,597)	**(16,759)**	(23,867)
Credit impairment charges on loans and advances			**(5,508)**	13,953	**-**	-
Depreciation of property and equipment		31.8	**2,218**	2,010	**166**	154
Amortisation of intangible asset		31.8	**23**	23	**-**	
Dividend income		31.5	**(170)**	(50)	**(16,941)**	(25,092)
Equity-settled share-based payments			**47**	(21)	**16**	(5)
Non-cash flow movements in other borrowings		22	**5,547**	(1,546)	**-**	-
Non-cash flow movements in subordinated debt		23	**1,220**	51	**-**	-
Impairment of intangible asset		18	**-**	62	**-**	-
Interest expense		31.2	**19,755**	15,693	**-**	1,095
Interest income		31.1	**(59,924)**	(56,728)	**-**	(19)
Loss/(gain) on sale of property and equipment		31.5	**(36)**	(44)	**-**	-
Increase/(decrease) in income-earning assets		35.1	**(77,477)**	(175,449)	**12**	533
Increase/(decrease) in deposits and other liabilities		35.2	**(30,288)**	193,458	**2,517**	(147)
Dividends received			**153**	45	**16,941**	25,092
Interest paid			**(20,149)**	(15,541)	**-**	(1,095)
Interest received			**65,325**	55,145	**-**	19
Direct taxation paid		24.1	**(5,033)**	(4,003)	**(195)**	(30)
Net cash flows from/ (used in) investing activities			**(720)**	(50,841)	**(139)**	(733)
Capital expenditure on	- property	17	**(1,064)**	(36)	**-**	-
	- equipment, furniture and vehicles	17	**(1,056)**	(1,499)	**(112)**	(149)
Proceeds from sale of property, equipment, furniture and vehicles			**(32)**	63	**2**	6
(Purchase)/sale of financial investments			**1,638**	(49,369)	**(29)**	(590)
Net cash flows (used in)/ from financing activities			**(19,615)**	(6,285)	**(5,025)**	(16,904)
Proceeds from addition to other borrowings		22	**1,544**	24,803	**-**	-
Repayment of other borrowings		22	**(14,958)**	(27,800)	**-**	(16,404)
Dividends paid			**(6,201)**	(3,288)	**(5,025)**	(500)
Net increase/ (decrease) in cash and cash equivalents			**(73,902)**	(899)	**15,032**	6,888
Effect of exchange rate changes on cash and cash equivalents		35.4	**(4,880)**	451	**-**	-
Cash and cash equivalents at beginning of the period			**230,009**	191,761	**7,545**	1,768
Cash and cash equivalents at end of the period		35.3	**151,227**	191,313	**22,577**	8,656

The accompanying notes from page 7 to 147 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

The consolidated financial statements for the period ended 30 June 2018 have been prepared in accordance with IFRS. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the last annual consolidated financial statements as at and for the year ended 31 December 2017.

This is the first set of the group's financial statements where IFRS 15 and IFRS 9 have been applied. Changes to significant accounting policies are described in note 3.

The consolidated financial statements for the period ended 30 June 2018 was approved by the Board of Directors on 27 July 2018.

(b) Basis of measurement

These consolidated and separate interim 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 (applicable before 1 January 2018)
- financial assets are measured at fair value through other comprehensive income (applicable from 1 January 2018)
- 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.

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes.

Applicable before 1 January 2018

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

Applicable after 1 January 2018

- Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the period ended 30 June 2018 is included in the following notes.

Applicable after 1 January 2018

- Impairment of financial instruments: assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

Applicable before 1 January 2018 and after 1 January 2018

- Determination of the fair value of financial instruments with significant unobservable inputs.
- Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used.
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

3 Changes in accounting policies

Except as decribed below, the group has consistently applied the accounting policies as set out in Note 4 to all periods presented in these interim financial statements.

3 Statement of significant accounting policies

The group has adopted IFRS 15 *Revenue from Contracts with Customers* (see 3.1) and IFRS 9 *Financial Instruments* (see 3.2) from 01 January 2018. A number of other new standards are effective from 01 January 2018 but they do not have a material effect on the group's financial statements.

The effect of initially applying these standards is mainly attributed to an increase in impairment loss recognised on financial assets.

3.1 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.

Given the nature of fees earned by the group and based on management's assessment, IFRS 15 did not have material impact on the group's financial statements on transition date of 01 January 2018. The group has analysed the nature of its fees as follows:

(i) *Bank transaction fees:* This include electronic banking charges, account transaction fee, custody fees among others. The impact of IFRS 15 on accounting treatment has been assessed to be immaterial.

3.2 IFRS 9 Financial Instruments

IFRS 9 Financial Instruments (IFRS 9) replaces 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 as against the incurred loss impairment model in IAS 39.
- Revised requirements and simplifications for hedge accounting.

3.2 IFRS 9 Financial Instruments (continued)

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

<u>Classification and measurement of financial assets and financial liabilities</u>

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which the financial assets is managed and its contractual cash flow characteristics.

The adoption of IFRS 9 has not had a significant effect on the group's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

The effect of adopting IFRS 9 on the carrying amounts of financial assets as at 01 January 2018 relates solely to the new impairment requirements, as described further below.

The following tables and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurment categories under IFRS 9 for each class of the group's financial assets as at 01 January 2018.

3.2 IFRS 9 Financial Instruments (continued)

Classification and measurement of financial assets and financial liabilities (continued)

Effect of IFRS 9 transition on the consolidated statement of financial position

Statement of financial position line items affected	IFRS restated	IFRS previously reported	Transitional adjustment	Note
	N'million	N'million	N'million	
Assets				
Cash and cash equivalents	401,346	401,348	(2)	(a)
Pledged assets	43,240	43,240	-	
Trading assets	151,479	151,479	-	
Derivative assets	11,052	11,052	-	
Financial investments	316,641	316,641	-	(b)
Asset held for sale	114	114	-	
Loans and advances to banks	9,623	9,623	-	
Loans and advances to customers	362,527	372,088	(9,561)	(c)
Other assets	49,442	49,442	-	
Property and equipment	21,883	21,883	-	
Intangible assets	605	605	-	
Deferred tax assets	8,916	8,901	15	(d)
Total assets	**1,376,868**	**1,386,416**	**(9,548)**	
Liabilities				
Trading liabilities	62,449	62,449	-	
Derivative liabilities	2,592	2,592	-	
Current tax liabilities	12,240	12,240	-	
Deposits from banks	61,721	61,721	-	
Deposits from customers	753,642	753,642	-	
Other borrowings	74,892	74,892	-	
Subordinated debt	29,046	29,046	-	
Provisions	12,979	12,979	-	
Other liabilities	192,193	191,517	676	(e)
Deferred tax liabilities	120	120	-	
Total liabilities	**1,201,874**	**1,201,198**	**676**	
Equity				
Share capital	5,025	5,025	-	
Share premium	66,945	66,945	-	
Reserves	99,866	110,090	(10,224)	
Non-controlling interest	3,158	3,158	-	
Total equity	**174,994**	**185,218**	**(10,224)**	
Total equity and liabilities	**1,376,868**	**1,386,416**	**(9,548)**	

3.2 IFRS 9 Financial Instruments (continued)

Classification and measurement of financial assets and financial liabilities as at 01 January 2018

In Nmillion	Note	Original classification under IAS 39	New Classification under IFRS 9	Original carrying Value under IAS 39 at inital application date	New carrying Value under IFRS 9 at inital application date	Transitional adjustment
Financial assets						
Cash and cash equivalents	(a)	Loans and receivables	Amortised cost	401,348	401,346	2
Derivative assets		Held-for-trading	FVTPL	11,052	11,052	-
Trading assets		Held-for-trading	FVTPL	151,479	151,479	-
Pledged assets		Held-for-trading	FVTPL	10,769	10,769	-
		Available-for-sale	FVOCI	32,471	32,471	-
Financial investments		Available-for-sale	FVOCI	316,641	315,047	-
	(b)		FVTPL	-	1,594	-
Loans and advances to banks		Loans and receivables	Amortised cost	9,623	9,623	-
Loans and advances to customers	(c)	Loans and receivables	Amortised cost	372,088	362,527	9,561
Other assets		Loans and receivables	Amortised cost	41,427	41,427	-
Total financial assets				**1,346,898**	**1,337,335**	**9,563**
Financial liabilities						
Derivative liabilities		Held-for-trading	Held-for-trading	2,592	2,592	-
Trading liabilities		Held-for-trading	Held-for-trading	62,449	62,449	-
Deposits from banks		Other amortised cost	Amortised cost	61,721	61,721	-
Deposits from customers		Other amortised cost	Amortised cost	753,642	753,642	-
Other borrowings		Other amortised cost	Amortised cost	74,892	74,892	-
Subordinated debt		Other amortised cost	Amortised cost	29,046	29,046	-
Other liabilities	(e)	Other amortised cost	Amortised cost	186,827	187,503	(676)
Total financial liabilities				**1,171,169**	**1,171,845**	**(676)**

FVOCI - Fair value through other comprehensive income
FVTPL - Fair value through profit or loss

Note

(a) The transition adjustment relating to cash and cash equivalents represents expected credit loss requirement per IFRS 9 for loan and advance to bank.

(b) Financial investments include mutual funds and unit linked investments which are interests in investment vehicles holding mix of debt instruments, equity, and cash. Given the nature, the investment did not meet the IFRS 9 criteria for classification as FVOCI or amortised cost. As such, they have been classified under IFRS 9 as FVTPL.

(c) The transition adjustment relating to loans and advances to customers represents expected credit loss requirement per IFRS 9

(d) The banking entity did not recognise deferred tax on its IFRS 9 transition adjustment as at 1 January 2018. The directors have determined that based on the bank's profit forecast, it is not probable that there will be future taxable profits against which the temporary differences, resulting from the transition adjustment, can be utilised.

(e) The transition adjustment under other liabilities relates to expected credit loss on loan commitments and financial guarantee contracts

Notes to the consolidated and separate interim financial statements
For the period ended 30 June 2018

3.2 IFRS 9 Financial Instruments (continued)

Classification and measurement of financial assets and financial liabilities (continued)

(e) The following table analyses the impact, net of tax, of transition to IFRS 9 on reserves and retained earnings. The impact relates to the fair value reserve and retained earnings. There is no impact on other components of equity.

In Nmillion	Impact of adopting IFRS 9 at 1 January 2018
Fair value reserve	
Closing balance under IAS 39 (31 December 2017)	5,192
Recognition of expected credit losses under IFRS 9 for debt financial assets at FVOCI	107
Reclassification of financial investments (mutual funds) from available-for-sale to FVTPL	(154)
Share of non-controlling interest	(4)
Opening balance under IFRS 9 (1 January 2018)	**5,141**
Retained earnings	
Closing balance under IAS 39 (31 December 2017)	83,081
Recognition of expected credit losses under IFRS 9 (including lease receivables, loan commitments and financial guarantee contracts)	(10,346)
Reclassification of financial investments (mutual funds) from available-for-sale to FVTPL	154
Deferred tax impact	15
Share of non-controlling interest	4
Opening balance under IFRS 9 (1 January 2018)	**72,908**
Impact of adopting IFRS 9 at 1 January 2018 on reserves	**(10,224)**
Non-controlling interest	
Closing balance under IAS 39 (31 December 2017)	3,158
NCI share of expected credit losses under IFRS 9	(4)
NCI share of IFRS 9 Day 1 adjustment to retained earnings	4
Opening balance under IFRS 9 (1 January 2018)	**3,158**

3.2 IFRS 9 Financial Instruments (continued)

Classification and measurement of financial assets and financial liabilities (continued)

(f) The following table reconciles the carrying amounts under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 January 2018

In Nmillion	IAS 39 Carrying Amount 31 December 2017	Reclassification	Remeasurement	IFRS 9 Carrying Amount 1 January 2018
Financial Assets				
Amortised cost				
Cash and cash equivalents:				
Opening balance	401,348			
Remeasurement			(2)	
Closing balance				401,346
Loans and advances to banks:				
Opening balance	9,623			
Remeasurement			-	
Closing balance				9,623
Loans and advances to customers				
Opening balance	372,088			
Remeasurement			(9,561)	
Closing balance				362,527
Other assets	41,427			41,427
Total amortised cost	**824,486**		**(9,563)**	**814,923**
Available-for-sale				
Pledged assets:				
Opening balance	32,471			
To FVOCI – debt		(32,471)		
Closing balance				-
Financial investments:				
Opening balance	316,641			
To FVOCI – debt		(312,773)		
To FVOCI – equity		(2,274)		
To FVTPL		(1,594)		
Closing balance				-
FVOCI - debt				
Pledged assets:				
Opening balance	-			
From available-for-sale		32,471		
Financial investments:				
Opening balance	-			
From available-for-sale		312,773		
Closing balance				**345,244**

3.2 IFRS 9 Financial Instruments (continued)

Classification and measurement of financial assets and financial liabilities (continued)

(f) The following table reconciles the carrying amounts under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 January 2018

In Nmillion	IAS 39 Carrying Amount 31 December 2017	Reclassification	Remeasurement	Carrying Amount 1 January 2018
FVOCI – equity+				
Financial investments:				
Opening balance	-			
From available-for-sale		2,274		
Closing balance				2,274
Total FVOCI				**347,518**
FVTPL				
Derivative assets	11,052	-	-	11,052
Trading assets	151,479	-	-	151,479
Pledged assets	10,769	-	-	10,769
Financial investments:				
Opening balance				
From available-for-sale	1,594			
Closing balance				1,594
Total FVTPL				**174,894**
Financial liabilities				
Amortised cost				
Deposits from banks	61,721	-	-	61,721
Deposits from customers	753,642	-	-	753,642
Other borrowings	74,892	-	-	74,892
Subordinated debt	29,046	-	-	29,046
Other liabilities:				
Opening balance	186,827			
Remeasurement			676	
Closing balance				187,503
Total amortised cost				**1,106,804**
FVTPL				
Derivative liabilities	2,592	-	-	2,592
Trading liabilities	62,449	-	-	62,449
Total FVTPL				**65,041**

+FVOCI - equity represents unquoted equity investments that the group hold for long term strategic purposes. As permitted by IFRS 9, the group has designated these investment at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

3.2 IFRS 9 Financial Instruments (continued)

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9's expected credit loss impairment requirements contain the following key conditions:

• An expected loss credit impairment allowance is required to be recognised on financial assets that are measured on an amortised cost basis or debt instruments measured at fair value through other comprehensive income (OCI), as well as lease receivables, loan commitments and financial guarantee contracts.

• IFRS 9 introduces a 3-bucket approach to calculating impairment on financial assets:

- Impairment losses on instruments included within bucket 1 are based on 12 month expected credit losses (i.e. the portion of lifetime expected credit losses that results from default events on a financial instrument that are possible within the 12 months after the reporting date). Assets are included within this bucket at initial recognition if they are not credit impaired (i.e. if they are not purchased or originated credit impaired financial assets).

- Financial assets are included within bucket 2 when there has been a significant increase in credit risk since initial recognition and the assets do not have low credit risk. Impairment losses on assets included in bucket 2 are based on lifetime expected credit losses (i.e. the expected credit losses that result from all possible default events over the expected life of a financial instrument).

- One of the indicators for a financial asset to be included in bucket 3 is where there is evidence of default. As with loans in bucket 2, the impairment loss is based on lifetime expected credit losses (i.e. the expected credit losses that result from all possible default events over the expected life of a financial instrument).

• IFRS 9 requires interest income to be calculated based on the gross carrying amount for financial assets included within bucket 1 and 2 of the impairment model. The gross carrying amount of a financial asset is its amortised cost before deducting its impairment allowance. For financial assets within bucket 3 of the model, interest is required to be calculated based on the net carrying amount of the asset. The net carrying amount of a financial asset is its amortised cost after deducting its impairment allowance.

Significant increase in credit risk or low credit risk

The following are considered by the group in determining whether there has been a significant increase in credit risk on a financial instrument since initial recognition:

- Change in the probability of default from initial recognition to the reporting date.
- A 30-day past due rebuttal, requiring exposures to be classified in bucket 2. It is however not considered sufficient to only look at arrears data such as days past due in considering whether there is a significant increase in credit risk and the group would need to assess for significant increase in credit risk through other means. Arrears data are used after exhausting all other methods of determining whether there has been a significant increase in credit risk.
- Other means of considering whether there is a significant increase in credit risk includes the evaluation of internal and external credit ratings as well as information from external credit bureaus. Information about the economic sector and geographical region of the borrower are also be taken into account.
- Where a single customer has more than one loan with the group (for example, a home loan, revolving facility, vehicle and asset finance, etc.), a one customer view is taken when considering whether there has been a significant increase in credit risk. In this instance, a significant increase in the customer's credit risk on one loan account is taken into account when assessing the customer's other loan accounts. If it is assessed that there is a significant increase in credit risk in one exposure, then there is a presumption that the customer's other loans also have a significant increase in credit risk.
- In terms of IFRS 9, the group is required to incorporate both historical experience as well as forward looking information when assessing whether an instrument's credit risk has increased significantly since initial recognition. A useful reference tool that is used in the assessment of significant increase in credit risk is the exposure's credit rating.

3.2 IFRS 9 Financial Instruments (continued)

Impairment of financial assets (continued)

Forward-looking information
The process to include forward looking information into the expected credit loss impairment model when assessing whether a customer's credit risk has increased significantly, involves the following:

Building a forward looking information IFRS model: In this stage, a calculation model or expert driven approach is used to adjust the impairment requirement based on the forward looking macro-economic outlook.

Macro-economic forecast : In this stage, an alignment in the base / expected macro-economic outlook is created between the group's stress testing, budgeting and forward looking information for the IFRS expected credit loss impairment model. The same economic base case outlook is used for all these processes and across the group.

Review of the outcome : In this stage the outcome of the model is reviewed by the relevant governance committee.

In certain instances, the assessment of significant increase in credit risk using forward looking information is done on a collective basis (i.e. portfolio of customers) and not on an individual basis. When demonstrated that a sufficient linkage between forward looking factors and a portfolio exist, a given factor is implemented at the appropriate level of aggregation.

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.

Measurement of ECLs
ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the group in accordance with the contract and the cash flows that the group expects to recieve). ECLs are discounted at the effective interest rate of the financial assets.

The following drivers underline the ECL determination for the group.

Minimum of a 12-month expected credit loss for performing exposures : The existing emergence period is between three to six months for PBB exposures and 12 months for CIB exposures. The change to a 12-month expected loss requirement will result in an increase in impairments for PBB.

Lifetime credit losses for exposures that exhibit a significant increase in credit risk: IFRS 9 requires a lifetime loss to be recognised for exposures for which there has been a significant increase in credit risk.

3.2 IFRS 9 Financial Instruments (continued)

Impairment of financial assets (continued)

ECL held for unutilised client exposures and guarantees: The IFRS 9 requirement for impairments for unutilised client facilities and guarantees results in additional balance sheet impairments for both PBB and CTB.

*Longer outlook period for exposures that are expected to default: M*easurement of ECL over a longer time horizon results in the potential for higher loss outcomes which has a greater impact for PBB than CTB.

Forward looking economic expectations for ECL: The inclusion of forward-looking economic information is expected to increase the level of provisions as a result of the nature and timing of both current and forecasted economic assumptions.

Impact of the new impairment model

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The group has determined that the application of IFRS 9's impairment requirements as at 01 January 2018 resulted in an additional impairment allowance as follows.

Amounts in Nmillions

Impairment allowance as at 31 December 2017 under IAS 39	**31,764**
Additional impairment recognised at 01 January 2018 on:	**10,346**
Loans and advances to customers	9,561
Debt instruments at FVOCI	107
Cash and cash equivalents	2
Loan commitments and financial guarantee contracts	676
Impairment allowance as at 01 January 2018 under IFRS 9	**42,110**

Loans and advances to customers - IFRS 9 exposure and stage distribution at 01 January 2018

Gross carrying value- *In Nmillions*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
PBB	**100,066**	**32,304**	**16,955**	**149,325**
Mortgage loans	4,862	1,116	1,448	7,426
Instalment sale and finance leases	4,427	3,496	4,244	12,167
Card debtors	742	396	312	1,450
Personal unsecured lending	31,356	7,108	6,010	44,474
Business lending and other - Customers	58,679	20,188	4,941	83,808
CTB	**179,362**	**60,407**	**14,758**	**254,527**
Corporate lending	179,362	60,407	14,758	254,527
Loans and advances to customers	**279,428**	**92,711**	**31,713**	**403,852**

3.2 IFRS 9 Financial Instruments (continued)

Impairment of financial assets (continued)

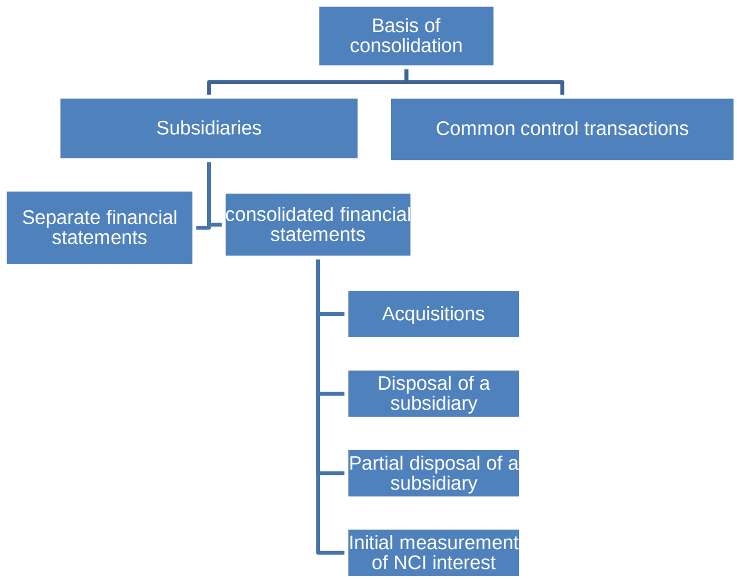
The following table reconciles the closing impairment allowance for financial assets in accordance with IAS 39 and provisions for loan commitments and financial guarantee contracts in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets as at 31 December 2017; to the opening ECL allowance determined in accordance with IFRS 9 as at 1 January 2018.

Expected credit loss								
Financial instruments subject to expected credit loss requirements of IFRS 9	**Portfolio impairment (IAS 39)**	**Specific impairment (IAS 39)**	**Total IAS 39 impairment provision**	**12 month ECL**	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total IFRS 9 impairment provision**	**Transitional adjustment**
As at 31 December 2017	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Financial assets at amortised cost or Debt instruments at FVOCI								
Cash and cash equivalents	-	-	**-**	2			**2**	2
Pledged assets	-	-	**-**	13			**13**	13
Financial investments	-	-	**-**	94			**94**	94
Loans and advances to banks	-	-	**-**	-			**-**	-
Loans and advances to customers	10,847	20,916	**31,763**	4,613	15,796	20,915	**41,324**	9,561
Other assets	-	5,032	**5,032**	-		5,032	**5,032**	-
Off Balance sheet (Not at FVTPL)	-	-	**-**	535	141		**676**	676
	10,847	**25,948**	**36,795**	**5,257**	**15,937**	**25,947**	**47,141**	**10,346**

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 interim 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.
Loss of control in 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.
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 period-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 and cannot be reclassified to profit/loss from 1 January 2018 inline with IFRS 9.

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

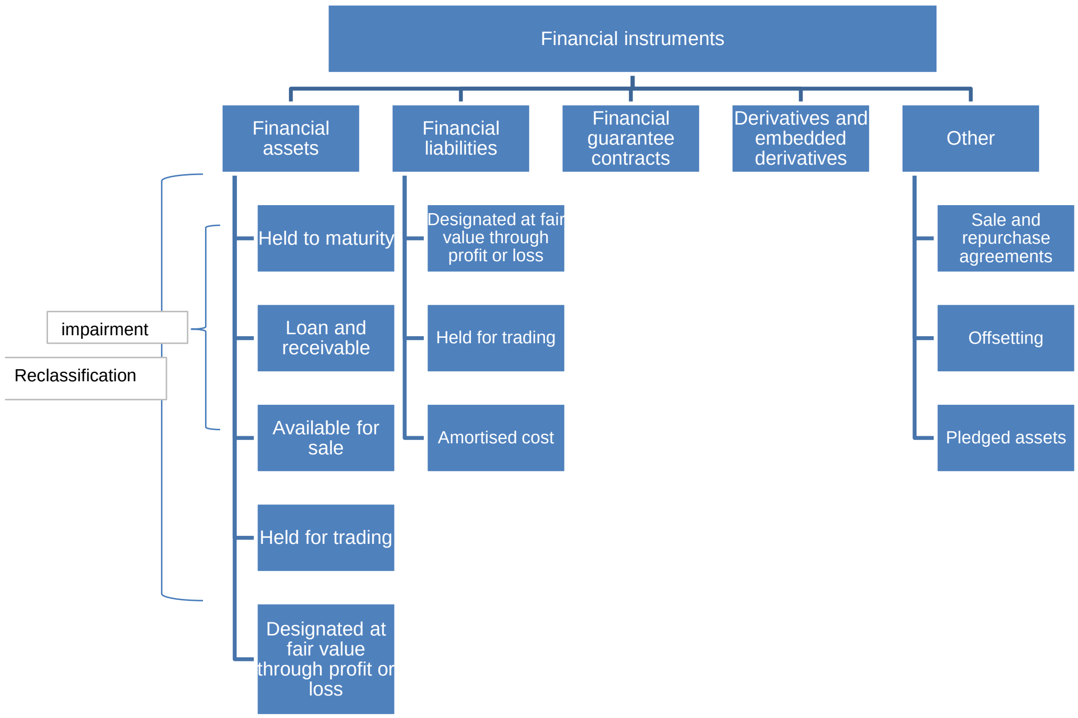
Cash and cash equivalents presented in the statement of cash flows consist of cash and balances with central banks (excluding cash reserve), and balances with other banks with original maturities of 3 months or less from the date of acquisition that are subject to an insignificant risk of changes in 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

Policy applicable before 1 January 2018

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. Dividends received 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 (Continued)	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.

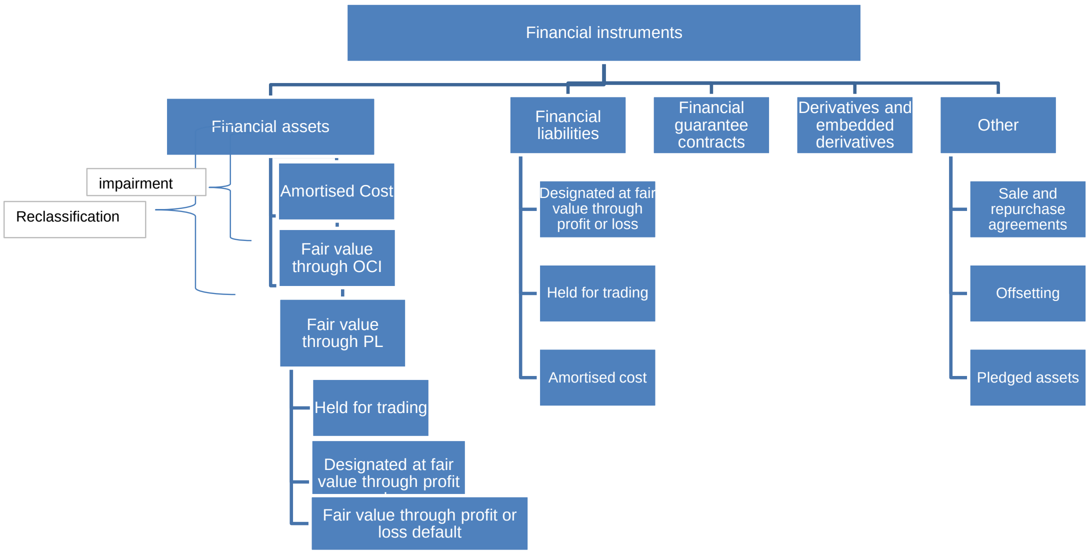
Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset 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)

4.3 Financial instruments

Policy applicable after 1 January 2018

The relevant financial instruments are financial assets classified at amortised cost, fair value through OCI, fair value through P/L 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

Amotised cost	A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): • held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows; and • The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basis lending arrangement, the financial asset is classified as fair value through profit or loss – default.
Fair value through OCI	Includes: • A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): — held within a business model in which the debt instrument (financial asset) is managed to both collect contractual cash flows and sell financial assets; and — The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basis lending arrangement, the financial asset is classified as fair value through profit or loss – default. • Equity financial assets which are not held for trading and are irrevocably elected (on an instrument-by-instrument basis) to be presented at fair value through OCI.
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.
Fair value through profit or loss default	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:

Amortised cost	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.
Fair value through OCI	Debt instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When a debt financial asset is disposed of, the cumulative fair value adjustments, previously recognised in OCI, are reclassified to the other gains and losses on financial instruments within non-interest revenue. Interest income on debt financial asset is recognised in interest income in terms of the effective interest rate method. Dividends received are recognised in interest income within profit or loss. Equity instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When equity financial assets are disposed of, the cumulative fair value adjustments in OCI are reclassified within reserves to retained income. Dividends received on equity instruments are recognised in other revenue within non-interest income.
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 gains and losses (including interest and dividends) on the financial asset are recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue.
Fair value through profit or loss – default	Fair value gains and losses (including interest and dividends) on the financial asset are recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue.

Impairment

Expected credit losses (ECL) are recognised on debt financial assets classified as at either amortised cost or fair value through OCI, financial guarantee contracts that are not designated at fair value through profit or loss as well as loan commitments that are neither measured at fair value through profit or loss nor are used to provide a loan at a below market interest rate.

The measurement basis of the ECL of a financial asset includes assessing whether there has been a significant increase in credit risk (SICR) at the reporting date which includes forward-looking information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The measurement basis of the ECL, which is set out in the table that follows, is measured as the unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and forward looking information.

Stage 1	A 12-month ECL is calculated for financial assets which are neither credit-impaired on origination nor for which there has been a SICR.
Stage 2	A lifetime ECL allowance is calculated for financial assets that are assessed to have displayed a SICR since origination and are not considered low credit risk.
Stage 3	A lifetime ECL is calculated for financial assets that are assessed to be credit impaired. The following criteria are used in determining whether the financial asset is impaired: • default • significant financial difficulty of borrower and/or modification • probability of bankruptcy or financial reorganisation • disappearance of an active market due to financial difficulties.

4 Statement of significant accounting policies (continued)

The key components of the impairment methodology are described as follows:

Significant increase in credit risk (SICR)	At each reporting date the group assesses whether the credit risk of its exposures has increased significantly since initial recognition by considering the change in the risk of default occurring over the expected life of the financial asset. Credit risk of exposures which are overdue for more than 30 days are also considered to have increased significantly.
Low credit risk	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 may not necessarily reduce the exposure's ability to fulfil its contractual obligations.
Default	The group's definition of default has been aligned to its internal credit risk management definitions and approaches. A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or groups of financial assets: • significant financial difficulty of borrower and/or modification (i.e. known cash flow difficulties experienced by the borrower) • a breach of contract, such as default or delinquency in interest and/or principal payments • disappearance of active market due to financial difficulties • it becomes probable that the borrower will enter bankruptcy or other financial reorganisation • 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. Exposures which are overdue for more than 90 days are also considered to be in default.
Forward-looking information	Forward looking information is incorporated into the group's impairment methodology calculations and in the group's assessment of SICR. The group includes all forward looking information which is reasonable and available without undue cost or effort. The information will typically include expected macro-economic conditions and factors that are expected to impact portfolios or individual counterparty exposures.
Write-off	Financial assets are written off when there is no reasonable expectation of recovery. Financial assets which are written off may still be subject to enforcement activities.

ECLs are recognised within the statement of financial position as follows:

Financial assets measured at amortised cost (including loan commitments)	Recognised as a deduction from the gross carrying amount of the asset (group of assets). Where the impairment allowance exceeds the gross carrying amount of the asset (group of assets), the excess is recognised as a provision within other liabilities.
Off-balance sheet exposures (excluding loan commitments)	Recognised as a provision within provisions.
Financial assets measured at fair value through OCI	Recognised in the fair value reserve within equity. The carrying value of the financial asset is recognised in the statement of financial position at fair value.

Reclassification

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

Reclassifications of debt financial assets are permitted when, and only when, the group changes its business model for managing financial assets, in which case all affected financial assets are reclassified. Reclassifications are accounted for prospectively from the date of reclassification as follows:
• Financial assets that are reclassified from amortised cost to fair value are measured at fair value at the date of reclassification with any difference in measurement basis being recognised in other gains and losses on financial instruments
• The fair value of a financial asset that is reclassified from fair value to amortised cost becomes the financial asset's new carrying value
• Financial assets that are reclassified from amortised cost to fair value through OCI are measured at fair value at the date of reclassification with any difference in measurement basis being recognised in OCI
• The fair value of a financial asset that is reclassified from fair value through OCI to amortised cost becomes the financial asset's new carrying value with the cumulative fair value adjustment recognised in OCI being recognised against the new carrying value
• The carrying value of financial assets that are reclassified from fair value through profit or loss to fair value through OCI remains at fair value
• The carrying value of financial assets that are reclassified from fair value through OCI to fair value through profit or loss remains at fair value, with the cumulative fair value adjustment in OCI being recognised in the income statement at the date of reclassification.

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 asset'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. From 1 January 2018 any cummulative gain/loss recognised in OCI in respect of equity investment securities designated at FVOCI is not recognised in profit or loss on derecognition of such securities.
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.

Modification of financial assets and liabilities

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 at fair value and recalculates a new effective interest rate, with the difference in the respective carrying amounts being recognised in other gains and losses on financial instruments within non-interest revenue. The date of recognition of a new asset is consequently considered to be the date of initial recognition for impairment calculation purposes.

If the terms are not substantially different for financial assets or financial liabilities, the group recalculates the new gross carrying amount by discounting the modified cash flows of the financial asset or financial liability using the original effective interest rate. The difference between the new carrying gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or gains and losses on financial instruments within non-interest revenue (for all other modifications).

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:

Before 1 January 2018

• present value of any expected payment, when a payment under the guarantee has become probable; and

• unamortised premium.

After 1 January 2018

• the ECL calculated for the financial guarantee; 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 at amortized cost or fair value as approriate. 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.

4.4 Rules issued by the Financial Reporting Council of Nigeria

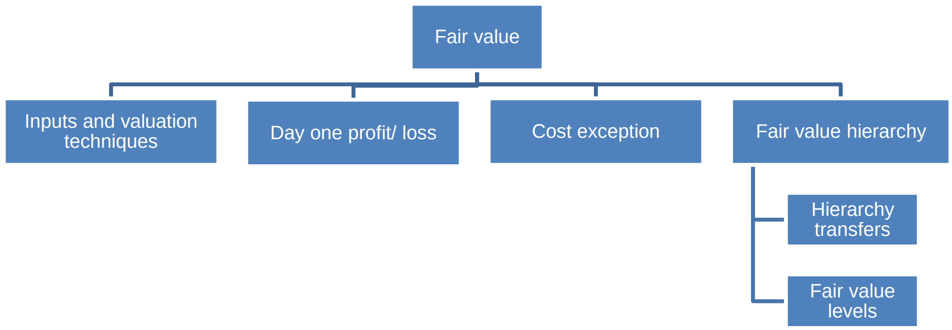
Transactions requiring registration from statutory bodies such as the National Office for Technology Acquisition and Promotion

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 information technology services which, as at period end 30 June 2018 interim financial period, were yet to be registered by the appropriate statutory body. We have reported these contracts in line with the rule specified above (see note 31.9).

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 counterparty 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 (applicable before 1 January 2018)

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:

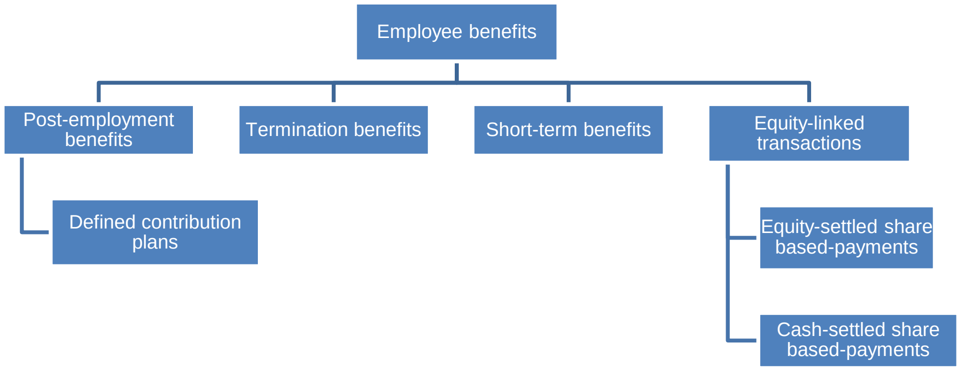
Level 1	Fair value is based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing 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



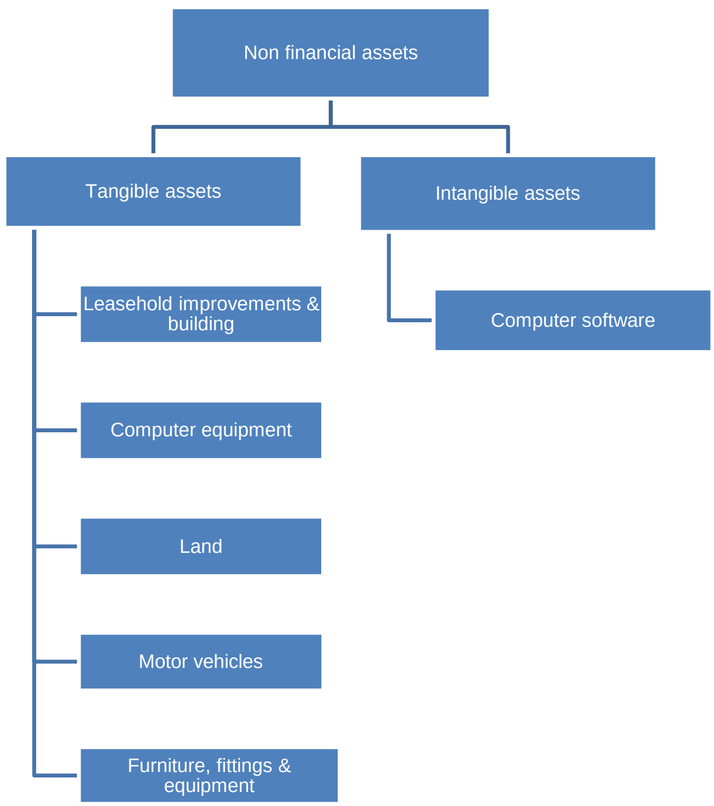
Type	Description	Statement of financial position	Statement of other comprehensive income	Income statement
Defined contribution plans	The group operates a contributory pension plan in line with the Pension Reform Act 2014. Employees and the Bank contribute 8% and 10% respectively of each of the qualifying 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)

<table>
<tr><th>Type</th><th>Initial and subsequent measurement</th><th>Useful lives, depreciation/ amortisation method or fair value basis</th><th>Impairment</th><th>Derecognition</th></tr>
<tr><td>Tangible assets</td><td>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.</td><td>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: 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.</td><td rowspan="2">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.</td><td rowspan="2">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.</td></tr>
<tr><td>Intangible assets/ Computer software</td><td>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.</td><td>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 periods) from the date that the asset is available for use.

Amortisation methods, useful lives and residual values are reviewed at each financial periodend and adjusted, if necessary.</td></tr>
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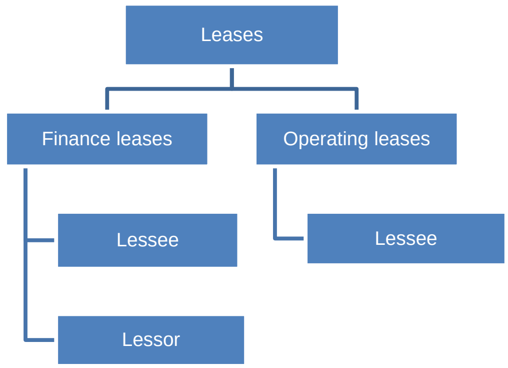
4 Statement of significant accounting policies (continued)

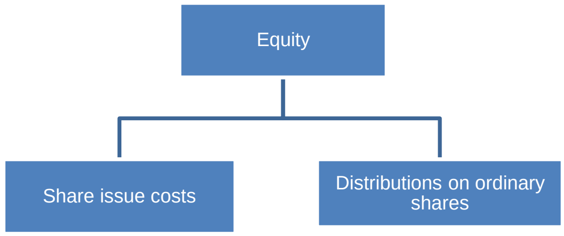
4.8 Leases



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 financial 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.

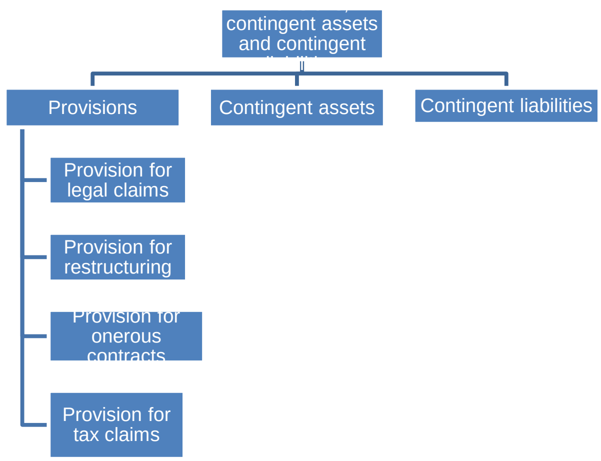
4 Statement of significant accounting policies (continued)

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

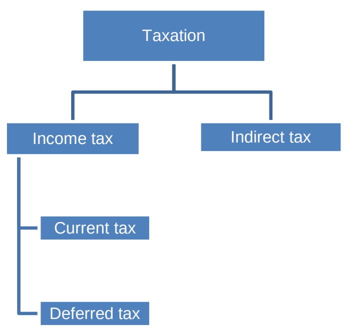


Provisions	Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can 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 contract. **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

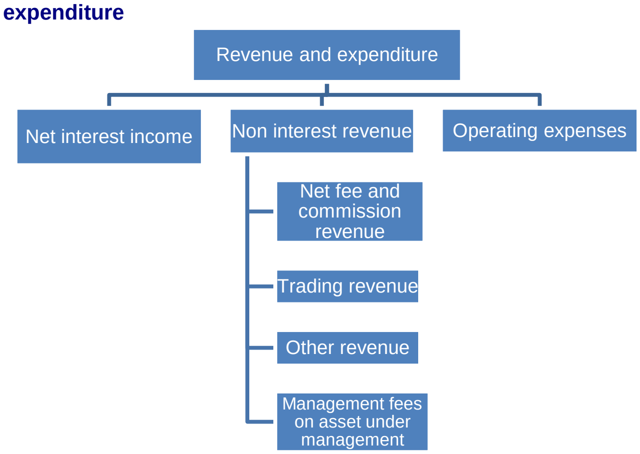


Type	Description, recognition and measurement	Offsetting
Current tax- determined for current period transactions and events	Current tax represents the expected tax payable on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to 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) a) no total profit; or (b) 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.	

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 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. When a financial asset is classified as specifically impaired (before 1 January 2018) or as Stage 3 impaired (after 1 January 2018), interest income is calculated on the impaired value (gross carrying value less specific impairment) based on the original effective interest rate. The contractual interest income on the gross exposure is suspended and is only recognised in interest income when the financial asset is no longer specifically impaired (before 1 January 2018) or is reclassified out of Stage 3 (after 1 January 2018). Dividends received on preference share investments classified as debt form part of the group's lending activities and are included in interest income. **Before 1 January 2018** The following additional amounts are recognised in net interest income: • Fair value gains and losses on debt financial assets that are designated at fair value through profit or loss • The gain or loss on the derecognition of a financial asset classified as available for- sale • Gains and losses arising from the derecognition of financial assets and financial liabilities classified as at amortised cost • Fair value gains and losses financial liabilities (including changes as a result of own credit risk) that are designated at fair value through profit or loss.
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 financial assets, underwriting profit from the group's short-term insurance operations and related insurance activities and re- measurement gains and losses from contingent consideration on disposals and purchases. **Before 1 January 2018** Gains and losses on equity instruments designated at fair value through profit or loss are recognised within other revenue. Gains and losses on equity instruments classified as available-for-sale financial assets are reclassified from OCI to other revenue on derecognition or impairment.
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)

In addition to the above identified changes between IAS 39 and IFRS 9, interest in suspense (IIS) (refers to contractual interest which accrues on financial assets which are classified as non-performing) is presented as follows:

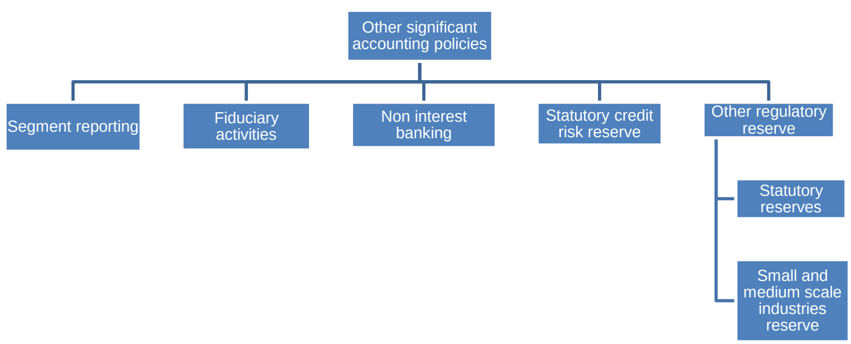
IAS 39 accounting treatment

Up to 31 December 2017, IAS 18 Revenue (IAS 18) required interest income to be recognised only when it was probable that the economic benefits associated with a transaction would flow to the entity. The group, in line with these requirements suspended the recognition of contractual interest from the point that a financial asset was classified as specifically impaired. The accounting presentation policy for this suspended contractual interest was to present the balance sheet interest in suspense (IIS) account as part of the gross carrying amount of the financial asset (i.e. gross carrying amount net of IIS). In addition, upon the curing of the non-performing financial asset, the group elected an accounting presentation policy to recognised this suspended contractual interest (previously unrecognised interest) within interest revenue line within the income statement. This policy was elected on the basis that the presentation best represented the nature of the amount in terms of IAS 1.

IFRS 9 accounting treatment

Requires that interest for financial assets classified as stage 3 (i.e. in default) only be calculated on the gross carrying amount less impairments (i.e. amortised cost balance). The group has applied this requirement by suspending all contractual interest on such financial assets and recognising interest on the amortised cost balance utilising the financial assets' effective interest rate. IFRS 9 requires that the suspended contractual interest be recognised as part of the financial assets' gross carrying amount and be deducted as part of the reconciliation to the net carrying amount which is reported in the balance sheet. Whilst the IIS is recognised in the gross carrying amount it does not impact the net carrying amount of the financial asset as presented on the face of the statement of financial position. Given the IFRS 9 requirement that the gross carrying amount would include the contractual suspended interest on financial assets classified as stage 3. However, the group will, report the balance sheet interest in suspense account as a separate reconciling item when calculating the financial assets' net carrying amount. This change in presentation will result in an increase gross carrying amount when compared to the IAS 39 gross carrying amount. The group has elected to continue to present upon the curing of the non-performing financial asset, this suspended contractual interest (previously unrecognised interest) within interest revenue line within the income. This policy was elected on the basis that the presentation best represented the nature of the amount in terms of IAS 1.

4.13 Other significant accounting policies



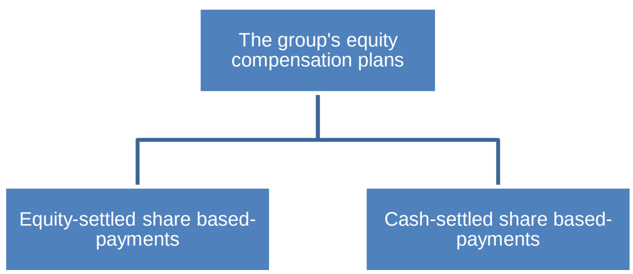
Segment reporting	An operating segment is a component of the group engaged in business activities, whose operating results are reviewed regularly by management in order to make decisions about resources to be allocated to segments and assessing segment performance. The group's identification of segments 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.
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 expected 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

Pronouncement	
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 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	**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

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, 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	
	30 Jun 2018	30 Jun 2017	**30 Jun 2018**	30 Jun 2017	**30 Jun 2018**	30 Jun 2017	**30 Jun 2018**	30 Jun 2017	**30 Jun 2018**	30 Jun 2017
	N million	N million	**N million**	N million	**N million**	N million	**N million**	N million	**N million**	N million
Net interest income	**16 123**	16 134	**21 282**	23 129	**2 764**	1 772	**-**	-	**40 169**	41 035
Interest income -external source	**15 138**	13 855	**42 022**	40 006	**2 764**	2 867			**59 924**	56 728
Interest expense - external source	**-5 426**	-6 752	**-14 329**	-7 846	**-**	-1 095			**-19 755**	-15 693
Inter-segment revenue	**6 411**	9 031	**-6 411**	-9 031	**-**	-			**-**	-
Non-interest revenue	**7 986**	6 609	**26 323**	18 772	**21 624**	16 483	**-2 105**	-1 575	**53 828**	40 289
Net fee and commission revenue	**7 836**	6 285	**9 441**	6 720	**21 551**	16 463	**-2 141**	-1 575	**36 687**	27 893
Trading revenue	**-**	-	**15 961**	11 950	**15**	16			**15 976**	11 966
Other revenue	**150**	324	**921**	102	**58**	4	**36**		**1 165**	430
Revenue	**24 109**	22 743	**47 605**	41 901	**24 388**	18 255	**-2 105**	-1 575	**93 997**	81 324
Credit impairment charges	**1 860**	-8 421	**3 628**	-5 532	**20**	-	**-**	-	**5 508**	-13 953
Income after credit impairment charges	**25 969**	14 322	**51 233**	36 369	**24 408**	18 255		-1 575	**99 505**	67 371
Operating expenses	**-22 824**	-19 501	**-21 115**	-15 202	**-6 939**	-5 074		1 575	**-48 775**	-38 202
Staff costs	**-12 058**	-9 284	**-6 035**	-4 729	**-3 240**	-2 479			**-21 333**	-16 492
Other operating expenses	**-10 766**	-10 217	**-15 080**	-10 473	**-3 699**	-2 595	**2 103**	1 575	**-27 442**	-21 710
Profit before direct taxation	**3 145**	-5 179	**30 118**	21 167	**17 469**	13 181	**-**	-	**50 730**	29 169
Direct taxation	**-492**	-61	**-1 794**	-737	**-5 360**	-4 259			**-7 646**	-5 057
Profit/ (loss) for the period	**2 653**	-5 240	**28 324**	20 430	**12 109**	8 922	**-**	-	**43 084**	24 112
	30 Jun 2018	31 Dec 2017	**30 Jun 2018**	31 Dec 2017	**30 Jun 2018**	31 Dec 2017	**30 Jun 2018**	31 Dec 2017	**30 Jun 2018**	31 Dec 2017
	N million	**N million**	**N million**	**N million**	**N million**	**N million**	**N million**	**N million**	**N million**	**N million**
Total assets	**260 825**	227 531	**1 009 517**	1 140 332	**47 076**	43 995	**55 305**	-25 442	**1 372 723**	1 386 416
Total liabilities	**235 711**	203 721	**961 148**	959 069	**15 686**	12 964	**-50 288**	25 444	**1 162 257**	1 201 198
	30 Jun 2018	30 Jun 2017	**30 Jun 2018**	30 Jun 2017	**30 Jun 2018**	30 Jun 2017	**30 Jun 2018**	30 Jun 2017	**30 Jun 2018**	30 Jun 2017
	N million	**N million**	**N million**	**N million**	**N million**	**N million**	**N million**	**N million**	**N million**	**N million**
Depreciation and amortisation	**1 619**	1 607	**413**	242	**209**	184			**2 241**	2 033
Number of employees	**2 003**	2 260	**422**	214	**533**	533			**2 958**	3 007

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. Unless otherwise stated, no material changes to assumptions have occurred during the period.

6.1 Credit impairment losses on loans and advances (applicable before 1 January 2018)

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 period 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]**	
	Jun 2018	Dec 2017	**Jun 2018**	Dec 2017
	Months	Months	**Nm**	Nm
Personal & Business Banking			**61**	307
Mortgage lending	**3**	3	**5**	9
Instalment sale and finance leases	**3**	3	**20**	-5
Card debtors	**3**	3	**(0.2)**	(0.4)
Other lending	**3**	3	**36**	303
Corporate & Investment Banking (total loan portfolio)	**12**	12	**1 210**	1 125

[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]**	
	Jun 2018	Dec 2017	**Jun 2018**	Dec 2017	**Jun 2018**	Dec 2017
	Months	Months	**%**	%	**Nm**	Nm
Personal & Business Banking					**114**	65
Mortgage lending	**12**	12	**50**	38	**8**	2
Instalment sale and finance leases	**6**	6	**63**	48	**9**	3
Card debtors	**8**	8	**94**	9	**3**	3
Other lending	**8**	8	**62**	22	**94**	57

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 expected loss model required by IFRS under IFRS 9 (after 1 January 2019) and IAS 39 (before 1 January 2018). 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	30-Jun-18 N'million	31-Dec-17 N'million
Statement of prudential adjustments			
Prudential Provision			
Specific provision on loans and advances		**31 042**	14 995
General provision on loans and advances		**8 061**	7 338
Impairment on other financial assets and provision for other losses		**17 853**	18 148
		56 956	40 481
IFRS Provision			
12-month ECL and	12.1	**6 658**	20 916
Lifetime ECL not credit-impaired	12.1	**7 145**	
Lifetime ECL credit-impaired	12.1	**22 792**	10 848
Impairment on other financial assets and provision for other losses		**17 853**	18 148
		54 448	49 912
Closing regulatory reserve		**2 508**	-
Opening regulatory reserve		**-**	1 025
Appropriation:Transfer (to)/from retained earnings		**2 508**	-1 025

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 (before 1 January 2018)

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 nil (Dec 2017: Nil) 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 period, 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 contingent items such as legal claims, fines, penalties and other taxes 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 period 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. However, in the current year, the rates have been harmonized and the group uses one rate.
Refer to note 22 (vii).

Key management assumptions (After 1 January 2018)

Expected credit loss on On-balance Sheet and Off-balance sheet exposures

Inputs, assumptions and techniques used for estimating impairment
See accounting policy in note 3.2

Key management assumptions (Continues)

Significant increase in credit risk

The following are considered by the group in determining whether there has been a significant increase in credit risk on a financial instrument since initial recognition:

- Change in the probability of default from initial recognition to the reporting date.
- A 30-day past due rebuttal, requiring exposures to be classified in bucket 2. It is however not considered sufficient to only look at arrears data such as days past due in considering whether there is a significant increase in credit risk and the group would need to assess for significant increase in credit risk through other means. Arrears data are used after exhausting all other methods of determining whether there has been a significant increase in credit risk.
- Other means of considering whether there is a significant increase in credit risk includes the evaluation of internal and external credit ratings as well as information from external credit bureaus. Information about the economic sector and geographical region of the borrower are also be taken into account.
- Where a single customer has more than one loan with the group (for example, a home loan, revolving facility, vehicle and asset finance, etc.), a one customer view is taken when considering whether there has been a significant increase in credit risk. In this instance, a significant increase in the customer's credit risk on one loan account is taken into account when assessing the customer's other loan accounts. If it is assessed that there is a significant increase in credit risk in one exposure, then there is a presumption that the customer's other loans also have a significant increase in credit risk.
- In terms of IFRS 9, the group is required to incorporate both historical experience as well as forward looking information when assessing whether an instrument's credit risk has increased significantly since initial recognition. A useful reference tool that is used in the assessment of significant increase in credit risk is the exposure's credit rating.

Low credit risk financial instruments

Management assesses whether an instrument would be considered as having a low credit risk. In this regard:

- If internal risk gradings are based on external credit risk ratings, all instruments within the 'investment grade' category would be considered as having a low credit risk.
- If internal risk gradings are not based on external credit risk ratings, internal ratings is utilised in order to determine a low credit risk threshold. The threshold reflects a low credit risk assumption from a market participant's perspective taking into account the exposure's terms and conditions.

Default

The group has Corporate and Transactional Banking (CTB) as well as Personal and Business Banking (PBB) exposures. Due to the different nature of financial instruments that the group holds, the group uses a single definition of default which applies to all financial assets, with implementation guidance for specific circumstances which would meet default in terms of this definition. Default is defined as follows:

- Based on objective evidence the counterparty is unlikely to pay amounts payable to the group on due date or shortly thereafter without recourse to actions such as realisation of security; or
- the counterparty is past due (or, in the case of revolving facilities such as overdrafts, is in excess of the current limit) for more than 90 days (for the avoidance of doubt, the overdue period may be measured using either a 'days past due' or a 'number of missed payments or part thereof' approach.), on any material credit obligation to the group, whichever occurs first.

Write-off

An impaired loan is written off once all reasonable attempts at collection have been made and there is no economic benefit expected from attempting to recover the balance outstanding.

Modified financial assets

A modification is a change to the contractual cash flows of a financial asset. It involves the renegotiation of the terms of the financial asset such that the contractual cash flows (amount, timing, basis, etc.) are changed or the contractual terms materially change the probability that the cash flows will be received (e.g. change in counterparty).

In calculating impairment losses, the group to assesses whether there has been a significant increase in the credit risk of modified financial assets that do not qualify for derecognition at the reporting date by comparing:

- the credit risk of the modified instrument at the reporting date based on the modified contractual terms; and
- the credit risk at initial recognition based on the original unmodified contractual terms.

Incorporation of forward-looking information

Forward-looking information

The process to include forward looking information into the expected credit loss impairment model when assessing whether a customer's credit risk has increased significantly, involves the following:

Building a forward looking information IFRS model: In this stage, a calculation model or expert driven approach is used to adjust the impairment requirement based on the forward looking macro-economic outlook.

Macro-economic forecast : In this stage, an alignment in the base / expected macro-economic outlook is created between the group's stress testing, budgeting and forward looking information for the IFRS expected credit loss impairment model. The same economic base case outlook is used for all these processes and across the group.

Review of the outcome : In this stage the outcome of the model should be reviewed by the relevant governance committee.

In certain instances, the assessment of significant increase in credit risk using forward looking information is done on a collective basis (i.e. portfolio of customers) and not on an individual basis. When demonstrated that a sufficient linkage between forward looking factors and a portfolio exist, a given factor is implemented at the appropriate level of aggregation.

		Group		Company	
		30 Jun. 2018 N'million	31 Dec. 2017 N'million	**30 Jun. 2018 N'million**	31 Dec. 2017 N'million
7	**Cash and cash equivalents**				
	Coins and bank notes	**89 056**	36 853		-
	Balances with central bank	**207 580**	177 990		-
	Current balances with banks within Nigeria	**5 517**	519	**22 577**	7 545
	Current balances with banks outside Nigeria	**47 334**	185 986		-
		349 487	401 348	**22 577**	7 545

Balances with central bank include cash reserve of N177,443 million (Dec. 2017: N150,523 million) and special intervention fund of N20,817 million (Dec. 2017: 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 N15,901 million (Dec. 2017: N19,602 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 N8,380 million (Dec. 2017: N19,641 million) due from Standard Bank Group. See note 36.3 for details.

		Group		Company	
		30 Jun. 2018 N million	31 Dec. 2017 N million	**30 Jun. 2018 N million**	31 Dec. 2017 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	**-**	-
	Treasury bills - FVOCI	**49 193**			
		49 193	43 240	**-**	-
	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	**40 269**	43 240	**-**	-
	Maturing after 6 months but within 12 months	**8 924**	-	**-**	-
		49 193	43 240	**-**	-

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 30 June 2018 was N18,630 million (Dec. 2017: N13,699 million). The transactions in respect of which the collaterals were pledged are as follows:

(i) No facility was pledged in respect of on-lending facility obtained from Bank of Industry as disclosed under note 22(iii) (Dec. 2017: N2,931 million).

(ii) No facility was pledged in respect of repurchase lending agreements (Dec. 2017: N10,768 million). These transactions are conducted under terms that are usual and customary to standard lending, and securities borrowing and lending activities.

(iii) N18,630 million (Dec. 2017: Nil) pledged with FMDQ in respect of OTC futures.

9 Trading assets and trading liabilities

Trading assets and trading liabilities mainly relates 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	
	30 Jun. 2018 N million	31 Dec. 2017 N million	**30 Jun. 2018 N million**	31 Dec. 2017 N million
9.1 Trading assets				
Classification				
Listed	**151 225**	143 195	**-**	-
Unlisted	**5 450**	8 284	**-**	-
	156 675	151 479	**-**	-
Comprising:				
Government bonds	**1 461**	2 930	**-**	-
Treasury bills	**149 764**	140 265	**-**	-
Placements	**5 450**	8 284	**-**	-
	156 675	151 479	**-**	-
Dated assets	**156 675**	151 479	**-**	-
Undated assets	**-**	-	**-**	-
	156 675	151 479	**-**	-

Maturity analysis

The maturities represent periods to contractual redemption of the trading assets recorded.

	Group 30 Jun. 2018	Group 31 Dec. 2017	Company 30 Jun. 2018	Company 31 Dec. 2017
Redeemable on demand	**-**	-	**-**	-
Maturing within 1 month	**15 226**	8 284	**-**	-
Maturing after 1 month but within 6 months	**66 589**	82 768	**-**	-
Maturing after 6 months but within 12 months	**73 683**	57 513	**-**	-
Maturing after 12 months	**1 177**	2 914	**-**	-
Undated assets	**-**	-	**-**	-
	156 675	151 479	**-**	-

Redemption value

Trading assets with maturity dates had a redemption value at 30 June 2018 of N157,171 million (Dec. 2017: N151,479 million).

9 Trading assets and trading liabilities (continued)

	Group		Company	
	30 Jun. 2018	31 Dec. 2017	**30 Jun. 2018**	31 Dec. 2017
	N million	N million	**N million**	N million
9.2 Trading liabilities				
Classification				
Listed	**16 601**	52 451	**-**	-
Unlisted	**-**	9 998	**-**	-
	16 601	62 449	**-**	-
Comprising:				
Government bonds (short positions)	**1 590**	657	**-**	-
Deposits	**-**	9 998	**-**	-
Treasury bills (short positions)	**15 011**	51 794	**-**	**-**
	16 601	62 449	**-**	-
Dated liabilities	16 601	62 449		
	16 601	62 449		

Maturity analysis

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

	Group 30 Jun. 2018	Group 31 Dec. 2017	Company 30 Jun. 2018	Company 31 Dec. 2017
Repayable on demand	**-**	-	**-**	**-**
Maturing within 1 month	**-**	28 383	**-**	-
Maturing after 1 month but within 6 months	**15 010**	27 170	**-**	-
Maturing after 6 months but within 12 months	**30**	6 239	**-**	-
Maturing after 12 months	**1 561**	657	**-**	-
	16 601	62 449	**-**	-

10 Derivative instruments

All derivatives are classified as derivatives held for trading and measured at fair value through profit or loss.

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. in 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

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. 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 period 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**
30 June 2018							
Derivatives held-for-trading							
Forwards	**972**			**972**	**4 501**	**-3 529**	**570 467**
Swaps	**16 284**	**-**		**16 284**	**16 303**	**-19**	**134 817**
Total derivative assets/(liabilities)	**17 256**	**-**	**-**	**17 256**	**20 804**	**-3 548**	**705 284**

	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 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

Included in derivative assets is N811 million (Dec. 2017: N973 million) due from related parties. See note 36.3 for details.

Included in derivative liabilities is N44 million (Dec. 2017: N186 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 period with a reconciliation of the changes of the balance during the period for derivative assets and liabilities.

	Note	Group: **30 Jun. 2018**	31 Dec. 2017
		N million	N million
Unrecognised profit at beginning of the period		**4 500**	-
Additional profit on new transactions		**3 414**	14 098
Recognised in profit or loss during the period	31.4	**-4 428**	-9 598
Unrecognised profit at end of the period		**3 486**	**4 500**

11 Financial investments

Financial investments comprise assets held for liquidity requirement purposes.

	Group		Company	
	30 Jun. 2018	31 Dec. 2017	**30 Jun. 2018**	31 Dec. 2017
	N million	N million	**N million**	N million
11 Financial investments				
Short - term negotiable securities	**275 668**	301 995	**-**	**-**
Listed	**275 668**	301 995	-	-
Unlisted	**-**	-	-	-
Other financial investments	**27 672**	14 646	**1 654**	1 625
Listed	**14 344**	11 293	**1 654**	1 625
Unlisted	**13 328**	3 353	**-**	-
Gross financial investments	**303 340**	316 641	**1 654**	1 625
Expected credit loss on financial investment				
Stage 1	**-19**	-	**-**	-
Stage 2	**-**	-	**-**	-
Stage 3	**-**	-	**-**	-
Total expected credit loss on financial investment	**-19**	-	**-**	-
Net financial investments	**303 321**	316 641	**1 654**	1 625
11.1 Comprising:				
Government bonds	**2 259**	1 530	**-**	-
Treasury bills	**275 668**	301 995	**-**	-
Corporate bonds	**6 751**	1 079	**-**	-
Unlisted equities (see note 11.2 below)	**2 822**	2 274	**-**	-
Mutual funds and unit-linked investments (see note 14)	**12 085**	9 763	**1 654**	1 625
Commerical papers	**3 755**	-	**-**	**-**
	303 340	316 641	**1 654**	1 625

Mutual funds and unit-linked investments include N1.3 billion (Dec 2017: N1.3 billion) held against unclaimed dividend liability as disclosed in note 26.

	Group		Company	
	30 Jun. 2018	31 Dec. 2017	**30 Jun. 2018**	31 Dec. 2017
Maturity analysis				
The maturities represent periods to contractual redemption of the financial investments recorded.				
Redeemable on demand	**-**	**-**	**-**	**-**
Maturing within 1 month	**44 976**	29 873	**-**	-
Maturing after 1 month but within 6 months	**208 402**	179 562	**-**	-
Maturing after 6 months but within 12 months	**26 044**	92 560	**-**	-
Maturing after 12 months	**9 011**	2 609	**-**	-
Undated investments[1]	**14 907**	12 037	**1 654**	1 625
	303 340	316 641	**1 654**	1 625

There was no ECL transfer between stages for financial investments during the period.
[1] Undated investments include unlisted equities and mutual funds and linked investments .

	Group		Company	
	30 Jun. 2018	31 Dec. 2017	**30 Jun. 2018**	31 Dec. 2017
11.2 Analysis of unlisted equity investments				
Small and medium scale industries:	**137**	137	**-**	-
Credit Reference Company Limited	**50**	50	**-**	-
CR Services Limited	**87**	87	**-**	-
Other unquoted equity direct investments	**2 822**	2 274		
Unified Payment Services Ltd (formerly Smart Card Nigeria P	**306**	219	**-**	-
FSDH Merchant Bank Limited	**672**	650	**-**	-
FMDQ OTC PLC	**29**	29	**-**	-
MTN Communications	**701**	553	**-**	-
Nigeria Mortgage Refinance Company Ltd	**114**	-	**-**	-
Central Securities Clearing System PLC	**27**	18	**-**	-
Nigerian Interbank Settlement System PLC	**973**	805	**-**	-
Total investment in unlisted equity investment	**2 959**	2 411	**-**	-
Impairment allowance (note 11.3)	-137	-137	**-**	-
	2 822	2 274	**-**	-

		Group		Company	
		30 Jun. 2018	31 Dec. 2017	**30 Jun. 2018**	31 Dec. 2017
		N million	N million	**N million**	N million
11.3	**Impairment on unlisted equity investments**				
	At start of the period	**137**	137	**-**	-
	Additions	**-**	-	**-**	-
	Write back	**-**	-		
	Write off		-		
		137	137	**-**	-
11.4	**Asset classified as held for sale**				
	Unquoted equity investment		114	**-**	**-**
		-	114	**-**	**-**

	Group		Company	
	30 Jun. 2018	31 Dec. 2017	30 Jun. 2018	31 Dec. 2017
	N million	N million	N million	N million
12 Loans and advances				
12.1 Loans and advances net of impairments				
Loans and advances to banks	8 811	9 623	-	-
Placements with banks	8 813	9 623	-	-
Expected credit losses	-2	-	-	-
Loans and advances to customers	403 317	372 088	-	-
Gross loans and advances to customers	439 912	403 852	-	-
Personal and business banking (PBB)	167 725	149 325		
Mortgage loans	6 473	7 426	-	-
Instalment sale and finance leases	11 565	12 167	-	-
Card debtors	1 458	1 451	-	-
Other loans and advances	148 229	128 281	-	-
Corporate and Investment banking (CIB)	272 187	254 527		
Corporate loans	272 187	254 527	-	-
Credit impairments for loans and advances (note 12.3)	-36 595	-31 764	-	-
12-month ECL	-6 658	-	-	-
Lifetime ECL not credit-impaired	-7 145			
Lifetime ECL credit-impaired	-22 792	-	-	-
Specific credit impairments	-	-20 916	-	-
Portfolio credit impairments	-	-10 848	-	-
Net loans and advances	412 128	381 711	-	-
Comprising:				
Gross loans and advances	448 725	413 475	-	-
Less: Credit impairments allowance	-36 597	-31 764	-	-
Net loans and advances	412 128	381 711	-	-

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 N8,813 million (Dec. 2017: N9,234 million) due from Standard Bank Group. See note 36.3 for details. Of this amount, N7,123 million (Dec 2017: N7,027 million) relates to proceed received from SBSA from sale of Finacle software. The fund is placed in an escrow account is 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 N12,958 million (2017: N13,520 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 a Tier 1 bank under which the group commits to provide up to N10 billion liquidity cover to the bank. The agreement took effect from 09 February 2017. The Bank did not draw on the commitment during the year. See page 130 under "Liquidity Contingency" for further details.

Analysis of gross loans and advances by performance	Gross carrying value	Total expected credit loss					Net carrying value
		12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased/Org cred. Imp	Total	
Gross loans and advances to customers	**448 725**	**-6 660**	**-7 145**	**-22 792**	**-**	**-36 597**	**412 128**
Personal and business banking (PBB)	**167 725**	**-5 691**	**-2 524**	**-12 356**	**-**	**-20 571**	**147 154**
Mortgage loans	6 473	-163	-70	-872	-	-1 105	5 368
Instalment sale and finance leases	11 565	-356	-195	-3 626	-	-4 177	7 388
Card debtors	1 458	-87	-66	-347	-	-500	958
Other loans and advances	148 229	-5 085	-2 193	-7 511	-	-14 789	133 440
Corporate and Investment banking (CIB)	**272 187**	**-967**	**-4 621**	**-10 436**	**-**	**-16 024**	**256 163**
Corporate loans	272 187	-967	-4 621	-10 436	-	-16 024	256 163
Loans and advances to banks	**8 813**	**-2**	**-**	**-**	**-**	**-2**	**8 811**
Total	**448 725**	**-6 660**	**-7 145**	**-22 792**	**-**	**-36 597**	**412 128**

Maturity analysis

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

	Group 30 Jun. 2018	Group 31 Dec. 2017	Company 30 Jun. 2018	Company 31 Dec. 2017
Redeemable on demand	22 137	26 217	-	-
Maturing within 1 month	70 706	62 244	-	-
Maturing after 1 month but within 6 months	109 623	79 076	-	-
Maturing after 6 months but within 12 months	40 999	25 004	-	-
Maturing after 12 months	205 260	220 934	-	-
Gross loans and advances	448 725	413 475	-	-

	Group		Company	
	30 Jun. 2018	31 Dec. 2017	**30 Jun. 2018**	31 Dec. 2017
	N million	N million	**N million**	N million
12 Loans and advances (continued)				
Segmental analysis - industry				
Agriculture	**35 745**	24 760	**-**	-
Business services	**7 323**	4 213	**-**	-
Communication	**20 462**	20 494	**-**	-
Community, social & personal services	**-**	-	**-**	-
Construction & real estate	**48 784**	42 737	**-**	-
Financial intermediaries & insurance	**10 313**	10 235	**-**	-
Government	**31 980**	22 285	**-**	-
Hotels, restaurants and tourism	**23**	36	**-**	-
Manufacturing	**127 498**	125 979	**-**	-
Oil & gas	**69 047**	71 226	**-**	-
Private households	**48 575**	50 607	**-**	-
Transport, storage & distribution	**8 523**	8 601	**-**	-
Wholesale & retail trade	**40 452**	32 302	**-**	-
Gross loans and advances	**448 725**	413 475	**-**	-

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.

South South	**17 808**	16 673	**-**	-
South West	**374 816**	346 409	**-**	-
South East	**9 682**	8 289	**-**	-
North West	**22 682**	17 762	**-**	-
North Central	**13 490**	13 629	**-**	-
North East	**1 434**	1 090	**-**	-
Outside Nigeria	**8 813**	9 623	**-**	-
Gross loans and advances	**448 725**	413 475	**-**	-

12.2 Instalment sale and finance leases

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

Gross investment in instalment sale and finance leases	**16 187**	16 951	**-**	-
Receivable within 1 year	**2 577**	2 310	**-**	-
Receivable after 1 year but within 5 years	**13 610**	14 641	**-**	-
Receivable after 5 years	**-**	-	**-**	-
Unearned finance charges deducted	**-3 229**	-3 431		
Net investment in instalment sale and finance leases	**12 958**	13 520	**-**	-
Receivable within 1 year	**2 380**	2 125	**-**	-
Receivable after 1 year but within 5 years	**10 578**	11 395	**-**	-
Receivable after 5 years	**-**	-	**-**	-

N1.39 billion (Dec 2017: N1.35 billion) of instalment sales and finance is included in corporate loans and advances and all loans and advances to customers are held at amortised cost.

12.3 Credit impairments allowance for loans and advances

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

	Opening ECL 1 January 2018	Transfers between stages: Transfer 12 month ECL to/from	Transfer Lifetime ECL not credit-impaired	Transfer Lifetime ECL credit-impaired to/from	Total	Income statement movement: Originated "New" impairments raised	Changes in ECL - due to modifications	Subsequent changes in ECL	Derecognised incuding write offs	Total	Impaired accounts written off	Closing balance	Post write-off recoveries recognized in P/L
12 month ECL		-											
Mortgage loans	52		-1	-	-1	11		101	-	112	-	163	-
Instalment sales and finance lease	156		-2	-	-2	66		136	-	202	-	356	-
Card debtors	100		-4	-2	-6	16		-23	-	-7	-	87	-
Other loans and advances	6 257		-200	-28	-228	2 653		-3 597	-	-944	-	5 085	-
Corporate loans	1 184		-	-	-	-		-215	-	-215	-	969	-
Total	7 749	-	-207	-30	-237	2 746	-	-3 598	-	-852	-	6 660	-
Lifetime ECL not credit-impaired		-	-										
Mortgage loans	89	1		-24	-23	-	-	4		4	-	70	-
Instalment sales and finance lease	349	2		-158	-156	2	2	-2		2	-	195	-
Card debtors	84	4		-10	-6	3	-	-15		-12	-	66	-
Other loans and advances	3 881	200		-421	-221	152	-	-1 619		-1 467	-	2 193	-
Corporate loans	8 257		-		-			-3 636		-3 636	-	4 621	-
Total	12 660	207	-	-613	-406	157	2	-5 268	-	-5 109	-	7 145	-
Lifetime ECL credit-impaired (excluding IIS)				-	-	-							
Mortgage loans	655	-	24		24	-	-	244		244	-51	872	-26
Instalment sales and finance lease	2 550	-	158		158	5	-	913		918	-	3 626	-5
Card debtors	288	2	10		12	-	-	47		47	-	347	-2
Other loans and advances	7 320	28	421		449	-	-	309		309	-567	7 511	-1 748
Corporate loans	10 103			-	-	-	-	333		333	-	10 436	-
Total	20 916	30	613	-	643	5	-	1 846	-	1 851	-618	22 792	-1 781
Purchased/originated credit impaired		-	-	-	-	-							
Total	-	-	-	-	-	-	-	-	-	-	-	-	-
Total ECL	41 325	237	406	-643	-	2 908	2	-7 020	-	-4 110	-618	36 597	-1 781

During the period under review ECL model methodology for Business Banking loans greater than N700 changed from a portfolio approach to an individual counterparty approach.
The portfolio approach is better suited for retail loans which are high volume driven business, while the individual counterparty approach reflects the underlying credit Risk profile on an individual basis.
The threshold of N700m was determined after considering:

- Stability of the portfolio impairment modelling approach below the cut-off;
- Number and impact of defaults below the threshold;
- Number of clients/risk groups in excess of the threshold

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 Dec 2017						
Specific impairments						
Balance at beginning of the period	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 period	656	2 551	287	7 319	10 103	20 916
Portfolio impairments						
Balance at beginning of the period	51	275	49	3 136	7 591	11 102
Net impairments raised /(released)	23	-99	-27	-633	482	-254
Balance at end of the period	74	176	22	2 503	8 073	10 848
Total	730	2 727	309	9 822	18 176	31 764

12.3 Credit impairments for loans and advances (continued)

Segmental analysis of Stage 3 loans - industry

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

	Stage 3 loans and advances	Non-performing loans	Lifetime ECL credit impairment	Specific Impairment
	30 Jun. 2018	31 Dec. 2017	30 Jun. 2018	31 Dec. 2017
Group	N million	N million	N million	N million
Agriculture	2 067	1 492	1 239	886
Business services	424	225	249	121
Communication	9 318	8 537	7 429	6 784
Construction & real estate	8 037	1 780	2 307	792
Government	195	165	184	132
Hotels, restaurants and tourism	18	23	9	14
Manufacturing	135	125	86	79
Mining & quarrying	3 002	7 379	1 985	3 938
Private households	6 713	6 551	4 022	4 754
Transport, storage & distribution	5 707	4 027	3 669	2 414
Wholesale & retail Trade	2 089	1 409	1 614	1 002
	37 705	31 713	22 793	20 916

Segmental analysis of lifetime ECL credit impaired loans - geographic area

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

	Stage 3 loans and advances	Non-performing loans	Lifetime ECL credit impairment	Specific Impairment
	30 Jun. 2018	31 Dec. 2017	30 Jun. 2018	31 Dec. 2017
	N million	N million	N million	N million
South South	1 834	1 917	1 204	1 488
South West	30 314	26 377	18 022	16 918
South East	3 221	1 365	1 934	872
North West	1 020	1 009	727	793
North Central	1 195	965	827	780
North East	121	80	79	65
	37 705	31 713	22 793	20 916

			Group		Company	
			30 Jun. 2018	31 Dec. 2017	30 Jun. 2018	31 Dec. 2017
			N million	N million	N million	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 period end
Stanbic IBTC Ventures Limited	Nigeria	Undertakes venture capital projects	100%	31 December
Stanbic IBTC Bank PLC	Nigeria	Provision of banking and related	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 do 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.

	30 Jun. 2018	31 Dec. 2017
NCI percentage	**11.76%**	11.76%
	N million	N million
Total assets	**40 144**	38 144
Total liabilities	**-12 850**	-11 290
Net assets	**27 321**	26 854
Carrying amount of NCI	**3 213**	3 158
	30 Jun. 2018	30 Jun. 2017
Revenue	**20 489**	16 784
Profit	**10 878**	9 072
Profit allocated to NCI	**1 280**	1 067
Cash flows from operating activities	**11 542**	9 145
Cash flows from investing activities	**12 167**	5 051
Cash flow from financing activities, before dividends to NCI	**-8 824**	-20 912
Cash flow from financing activities - cash dividends to NCI	**-1 176**	-2 788
Net increase in cash and cash equivalents	**13 709**	-9 504

STANBIC IBTC HOLDINGS PLC

Notes to the consolidated and separate interim financial statements

For the period ended 30 June 2018

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 / Elimina -tions	Stanbic IBTC Holdings PLC Group
Income statement												
Net interest income	-	36 798	383	2 631	51	37	45	36	-	188		**40 169**
Non interest revenue	18 256	28 661	2 528	17 858	3 397	62	177	194	-	937	(18 242)	**53 828**
Total income	**18 256**	**65 459**	**2 911**	**20 489**	**3 448**	**99**	**222**	**230**	**-**	**1 125**	**(18 242)**	**93 997**
Staff costs	(284)	(16 746)	(851)	(2 235)	(826)	-	(84)	(95)	-	(212)	-	**(21 333)**
Operating expenses	(292)	(24 376)	(250)	(3 094)	(518)	(8)	(39)	(52)	(1)	(113)	1 301	**(27 442)**
Credit impairment charges	-	5 490	(2)	23	(3)	1	-	-	-	(1)	-	**5 508**
Total expenses	**(576)**	**(35 632)**	**(1 103)**	**(5 306)**	**(1 347)**	**(7)**	**(123)**	**(147)**	**(1)**	**(326)**	**1 301**	**(43 267)**
Profit before tax	**17 680**	**29 827**	**1 808**	**15 183**	**2 101**	**92**	**99**	**83**	**(1)**	**799**	**(16 941)**	**50 730**
Tax	(409)	(1 069)	(578)	(4 305)	(996)	(11)	(30)	(30)	-	(218)		**(7 646)**
Profit for the period	**17 271**	**28 758**	**1 230**	**10 878**	**1 105**	**81**	**69**	**53**	**(1)**	**581**	**(16 941)**	**43 084**
For the period ended 30 June 2017	24 230	13 653	1 090	9 072	799	(74)	22	124	(1)	289	(25 092)	**24 112**
Assets:												
Cash and cash equivalents	22 577	343 970	6 439	5 809	504	82	18	25	25	3 079	(33 041)	**349 487**
Derivative assets	-	20 804	-	-	-	-	-	-	-	-	-	**20 804**
Trading assets	-	156 675	-	-	-	-	-	-	-	-	-	**156 675**
Pledged assets	-	49 193	-	-	-	-	-	-	-	-	-	**49 193**
Financial investments	1 654	270 535	2 369	26 792	2 921	2 174	486	423	-	1 971	(6 004)	**303 321**
Asset held for sale	-	-	-	-	-	-	-	-	-	-	-	**-**
Loans and advances to banks	-	8 811	-	-	-	-	-	-	-	-	-	**8 811**
Loans and advances to customers	-	403 317	-	-	-	-	-	-	-	-	-	**403 317**
Deferred tax assets	-	8 410	154	154	67	1	5	7	-	4	-	**8 802**
Equity investment in group companies	85 539	-	-	-	-	-	-	-	-	-	(85 539)	**-**
Other assets	2 136	41 063	1 484	4 609	2 094	-	130	94	-	112	(1 978)	**49 744**
Property and equipment	461	18 615	12	2 780	107	-	3	9	-	3	(209)	**21 781**
Intangible assets	-	788	-	-	-	-	-	-	-	-	-	**788**
Total assets	**112 367**	**1 322 181**	**10 458**	**40 144**	**5 693**	**2 257**	**642**	**558**	**25**	**5 169**	**(126 771)**	**1 372 723**
At 31 December 2017	97 374	1 332 669	10 167	38 144	4 762	2 046	688	354	133	9 437	(109 358)	1 386 416

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
Liabilities and equity:												
Derivative liabilities	-	3 548	-	-	-	-	-	-	-	-	-	**3 548**
Trading liabilities	-	16 601	-	-	-	-	-	-	-	-	-	**16 601**
Deposits from banks	-	120 709	-	-	-	-	-	-	-	-	-	**120 709**
Deposits from customers	-	802 784	-	-	-	-	-	-	-	-	(35 412)	**767 372**
Other borrowings	-	67 025	-	-	-	-	-	-	-	-	-	**67 025**
Subordinated debt	-	30 266	-	-	-	-	-	-	-	-	-	**30 266**
Current tax liabilities	371	2 281	696	8 943	1 704	112	51	65	-	306	-	**14 529**
Deferred tax liabilities	-	-	-	-	-	175	-	-	-	-	-	**175**
Provisions and other liabilities	7 080	128 092	4 549	3 907	888	8	116	316	6	3 033	(5 963)	**142 032**
Equity and reserves	104 916	150 875	5 213	27 294	3 101	1 962	475	177	19	1 830	(85 396)	**210 466**
Total liabilities and equity	**112 367**	**1 322 181**	**10 458**	**40 144**	**5 693**	**2 257**	**642**	**558**	**25**	**5 169**	**(126 771)**	**1 372 723**
At 31 December 2017	97 374	1 332 669	10 167	38 144	4 762	2 046	688	354	133	9 437	(109 358)	1 386 416

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	
		30 Jun. 2018	31 Dec. 2017	**30 Jun. 2018**	31 Dec. 2017
		N million	N million	**N million**	N million
i	Stanbic IBTC Nigerian Equity Fund	**6 963**	7 077	**493**	482
ii	Stanbic IBTC Ethical Fund	**1 985**	1 991	**252**	245
iii	Stanbic IBTC Imaan Fund	**240**	183	**5**	5
iv	Stanbic IBTC Guaranteed Investment Fund	**8 371**	4 069	**120**	112
v	Stanbic IBTC Money Market Fund	**233 333**	166 828	**9 897**	7 882
vi	Stanbic IBTC Bond Fund	**1 212**	1 077	**187**	176
vii	Stanbic IBTC Balanced Fund	**1 104**	1 059	**92**	80
viii	Stanbic IBTC Dollar Fund	**12 154**	5 604	**381**	188
ix	Stanbic IBTC Aggressive Fund	**529**	291	**16**	15
x	Stanbic IBTC Conservative Fund	**375**	330	**40**	37
xi	Stanbic IBTC Absolute Fund	**13 596**	4 950	**255**	288
xii	Stanbic IBTC Exchange Traded Fund	**1 799**	1 567	**291**	200
Total		**281 661**	195 028	**12 028**	9 710

The interest held by the group is presented under financial investments in the statement of financial position. See note 11.

15 Other assets

	Group		Company	
	30 Jun. 2018	31 Dec. 2017	**30 Jun. 2018**	31 Dec. 2017
	N million	N million	**N million**	N million
Trading settlement assets	**22 657**	12 742	**-**	-
Due from group companies (see note 36.3)	**282**	15	**1 320**	1 365
Accrued income	**895**	1 027	**-**	-
Indirect / withholding tax receivables	**1 265**	1 360	**235**	409
Accounts receivable (see (v) below)	**15 215**	29 046	**-**	11
Receivable in respect of unclaimed dividends (see (ii) below)	**264**	250	**264**	250
Deposit for investment (see (iii) below)	**2 156**	749	**-**	-
Prepayments	**9 050**	6 655	**356**	219
Other debtors (see note (i) below)	**2 592**	2 630	**-**	-
	54 376	54 474	**2 175**	2 254
Impairment allowance on doubtful receivables (see (iv) below)	**-4 632**	-5 032	**-39**	-106
	49 744	**49 442**	**2 136**	2 148
Current	**37 009**	40 428	**1 281**	1 270
Non-current	**12 735**	9 014	**855**	878
	49 744	**49 442**	**2 136**	2 148

(i) Other debtors 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.

(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. This is in accordance with new Securities and Exchange Commission (SEC) directives requiring transfer of unclaimed dividends previously held by the registrars to the company.

(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. The investment scheme represents 5% of annual profit after tax appropriated from reserves (see note 19.3(b)(ii)). A transfer of N1,407 million was made into the AGSMEEIS reserve, which represents the Bank's annual commitment under the scheme, for the period (2017: N749 million) (see note 19.3 (iii)).

(iv) Provision on other assets are computed on 13% lifetime losses and are all in stage 1.

(v) Account receivable includes an amount of N0 billion (Dec 2017: N15.5 billion) representing cash collateral placed with the Central Bank of Nigeria in respect of foreign exchange forward trasactions executed on behalf of clients.

15 Other assets (continued)

	Group		Company	
	30 Jun. 2018	31 Dec. 2017	**30 Jun. 2018**	31 Dec. 2017
Movement in provision for doubtful receivables	**N million**	N million	**N million**	N million
At start of period	**5 032**	2 326	**106**	72
Additions / (write back)	**-300**	3 068	**-**	34
Amount written off	**-100**	-362	**-67**	-
At end of period	**4 632**	5 032	**39**	106

There was no movement between provision stages during the period

16 Deferred tax assets

	Group		Company	
	30 Jun. 2018	31 Dec. 2017	**30 Jun. 2018**	31 Dec. 2017
	N million	N million	**N million**	N million
Deferred tax assets (note 16.1)	**8 802**	8 901	**-**	-
	8 802	8 901	**-**	-

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 tax losses, from which a deferred tax asset has been recognised, can be utilised. Deferred tax asset amounting to N23,252 million (Dec 2017: N9,437 million) (Company N224 million, Dec 2017: N229 million) arising from unutilised tax losses and capital allowances has not been recognised as at 30 June 2018. Unutilised tax losses arise mainly from tax exempt income from government instruments.

	Group		Company	
	30 Jun. 2018	31 Dec. 2017	**30 Jun. 2018**	31 Dec. 2017
Analysis of unrecognised deferred tax asset	**N million**	N million	**N million**	N million
Unutilised tax losses	**23 061**	9 590	**224**	382
Capital allowances	**191**	-153	**-**	-153
	23 252	9 437	**224**	229

16.1 Deferred tax analysis

Deferred tax analysis	**N million**	N million	**N million**	N million
Deferred tax liabilities	**-175**	-120	**-**	-
Deferred tax asset	**8 802**	8 901	**-**	-
Deferred tax closing balance	**8 627**	8 781	**-**	-

16.2 Deferred tax analysis by source

Deferred tax assets analysis by source	**N million**	N million	**N million**	N million
Credit impairment charges	**4 380**	3 756	**-**	-
Property and equipment	**6 174**	3 432	**-**	-
Fair value adjustments on financial instruments	**-5 325**	-2 353	**-**	-
Unutilised losses	**1 188**	1 599	**-**	-
Provision for employee bonus & share incentive	**2 268**	2 468	**-**	-
Others	**117**	-	**-**	-
Deferred tax closing balance	**8 802**	8 901	**-**	-
ii) Deferred tax liabilities by source	**N million**	N million	**N million**	N million
Fair value adjustments on financial instruments	**-175**	-120	**-**	-
Deferred tax liabilities closing balance	**-175**	-120	**-**	-
Deferred tax at end of the year	**8 627**	8 781	**-**	-

16.3	Deferred tax reconciliation	N million	N million	N million	N million
	Deferred tax at beginning of the period	**8 781**	8 591	**-**	-
	Originating/(reversing) temporary differences for the period:	**-99**	273		-
	Credit impairment charges	**624**	426	**-**	-
	Property and equipment	**2 742**	-509	**-**	-
	Fair value adjustments on financial instruments	**-2 972**	-1 627	**-**	-
	Unutilised losses	**-411**	1 550	**-**	-
	Others	**117**	-	**-**	-
	Provision for employee bonus & share incentive	**-200**	434	**-**	-
	Fair value adjustments on financial instruments-FVOCI/Available for sale	**-55**	-83	-	-
	Deferred tax at end of the period	8 627	8 781	**-**	-

As required by IAS 12, the Company has assessed the recoverability of the deferred tax assets on the tax loss and has only recognized deferred tax assets to the extent that it is probable to recover from future tax profits. Consequently, additional deferred tax assets has not been recognized during the period.

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 2018	**20 572**	**2 620**	**1 059**	**11 480**	**17 306**	**50**	**53 087**
	Additions	**38**	**1 026**	**4**	**349**	**668**	**35**	**2 120**
	Disposals / expensed	**-**	**-**	**-33**	**-71**	**-46**	**-**	**-150**
	Transfers / reclassifications	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Balance at 30 June 2018	**20 610**	**3 646**	**1 030**	**11 758**	**17 928**	**85**	**55 057**
	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	-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
17.2	**Accumulated depreciation**							
	Balance at 1 January 2018	**9 468**	**-**	**486**	**9 318**	**11 932**	**-**	**31 204**
	Charge for the period	**603**	**-**	**103**	**390**	**1 122**	**-**	**2 218**
	Disposals	**-**	**-**	**-34**	**-69**	**-43**	**-**	**(146)**
	Balance at 30 June 2018	**10 071**	**-**	**555**	**9 639**	**13 011**	**-**	**33 276**
	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
	Net book value:							
	30 June 2018	**10 539**	**3 646**	**475**	**2 119**	**4 917**	**85**	**21 781**
	31 December 2017	11 104	2 620	573	2 162	5 374	50	21 883

There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (2017: 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 2018	**-**	**-**	**186**	**1 221**	**-**	**1 407**
Additions	**-**	**-**	**6**	**106**	**-**	**112**
Disposals	**-**	**-**	**-5**	**-3**	**-**	**-8**
Transfers/ reclassifications						**-**
Balance at 30 June 2018	**-**	**-**	**187**	**1 324**	**-**	**1 511**
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
17.2 Accumulated depreciation						
Balance at 1 January 2018	**-**	**-**	**119**	**771**	**-**	**890**
Charge for the period	**-**	**-**	**16**	**150**	**-**	**166**
Disposals/ expensed	**-**	**-**	**-4**	**-2**	**-**	**-6**
Transfers/ reclassifications						**-**
Balance at 30 June 2018	**-**	**-**	**131**	**919**		**1 050**
Balance at 1 January 2017	-	-	82	507	-	589
Charge for the period	**-**	**-**	39	269	-	308
Disposals	**-**		-2	-5	**-**	-7
Impairments	**-**	**-**	**-**	**-**	**-**	**-**
Transfers/ reclassifications	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2017	-	-	119	771	-	890
Net book value:						
30 June 2018	**-**	**-**	**56**	**405**	**-**	**461**
31 December 2017	-	-	67	450	-	517

18 Intangible asset

Reconciliation of carrying amount Group	Purchased Software N million	Total N million
18.1 Cost		
Balance at 1 January 2018	**684**	**684**
Additions	**206**	**206**
Impairments	**-**	**-**
Balance at 30 June 2018	**890**	**890**
Balance at 1 January 2017	746	746
Additions	-62	-62
Balance at 31 December 2017	684	684
18.2 Accumulated amortisation		
Balance at 1 January 2018	**79**	**79**
Amortisation for the period	**23**	**23**
Balance at 30 June 2018	**102**	**102**
Balance at 1 January 2017	33	33
Amortisation for the period	46	46
Balance at 31 December 2017	79	79
Carrying amount:		
30 June 2018	**788**	**788**
31 December 2017	605	605

There were no capitalised borrowing costs related to the internal development of software during the period (Dec 2017: 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	
		30 Jun. 2018	31 Dec. 2017	**30 Jun. 2018**	31 Dec. 2017
		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 2017: 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 2017: 10,049,465,732 Ordinary shares of 50k each)	**5 025**	5 025	**5 025**	5 025
	Ordinary share premium	**66 945**	66 945	**66 945**	66 945

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

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.

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 period 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 PAT annually. A transfer of N1,407 million was made into the AGSMEEIS reserve, which represents the Bank's annual commitment under the scheme, for the period (2017: N749 million) (see note 15 (iii)).

c) Available for sale reserve (before January 1 2018)

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.

Fair value through OCI reserve (After January 1 2018)

This represents unrealised gains or losses arising from changes in the fair value of FVOCI financial assets which are recognised directly in the FVOCI reserve. For equity investment under this category, such changes cannot be recycled into income statement when 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 expected 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 dividend of 100 kobo per share (Dec 2017: 50 kobo per share). Withholding tax is deducted at the time of payment.

21 Deposit and current accounts

	Group		Company	
	30 Jun. 2018	31 Dec. 2017	**30 Jun. 2018**	31 Dec. 2017
	N million	N million	**N million**	N million
Deposits from banks	**120 709**	61 721	**-**	-
Other deposits from banks	**120 709**	61 721	**-**	
Deposits from customers	**767 372**	753 642	**-**	-
Current accounts	**365 678**	322 440	**-**	-
Call deposits	**107 345**	75 480	**-**	-
Savings accounts	**55 566**	48 444	**-**	-
Term deposits	**238 783**	307 278	**-**	-
Total deposits and current accounts	**888 081**	815 363	**-**	-

Included in deposits from banks is N48,197 million (Dec 2017: N38,843 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	**649 695**	524 029	**-**	-
Maturing within 1 month	**102 479**	162 281	**-**	-
Maturing after 1 month but within 6 months	**128 818**	112 485	**-**	-
Maturing after 6 months but within 12 months	**7 085**	16 564	**-**	-
Maturing after 12 months	**4**	4	**-**	-
Total deposits and current accounts	**888 081**	815 363	**-**	-

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	30 Jun. 2018		31 Dec. 2017	
	%	**N million**	%	N million
South South	**6**	**55 510**	5	43 702
South West	**64**	**565 879**	73	594 369
South East	**2**	**18 857**	2	15 076
North West	**4**	**34 322**	3	26 750
North Central	**10**	**85 617**	8	68 442
North East	**1**	**7 187**	1	5 303
Outside Nigeria	**14**	**120 709**	8	61 721
Total deposits and current accounts	**100**	**888 081**	100	815 363

22 Other borrowings

	Group		Company	
	30 Jun. 2018	31 Dec. 2017	**30 Jun. 2018**	31 Dec. 2017
	N million	N million	**N million**	N million
On-lending borrowings	**67 025**	74 892	**-**	-
FMO - Netherland Development Finance Company (see (i) below)	**15 035**	18 369	**-**	-
African Development Bank (see (ii) below)	**668**	543	**-**	-
Nigeria Mortgage Refinance Company (see (vi) below)	**3 187**	1 669	**-**	-
Bank of Industry (see (iii) below)	**2 810**	3 116	**-**	-
Standard Bank Isle of Man (see (iv) below & note 36.3)	**35 261**	40 406	**-**	-
CBN Commercial Agricultural Credit Scheme (see (v) below)	**10 064**	10 789	**-**	-
Other borrowings	**67 025**	74 892	**-**	-

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 an on-lending dollar denominated loan of US$42 million (2017: US$ 90 million) obtained from Netherland Development Finance Company (FMO). No additional disbursement was received during the period. 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 is being made in seven equal instalments and commenced on 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 not secured with treasury bills during the period (Dec. 2017: N2,931 million).

iv. The bank obtained dollar denominated long term on-lending facilities with floating rates tied to LIBOR from Standard Bank Isle of Man with average tenor of 5 periods. The dollar value of the facility as at 30 June 2018 was USD$98 million (Dec 2017: USD$122 million).

v. The bank obtained an interest free 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. This represents N1.835m (Tranche 1) and N1.543m (Tranche 2) on-lending facilities obtained from Nigeria Mortgage Refinance Company in June 2016 and June 2018 respectively. Tranche 1 is priced at 15.5% while Tranche 2 is priced at 14.5%.

The group has not had any default of principal, interest or any other breaches with respect to its debt securities during the period ended 30 June 2018 (Dec 2017: Nil).

22 Other borrowings (continued)

Maturity analysis

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

	Group		Company	
	30 Jun. 2018 N million	31 Dec. 2017 N million	**30 Jun. 2018 N million**	31 Dec. 2017 N million
Repayable on demand	**351**	160	**-**	-
Maturing within 1 month	**-**	18 014	**-**	-
Maturing after 1 month but within 6 months	**7 820**	27 293	**-**	-
Maturing after 6 months but within 12 months	**16 204**	7 157	**-**	-
Maturing after 12 months	**42 650**	22 268	**-**	-
	67 025	74 892	**-**	-

Movement in other borrowings

	Group		Company	
At start of period	**74 892**	96 037	**-**	16 404
Additions	**1 544**	25 278	**-**	-
Accrued interest	**-31**	55	**-**	1 095
Effect of exchange rate changes [loss/(profit)]	**5 578**	980	**-**	
Payments made	**-14 958**	-47 458	**-**	-17 499
At end of period	**67 025**	74 892	**-**	-

23 Subordinated debt

	Group		Company	
	30 Jun. 2018 N million	31 Dec. 2017 N million	**30 Jun. 2018 N million**	31 Dec. 2017 N million
Subordinated fixed rate notes- Naira (see (i) below)	**15 646**	15 636	**-**	-
Subordinated floating rate notes -Naira (see (ii) below)	**104**	104	**-**	-
Subordinated debt - US dollar (see (iii) below)	**14 516**	13 306	**-**	-
	30 266	**29 046**	**-**	-

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 periods and is callable after 5 periods 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 periods and is callable after 5 periods from the issue date. The debt is unsecured.

(iii) This represents US dollar 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%. See note 36.3 (g).

The group has not had any default of principal, interest or any other convenant breaches with respect to its debt securities during the period ended 30 June 2018 (2017: Nil).

Movement in subordinated debt	Group		Company	
	30 Jun. 2018 N million	**31 Dec. 2017** N million	**30 Jun. 2018 N million**	**31 Dec. 2017** N million
At start of period	**29 046**	27 964	**-**	-
Additions	**-**	-	**-**	-
Accrued interest for the period	**1 427**	2 706	**-**	-
Accrued interest paid	**(1 417)**	(2 678)		
Effect of exchange rate changes [loss/(profit)]	**1 210**	1 054	**-**	-
Payments made	**-**	-	**-**	-
At end of period	**30 266**	29 046	**-**	-

		Group		Company	
24	**Current tax asets and liabilities**	**30 Jun. 2018**	31 Dec. 2017	**30 Jun. 2018**	31 Dec. 2017
		N million	N million	**N million**	N million
	Current tax liabilities	**14 529**	12 240	**371**	157
		14 529	12 240	**371**	157
24.1	**Reconciliation of current tax liabilities**	**N million**	N million	**N million**	N million
	Current tax liabilities at beginning of the period	**12 240**	9 508	**157**	68
	Movement for the period	**2 289**	2 732	**214**	89
	Charge for the period	**7 523**	13 058	**409**	2 389
	(Over) / under provision - prior period	**-201**	-22	**-**	-
	Payment made	**-5 033**	-10 304	**-195**	-2 300
	Current tax liabilities at end of the period	**14 529**	12 240	**371**	157

25 Provisions

	Legal	Taxes & levies	Expected credit loss for off balance sheet exposures	Interest cost on judgment debt	Penalties & fines	Total
30 June 2018	**N million**	**N million**	**N million**	**N million**	**N million**	**N million**
Balance at 1 January 2018	**7 293**	**5 686**	**-**	**-**	**-**	**12 979**
Provisions made during the period	**242**	**587**	**800**		**-**	**1 629**
Provisions used during the period	**(74)**	**(1313)**	**-**	**-**		**(1387)**
Balance at 30 June 2018	**7 461**	**4 960**	**800**	**-**	**-**	**13 221**
Current	-	-	800	-	-	800
Non-current	7 461	4 960	-	-	-	12 421
	7 461	**4 960**	**800**	**-**	**-**	**13 221**

	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		-	5 686	-	5 686
Non-current	7 293	5 686	-	-	12 979
	7 293	**5 686**	**5 686**	**-**	**18 665**

(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.

(d) Expected credit loss for off balance sheet exposures

This relates to expected credit loss on off balance sheet exposures in accordance with IFRS 9.

26 Other liabilities

	Group		Company	
	30 Jun. 2018 N million	31 Dec. 2017 N million	**30 Jun. 2018 N million**	31 Dec. 2017 N million
26.1 Summary				
Trading settlement liabilities	**22 135**	13 250	**-**	-
Cash-settled share-based payment liability (note 31.11)	**3 905**	2 308	**558**	105
Accrued expenses - staff	**3 970**	6 163	**384**	1 071
Deferred revenue (iv)	**4 709**	4 690	**-**	-
Accrued expenses - others	**4 777**	4 735	**1 065**	1 252
Due to group companies (see note 36.3)	**4 571**	17	**2 781**	227
Collections / remmitance payable (see note (i) below)	**15 424**	58 824	**272**	146
Customer deposit for letters of credit	**15 901**	47 077	**-**	-
Unclaimed balance (see note (ii) below)	**2 021**	1 973	**-**	-
Payables to suppliers and asset management clients	**3 382**	8 042	**1**	7
Draft & bank cheque payable	**1 620**	2 007	**-**	-
Electronic channels settlement liability	**2 832**	4 344	**-**	-
Unclaimed dividends liability (see note (iii) below)	**1 471**	1 475	**1 471**	1 475
Clients cash collateral for derivative transactions (v)	**25 207**	22 443	**-**	-
Sundry liabilities	**16 886**	14 169	**548**	280
	128 811	191 517	**7 080**	4 563
Current	**110 491**	168 685	**5 050**	2 976
Non-current	**18 320**	22 832	**2 030**	1 587
	128 811	191 517	**7 080**	4 563

(i) Collections and remittance payable includes nil (Dec 2017: N19.6bn) relating to balance held in respect of clearing and settlement activities for NIBSS, FMDQ 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 30 June 2018. The assets held for the liability are presented in note 11 and note 15.

(iv) Deferred revenue include unrecognised gains on swaps transaction with the Central Bank

(v) Amount represents margin cash collateral for FX futures

27 Classification of 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	Fair Value Through P&L			Amortised cost	Fair-value through other comprehensive income		Other amotised cost	Total carrying amount	Fair value [1]
		Held for trading	Designated at fair value	Fair value through P/L - default		Debt Instrument	Equity Instrument			
		N million	N million	N million	N million	N million	N million	N million	N million	N million
30 June 2018										
Assets										
Cash and cash equivalents	7	-	-	-	349 487	-	-		349 487	349 487
Derivative assets	10.6	20 804	-	-	-	-	-	-	20 804	20 804
Trading assets	9.1	156 675	-	-	-	-	-	-	156 675	156 675
Pledged assets	8	-	-	-	-	49 193	-	-	49 193	49 193
Financial investments	11	-	-	1 814	54 395	244 290	2 822	-	303 321	303 321
Loans and advances to banks	12	-	-	-	8 811	-	-	-	8 811	8 815
Loans and advances to customers	12	-	-	-	403 317	-	-	-	403 317	382 526
Other assets (see (a) below)		-	-	-	39 429	-	-	-	39 429	39 429
		177 479			855 439	293 483	2 822	-	1 331 037	1 310 250
Liabilities										
Derivative liabilities	10.6	3 548	-	-	-	-	-	-	3 548	3 548
Trading liabilities	9.2	16 601	-	-	-	-	-	-	16 601	16 601
Deposits from banks	21	-	-	-	-	-	-	120 709	120 709	120 709
Deposits from customers	21	-	-	-	-	-	-	767 372	767 372	782 524
Subordinated debt	23	-	-	-	-	-	-	30 266	30 266	29 259
Other borrowings	22	-	-	-	-	-	-	67 025	67 025	63 270
Other liabilities (see (b) below)		-	-	-	-	-	-	124 102	124 102	124 102
		20 149	-	-	-	-	-	1 109 474	1 129 623	1 140 013

[1] Carrying value has been used where it closely approximates fair values. Fair value estimates 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 other than deferred revenue.

27 Classification of 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 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

[1] Carrying value has been used where it closely approximates fair values. Fair value estimates 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 period, 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
30 June 2018						
Assets						
Derivative assets	10.6	20 804	-	4 531	16 273	20 804
Trading assets	9.1	156 675	151 225	5 450	-	156 675
Pledged assets	8	49 193	49 193	-	-	49 193
Financial investments	11	303 321	290 012	10 487	2 822	303 321
		529 993	490 430	20 468	19 095	529 993
Comprising:						
Held-for-trading		177 479	151 225	9 981	16 273	177 479
Amortised Cost		54 395	54 395	-	-	54 395
FV through Other Comprehensive Income		298 119	284 810	10 487	2 822	298 119
		529 993	490 430	20 468	19 095	529 993
Liabilities						
Derivative liabilities	10.6	3 548	-	3 548	-	3 548
Trading liabilities	9.2	16 601	16 601	-	-	16 601
		20 149	16 601	3 548	-	20 149
Comprising:						
Held-for-trading		20 149	16 601	3 548	-	20 149
		20 149	16 601	3 548	-	20 149

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

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

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	Financial investments	Total
	N million	N million	N million
Balance at 1 January 2018	**6 247**	**1 817**	**8 064**
Gains/(losses) included in profit or loss - Trading revenue	**1 841**	**-**	**1 841**
Gain/(loss) recognised in other comprehensive income	**-**	**1 005**	**1 005**
Originations and purchases	**-**	**-**	**-**
Day one profit / (loss) recognised	**11 912**	**-**	**11 912**
Sales and settlements	**-3 727**	**-**	**-3 727**
Write back of impairment	**-**	**-**	**-**
Balance at 30 June 2018	**16 273**	**2 822**	**19 095**
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	-	-	-
Sales and settlements	11 487	-	11 487
Write back of impairment	-	-	-
	-	**-**	
Balance at 31 December 2017	**6 247**	1 817	8 064

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

	Derivative assets	Financial investments	Total
	N million	N million	N million
30 June 2018			
Other comprehensive income	**-**	**1 005**	**1 005**
Trading revenue	**1 841**	**-**	**1 841**
	1 841	**1 005**	**2 846**
30 June 2017			
Other comprehensive income	-	-162	**-162**
Trading revenue	-2 553	-	**-2 553**
	-2 553	**-162**	**-2 715**

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 period end in measuring financial instruments categorised as level 3 in the fair value hierarchy.

Type of financial instrument	Fair value as at 30-Jun-2018 (N million)	Valuation technique	Significant unobservable input	Fair value measurement sensitivity to unobservable input
Unquoted equities	2,822 (2017: 1,817)	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	16,273 (2017: 6,247)	Discounted cash flow	- Own credit risk (DVA) - Counterparty credit risk (CVA, basis risk and country risk premium)	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	
				Favourable Nmillion	Unfavourable Nmillion
2018					
Unquoted equities	Discounted cash flow	Risk adjusted discount rate	From (2%) to 2%	**57**	**-276**
Derivative assets	Discounted cash flow	- Own credit risk (DVA) - Counterparty credit risk (CVA, basis risk and country risk premium)	From (1%) to 1%	**586**	**-580**
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)	From (1%) to 1%	360	(362)

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	Carrying value N million	Level 1 N million	Level 2 N million	Level 3 N million	Total N million
30 June 2018					
Assets					
Cash and cash equivalents	**349 487**	**-**	**349 487**	**-**	**349 487**
Loans and advances to banks	**8 811**	**-**	**-**	**8 815**	**8 815**
Loans and advances to customers	**403 317**	**-**	**-**	**382 526**	**382 526**
Other financial assets	**39 429**	**-**	**39 429**	**-**	**39 429**
	801 044	**-**	**388 916**	**391 341**	**780 257**

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

Group	**Carrying value N million**	**Level 1 N million**	**Level 2 N million**	**Level 3 N million**	**Total N million**
30 June 2018					
Liabilities					
Deposits from banks	**120 709**	**-**	**120 709**	**-**	**120 709**
Deposits from customers	**767 372**	**-**	**782 524**	**-**	**782 524**
Other borrowings	**67 025**	**-**	**63 270**	**-**	**63 270**
Subordinated debt	**30 266**	**-**	**29 259**	**-**	**29 259**
Other financial liabilities	**124 102**	**-**	**124 102**	**-**	**124 102**
	1 109 474	**-**	**1 119 864**	**-**	**1 119 864**

Group	Carrying 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
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

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
30 June 2018					
Assets					
Derivative assets	1 428	-	1 428	-1 428	-
Loans and advances to customers	14 542	-	14 542	-4 954	9 588
	15 970	**-**	**15 970**	**-6 382**	**9 588**

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
30 June 2018					
Liabilities					
Derivative liabilities	1 073	-	1 073	-1 073	-
Deposits from customers	4 954		4 954	-4 954	-
Other liabilities	21 348	-	21 348	-852	20 496
	27 375	**-**	**27 375**	**-6 879**	**20 496**

[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

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	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	
		30 Jun. 2018	31 Dec. 2017	**30 Jun. 2018**	31 Dec. 2017
		N million	N million	**N million**	N million
30	**Contingent liabilities and commitments**				
30.1	**Contingent liabilities**				
	Letters of credit	**113 913**	118 054	**-**	-
	Guarantees	**49 652**	35 323	**-**	-
		163 565	153 377	**-**	-

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. The expected credit loss of N800 million on this has been included in provisions (see note 25).

30.2	**Capital commitments**				
	Contracted capital expenditure	**1 499**	789	**28**	26
	Capital expenditure authorised but not yet contracted	**17 252**	17 252	**2 067**	2 067
		18 751	18 041	**2 095**	2 093

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

30.3 Loan commitments

As at 30 June 2018, the group had irrevocable loan commitments amounting to N48.6 billion (Dec 2017: N56.1 billion) in respect of various loan contracts and the expected credit loss on this amounts to N81.4 million (Dec 2017: Nil).

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 303 legal proceedings outstanding as at 30 June 2018 (Dec. 2017: 297 cases). 197 (Dec 2017: 198) of these were against the group with claims amounting to N164.7 billion (Dec 2017: N159.6 billion), while 106 other cases (Dec 2017: 99 cases) were instituted by the group with claims amounting to N27.8 billion (Dec 2017: N18.4 billion).

These claims against the group are generally considered to have a low likelihood of success and the group is actively defending these claims. 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.

On 31 July 2017, the Lagos State High Court awarded general damages of N50 billion jointly and severally against Stanbic IBTC Bank PLC (the Bank) and another defendant. The claimant in this legal proceeding asserted that the Bank and the other defendant acted maliciously by filing an erroneous report on the claimant's indebtedness to the Bank to a credit bureau. On 1 August 2017, the Bank has filed a Notice of Appeal and an application for an injunction against the enforcement of the judgement pending the hearing and determination of the Appeal.

Management, after consideration of all information available, assessed that this case has a high likelihood of success in Appeal and/or further legal proceedings and will be actively pursuing the same. Based on this assessment, management believes that the ultimate resolution will not have a significantly adverse effect on the financial position of the group.

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

Stanbic IBTC Holdings' appeal in relation to this legal case which focuses solely on the alleged illegality of certain agreements between SIBTC and Standard Bank of South Africa (SBSA) with regards to the sale of Stanbic IBTC Bank's Finacle banking software and SBSA subsequent licensing of such software to Stanbic IBTC Bank, is scheduled for hearing by the Court of Appeal 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) that was 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 an annual license fee payment.

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 such 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 was based on 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 matter now 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 a final judicial determination of the matter.

As part of the Federal High Court judgment of the 14 December 2015, in the Stanbic IBTC Holdings PLC (SIBTC) and FRC matter, 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 30 June 2018, the balance in the account was ZAR 268 million (made up of ZAR 189 million plus ZAR 79 million accrued interest up to 30 June 2018). 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 exploring various options which are expected to result in a separation of parts of its IT infrastructure from those of SBSA. Any approvals that will be required from the Board, shareholders, NOTAP and the CBN in relation to the option(s) adopted will be obtained at the relevant time.

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 period.
The details of the affected transactions and the associated obligations are as follows:

Type of agreement	Transferor	Registration status	Contingent liability	
			30 Jun. 2018 N million	31 Dec. 2017 N million
Information Technology Agreement between Stanbic IBTC Bank PLC and Infosys Technologies Limited (Online Procurement Request)	External	Pending	385	353
Finacle ITMS Integration Programme (Cash Management Solution): Agreement with Infosys Technologies Limited and Affiliate Software License Agreement Nucleus Software Limited India.	External	Pending	50	46
Finacle Production Support agreement between Edge Verve Systems Limited and Stanbic IBTC Bank PLC	External	Pending	75	69
STANBIC-NG V3 Finacle Enhancement and Imlementation agreement between EdgeVerve Systems LIMITED and Stanbic IBTC Bank PLC, Nigeria.	External	Pending	93	85
Supplemental to the Master Agreement between Wizzit Technologies and Stanbic IBTC Bank PLC as at May 2017	External	Pending	39	22
Third amendment to the Master Software License Agreement Dated July 9 2012	External	Pending	240	424
Software License Agreement with SunTec Business Solutions FZE	External	Pending	1	5
Finacle production support and enhancement agreement between EdgeVerve systems and Stanbic IBTC Bank PLC	External	Pending	166	-
Amendment to the Microsoft Enterprise Volume Licensing agreement between Microsoft Ireland and Stanbic IBTC Bank PLC	External	Pending	2 123	-

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:

	30 Jun. 2018 N million	31 Dec. 2017 N million
Pension funds	**2 536 188**	2 312 872
Unit Trusts / Collective investments	**512 996**	400 928
Trusts and Estates	**27 843**	32 164
Assets held under custody - custodial services	**6 545 637**	5 643 213
	9 622 664	8 389 177

31 Income statement information

		Group		Company	
		30 Jun. 2018 N million	30 Jun. 2017 N million	30 Jun. 2018 N million	30 Jun. 2017 N million
31.1	**Interest income**				
	Interest on loans and advances to banks	**1 777**	1 180	-	-
	Interest on loans and advances to customers	**30 604**	28 041	-	-
	Interest on investments	**27 543**	27 507	-	19
		59 924	56 728	-	19

All interest income reported above relates to financial assets not carried at fair value through profit or loss. Interest income for the period ended 30 June 2018 includes N256 million relating to the unwinding of discount element of credit impairments.

Included in interest income is N582 million (2017: N269 million) earned from related party transactions. See note 36.3.

		Group		Company	
31.2	**Interest expense**				
	Savings accounts	**741**	527	-	-
	Current accounts	**1 784**	1 189	-	-
	Call deposits	**1 017**	573	-	-
	Term deposits	**10 391**	8 618		-
	Interbank deposits	**1 924**	2 354	-	-
	Borrowed funds	**3 898**	2 432	-	1 095
		19 755	15 693	-	1 095

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 N1,284 million (2017: N943 million) from related party transactions. See note 36.3.

		Group		Company	
31.3	**Net fee and commission revenue**				
	Fee and commission revenue	**37 142**	28 074	**1 199**	726
	Account transaction fees	**1 815**	2 150	-	-
	Card based commission	**1 623**	1 630	-	-
	Brokerage and financial advisory fees	**4 129**	2 549	-	-
	Asset management fees	**21 151**	15 774	-	-
	Custody transaction fees	**2 088**	1 019	-	-
	Electronic banking	**880**	511	-	-
	Foreign currency service fees	**3 510**	2 942	-	-
	Documentation and administration fees	**1 170**	1 097	-	-
	Other fee and commision revenue	**776**	402	**1 199**	726
	Fee and commission expense	**-455**	-181	-	-
		36 687	27 893	**1 199**	726

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 N1,199 million (2017: N726 million) represents fee income earned by the company from technical and management service provided to subsidiaries.

		Group		Company	
		30 Jun. 2018 N million	30 Jun. 2017 N million	**30 Jun. 2018 N million**	30 Jun. 2017 N million
31	**Income statement information (continued)**				
31.4	**Trading revenue**				
	Foreign exchange	**4 492**	5 431	**-**	-
	Fixed income	**11 205**	6 405	**-**	-
	Interest rates	**280**	129	**-**	-
	Equities	**-1**	1	**-**	-
		15 976	11 966	**-**	-

Included in trading revenue reported above is a trading loss amount of N83m (2017: N4,556m) from related party transactions. See note 36.3 for details.

Trading revenue reported above includes trading income of N10,842 million (2017: trading loss of N1,736 million) relating to derivative transactions. Included in trading income / loss from derivatives is N4,428 million (2017: N2,899) relating to unboservable valuation difference recognised during the period. As at period end, unobservable valuation difference yet to be recognised amounted to N3,486 million (2017: N4,500 million) (see note 10.7).

		Group 30 Jun. 2018	Group 30 Jun. 2017	Company 30 Jun. 2018	Company 30 Jun. 2017
31.5	**Other revenue**				
	Dividend income (see (a) below)	**170**	50	**16 941**	25 092
	Gain/loss on disposal of property and equipment	**36**	44	**-**	-
	Others (see (b) below)	**959**	336	**116**	59
		1 165	430	**17 057**	25 151
(a)	Dividend income was earned from the following investees:				
	Stanbic IBTC Pension Managers Limited	**-**	-	**8 823**	20 912
	Stanbic IBTC Asset Management Limited	**-**	-	**1 380**	2 000
	Stanbic IBTC Ventures Limited	**-**	-	**-**	900
	Stanbic IBTC Capital Limited	**-**	-	**1 185**	800
	Stanbic IBTC Stockbrokers Limited	**-**	-	**450**	280
	Stanbic IBTC Insurance Limited	**-**	-	**-**	100
	Stanbic IBTC Trustees Limited	**-**	-	**103**	100
	Stanbic IBTC Bank PLC	**-**	-	**5 000**	-
	Other equity investments	**170**	50	**-**	-
		170	50	**16 941**	25 092

(b) Included others is gains from investment of unclaimed dividend of N21 million (2017: N19 million) investment administration charges, and distribution received from liquidation of unquoted equity investments.

		Group 30 Jun. 2018	Group 30 Jun. 2017	Company 30 Jun. 2018	Company 30 Jun. 2017
31.6	**Credit impairments raised/(released) in terms of IAS 39**				
	Specific impairments	**-**	14 489	**-**	-
	Portfolio impairments	**-**	403	**-**	-
	Net expected credit loses raised and released for financial investments				
	12 month ECL	**-7**	-	**-**	-
	Lifetime ECL not credit impaired	**-**	-	**-**	-
	Lifetime ECL credit impaired	**-**	-	**-**	-
	Net expected credit loses raised and released for Loan and advances				
	12 month ECL	**-757**	-	**-**	-
	Lifetime ECL not credit impaired	**-5 666**	-	**-**	-
	Lifetime ECL credit impaired	**2 579**	-	**-**	-
	Net expected credit loses raised and released on off balance sheet exposures				
	12 month ECL	**265**	-	**-**	-
	Lifetime ECL not credit impaired	**-141**	-	**-**	-
	Lifetime ECL credit impaired	**-**	-	**-**	-
	Recoveries on loans and advances previously written off	**-1 781**	-939	**-**	-
	Total credit impairment charge	**-5 508**	13 953	**-**	-
31.7	**Staff costs**				
	Short term - salaries and allowances	**20 058**	15 223	**67**	219
	Staff cost: below-market loan adjustment	**28**	111	**5**	9
	Equity-linked transactions (note 31.11)	**1 247**	1 158	**212**	147
		21 333	16 492	**284**	375

Included in staff costs is N257 million (2017: N162 million) representing salaries and allowances paid to executive directors for the period. See note 32.

		Group		Company	
		30 Jun. 2018	30 Jun. 2017	**30 Jun. 2018**	30 Jun. 2017
		N million	N million	**N million**	N million
31	**Income statement information (continued)**				
31.8	**Other operating expenses**				
	Information technology	**3 490**	2 504	**-**	-
	Communication expenses	**531**	621	**-**	-
	Premises and maintenance	**2 000**	2 187	**-**	-
	Depreciation expense	**2 218**	2 010	**166**	154
	Amortisation of intangible assets	**23**	23	**-**	-
	Deposit insurance premium	**1 984**	1 244	**-**	-
	AMCON expenses	**7 431**	4 926	**-**	-
	Other insurance premium	**488**	512	**-**	-
	Auditors renumeration	**196**	172	**28**	26
	Non-audit service fee (see (ii) below)	**37**	14	**20**	-
	Professional fees	**319**	343	**-**	-
	Administration and membership fees	**2 133**	1 594	**-**	-
	Training expenses	**509**	363	**-**	-
	Security expenses	**813**	696	**-**	-
	Travel and entertainment	**934**	637	**-**	-
	Stationery and printing	**312**	621	**-**	-
	Marketing and advertising	**1 147**	903	**-**	-
	Pension administration expense	**105**	104	**-**	-
	Penalties and fines	**8**	41	**-**	20
	Donations	**125**	311	**115**	77
	Operational losses	**91**	-21	**-**	-
	Directors fees	**232**	168	**138**	140
	Provision for legal costs, levies and fines	**300**	-805	**-**	-
	Impairment /(Recovery) of other financial assets	**-163**	1 861	**-**	-
	Motor vehicle maintenance expense	**732**	729	**-**	-
	Bank Charges	**774**	316	**-**	-
	Indirect tax (VAT)	**543**	346	**61**	23
	Others	**130**	-710	**-236**	-34
		27 442	21 710	**292**	406

N21,710 million from prior year has been further brokendown to provide more clarity.

31 Income statement information (continued)

(ii) Non-audit services

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

	Group		Company	
	30 Jun. 2018	30 Jun. 2017	**30 Jun. 2018**	30 Jun. 2017
	N million	N million	**N million**	N million
IFRS 9 Evaluation	**19**	-	**19**	**-**
Assurance services – review of controls	**1**	4	**1**	**-**
Engagement to report on summary financial statements	**-**	3	**-**	**-**
NDIC certification	**-**	3	**-**	**-**
Compilation of financial statements	**-**	-	**-**	**-**
CBN corporate governance and whistle blowing guidelines	**14**	-	**-**	**-**
Audit services – audit procedures on BA 610 reporting for SBSA	**4**	4	**-**	**-**
	37	14	**20**	**-**

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 30 Jun 2018 N million	Amounts recognised in financial statements 31 Dec 2017 N million
(i)	Software License Agreement with SunTec Business Solutions FZE	NOTAP/AG/FI/1280/19/108	$14 776	1st January 2015 till 1st August 2018	**5**	-
(ii)	Addendum to Affiliate Agreement between Nuclear Software Exports Limited and Stanbic IBTC Bank PLC	NOTAP/AG/FI/1280/27/87	Bulk remittance of $1,269,292.66	3rd March 2016 till 2nd March 2019	**110**	-
(iii)	Addendum to Affiliate Agreement between Nuclear Software Exports Limited and Stanbic IBTC Bank PLC	NOTAP/AG/FI/1280/27/87	Bulk remittance of $1,269,292.66	3rd March 2016 till 2nd March 2019	**8**	-
(iv)	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
(v)	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
(vi)	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
(vii)	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
(viii)	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
					123	1 478

(i) The software license agreement payment to SunTec Business Solutions FZE was approved by NOTAP in 2015 for a validity period of 3 years. During the period, a total payment of N5 million was made.

(ii) The software license agreement payment to Nuclear Software Exports Limited was approved by NOTAP in 2016 for a validity period of 3 years. During the period, a total payment of N118 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 periods, with an option to renew the lease after that date. Lease payments are increased periodically (usually every three periods) to reflect market rentals.

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

	Group		Company	
	30 Jun. 2018 N million	31 Dec. 2017 N million	**30 Jun. 2018 N million**	31 Dec. 2017 N million
Less than one period	**60**	63	**-**	-
Between one and five periods	**167**	193	**-**	-
More than five periods	**-**	-	**-**	-
	227	256	**-**	-

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 30 June 2018, 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:

Expenses recognised in staff costs	**30 Jun. 2018 N million**	30 Jun. 2017 N million
Expenses recognised in staff costs		
Stanbic IBTC Equity Growth Scheme (credit)/charge	**508**	799
Parent company share incentive schemes**	**47**	-21
Deferred bonus scheme (DBS)	**692**	380
	1 247	1 158

	30 Jun. 2018 N million	31 Dec. 2017 N million
Liabilities recognised in other liabilities		
Stanbic IBTC Equity Growth Scheme	**1 758**	1 265
Deferred bonus scheme	**2 147**	1 043
	3 905	2 308

**The parent company share incentive scheme is equity settled. As such, a corresponding increase 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 increase 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 N1,405 million at 30 June 2018 (Dec 2017: N1,265 million).

The terms and conditions of the grants are as follows.

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

	Units	
	30 Jun. 2018	31 Dec. 2017
Reconciliation		
Units outstanding at beginning of the period	**25 327 713**	59 113 755
Granted	**-**	-
Forfeited	**-**	(186 916)
Exercised	**(474 611)**	(33 599 126)
Lapsed	**-**	-
Units outstanding at end of the period	**24 853 102**	25 327 713

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:

	30 Jun. 2018	31 Dec. 2017
Weighted average fair value at grant date (Naira) - Rights granted 1 March 2011	17.83	17.83
Expected life (periods)	1.80	3.19
Expected volatility (%)	36.69	37.46
Risk-free interest rate (%)	12.12	13.88
Dividend yield (%)	1.28	1.57

(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:

	period	% 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) 30 Jun. 2018	(Naira)	-------Number of options------ 30 Jun. 2018	31 Dec. 2017
Options outstanding at beginning of the period			**44 850**	-
Transfers			**-**	65 900
Exercised			**-**	-21 050
Lapsed			**-**	-
Options outstanding at end of the period			**44 850**	44 850

The weighted average SBG share price for the period to 30 June 2018 period end was ZAR207.7 (N5,471) (December 2017: ZAR157.27 N4,229).

The following options granted to employees had not been exercised at 30 June 2018:

Number of ordinary shares	(ZAR)	(Naira)	---Weighted average price--- (ZAR)	(Naira)	Option expiry period
6 100	92.00	561 200	92.00	2 423.28	period to 31 December 2018
1 250	62.39	77 988	62.39	1 643.35	period to 31 December 2019
37 500	98.00 - 103.03	2,581 - 2,714	102.18	2 691.42	period to 31 December 2021
44 850					

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

Number of ordinary shares	------Option price range------ (ZAR)	(Naira)	---Weighted average price--- (ZAR)	(Naira)	Option expiry period
6 100	28.00	170 800	92.00	2 423.28	year to 31 December 2018
1 250	62.39	77 988	62.39	1 643.35	year to 31 December 2019
37 500	98.80 - 103.03	2,581 - 2,714	101.62	2 676.67	year to 31 December 2021
44 850					

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

	Appreciation right price range (ZAR) 30 Jun. 2018	(Naira)	---------Number of rights------- 30 Jun. 2018	31 Dec. 2017
Rights outstanding at beginning of the period			**36 026**	-
Transfers			**-**	113 230
Exercised			**-**	-77 204
Lapsed			**-**	-
Rights outstanding at end of the period			**36 026**	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 30 June 2018:

Number of rights	Price range (ZAR)	Price range (Naira)	Weighted average price (ZAR)	Weighted average price (Naira)	Expiry period
15 005	156.96	4 134	156.96	4 134	period to 31 December 2025
21 021	122.24	3 220	122.24	3 220	period to 31 December 2026
36 026					

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

Number of rights	Price range (ZAR)	Price range (Naira)	Weighted average price (ZAR)	Weighted average price (Naira)	Expiry period
15 005	156.96	4 221	156.96	4 221	period to 31 December 2025
21 021	122.24	3 287	122.24	3 287	period to 31 December 2026
36 026					

(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	
	30 Jun. 2018	31 Dec. 2017
Reconciliation		
Units outstanding at beginning of the period	**233 681**	154 979
Granted	**-**	-
Exercised	**-**	-202 298
Transfers	**25 169**	286 089
Forfeited	**-555**	-5 089
Lapsed	**-**	-
Units outstanding at end of the period	**258 295**	233 681
Weighted average fair value at grant date (ZAR)	**122.24**	122.24
Expected life (periods)	**2.51**	2.51

(d) Cash settled deferred bonus scheme (CSDBS)

Employees granted an annual performance award over a threshold have part of their award deferred. In addition the group makes special awards of CSDBS to qualifying employees.

The award units are demoninated in employee's host countries' local curranct, the value of which moves parrallel to the changes in the proce of the SBG shares listed on the JSE and accrue notional dividends over the vesting period which are payable on vesting.

Awards vest in three equal tranches at 18 months, 30 months and 42 months from the date of award. Final payout is determined with referenace to SBG share price on vesting date.

	Naira Units		Pound Units		Rand Units	
	30 Jun. 2018	31 Dec. 2017	**30 Jun. 2018**	31 Dec. 2017	**30 Jun. 2018**	31 Dec. 2017
Reconciliation						
Units outstanding at beginning of the period	**4 067 869**	-	**97**	-	**7 573**	-
Granted	**3 863 474**	4 140 971	**68**	97	**23 645**	-
Forfeited	**-14 145**	-73 102	**-**	**-**	**-**	**-**
Transferred to group companies	**-**	**-**	**-**	**-**	**-**	7 573
Exercised	**-**	-	**-**	-	**-**	-
Units outstanding at end of the period	**7 917 198**	4 067 869	**165**	97	**31 218**	7 573
Weighted average fair value at grant date (ZAR)		220.97				
Expected life at grant date (years)		2.51				

(e) 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	
	30 Jun. 2018	31 Dec. 2017
Reconciliation		
Units outstanding at beginning of the period	**165 300**	12 300
Granted	**75 726**	67 200
Cancelled	**-**	-24 528
Transferred to group companies	**-**	142 600
Exercised	**-44 926**	-32 272
Units outstanding at end of the period	**196 100**	165 300
Weighted average fair value at grant date (ZAR)	**220.97**	155.95
Expected life at grant date (periods)	**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.

The change in liability due to the change in the SBG share price, is hedged through the use of equity options designated as cash flow hedges.

	Units	
	30 Jun. 2018	31 Dec. 2017
Reconciliation		
Units outstanding at beginning of the period	**53 000**	147 000
Exercised	**-**	-94 000
Transfers	**-**	-
Units outstanding at end of the period	**53 000**	53 000

Quanto stock units granted not yet exercised at period end:

	Number of units 30 Jun. 2018	Number of units 31 Dec. 2017
Unit expiry period		
period to 31 December 2016	**-**	-
period to 31 December 2017	**-**	
period to 31 December 2018	**53 000**	53 000
Units outstanding at end of the period	**53 000**	53 000

		Group		Company	
		30 Jun. 2018 N million	30 Jun. 2017 N million	**30 Jun. 2018 N million**	30 Jun. 2017 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	**257**	**162**	**57**	**39**
	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	**232**	168	**138**	140
	otherwise in connection with the affairs of Stanbic IBTC Holdings PLC or its subsidiaries				
	Pensions of directors and past directors	**16**	**16**	**4**	16
		505	**346**	**199**	**195**

[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.*

	30 Jun. 2018 N million	30 Jun. 2017 N million
Emoluments disclosed above include amounts paid to:		
(i) the chairman	**19**	17
(ii) the highest paid director	**63**	47

		Group		Company	
		30 Jun. 2018	30 Jun. 2017	**30 Jun. 2018**	30 Jun. 2017
		N million	N million	**N million**	N million
33	**Taxation**				
	Income tax (note 33.1)	**7 646**	5 057	**409**	-210
		7 646	5 057	**409**	-210

In accordance with Nigerian tax regime, dividends received by the company from its subsidiaries are exempted from tax. Hence, 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.

		Group 30 Jun. 2018	Group 30 Jun. 2017	Company 30 Jun. 2018	Company 30 Jun. 2017
33.1	**Income tax**				
	Current period	**7 646**	5 057	**409**	-210
	Current tax	**7 523**	5 001	**409**	-
	Deferred tax	**123**	56	**-**	-210
	Taxation per statement of profit or loss	**7 646**	5 057	**409**	(210)
	Income tax recognised in other comprehensive income	**14**	-	**-**	-
	Deferred tax	**14**	-	**-**	-
	Current tax	**-**	-	**-**	-
	Taxation per total comprehensive income	**7 660**	5 057	**409**	-210

33.2 Rate reconciliation

	Group		Company	
	30 Jun. 2018	30 Jun. 2017	**30 Jun. 2018**	30 Jun. 2017
	%	%	**%**	%
Rate reconciliation				
The total tax charge for the period as a percentage of profit before taxation	**13**	15	**2**	-1
Information technology levy	**1**	1	**-**	-
Education tax	**1**	1	**-**	**-**
The corporate tax charge for the period as a percentage of profit before tax	**15**	17	**2**	-1
Tax relating to prior periods	**-**	-	**-**	**-**
Net tax charge	**15**	17	**2**	-1
The charge for the period has been reduced/(increased) as a consequence of:	**-**		**-**	**-**
Non-taxable dividends	**-**	**-**	**28**	31
Non-taxable interest	**23**	25	**-**	**-**
WHT on Dividend not distributed & other taxes not at 30%	**1**		**2**	**-**
Other Non-deductible expense	**-1**			
Other non-taxable income	**1**	7	**-**	**-**
IT levy paid	**-**			
Temporary difference not accounted for in deferred tax asset	**-7**	-16	**-**	**-**
Other permanent differences	**-2**	-3	**-2**	**-**
Standard rate of tax	**30**	30	**30**	30

Temporary differences not accounted for in deferred tax asset relates to 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
30 June 2018			
Net change in fair value of FVOCI financial assets	**-944**	**-**	**-944**
Realised fair value adjustments on FVOCI financial assets transferred to profit or loss	**-665**	**-**	**-665**
	-1 609	**-**	**-1 595**
30 June 2017			
Net change in fair value of available-for-sale financial assets	-50	-	-50
Realised fair value adjustments on available-for-sale financial assets transferred to profit or loss	-86	-	-86
	-136	-	-136

34 Earnings per ordinary share

	Group		Company	
	30 Jun. 2018	30 Jun. 2017	**30 Jun. 2018**	30 Jun. 2017
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)	**41 804**	23 045	**17 271**	24 230
Weighted average number of ordinary shares in issue	**10 049**	10 000	**10 049**	10 000
Basic earnings per ordinary share (kobo)	**416**	230	**172**	242
Diluted earnings per ordinary share				
The calculation of diluted EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.				
Earnings attributable to ordinary shareholders (N million)	**41 804**	23 045	**17 271**	24 230
Weighted average number of ordinary shares in issue	**10 049**	10 000	**10 049**	10 000
Effect of scrip dividend shares in issue	**64**	-	**64**	-
Weighted-average number of ordinary shares (diluted) at 30 June 2018	**10 114**	10 000	**10 114**	10 000
Diluted earnings per ordinary share	**413**	230	**171**	242

		Group		Company	
		30 Jun. 2018 N million	30 Jun. 2017 N million	30 Jun. 2018 N million	30 Jun. 2017 N million
35	**Statement of cash flows notes**				
35.1	**(Increase)/decrease in assets**				
	Net derivative assets	-8 796	-2 962	-	-
	Trading assets	-5 196	-68 957	-	-
	Pledged assets	-5 953	-635	-	-
	Loans and advances	-30 310	-20 774	-	-
	Other assets	-302	-64 081	12	533
	Restricted balance with the Central Bank	-26 920	-18 040	-	-
		-77 477	-175 449	12	533
35.2	**Increase/(decrease) in deposits and other liabilities**				
	Deposit and current accounts	73 112	66 483	-	-
	Trading liabilities	-45 848	33 900	-	-
	Other liabilities and provisions	-57 552	93 075	2 517	-147
		-30 288	193 458	2 517	-147
35.3	**Cash and cash equivalents - Statement of cash flows**				
	Cash and cash equivalents (note 7)	349 487	318 944	22 577	8 656
	Less: restricted balance with the Central Bank of Nigeria	-198 260	-127 631	-	-
	Cash and cash equivalents at end of the period	151 227	191 313	22 577	8 656
35.4	**Effect of exchange rate changes on cash and cash equivalents**				
	Currency				
	USD	-4 630	92	-	-
	EUR	-155	240	-	-
	GBP	-76	106	-	-
	Other currency	-19	13	-	-
	Effect of exhange rate	-4 880	451	-	-

36 Related party transactions

36.1 Parent and ultimate controlling party

The company is 64.45% 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 ("SITL")	100%

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	
		30 Jun. 2018	31 Dec. 2017	**30 Jun. 2018**	31 Dec. 2017
	Note	**N million**	N million	**N million**	N million
Amounts due from related parties					
Loans to banks	12	**8 813**	9 234	**-**	-
Current account balances	7	**8 380**	19 641	**22 577**	7 545
Derivatives	10.6	**811**	973	**-**	-
Other assets	15	**282**	15	**1 320**	1 365
		18 286	29 863	**23 897**	8 910

(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 2.99% - 3.91%, while Rand rate ranges between 6.82% - 7.07%. 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)	**8 813**	8 839	**-**	-
ICBC Standard Bank PLC	**-**	395	**-**	-
	8 813	9 234	**-**	-

(i) Included in the balance with SBSA is N7,123 million (Dec 2017: N7,027 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 period end was 6.82%.

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, and USD/ NGN swap with a combined notional principal of N107.4bn (Dec 2017: N52.96bn). The contracts maturity ranges from one month to 1 year.

(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 some of 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, compliance, financial control, and information technology. In return, subsidiaries pay fee based on percentage of their commission income to the company. The percentage ranges from 2% to 10% of profit before tax or commission income.

		Group		Company	
	Note	**30 Jun. 2018 N million**	31 Dec. 2017 N million	**30 Jun. 2018 N million**	31 Dec. 2017 N million
Amounts due to related parties					
Deposits and current accounts	21	**48 197**	38 843	**-**	-
Derivatives	10.6	**44**	186	**-**	-
Trading liabilities	9.2	**-**	-	**-**	-
Subordinated debt	23	**14 443**	13 306	**-**	-
Other borrowings	22	**35 261**	40 406	**-**	-
Other liabilities	26	**4 571**	17	**2 781**	227
		102 516	92 758	**2 781**	227

(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	**48 194**	38 840	**-**	-
Standard Bank De Angola SA	**3**	3	**-**	-
	48 197	38 843	**-**	-

(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	**30**	2	**-**	-
ICBC London PLC	**14**	184	**-**	-
	44	186	**-**	-

The contract terms include currency swaps and forward exchange of EUR/ USD, GBB/USD, and USD/ NGN. The contracts have a total notional principal of N12.6bn (Dec 2017: N39.3bn). Maturity dates of the contracts ranges from one month to six months.

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 short term trade related payable to SBSA and dividend payable to South African Holdings Limited (SAHL). The dividend payable to SAHL amounted to N2.67 billion and relates to 2017 final year dividend in respect of which SAHL elected for scrip. The scrip dividend was pending regulatory approval as at period end.

Other liabilities (Company): These represent reimbursable expenses payable to subsidiaries and dividend payable to South African Holdings Limited (SAHL). The dividend payable to SAHL amounted to N2.67 billion and relates to 2017 final year dividend in respect of which SAHL elected for scrip. The scrip dividend was pending regulatory approval as at period end.

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

		Group		Company	
	Note	**30 Jun. 2018 N million**	30 Jun. 2017 N million	**30 Jun. 2018 N million**	30 Jun. 2017 N million
Interest income earned	31.1	**582**	269	**-**	-
Interest expense	31.2	**-1 284**	-943	**-**	-
Trading revenue/ (loss)	31.4	**-83**	-4 556	**-**	-
Fee and commission income	31.3	**-**	-	**1 198**	726
Dividend income	31.5	**-**	-	**16 941**	25 092

(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	
	30 Jun. 2018 N million	30 Jun. 2017 N million
Salaries and other short-term benefits	**678**	471
Post-employment benefits	**27**	27
Value of share options and rights expensed	**52**	-
	757	498

(ii) Loans and deposit transactions with key management personnel

	30 Jun. 2018 N million	31 Dec. 2017 N million
Loans and advances		
Loans outstanding at the beginning of the period	**191**	214
Net movement during the period	**-67**	-23
Loans outstanding at the end of the period	**124**	191
Net interest earned	**8**	13

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 (2017: 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 period	**277**	247
Net movement during the period	**-32**	30
Deposits outstanding at end of the period	**245**	277
Net interest expense	**2**	1

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 period	**351**	63
Net movement during the period	**46**	288
Balance at the end of the period	**397**	351

36.4 Transactions with key management personnel (continued)

(iv) **Shares and share options held**	**30 Jun. 2018 Number**	31 Dec. 2017 Number
Aggregate number of share options issued to Stanbic IBTC key management personnel:		
Share options held (Stanbic IBTC Holdings PLC scheme)	**2 569 101**	2 569 101
Share options held (ultimate parent company schemes)	**588 271**	532 857

(vi) Other transactions with key management personnel

Directors interests in contracts

The Bank renewed the lease for one of its branches located on the Ground Floor at Churchgate Towers, PC 30, Churchgate Street, Victoria Island, Lagos. The lease renewal is for a period of five years at a cost of N278 million. This property is owned by First Continental Properties Limited, and Mr. Ratan Mahtani is a Director on the Board of this Company.

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 are granted at commercial rates while those granted to executive directors and employees are granted at a below-the market rates. There were no non-performing director related exposures as at balance sheet date (2017: 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, and compliance. 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.

Foreign currency revolving facility from Standard Bank of South Africa

Stanbic IBTC Bank PLC has 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 period (2017: nil).

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 N574 million (Jun 2017: N539 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 (2017: 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'	Outstanding plus Accrued Interest N	Status	Interest Rate %	Security nature
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	27-Mar-18	9-Jul-18	65 080 518	66 256 793	Performing	7	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	27-Mar-18	23-Jul-18	67 777 478	69 002 500	Performing	7	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	27-Mar-18	25-Jul-18	757 013 319	221 217 106	Performing	7	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	28-Mar-18	20-Aug-18	20 122 266	20 482 169	Performing	7	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	28-Mar-18	20-Aug-18	42 484 673	43 263 490	Performing	7	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	28-Mar-18	9-Jul-18	65 080 518	66 225 853	Performing	7	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	28-Mar-18	23-Jul-18	103 761 393	105 617 258	Performing	7	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	10-Apr-18	9-Jul-18	7 289 290	7 377 533	Performing	5	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	13-Apr-18	20-Aug-18	20 122 266	20 432 347	Performing	7	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	20-Apr-18	19-Jul-18	8 493 215	8 612 758	Performing	7	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	20-Apr-18	19-Jul-18	8 493 215	8 612 758	Performing	7	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	20-Apr-18	13-Jul-18	30 175 820	30 496 253	Performing	5	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	10-May-18	23-Jul-18	18 458 410	18 741 865	Performing	7	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	10-May-18	15-Jul-18	24 611 213	24 974 882	Performing	7	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	18-May-18	9-Jul-18	11 984 245	12 161 294	Performing	7	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	21-May-18	19-Aug-18	8 744 491	8 817 491	Performing	7	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	21-May-18	31-Jul-18	12 821 955	12 898 865	Performing	5	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	GBP	21-May-18	19-Aug-18	18 183 348	18 298 277	Performing	6	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	21-May-18	19-Aug-18	31 313 925	31 501 263	Performing	5	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	21-May-18	9-Jul-18	60 950 150	61 315 749	Performing	5	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	21-May-18	9-Jul-18	61 917 613	62 289 771	Performing	5	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	21-May-18	19-Aug-18	78 096 477	78 748 042	Performing	7	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	GBP	23-May-18	21-Aug-18	18 525 325	18 648 976	Performing	6	UNSECURED

37 Directors and staff related

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	Outstanding plus Accrued Interest N	Status	Interest Rate %	Security nature
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	23-May-18	21-Aug-18	23 571 336	23 517 643	Performing	6	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	5-Jun-18	18-Aug-18	1 145 165	1 151 235	Performing	7	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	5-Jun-18	13-Jul-18	9 229 205	9 278 001	Performing	7	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	5-Jun-18	27-Jul-18	46 747 428	46 926 460	Performing	5	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	5-Jun-18	10-Aug-18	65 080 518	65 425 396	Performing	7	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	7-Jun-18	21-Aug-18	8 334 882	8 375 543	Performing	7	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	7-Jun-18	9-Aug-18	12 973 344	13 018 987	Performing	5	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	8-Jun-18	10-Aug-18	12 973 344	13 017 086	Performing	5	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	8-Jun-18	22-Jul-18	47 062 479	47 221 197	Performing	5	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	8-Jun-18	12-Aug-18	59 818 354	60 020 089	Performing	5	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	8-Jun-18	22-Jul-18	88 296 051	88 594 551	Performing	5	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	14-Jun-18	29-Aug-18	65 223 686	65 449 076	Performing	7	UNSECURED
Seplat Petroleum Development Company Plc	CHAIRMAN (HOLDCO)	BASIL OMIYI	Term Loan	USD	21-Mar-18	30-Jun-22	8 665 920 000	8 669 932 512	Performing	8	ALL ASSET DEBENTURE AND BORROWER PERSONAL GUARANTEE (CASH COLLATERAL ON THE LC/ADVANCE)
Seplat Petroleum Development Company Plc	CHAIRMAN (HOLDCO)	BASIL OMIYI	Term Loan	USD	23-Mar-18	3-Aug-18	135 879 185	57 541 214	Performing	6	ALL ASSET DEBENTURE AND BORROWER PERSONAL GUARANTEE (CASH COLLATERAL ON THE LC/ADVANCE)
Seplat Petroleum Development Company Plc	CHAIRMAN (HOLDCO)	BASIL OMIYI	Overdraft	USD			0	899	Performing	0	ALL ASSET DEBENTURE AND BORROWER PERSONAL GUARANTEE (CASH COLLATERAL ON THE LC/ADVANCE)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	14-May-18	12-Aug-18	557 568 046	562 254 397	Performing	6	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	17-May-18	15-Aug-18	15 804 375	15 908 684	Performing	5	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	17-May-18	15-Aug-18	17 700 900	17 817 726	Performing	5	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	17-May-18	15-Aug-18	18 649 163	18 772 247	Performing	5	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	18-May-18	16-Aug-18	49 764 458	50 085 455	Performing	5	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	8-Nov-13	12-Nov-20	1 066 070 000	448 284 869	Performing	7	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	22-Jun-17	30-Jun-22	2 000 000 000	2 001 803 814	Performing	16	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	17-Jul-17	30-Jun-22	1 700 000 000	1 701 533 242	Performing	16	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	26-Jul-17	30-Jun-22	10 000 000	9 650 548	Performing	16	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	23-Nov-17	30-Jun-22	1 290 000 000	1 291 163 460	Performing	16	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	16-Mar-18	28-Feb-25	2 000 000 000	2 001 972 603	Performing	18	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	7-Jun-18	6-Jul-18	128 720 060	129 173 043	Performing	5	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	26-Jun-18	24-Sep-18	530 065 440	530 679 211	Performing	8	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	28-Jun-18	26-Sep-18	9 084 355	9 089 109	Performing	6	NEGATIVE PLEDGE (Letter of Comfort from SIAT)

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	Outstanding plus Accrued Interest N	Status	Interest Rate %	Security nature
Nigerian Breweries Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	12-Apr-18	11-Jul-18	2 000 000 000	2 072 328 767	Performing	17	NEGATIVE PLEDGE
Nigerian Breweries Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	12-Apr-18	11-Jul-18	3 000 000 000	2 094 479 452	Performing	17	NEGATIVE PLEDGE
Nigerian Breweries Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	7-Jun-18	26-Jul-18	17 824 136	17 886 861	Performing	5	NEGATIVE PLEDGE
Nigerian Breweries Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	7-Jun-18	5-Sep-18	35 888 996	36 015 292	Performing	5	NEGATIVE PLEDGE
Nigerian Breweries Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	7-Jun-18	5-Sep-18	39 759 172	39 899 089	Performing	5	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	USD	23-Apr-18	4-Jul-18	33 303 131	33 751 368	Performing	7	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	23-Apr-18	22-Jul-18	70 476 934	71 195 995	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	USD	23-Apr-18	4-Jul-18	358 008 654	141 534 557	Performing	7	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	USD	23-Apr-18	4-Jul-18	399 383 829	404 741 801	Performing	7	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	USD	23-Apr-18	6-Jul-18	408 550 119	309 616 632	Performing	7	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	26-Apr-18	5-Jul-18	38 610 299	38 986 127	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	26-Apr-18	5-Jul-18	62 638 310	63 248 026	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	23-May-18	21-Aug-18	13 342 264	13 418 180	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	USD	23-May-18	14-Jul-18	72 024 194	72 596 224	Performing	7	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	28-May-18	26-Aug-18	4 538 106	4 560 612	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	USD	28-May-18	26-Aug-18	50 392 325	50 740 673	Performing	7	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	USD	30-May-18	28-Aug-18	50 392 325	50 720 182	Performing	7	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	13-Jun-18	11-Sep-18	51 308 166	51 443 548	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	13-Jun-18	11-Sep-18	88 914 322	89 148 935	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	14-Jun-18	6-Sep-18	35 522 478	35 611 025	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	USD	21-Jun-18	19-Sep-18	67 189 766	67 326 771	Performing	7	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	26-Jun-18	24-Sep-18	48 167 352	48 202 463	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	USD	26-Jun-18	10-Aug-18	72 024 194	72 097 537	Performing	7	UNSECURED
MTN Nigeria Communications Ltd	EX-NON EXECUTIVE DIRECTOR	AHMED I DASUKI	Term Loan	USD	15-Jul-15	13-Dec-21	4 266 160 200	4 297 608 856	Performing	7	SHARES
MTN Nigeria Communications Ltd	EX-NON EXECUTIVE DIRECTOR	AHMED I DASUKI	Term Loan	NGN	22-May-13	30-Jul-18	2 592 947 314	723 260 581	Performing	16	SHARES
MTN Nigeria Communications Ltd	EX-NON EXECUTIVE DIRECTOR	AHMED I DASUKI	Term Loan	NGN	31-Mar-14	30-Jul-18	7 500 000 000	3 336 250 868	Performing	16	SHARES
MTN Nigeria Communications Ltd	EX-NON EXECUTIVE DIRECTOR	AHMED I DASUKI	Term Loan	NGN	2-Mar-18	29-Nov-19	833 333 333	870 991 265	Performing	16	SHARES
MTN Nigeria Communications Ltd	EX-NON EXECUTIVE DIRECTOR	AHMED I DASUKI	Term Loan	USD	7-Jun-18	5-Sep-18	135 776 912	100 200 502	Performing	7	SHARES
INT TOWERS LIMITED	EX-NON EXECUTIVE DIRECTOR	AHMED I DASUKI	Term Loan	USD	15-Jul-15	13-Dec-21	4 266 160 200	4 297 608 856	Performing	7	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	Outstanding plus Accrued Interest N	Status	Interest Rate %	Security nature
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	16-Apr-18	22-Jul-18	302 120	302 120	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	16-Apr-18	22-Jul-18	639 785	639 785	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	16-Apr-18	22-Jul-18	1 050 700	1 050 700	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	16-Apr-18	22-Jul-18	1 280 430	1 280 430	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	16-Apr-18	22-Jul-18	1 562 750	1 562 750	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	16-Apr-18	22-Jul-18	6 703 380	6 703 380	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	16-Apr-18	22-Jul-18	6 736 830	6 736 830	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	20-Apr-18	26-Jul-18	4 500	4 500	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	20-Apr-18	26-Jul-18	5 700	5 700	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	20-Apr-18	26-Jul-18	15 190	15 190	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	20-Apr-18	26-Jul-18	18 000	18 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	20-Apr-18	26-Jul-18	52 200	52 200	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	20-Apr-18	26-Jul-18	82 500	82 500	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	20-Apr-18	26-Jul-18	313 550	313 550	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	20-Apr-18	26-Jul-18	1 050 000	1 050 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	20-Apr-18	26-Jul-18	1 700 000	1 700 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	23-Apr-18	26-Jul-18	6 365	6 365	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	23-Apr-18	26-Jul-18	32 775	32 775	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	23-Apr-18	26-Jul-18	42 275	42 275	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	23-Apr-18	26-Jul-18	192 083	192 083	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	23-Apr-18	26-Jul-18	192 083	192 083	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	23-Apr-18	26-Jul-18	295 000	295 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	23-Apr-18	26-Jul-18	646 006	646 006	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	23-Apr-18	26-Jul-18	1 960 000	1 960 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	3-May-18	2-Aug-18	84 500	84 500	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	3-May-18	2-Aug-18	125 000	125 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	3-May-18	2-Aug-18	490 000	490 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	3-May-18	2-Aug-18	535 000	535 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	3-May-18	2-Aug-18	650 800	650 800	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	3-May-18	2-Aug-18	780 000	780 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	3-May-18	2-Aug-18	1 118 750	1 118 750	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	3-May-18	2-Aug-18	1 320 000	1 320 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	3-May-18	2-Aug-18	5 286 950	5 286 950	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-May-18	10-Aug-18	65 000	65 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-May-18	10-Aug-18	129 000	129 000	Performing	20	UNSECURED

*Interest rate on foreign currency exposures

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	Outstanding plus Accrued Interest N	Status	Interest Rate %	Security nature
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-May-18	10-Aug-18	151 400	151 400	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-May-18	10-Aug-18	177 504	177 504	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-May-18	10-Aug-18	180 729	180 729	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-May-18	10-Aug-18	185 000	185 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-May-18	10-Aug-18	187 000	187 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-May-18	10-Aug-18	239 908	239 908	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-May-18	10-Aug-18	293 750	293 750	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-May-18	10-Aug-18	344 957	344 957	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-May-18	10-Aug-18	888 535	888 535	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-May-18	10-Aug-18	1 647 619	1 647 619	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-May-18	10-Aug-18	2 808 250	2 808 250	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	11-May-18	17-Aug-18	372 000	372 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	11-May-18	17-Aug-18	657 800	657 800	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	11-May-18	17-Aug-18	1 937 880	1 937 880	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	11-May-18	17-Aug-18	3 055 000	3 055 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	11-May-18	17-Aug-18	6 677 000	6 677 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	22-May-18	23-Aug-18	37 446	37 446	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	22-May-18	23-Aug-18	204 000	204 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	22-May-18	23-Aug-18	400 000	400 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	22-May-18	23-Aug-18	760 678	760 678	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	22-May-18	23-Aug-18	1 050 700	1 050 700	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	22-May-18	23-Aug-18	1 095 000	1 095 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	22-May-18	23-Aug-18	1 450 000	1 450 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	22-May-18	23-Aug-18	1 798 000	1 798 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-May-18	31-Aug-18	23 200	23 200	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-May-18	31-Aug-18	25 200	25 200	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-May-18	31-Aug-18	25 200	25 200	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-May-18	31-Aug-18	55 000	55 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-May-18	31-Aug-18	104 500	104 500	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-May-18	31-Aug-18	153 561	153 561	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-May-18	31-Aug-18	443 986	443 986	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-May-18	31-Aug-18	580 000	580 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-May-18	31-Aug-18	932 500	932 500	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-May-18	31-Aug-18	950 000	950 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-May-18	31-Aug-18	1 900 000	1 900 000	Performing	20	UNSECURED

*Interest rate on foreign currency exposures

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	Outstanding plus Accrued Interest N	Status	Interest Rate %	Security nature
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-May-18	31-Aug-18	6 061 000	6 061 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	7-Jun-18	6-Sep-18	9 975	9 975	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	7-Jun-18	6-Sep-18	65 075	65 075	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	7-Jun-18	6-Sep-18	405 750	405 750	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	7-Jun-18	6-Sep-18	2 467 500	2 467 500	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	7-Jun-18	6-Sep-18	3 077 190	3 077 190	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	7-Jun-18	6-Sep-18	3 724 310	3 724 310	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	19-Jun-18	20-Sep-18	348 000	348 000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	19-Jun-18	20-Sep-18	877 852	877 852	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	19-Jun-18	13-Sep-18	1 142 857	1 142 857	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	28-Jun-18	28-Sep-18	6 650	6 650	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	28-Jun-18	28-Sep-18	28 600	28 600	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	28-Jun-18	28-Sep-18	57 600	57 600	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	28-Jun-18	28-Sep-18	111 150	111 150	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	28-Jun-18	20-Sep-18	114 286	114 286	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	28-Jun-18	28-Sep-18	150 000	150 000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	28-Jun-18	20-Sep-18	252 000	252 000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	28-Jun-18	4-Oct-18	340 000	340 000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	28-Jun-18	28-Sep-18	477 204	477 204	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	28-Jun-18	28-Sep-18	504 000	504 000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	28-Jun-18	28-Sep-18	1 274 759	1 274 759	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	28-Jun-18	28-Sep-18	1 472 643	1 472 643	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	28-Jun-18	28-Sep-18	2 450 000	2 450 000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	72 900	72 900	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	88 778	88 778	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	95 333	95 333	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	95 333	95 333	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	167 619	167 619	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	168 000	168 000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	191 478	191 478	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	192 083	192 083	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	192 083	192 083	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	192 083	192 083	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	280 153	280 153	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	365 000	365 000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	394 516	394 516	Performing	17	UNSECURED

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	Outstanding plus Accrued Interest N	Status	Interest Rate %	Security nature
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	6 904 150	6 904 150	Performing	17	
ANAP BUSINESS JETS LIMITED (ANAP HOLDINGS LIMITED)	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	23-Nov-16	23-Nov-19	500 000	105	Performing	30	SHARES
ANAP BUSINESS JETS LIMITED (ANAP HOLDINGS LIMITED)	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	23-Nov-16	23-Nov-19	500 000	158	Performing	30	SHARES
ANAP BUSINESS JETS LIMITED (ANAP HOLDINGS LIMITED)	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	23-Nov-16	23-Nov-19	500 000	105	Performing	30	SHARES
ANAP BUSINESS JETS LIMITED (ANAP HOLDINGS LIMITED)	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	23-Nov-16	23-Nov-19	500 000	276 158	Performing	30	SHARES
ANAP BUSINESS JETS LIMITED (ANAP HOLDINGS LIMITED)	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	23-Nov-16	23-Nov-19	500 000	139 860	Performing	30	SHARES
ANAP HOLDINGS LIMITED	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	25-Jan-17	25-Jan-20	1 500 000	105	Performing	30	SHARES
Guinness Nigeria Plc	NON EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN	Term Loan	EUR	23-Mar-18	8-Jul-18	975 668 129	34 938 116	Performing	5	UNSECURED
Guinness Nigeria Plc	NON EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN	Term Loan	USD	18-May-18	3-Aug-18	22 576 527	15 177 471	Performing	7	UNSECURED
Guinness Nigeria Plc	NON EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN	Term Loan	EUR	5-Jun-18	12-Aug-18	5 509 755	5 526 836	Performing	4	UNSECURED
Guinness Nigeria Plc	NON EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN	Term Loan	EUR	8-Jun-18	6-Sep-18	124 891 431	125 233 817	Performing	4	UNSECURED
Guinness Nigeria Plc	NON EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN	Term Loan	EUR	14-Jun-18	12-Sep-18	12 231 490	12 256 276	Performing	4	UNSECURED
Guinness Nigeria Plc	NON EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN	Term Loan	EUR	14-Jun-18	12-Sep-18	20 335 569	20 377 070	Performing	4	UNSECURED
Guinness Nigeria Plc	NON EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN	Term Loan	USD	21-Jun-18	19-Sep-18	48 366 991	48 452 181	Performing	6	UNSECURED
Makon Engineering and Technical Services Ltd	NON EXECUTIVE DIRECTOR (BANK)	MIANNAYA ESSIEN SAN	Term Loan	USD	28-May-18	26-Aug-18	1 805 400 000	1 826 422 825	Performing	12	IRREVOCABLE DOMICILIATION
Makon Engineering and Technical Services Ltd	NON EXECUTIVE DIRECTOR (BANK)	MIANNAYA ESSIEN SAN	Term Loan	NGN	28-May-18	26-Aug-18	350 000 000	358 150 685	Performing	25	IRREVOCABLE DOMICILIATION
BABATUNDE MACAULAY	DIRECTOR (BANK)	BABATUNDE MACAULAY	Card	NGN	22-Jul-15	30-Jun-19	3 380 000	1 301 522	Performing	30	SHARES
ADENIYI OLUWOLE	DIRECTOR (BANK)	ADENIYI OLUWOLE	Home Loans	NGN	26-Mar-10	20-Jun-19	51 000 000	6 150 485	Performing	9	LEGAL MORTGAGE
ADENIYI OLUWOLE	DIRECTOR (BANK)	ADENIYI OLUWOLE	Card	NGN	2-Mar-16	30-Sep-19	2 916 000	1 034 596	Performing	30	EURO BOND
ATEDO .N.APETERSIDE	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	10-Feb-15	31-Oct-19	20 000 000	9 617	Performing	30	SHARES
DR AAE AND MRS JAO SOGUNLE	DIRECTOR (BANK)	DEMOLA SOGUNLE	Card	USD	21-Nov-16	30-Nov-19	9 027 000	1 443 118	Performing	30	CASH (DOLLAR FUND)
DR AAE AND MRS JAO SOGUNLE	DIRECTOR (BANK)	DEMOLA SOGUNLE	Term Loan	NGN	28-Nov-17	20-Nov-22	60 000 000	55 445 446	Performing	18	CASH (DOLLAR FUND) /LEGAL
VARIOUS STAFF	STAFF	VARIOUS STAFF	STAFF LOAN	NGN			8 775 303 909	4 949 525 769	Performing		

*Interest rate on foreign currency exposures

37 Directors and staff related exposures (continued)

Name of Company/ Individual	Relationship	Name of related interest	Facility type	Currency	Date granted	Expiry date	Approved credit limit N	Outstanding plus Accrued Interest N	Status	Interest Rate %	Security nature
GOLDEN SUGAR COMPANY LIMITED (A Subsidiary of Flour Mills)	NON EXECUTIVE DIRECTOR	SALAMATU SULEIMAN	Term Loan	NGN	13-Jul-12	14-Jun-22	1 854 000 000	875 189 589	Performing	7	ALL ASSET DEBENTURE ON FIXED AND FLOATING ASSETS
GOLDEN SUGAR COMPANY LIMITED (A Subsidiary of Flour Mills)	NON EXECUTIVE DIRECTOR	SALAMATU SULEIMAN	Overdraft	NGN	5-Jun-18	31-Jul-18	1 000 000 000	767 546 099	Performing	17	ALL ASSET DEBENTURE ON FIXED AND FLOATING ASSETS
Flour Mills of Nigeria Plc (A Subsidiary of Flour Mills Group)	NON EXECUTIVE DIRECTOR	SALAMATU SULEIMAN	Term Loan	USD	19-Apr-18	18-Jul-18	1 314 240 930	371 610 118	Performing	7	ALL ASSET DEBENTURE ON FIXED AND FLOATING ASSETS
Flour Mills of Nigeria Plc (A Subsidiary of Flour Mills Group)	NON EXECUTIVE DIRECTOR	SALAMATU SULEIMAN	Term Loan	USD	19-Apr-18	18-Jul-18	1 248 061 187	336 152 503	Performing	7	ALL ASSET DEBENTURE ON FIXED AND FLOATING ASSETS
Flour Mills of Nigeria Plc (A Subsidiary of Flour Mills Group)	NON EXECUTIVE DIRECTOR	SALAMATU SULEIMAN	Overdraft	NGN	30-Apr-18	31-Jul-18	670 000 000	0	Performing	21	ALL ASSET DEBENTURE ON FIXED AND FLOATING ASSETS
Flour Mills of Nigeria Plc (A Subsidiary of Flour Mills Group)	NON EXECUTIVE DIRECTOR	SALAMATU SULEIMAN	Term Loan	USD	2-May-18	31-Jul-18	1 102 629 996	753 820 357	Performing	7	ALL ASSET DEBENTURE ON FIXED AND FLOATING ASSETS
Aptics Nigeria Ltd (Subsidiary of Novare Africa Fund Pcc)	EXECUTIVE DIRECTOR	FABIAN AJOGWU SAN	Term Loan	USD	27-Mar-14	29-Mar-19	4 694 040 000	3 335 259 022	Performing	10	ALL ASSET MORTGAGE DEBENTURE
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	454 815 638	Performing	19	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	2 872 834 685	Performing	19	ALL ASSET MORTGAGE DEBENTURE
GRAY-BAR ALLIANCE LTD	EXECUTIVE DIRECTOR	FABIAN AJOGWU SAN	Term Loan	NGN	2-Jan-18	30-Jun-21	1 400 000 000	1 564 196 587	Performing	23	ALL ASSET MORTGAGE DEBENTURE
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	6-Apr-18	5-Jul-18	12 320	12 320	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	6-Apr-18	5-Jul-18	59 500	59 500	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	6-Apr-18	5-Jul-18	86 430	86 430	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	6-Apr-18	5-Jul-18	132 119	132 119	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	6-Apr-18	5-Jul-18	188 650	188 650	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	6-Apr-18	5-Jul-18	212 134	212 134	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	6-Apr-18	5-Jul-18	241 221	241 221	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	6-Apr-18	5-Jul-18	252 794	252 794	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	6-Apr-18	5-Jul-18	522 857	522 857	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	6-Apr-18	5-Jul-18	650 000	650 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	6-Apr-18	5-Jul-18	1 420 000	1 420 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	6-Apr-18	5-Jul-18	2 224 431	2 224 431	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	6-Apr-18	5-Jul-18	4 998 400	4 998 400	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-Apr-18	12-Jul-18	32 490	32 490	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-Apr-18	12-Jul-18	52 060	52 060	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-Apr-18	12-Jul-18	96 200	96 200	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-Apr-18	12-Jul-18	365 000	365 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-Apr-18	12-Jul-18	402 150	402 150	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-Apr-18	12-Jul-18	598 000	598 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-Apr-18	12-Jul-18	741 837	741 837	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-Apr-18	12-Jul-18	2 200 000	2 200 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	16-Apr-18	22-Jul-18	108 000	108 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	16-Apr-18	22-Jul-18	210 000	210 000	Performing	20	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	16-Apr-18	22-Jul-18	260 000	260 000	Performing	20	UNSECURED
			Total-Insider related credits				**81 578 045 864**	**57 390 556 576**			

Off balance sheet engagements

Name of Company	Name of Related Interest	Relationship	Facility type	Currency	Outstanding N	Status
Flour Mills of Nigeria Plc	NON EXECUTIVE DIRECTOR	SALAMATU SULEIMAN	Letter of Credit	USD	7 836 998	Performing
Nigerian Breweries Group	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Letter of Credit	EUR	3 330 545	Performing
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Letter of Credit	EUR	2 991 180	Performing
Golden Sugar Company Limited (A Subsidiary of Flour Mills)	NON EXECUTIVE DIRECTOR	SALAMATU SULEIMAN	Letter of Credit	USD	1 708 053	Performing
PZ Cussons Nigeria Plc	NON EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN	Letter of Credit	USD	1 572 479	Performing
Guinness Nigeria Plc	NON EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN	Letter of Credit	EUR	1 173 144	Performing
UNILEVER NIGERIA PLC	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Letter of Credit	USD	784 309	Performing
Total					**19 396 708**	

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 period was N1,030 million (2017: N1,085 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:

	30 Jun. 2018	31 Dec. 2017
	N million	N million
Deposits held with the group	**-**	5 000
Interest paid	**-**	848
Value of asset under management	**20 909**	19 112
Number of Stanbic IBTC Holdings shares held	**-**	-

39 Employees and Directors

a) Employees

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

	Group	
	30 Jun. 2018	30 Jun. 2017
	Number	Number
Executive directors	**5**	4
Management	**550**	534
Non-management	**2 403**	2 469
	2 958	3 007

		Number	Number
Below N1,000,001		**-**	-
N1,000,001	- N2,000,000	**12**	300
N2,000,001	- N3,000,000	**312**	500
N3,000,001	- N4,000,000	**427**	294
N4,000,001	- N5,000,000	**20**	196
N5,000,001	- N6,000,000	**350**	170
N6,000,001 and above		**1 837**	1 547
		2 958	3 007

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 period as follows:

- Contravention of the CBN directive on Repatriation of export proceeds - N2,000,000
- The Bank issued payment cards with validity less than 3 years between December 2015 and October 2016 in contravention of section 3.13 of the CBN guidelines on card issuance and usage in Nigeria dated May 2014- N2,000,000.
- The bank contravened the provisions of section 30(8) of BOFIA 1999 as amended and CBN circular reference BSD/1/2003 dated February 25, 2003 by not reporting thirty-seven (37) Public Sector accounts.- N2,000,000.
- The bank launched and deployed a verve prepaid debit card without prior approval of CBN in contravention of section 3.2 of the CBN guidelines on card issuance and usage in Nigeria dated May 2014.- N2,000,000.
- Penalty fees to NOTAP for Infosys FCM implementation agreement submitted for approval more than 30 days from the effective date of agreement.- N100,000.

The total penalties paid by the group amounted to N8m (2017: N41 million).

41 Events after the reporting date

In July 2018, the Securities and Exchange Commissions (SEC) approve the issue of additional 64,208,713 ordinary shares of 50k each for scrip dividend, thereby bringing the total issued and fully paid up share capital of the Company to 10,113,674,444 ordinary shares of 50k each amounting to N5,056,837,222.

There were no other events after the reporting date which could have a material effect on the financial position of the group as at 30 June 2018 which have not been recognised or disclosed.

42 Risk and capital management

Enterprise risk review

Overview

Risk Management's 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 frameworks that align with regulatory expectations and standard business practices as well as procedures.

The 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 capital, earnings, risk assets and appetite levels in a constantly changing and dynamic operating environment. Furthermore, Risk continues to shape, drive and monitor 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 programmes 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 conduct 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 and ensure the right risk culture is established across the insittution. These risks are however managed in accordance with a set of governance standards, frameworks and policies which align with the global and industry best practices.

The overarching approach to managing enterprise-wide risk is based on the "Three Lines of Defense" principle which requires the first line (Business risk owners) to appropriately demonstrate ownership and accountability for risks and manage same closest to the point of incidence; second line (including Risk, Compliance, and Internal Control) to review and challenge as well as provide oversight and advisory functions; and the third line (Internal Audit) to conduct assurance that control processes are fit for purpose, are implemented in accordance with standard operating procedures, and operating effectively or as intended.

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 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 Group and also through a matrix reporting line to the Standard Bank Group (SBG).

All principal risks are supported by the Risk department.

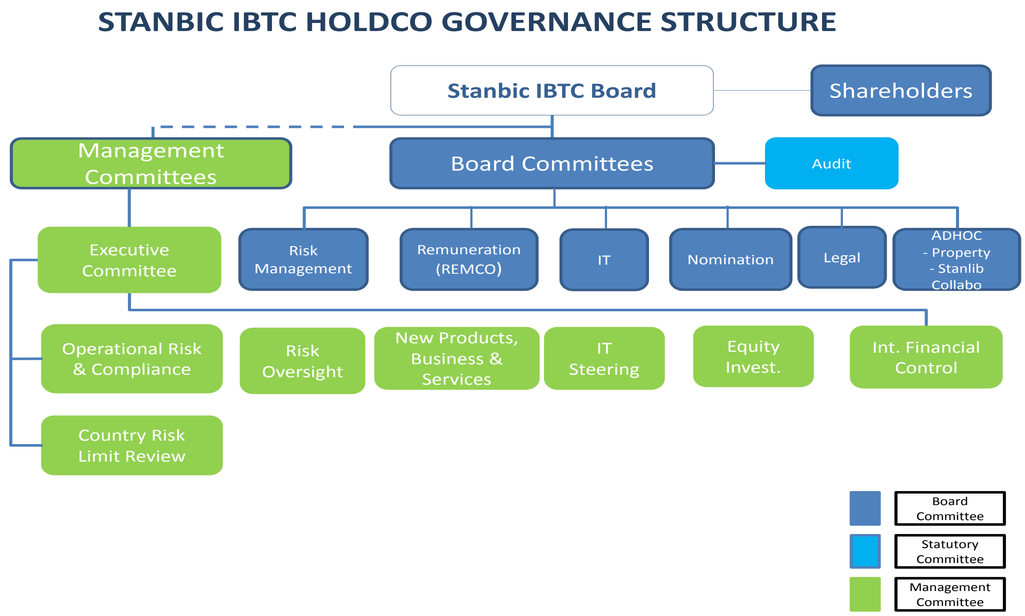
Governance structure

The risk governance structure provides a platform for the board, executive and senior management through the various committees to evaluate and debate material 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 movements 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 group 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 (After 1 January 2018)

The tables that follow analyse the credit quality of loans and advances measured in terms of IFRS 9 which came into effect from 1 January 2018.

IFRS 9 changes and methodology

A summary of the primary changes for the Group are provided below.

New impairment model

IFRS 9 introduces a new impairment model that requires the recognition of expected credit losses (ECL) rather than incurred losses under IAS 39. This applies to all financial debt instruments held at amortised cost, fair value through other commprehensive income (FVOCI), undrawn loan commitments and financial guarantees.

Staging of financial instruments

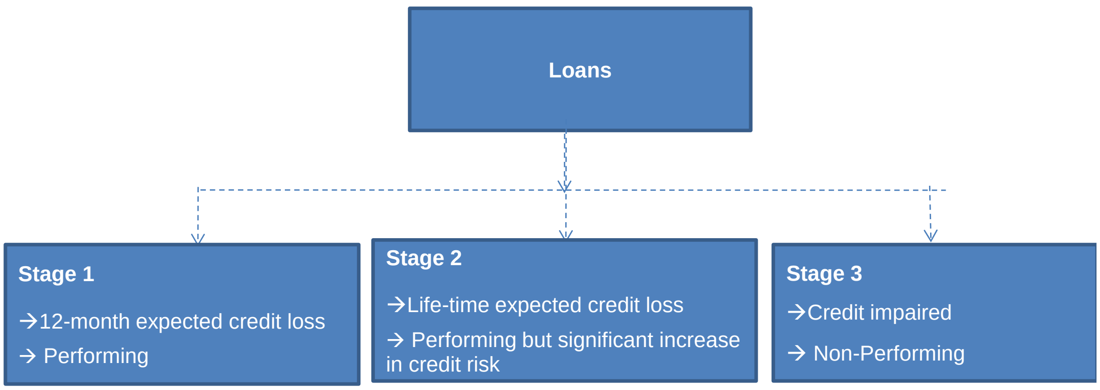
Financial instruments that are not already credit-impaired are originated into stage 1 and a 12-month expected credit loss provision is recognised.

Instruments will remain in stage 1 until they are repaid, unless they experience significant credit deterioration (stage 2) or they become credit-impaired (stage 3).

Instruments will transfer to stage 2 and a lifetime expected credit loss provision recognised when there has been a significant change in the credit risk compared with what was expected at origination.

Instruments are classified as stage 3 when they become credit-impaired.

The framework used to determine a significant increase in credit risk is set out below.



The accounting policies under IFRS 9 are set out in Note 3.2 IFRS 9 disclosure. The impact upon adoption of IFRS 9 as at 1 January 2018 is set out in the same note (note 3.2). The main methodology principles and approach adopted by the Group are set out below;

Approach to determining expected credit losses

The accounting policies under IFRS 9 are set out in Note 7 Credit impairment and Note 12 Financial instruments. The impact upon adoption of IFRS 9 as at 1 January 2018 is set out in Note 27 Transition to IFRS 9 Financial Instruments. The main methodology principles and approach adopted by the bank are set out in the following table with cross references to other sections.

For portfolios that follow a standardised regulatory approach, the Group has developed new models where these portfolios are material.

Incorporation of forward looking information

The determination of expected credit loss includes various assumptions and judgements in respect of forward looking macroeconomic information.

Significant increase in credit risk ('SICR')

Expected credit loss for fi nancial assets will transfer from a 12 month basis to a lifetime basis when there is a signifi cant increase in credit risk (SICR) relative to that which was expected at the time of origination, or when the asset becomes credit impaired. On transfer to a lifetime basis, the expected credit loss for those assets will reflect the impact of a default event expected to occur over the remaining lifetime of the instrument rather than just over the 12 months from the reporting date.

SICR is assessed by comparing the risk of default of an exposure at the reporting date with the risk of default at origination (after considering the passage of time). 'Signifi cant' does not mean statistically signifi cant nor is it refl ective of the extent of the impact on the Group's financial statements. Whether a change in the risk of default is signifi cant or not is assessed using quantitative and qualitative criteria, the weight of which will depend on the type of product and counterparty.

The Group uses a mix of quantitative and qualitative criteria to assess SICR.

IFRS 7 (Continue)

Assessment of credit-impaired financial assets

Credit-impaired fi nancial assets comprise those assets that have experienced an observed credit event and are in default. Default represents those assets that are at least 90 days past due in respect of principal and interest payments and/or where the assets are otherwise considered unlikely to pay.

Unlikely to pay factors include objective conditions such as bankruptcy, debt restructuring, fraud or death. It also includes credit-related modifications of contractual cash flows due to significant financial difficulty (forbearance) where the bank has granted concessions that it would not ordinarily consider.

Modified financial assets

Where the contractual terms of a financial instrument have been modified, and this does not result in the instrument being derecognised, a modification gain or loss is recognised in the income statement representing the difference between the original cash flows and the modified cash flows, discounted at the effective interest rate. The modification gain/loss is directly applied to the gross carrying amount of the instrument.

If the modifi cation is credit related, such as forbearance or where the Group has granted concessions that it would not ordinarily consider, then it will be considered credit-impaired. Modifications that are not credit related will be subject to an assessment of whether the asset's credit risk has increased significantly since origination by comparing the remaining lifetime probability of default (PD) based on the modified terms with the remaining lifetime PD based on the original contractual terms.

Transfers between stages

Assets will transfer from stage 3 to stage 2 when they are no longer considered to be credit-impaired. Assets will not be considered credit-impaired only if the customer makes payments such that they are paid to current in line with the original contractual terms. In addition:

→ Loans that were subject to forbearance measures must remain current for 12 months before they can be transferred to stage 2;
→ Retail loans that were not subject to forbearance measures must remain current for 180 days before they can be transferred to stage 2 or stage 1.

Assets may transfer to stage 1 if they are no longer considered to have experienced a signifi cant increase in credit risk. This will be immediate when the original PD based transfer criteria are no longer met (and as long as none of the other transfer criteria apply). Where assets were transferred using other measures, the assets will only transfer back to stage 1 when the condition that caused the significant increase in credit risk no longer applies (and as long as none of the other transfer criteria apply).

Governance and application of expert credit judgement in respect of expected credit losses

The determination of expected credit losses requires a significant degree of management judgement which is being assessed by the Credit Risk Management Committee (CRMC).

Maximum exposure to credit risk by credit quality

June 2018	Note	Total Loans and Advances to Customers N'million	Balance sheet impairments for performing loans N'million	Stage 1 and Stage 2						Stage 3												
				Neither past due nor specifically impaired				Not specifically impaired		Specifically impaired loans												
				Performing						Non-performing loans												
				Normal monitoring N'million		Close monitoring N'million		Early arrears N'million		Stage 3			Purchased/Originated as credit impaired			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 %
				Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Sub-standard N'million	Doubtful N'million	Loss N'million	Sub-standard N'million	Doubtful N'million	Loss N'million							
Personal & Business Banking		167 725	8 215	127 558	9 325	432	3 175	6 361	4 405	3 791	5 190	11 097	-	-	-	20 078	7 721	12 357	12 357	62	20 078	12.0
Mortgage loans		6 473	232	3 989	96	-	-	211	422	330	1 226	200	-	-	-	1 756	883	873	873	50	1 756	27.1
Instalment sale and finance leases		11 565	551	4 010	565	109	3	1 154	72	1 711	86	3 966	-	-	-	5 763	2 137	3 626	3 626	63	5 763	49.8
Card debtors		1 458	153	856	42	-	-	101	92	25	33	310	-	-	-	368	21	347	347	94	368	25.2
Other loans and advances		148 229	7 279	118 703	8 622	323	3 172	4 895	3 819	1 725	3 845	6 621	-	-	-	12 191	4 680	7 511	7 511	62	12 191	8.2
Corporate & Investment Banking		272 187	5 588	212 043	21 158	-	6 457	5 333	16 025	2 079	6 383	9 165	-	-	-	17 627	7 192	10 435	10 435	59	17 627	6.5
Corporate loans		272 187	5 588	212 043	21 158	-	6 457	5 333	16 025	2 079	6 383	9 165	-	-	-	17 627	7 192	10 435	10 435	59	17 627	6.5
Gross loans and advances		**439 912**	13 803	339 601	30 483	432	9 632	11 694	20 430	5 870	11 573	20 262	-	-	-	37 705	14 913	22 792	22 792	60	37 705	8.6
Less: Total expected credit loss for loans and advances at amortised cost																						
12-month ECL		(6 658)																				
Lifetime ECL not credit-impaired		(7 145)																				
Lifetime ECL credit-impaired		(22 792)																				
Purchased/originated credit impaired																						
Interest In Suspense (IIS)																						
Net loans and advances	12	403 317																				
Add the following other banking activities exposures:																						
Cash and cash equivalents	7	349 487																				
Derivatives	10.6	20 804																				
Financial investments (excluding equity)	11	300 499																				
Loans and advances to banks	12	8 811																				
Trading assets	9.1	156 675																				
Pledged assets	8	49 193																				
Other financial assets		39 429																				
Total on-balance sheet exposure		1 328 215																				
Unrecognised financial assets:																						
Letters of credit		41 195	156	41 195	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees		29 067	563	29 067	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan commitments		27 935	274	27 935	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total exposure to credit risk		**1 426 412**																				
Expected credit loss for off balance Sheet exposures																						
12-month ECL		**-800**																				
Lifetime ECL not credit-impaired																						
Lifetime ECL credit-impaired																						
Total exposure to credit risk on Loans and advances at amortised cost		**1 425 612**																				

Maximum exposure to credit risk by credit quality

December 2017				Performing loans			Non-performing loans										
				Neither past due nor specifically impaired		Not specifically impaired		Specifically impaired loans									
								Non-performing loans									
	Note	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	Loss 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	4 654.00	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	4 654.00	10 103	10 103	68	14 757	5.8
							-										
Gross loans and advances		**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

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.

Ageing of loans and advances with lifetime ECL but no credit 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
June 2018						
Personal and Business Banking	**8 276**	**2 016**	**473**	**-**	**-**	**10 764**
Mortgage loans	475	137	21	-	-	633
Instalment sales and finance lease	1 190	33	3	-	-	1 226
Card debtors	136	36	20	-	-	192
Other loans and advances	6 474	1 810	429	-	-	8 713
Corporate and Investment Banking	17 729	-	3 629	-	-	21 358
Corporate loans	17 729	-	3 629	-	-	21 358
Total	**26 005**	**2 016**	**4 102**	**-**	**-**	**32 122**
December 2017						
Personal and Business Banking	10 172	1 923	1 432	-	-	13 529
Mortgage loans	501	272	117	-	-	890
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	-	-	11 657
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	-	-	25 608

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 N2.7 billion as at 30 June 2018 (Dec 2017: N13.5billion).

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, 62% (Dec 2017: 52%) is collateralised. Of the group's total exposure, 78% (Dec 2017: 85%) 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
June 2018									
Corporate		440 520	241 293	199 227	-	-	62 166	95 317	41 744
Sovereign		738 385	738 385	-	-	-	-		
Bank		68 524	68 524	-	-	-	-	-	-
Retail		191 891	73 451	118 440	-	-	41 040	21 124	56 276
Retail Mortgage		6 473	-	6 473	-	-	1 436	888	4 149
Other retail		185 418	73 451	111 967	-	-	39 605	20 235	52 127
Total		**1 439 321**	**1 121 654**	**317 667**	**-**	**-**	**103 206**	**116 441**	**98 020**

Add: Financial assets not exposed to credit risk		89 056
Less: Impairments for loans and advances		(36 597)
Less: Unrecognised off balance sheet items		(163 565)
Total exposure		**1 328 215**

Reconciliation to statement of financial position:

	Note	
Cash and cash equivalents	7	349 487
Derivatives	10.6	20 804
Financial investments (excluding equity)	11	300 499
Loans and advances	12	412 128
Trading assets	9	156 675
Pledged assets	8	49 193
Other financial assets		39 429
Total		**1 328 215**

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
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:

	Note	N'million
Cash and cash equivalents	7	401 348
Derivatives	10.6	11 052
Financial investments (excluding equities)	11	314 367
Loans and advances	12	381 711
Trading assets	9.1	151 479
Pledged assets	8.1	43 240
Other financial assets		41 427
Total		1 344 624

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 30 June 2018. For this table, the group has allocated exposures to regions based on the region of domicile of our counterparties.

At 30 June 2018	**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			17 808		**17 809**
South West	10 449	779		23 549	374 816		**409 593**
South East		-			9 682		**9 682**
North West		-			22 682		**22 682**
North Central	146 226	19 014	49 193	276 969	13 489		**504 892**
North East		-			1 434		**1 434**
Outside Nigeria		1 010			-	8 813	**9 823**
Carrying amount	**156 675**	**20 804**	**49 193**	**300 518**	**439 912**	**8 813**	**975 915**

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
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
	151 479	11 052	43 240	314 367	372 088	9 623	901 849

(b) Industry sectors

At 30 June 2018	**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		60			35 745		**35 805**
Business services	5 449	400			7 323		**13 172**
Communication		-		-	20 461		**20 461**
Community, social & personal services		-			-		**-**
Construction and real estate		-			48 784		**48 784**
Electricity		-			-		**-**
Financial intermediaries & insurance	5 000	1 018		23 182	1 500	8 813	**39 513**
Government (including Central Bank)	146 226	19 014	49 193	272 492	31 980		**518 906**
Hotels, restaurants and tourism		-			23		**23**
Manufacturing		116			127 498		**127 614**
Mining		72			69 047		**69 119**
Private households		9			48 575		**48 584**
Transport, storage and distribution		96			8 523		**8 619**
Wholesale & retail trade		19		4 844	40 452		**45 315**
Carrying amount	**156 675**	**20 804**	**49 193**	**300 518**	**439 912**	**8 813**	**975 915**

(b) Industry sectors (continued)

At 31 December 2017	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	-	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**

(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 30 June 2018	**4 128**	**729 047**	**242 649**	**91**	**975 915**
At 31 December 2017	5	687 201	213 889	754	901 849

Concentration of risks of off-balance sheet engagements

(a) Geographical sectors

At 30 June 2018	**Bonds and guarantees** **N'million**	**Letters of credit*** **N'million**	**Total** **N'million**
South South	1 148	-	**1 148**
South West	44 500	113 913	**158 413**
South East	28	-	**28**
North West	1 242	-	**1 242**
North Central	2 734	-	**2 734**
North East	-	-	**-**
Outside Nigeria	-	-	**-**
Total	**49 652**	**113 913**	**163 565**

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**

*Amount excludes letters of credit for which cash collateral has been received.

(b) Industry sectors	30 June 2018			31 December 2017		
	Bonds and guarantees N' million	Letters of credit N' million	2018 Total N'million	Bonds and guarantees N' million	Letters of credit N' million	2017 Total N' million
Agriculture	89		**89**	247	-	247
Business services	10 206	53 243	**63 449**	4 033	6 626	10 659
Communication	-		**-**	-	-	-
Construction and real estate	-		**-**	49	-	49
Electricity	-		**-**	-	-	-
Financial intermediaries & insurance	11 211	10 173	**21 384**	17 912	-	17 912
Hotels, Restaurants and Tourism	-		**-**	-	45 159	45 159
Manufacturing	6 790	36 046	**42 836**	3 981	27 019	31 000
Mining/oil and gas	11 903	4 283	**16 186**	2 393	26 851	29 244
Private households	-		**-**	-	-	-
Transport, storage and distribution	168	3 546	**3 714**	168	1 728	1 896
Wholesale & retail trade	9 285	6 622	**15 907**	6 540	10 671	17 211
Carrying amount	49 651	113 913	**163 564**	35 323	118 054	153 377

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
Pass due date but less than 90 days	Watchlist	0%
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	
	30 Jun. 2018 N million	31 Dec. 2017 N million
Prudential disclosure of loan and advances to customers		
Customer exposure for loans and advances	**439 912**	403 852
Mortgage loans	6 473	7 426
Instalment sale and finance leases	11 565	12 167
Card debtors	1 458	1 451
Overdrafts and other demand loans	148 229	128 281
Other term loans	272 187	254 527
Credit impairments for loans and advances	**(39 103)**	(22 333)
Specific provision	**(31 042)**	(14 995)
General provision	**(8 061)**	(7 338)
Net loans and advances to customers	**400 809**	381 519
Prudential disclosure of loan classification		
Performing	402 206	373 334
Non performing loans	43 032	35 322
Substandard	6 327	17 732
Doubtful	12 591	8 736
Loss	24 114	8 854
Total performing and non performing loans	**445 238**	408 656
Adjustment for Interest in suspense and below-market interest staff loans	-5 327	(4 804)
Customer exposure for loans and advances	**439 911**	403 852
Customer exposure for loans and advances	**9.67%**	8.64%

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 these principles is monitored, at least monthly by ALCO through a process which 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% on a daily basis.

Liquidity ratio	Jan - Jun 2018	Jan - Dec 2017
Minimum	83.06%	72.10%
Average	106.48%	96.24%
Maximum	127.26%	109.85%

The minimum, average and maximum liquidity ratios presented in the table above are derived from daily liquidity ratio computations.

Structural liquidity mismatch management

The mismatch principle 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 netting 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 to deposits.

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 create a buffer for 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 intra-day liquidity positions, including available credit and collateral;
- sufficient intra-day funding to meet its objectives;
- ability to manage and mobilise collateral as required;
- robust capacity to manage the timing of its intra-day outflows; and
- readiness to deal with unexpected disruptions to its intra-day liquidity flows.

Daily cash flow management

The group generates a daily report to monitor significant cash flows. Maturities and withdrawals are forecast at least three 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 deposits 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 an 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 analyse 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 instruments 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
June 2018						
Financial liabilities						
Derivative financial instruments	313	1 782	1 434	21	-	3 550
Trading liabilities	-	-	15 010	30	1 561	16 601
Deposits and current accounts	649 695	102 479	128 818	7 085	4	888 081
Subordinated debt	-	-	1 379	1 379	44 308	47 066
Other borrowings	351	-	7 820	16 204	42 650	67 025
Total	**650 359**	**104 261**	**154 461**	**24 719**	**88 523**	**1 022 323**
Unrecognised financial instruments						
Letters of credit	-	-	1 519	95 397	16 997	113 913
Guarantees	-	10 536	11 340	14 571	13 205	49 652
Loan commitments	-	27 979	15 882	3 801	935	48 598
Total	**-**	**38 515**	**28 741**	**113 769**	**31 137**	**212 163**

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 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

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.

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

	Jun 2018 %	Dec 2017 %
Single depositor	**8**	7
Top 10 depositors	**34**	27

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's 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 NGN116m and NGN482m respectively with an annual average of NGN196m which translates to a conservative VaR base limit utilisation of 14.5% on average.

Diversified Normal Var Exposures (N'million)

Desk	Maximum	Minimum	Average	30-Jun-18	31-Dec-17	Limit
Bankwide	482	116	196	160	135	1 358
FX Trading	278	1	41	2	75	315
Money markets trading	388	93	186	159	124	379
Fixed income trading	77	2	10	5	10	303
Credit trading	-	-	-	-	-	118
Derivatives	-	-	-	-	-	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 decreased to N940,000 from that of the previous year due to reduced funding of the T-bills of N48bn in the book, the money markets banking book PV01 exposure stood at N6m; lower than that of the previous year as a result of sale and maturity of N57bn T-bills, while the fixed income trading book PV01 exposure was N187,000. Overall trading PV01 exposure was N1.1m against a limit of N9.4m thus reflecting a very conservative exposure utilisation.

PV01 (NGN'000)	30-Jun-18	31-Dec-17	Limit
Money market trading book	940	1 213	5 000
Fixed income trading book	187	939	2 963
Credit trading book	-	-	1 032
Derivatives trading book	-	-	405
Total trading book	1 127	2 151	9 400
Money market banking book	6 017	10 057	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 and downward 300 basis points (2017: 350 basis points) parallel rate shocks for local currency and 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.

30 June 2018		NGN	USD	Other	Total
Increase in basis points		300	100	100	
Sensitivity of annual net interest income	NGNm	5 549	1 053	0	6 602
Decrease in basis points		300	100	100	
Sensitivity of annual net interest income	NGNm	-5 827	(1 127)	0	(6 954)

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

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 group's equity and investment risk committee (SEIRC) 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 30 June 2017.

Concentrations of currency risk – on- and off-balance sheet financial instruments

At 30 June 2018 **Financial assets**	**Naira** **N' million**	**US Dollar** **N' million**	**GBP** **N' million**	**Euro** **N' million**	**Others** **N' million**	**Total** **N' million**
Cash and cash equivalents	276 559	65 125	1 896	5 646	260	349 486
Trading assets	156 675	-	-	-	-	156 675
Pledged assets	49 193	-	-	-	-	49 193
Derivative assets	20 796	8	-	-	-	20 804
Financial investments	297 284	6 032	-	-	-	303 316
Asset held for sale	-	-	-	-	-	-
Loans and advances to banks	-	1 688	-	-	7 123	8 811
Loans and advances to customers	215 366	182 367	115	5 455	14	403 317
Other financial assets	38 549	627	6	5 878	-	45 060
	1 054 422	**255 847**	**2 017**	**16 979**	**7 397**	**1 336 662**
Financial liabilities						
Trading liabilities	16 601	-	-	-	-	16 601
Derivative liabilities	3 540	8	-	-	-	3 548
Deposits and current accounts from banks	60 194	57 652	139	2 617	107	120 709
Deposits and current accounts from customers	475 701	279 269	3 825	8 389	188	767 372
Other borrowings	50 964	16 061	-	-	-	67 025
Subordinated debt	14 457	15 809	-	-	-	30 266
Other financial liabilitiies	100 580	12 432	1 140	3 396	1 469	119 017
	722 037	**381 231**	**5 104**	**14 402**	**1 764**	**1 124 538**
Net on-balance sheet financial position	332 385	(125 384)	(3 087)	2 577	5 633	212 124
Off balance sheet	30 130	104 607	1 630	25 859	1 339	163 565

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 cash equivalents	196 431	187 599	4 424	11 741	1 153	401 348
Trading assets	143 195	8 284	-	-	-	151 479
Pledged assets	43 240	-	-	-	-	43 240
Derivative assets	11 044	8	-	-	-	11 052
Financial investments	316 266	375	-	-	-	316 641
Asset held for sale	114	-	-	-	-	114
Loans and advances to banks	194 715	168 990	198	8 173	12	372 088
Loans and advances to customers	8 086	1 509	28	-	-	9 623
Other financial assets	47 523	1 895	10	14	-	49 442
	960 614	**368 660**	**4 660**	**19 928**	**1 165**	**1 355 027**
Financial liabilities						
Trading liabilities	2 584	8	-	-	-	2 592
Derivative 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 financial liabilitiies (restated)	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

Exchange rates applied

period-end spot rate*	2018	2017
US Dollar	**361.08**	305.9
GBP	**476.59**	397.41
Euro	**421.45**	349.08

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US dollar, GBP or Euro against Naira at 30 June 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.

	Profit or loss		Equity, net of tax	
Effect in N million	Strengthening	Weakening	Strengthening	Weakening
At 30 June 2018				
USD (20% movement)	**(25 077)**	**25 077**	**(17 554)**	**17 554**
GBP (10% movement)	**(309)**	**309**	**(216)**	**216**
EUR (5% movement)	**129**	**(129)**	**90**	**(90)**
At 31 December 2017				
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 bank'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 legal and regulatory compliance purposes. 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

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 Bank 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 retained earnings. The closing balance on deferred tax asset is deducted in arriving at Tier 1 capital;

- Tier 2 capital which includes subordinated debts and other comprehensive income. Subordinated debt at the end of the period totalled N30bn 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 30 June 2018 was N33.9bn (Dec 2017: N34.2bn).
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 Bank operated above its targeted capitalization range and well over the minimum regulatory capital adequacy ratio of 10% as mandated by CBN.

Capital management - BASEL II regulatory capital

Stanbic IBTC Group	B II Group 30 June 2018 N'million	B II Group 31 Dec 2017 N'million
Tier 1	204 226	179 270
Paid-up share capital	5 025	5 025
Share premium	66 945	66 945
General reserve (retained profit)	105 772	85 227
SMEEIS reserve	1 039	1 039
AGSMEIS reserve	2 156	749
Statutory reserve	20 000	16 863
Other reserves	76	264
Non controlling interests	3 213	3 159
Less: regulatory deduction	9 590	9 506
Goodwill		
Deferred tax assets	8 802	8 901
Other intangible assets	788	605
Current period 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	194 636	169 763
Tier II	33 998	34 239
Hybrid (debt/equity) capital instruments	-	-
Subordinated term debt	30 266	29 046
Other comprehensive income (OCI)	3 732	5 193
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	33 998	34 239
Total regulatory capital	**228 634**	**204 002**
Risk weighted assets:		
Credit risk	569 044	604 262
Operational risk	249 669	249 669
Market risk	16 513	13 270
Total risk weight	**835 226**	**867 200**
Total capital adequacy ratio	27.4%	23.5%
Tier I capital adequacy ratio	23.3%	19.6%

Capital management - BASEL II regulatory capital

Stanbic IBTC Bank PLC	B II 30 Jun 2018 N'million	B II 31 Dec 2017 N'million
Tier 1		
	144,694	133,317
Paid-up share capital	1,875	1,875
Share premium	42,469	42,469
General reserve (retained profit)	66,496	65,767
SMEEIS reserve	1,039	1,039
AGSMEIS reserve	2,156	749
Statutory reserve	30,624	21,405
Other reserves	35	13
Non controlling interests	-	-
Less: regulatory deduction	9,160	8,976
Deferred tax assets	8,321	8,321
Other intangible assets	789	605
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	135,534	124,341
Tier II		
	32,699	32,787
Hybrid (debt/equity) capital instruments	-	-
Subordinated term debt	30,266	29,046
Other comprehensive income (OCI)	2,433	3,741
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	-	-
Eligible Tier II capital	32,649	32,737
Total regulatory capital	**168,183**	**157,078**
Risk weighted assets:		
Credit risk	535,907	574,948
Operational risk	179,605	179,605
Market risk	16,513	13,270
Total risk weight	**732,025**	**767,823**
Total capital adequacy ratio	23.0%	20.5%
Tier I capital adequacy ratio	18.5%	16.2%

Annexure A: Statements of value added

Annexure B: Financial summary

Annexure A: Value added statement
For the period ended 30 June 2018

	Group				Company			
	30-Jun-18 N'million	%	30-Jun-17 N'million	%	30-Jun-18 N'million	%	30-Jun-17 N'million	%
Gross earnings	114 207		97 198		18 256		25 896	
Interest paid:								
- local	(17 908)		(13 391)		-		(1 095)	
- foreign	-1 847		-2 302		-		-	
	(19 755)		(15 693)		-		(1 095)	
Administrative overhead:								
- local	(25 198)		(19 596)		-292		(406)	
- foreign	-481		-285		-			
	(25 679)		(19 881)		(292)		(406)	
Provision for losses	5 508		(13 953)		-		-	
Value added	74 281	100	47 671	100	17 964	100	24 395	100
DISTRIBUTION								
EMPLOYEES & DIRECTORS								
Salaries and benefits	21 333	29	16 492	35	284	2	375	2
GOVERNMENT								
Taxation	7 646	10	5 057	10	409	2	(210)	-1
THE FUTURE								
Asset replacement (depreciation)	2 218		2 010		-		-	
Expansion (retained in the business)	43 084		24 112		17 271		24 230	
Total	45 302	61	26 122	55	17 271	96	24 230	99
	74 281	100	47 671	100	17 964	100	24 395	100

STANBIC IBTC HOLDINGS PLC

Annexure B: Financial summary

	Group	Group	Group	Group	Group	**Company**	Company	Company	Company	Company
	30 Jun 2018	31 Dec. 2017	31 Dec. 2016	31 Dec 2015	31 Dec 2014	**30 Jun 2018**	31 Dec. 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014
	N'million	N'million	N'million	N'million	N'million	**N'million**	N'million	N'million	N'million	N'million
STATEMENT OF FINANCIAL POSITION										
Assets										
Cash and cash equivalents	**349 487**	401 348	301 351	211 481	143 171	**22 577**	7 545	1 768	8	784
Derivative assets	**20 804**	11 052	14 317	911	4 860	**-**	-	-	-	-
Trading assets	**156 675**	151 479	16 855	37 956	96 345	**-**	-	-	-	-
Pledged assets	**49 193**	43 240	28 303	86 570	34 172	**-**	-	-	-	-
Financial investments	**303 321**	316 641	252 823	162 695	204 502	**1 654**	1 625	920	658	58
Asset held on sale	**-**	114	112	262	-	**-**	-	-	-	-
Loans and advances to banks	**8 811**	9 623	15 264	26 782	8 814	**-**	-	-	-	-
Loans and advances to customers	**403 317**	372 088	352 965	353 513	398 604	-	-	-	-	-
Deferred tax assets	**8 802**	8 901	8 638	8 342	5 737	**-**	-	-	555	484
Equity Investment in group companies	**-**	-	-	-	-	**85 539**	85 539	85 539	69 191	69 151
Other assets	**49 744**	49 442	39 220	23 741	21 710	**2 136**	2 148	2 226	2 996	2 541
Intangible assets	**788**	605	713	-	-	-	-	-	-	-
Property and equipment	**21 781**	21 883	22 962	25 311	24 004	**461**	517	2 404	2 494	2 653
	1 372 723	1 386 416	1 053 523	937 564	941 919	**112 367**	97 374	92 857	75 902	75 671
Equity and liabilities										
Share capital	**5 025**	5 025	5 000	5 000	5 000	**5 025**	5 025	5 000	5 000	5 000
Reserves	**202 228**	177 035	132 102	118 726	111 021	**99 891**	87 629	67 970	67 360	67 990
Non-controlling interest	**3 213**	3 158	3 696	5 241	4 223	**-**	-	-	-	-
Derivative liabilities	**3 548**	2 592	11 788	383	2 677	-	-	-	-	-
Trading liabilities	**16 601**	62 449	5 325	24 101	85 283	-	-	-	-	-
Deposits from banks	**120 709**	61 721	53 766	95 446	59 121	-	-	-	-	-
Deposits from customers	**767 372**	753 642	560 969	493 513	494 935	-	-	-	-	-
Other borrowings	**67 025**	74 892	96 037	81 107	70 151	**-**	-	16 404	-	-
Subordinated debt	**30 266**	29 046	27 964	23 699	22 973	-	-	-	-	-
Current tax liabilities	**14 529**	12 240	9 508	8 727	9 847	**371**	157	68	60	129
Deferred tax liabilities	**175**	120	47	120	111	**-**	-	9		
Provisions & other liabilities	**142 032**	204 496	147 321	81 501	76 577	**7 080**	4 563	3 406	3 482	2 552
	1 372 723	1 386 416	1 053 523	937 564	941 919	**112 367**	97 374	92 857	75 902	75 671
Acceptances and guarantees	**163 565**	153 377	54 143	49 973	65 563	**-**	-	-	-	-
	6 months ended	6 months ended	6 months ended	6 months ended	6 months ended	**6 months ended**	6 months ended	6 months ended	6 months ended	6 months ended
	30 Jun 2018	30 Jun 2017	30 Jun 2016	30 Jun. 2015	30 Jun. 2014	**30 Jun 2018**	30 Jun 2017	30 Jun 2016	30 Jun. 2015	30 Jun. 2014
	N'million	N'million	N'million	N'million	N'million	**N'million**	N'million	N'million	N'million	N'million
STATEMENT OF PROFIT OR LOSS										
Net operating income	**93 997**	81 324	57 067	48 481	50 494	**18 256**	24 801	423	10 566	13 799
Operating expenses and provisions	**(43 267)**	(52 155)	(41 385)	(38 944)	(30 548)	**(576)**	(781)	(247)	(834)	(680)
Profit before tax	**50 730**	29 169	15 682	9 537	19 946	**17 680**	24 020	176	9 732	13 119
Taxation	**(7 646)**	(5 057)	(4 365)	158	(3 762)	**(409)**	210	(438)	183	238
Profit after taxation	**43 084**	24 112	11 317	9 695	16 184	**17 271**	24 230	(262)	9 915	13 357
Profit attributable to :										
Non-controlling interests	**1 280**	1 067	1 853	1 663	1 346	**-**	-	-	-	-
Equity holders of the parent	**41 804**	23 045	9 464	8 032	14 838	**17 271**	24 230	(262)	9 915	13 357
Profit for the period	**43 084**	24 112	11 317	9 695	16 184	**17 271**	24 230	(262)	9 915	13 357
STATISTICAL INFORMATION										
Earnings per share (EPS) - basic	**416k**	230k	95k	80k	148k	**172k**	242k	-3k	99k	130k