



Stanbic IBTC

A member of Standard Bank Group

STANBIC IBTC HOLDINGS PLC

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2013

STANBIC IBTC HOLDINGS PLC
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STANBIC IBTC HOLDINGS PLC

Directors' report

For the period ended 30 June 2013

The directors present their report on the affairs of Stanbic IBTC Holdings PLC ("the company") and its subsidiaries ("the group"), together with the financial statements for the period ended 30 June 2013.

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 in and hold controlling shares in as well as manage equity in its subsidiary companies.

The company has eight 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 and Stanbic IBTC Trustees Limited.

The company prepares consolidated financial statements, which includes separate financial statements of the company. Stanbic IBTC Investments Limited was non operating as at 30 June 2013 and did not have assets, liabilities or operating results at reporting date.

c. Operating results and dividends

The group's gross earnings increased by 30%, while profit before tax increased by 115%. The board recommended the approval of a interim dividend of 70 kobo per share (30 June 2012: Nil) for the interim period ended ended 30 June 2013.

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

	30 June 2013 Group N'million	30 June 2012 Group N'million	30 June 2013 Company N'million	30 June 2012 Company N'million
Gross earnings	54,509	41,898	8,746	-
Profit before tax	13,125	6,118	8,416	-
Taxation	(2,940)	(1,125)	(2)	-
Profit after tax	10,185	4,993	8,414	-
Non controlling interest	(927)	(609)	-	-
Profit attributable to the group	9,258	4,384	8,414	-
Appropriations:				
Transfer to statutory reserve	1,216	887	-	-
Transfer to retained earnings reserve	8,042	3,497	8,418	-
	9,258	4,384	8,418	-
Dividend proposed	7,000	-	7,000	-
Total non-performing loans and advances (N'million)	13,514	20,629	-	-
Total non-performing loans to gross loans and advances (%)	4.58%	7.28%	-	-

STANBIC IBTC HOLDINGS PLC

Directors' report (continued)

For the period ended 30 June 2013

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 are as follows:

	Direct shareholding	
	Number of Ordinary Shares of Stanbic IBTC Holdings PLC held as at June 2013	Number of Ordinary Shares of Stanbic IBTC Bank PLC held as at Dec 2012
Atedo N. A. Peterside CON	120,000,000	118,660,925
Sola David - Borha	1,154,839	1,664,839
Dominic Bruynseels	-	-
Moses Adedoyin	22,400,554	22,400,554
Sam Cookey	1,066,668	1,066,668
Maryam Uwais MFR	251,735	251,735
Ifeoma Esiri	52,776,676	52,776,676
Ben Kruger	-	-
Arnold Gain	-	-
Ratan Mahtani *	28,465,803	28,465,803
Christopher Newson	-	-

* Mr Ratan Mahtani has indirect shareholdings amounting to 1,068,346,259 ordinary shares (Dec 2012: 1,068,346,259) respectively through First Century International Limited, Churchgate Nigeria Limited, International Seafoods Limited, Foco International Limited, Aegean Investments Limited and R B Properties Limited.

All directors are to retire by rotation at the next Annual General Meeting (AGM). All of these directors except for Mr. John H. Maree who retired from the Board on 7 March 2013, being eligible, offer themselves for re – election.

e. Directors interest in contracts

There were no director related contracts with the company disclosed to the board during the period ended 30 June 2013, in compliance with the requirements of Section 277 of CAMA.

f. Property and equipment

Information relating to changes in property and equipment is given in note 15 to the accounts. In the directors' opinion the disclosures regarding the group's properties are in line with the related statement of accounting policy of the group.

STANBIC IBTC HOLDINGS PLC

Directors' report (continued)

For the period ended 30 June 2013

g. Shareholding analysis

The shareholding pattern of the Company as at 30 June 2013 is as stated below:

Share range	No. of shareholders	Percentage of shareholders	No. of holding	Percentage holdings
1 - 1,000	39,162	38.72	21,417,410	0.21
1,001 - 5,000	39,119	38.67	81,440,906	0.81
5,001 - 10,000	10,798	10.68	67,043,009	0.67
10,001 - 50,000	9,276	9.17	176,099,542	1.76
50,001 - 100,000	1,404	1.39	87,936,269	0.88
100,001 - 500,000	1,076	1.06	200,264,338	2.00
500,001 - 1,000,000	136	0.13	86,708,313	0.87
1,000,001 - 5,000,000	96	0.09	199,132,469	1.99
5,000,001 - 10,000,000	21	0.02	154,519,460	1.55
10,000,001 - 50,000,000	38	0.04	810,641,256	8.11
50,000,001 - 100,000,000	15	0.01	986,415,920	9.86
100,000,001 - 500,000,000	8	0.01	1,280,147,704	12.80
500,000,001 - 1,000,000,000	1	0.00	747,089,076	7.47
1,000,000,001 - 10,000,000,000	1	0.00	5,101,144,328	51.01
Grand Total	101,151	100%	10,000,000,000	100%
Foreign	146			54.40%

h. Substantial interest in shares

According to the register of members as at 30 June 2013, no shareholder held more than 5% of the issued share capital of the company except the following:

Shareholder	No of shares held	Percentage shareholding
Stanbic Africa Holdings Limited (SAHL)	5,315,267,979	53.15%
First Century International Limited	747,089,076	7.47%

Share capital history

Year	Authorised (N000)		Issued and fully paid up		Consideration
	Increase	Cummulative	Increase	Cummulative	
2012	10,000,000	10,000,000	10,000,000	10,000,000	Share exchange

i. Donations and Charitable Gifts

The group made contributions to charitable and non – political organizations amounting to N42, 026,850 (Dec 2012: N154,363,863) during the period.

=N=

Federal University of Technology, Akure	5,000,000
Oriade Local Government, Osun State	5,150,000
State Universal Basic Education Board (SUBEB), Ekiti	25,000,000
Army Training School, Zaria	3,876,850
Nigeria Bar Association	3,000,000
Total	42,026,850

j. Events after the reporting date

There were no events after the reporting date which could have a material effect on the financial position of the group as at 30 June 2013 which have not been recognised or disclosed.

k. 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 (Liberty Blue) 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 2004.

l. 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.

By order of the Board

CHIDI OKEZIE

Company secretary

FRC/2013/NBA/00000001082

25 July 2013

STANBIC IBTC HOLDINGS PLC

Statement of Directors' Responsibilities in Relation to the Financial Statements For the period ended 30 June 2013

The directors accept responsibility for the preparation of the interim financial statements set out on pages 1 to 99 that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council Act of Nigeria, the Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria regulations.

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

SIGNED ON BEHALF OF THE DIRECTORS BY:



ATEDO N.A. PETERSIDE CON
Chairman
FRC/2013/CIBN/00000001069
25 July 2013



SOLA DAVID-BORHA
Chief Executive Officer
FRC/2013/CIBN/00000001070
25 July 2013

Introduction

The company is a member of the Standard Bank Group, which holds a 53.2% equity holding 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 subsidiaries of the company; Stanbic IBTC Bank PLC, Stanbic IBTC Asset Management Limited; Stanbic IBTC Pension Managers Limited, Stanbic IBTC Trustees Limited; Stanbic IBTC Stockbrokers, Stanbic IBTC Ventures Limited, Stanbic IBTC Investments Limited and Stanbic IBTC Capital Limited 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 industries 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 SBG’s various regulators.

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

Shareholders’ responsibilities

The shareholders’ role is to approve the appointments of 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 first half of 2013

During the first half of 2013, the following developments in the company’s corporate governance practices occurred:

- • There was a continued focus on directors training via attendance at various courses.
- • The provision of an enhanced level of information in the financials provided to shareholders and investors on an annual and quarterly basis continued.
- • Full implementation of the compliance plan with respect to the Central Bank of Nigeria’s regulation on the Scope of Banking Activities and Ancillary Matters No 3, 2010 (CBN Regulation No.3).

Focus areas for the second half of 2013

The group intends during the second half of 2013 to:

- continue the focus on directors' training via formal training sessions and information bulletins on issues that are relevant; and
- 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 ensures 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. Details on how these committees operate are provided elsewhere in this report.

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 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.

Corporate Governance Report (continued)**For the period ended 30 June 2013**

Following the implementation of the CBN Regulation No.3, the Bank's erstwhile Chief Executive, Mrs Sola David – Borha became the Chief Executive of the company. The Company also received regulatory approval to appoint the current Non- Executive Directors of Stanbic IBTC Bank PLC as Non-Executive Directors of the company. These appointments also included Mr Christopher Newson and Mr Dominic Bruynseels who were appointed as Non-Executive Directors of the company. In terms of Section 259 (1) of the Companies & Allied Matters Act, the company shall hold its first Annual General Meeting in August 2013, all of these directors with the exception of Mr. John H. Maree who retired from the Board on 7 March 2013, shall retire by rotation and being eligible shall all offer themselves for re – election.

With these appointments, the board's size as at 30 June 2013 is 11, one (1) executive director and ten (10) non-executive directors. 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;
- 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 boards 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

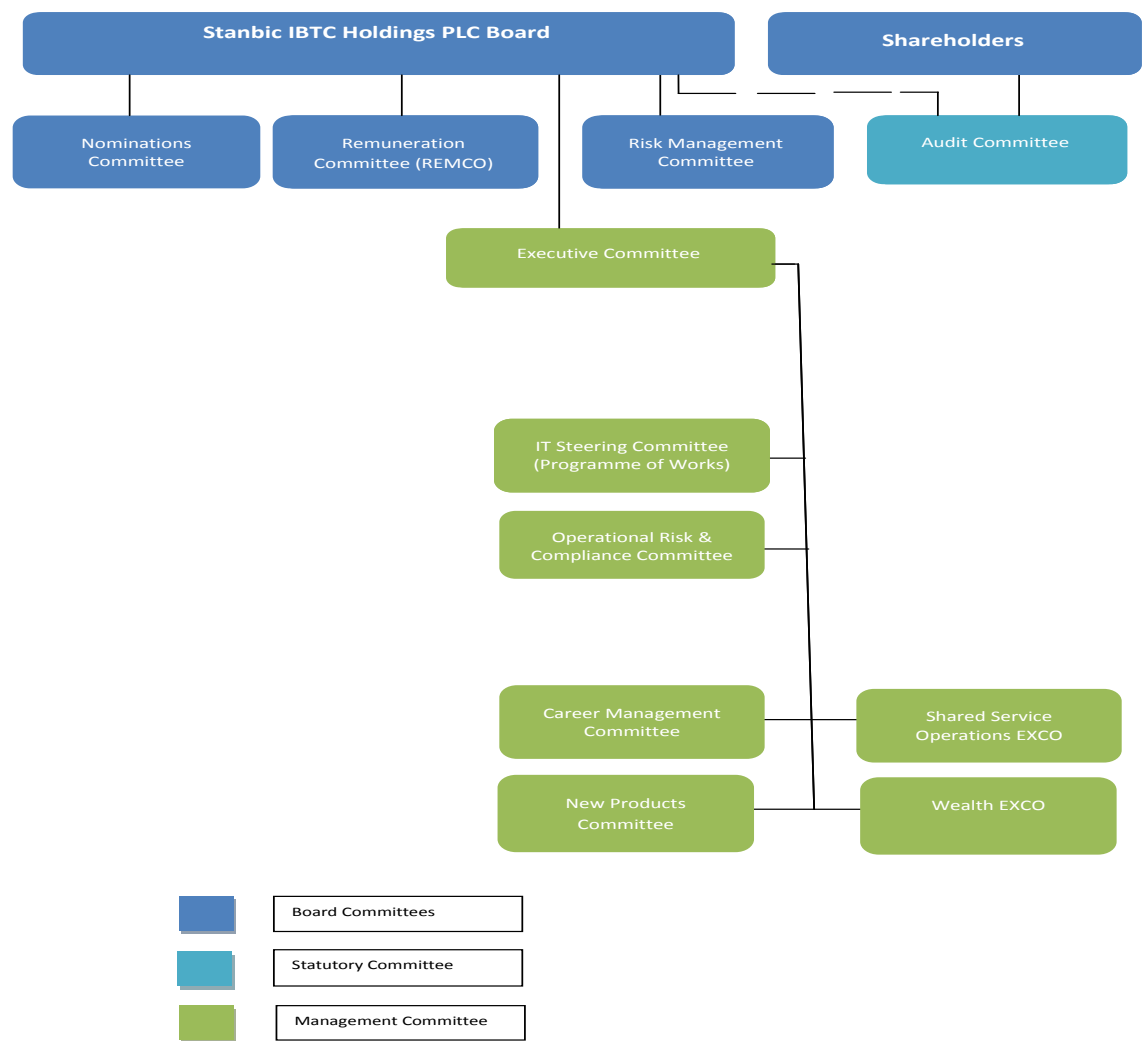
The ultimate responsibility for the Company’s and its operations rests with the board. The board retains effective control through a well-developed governance structure of board committees. These committees provide in-depth focus on specific areas of board responsibility.

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 x.

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 on the same date is set out below:



Corporate Governance Report (continued)**For the period ended 30 June 2013****Board effectiveness and evaluation**

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

During the period, the directors underwent an evaluation conducted by an independent consultant. The aim of this evaluation was to assist the board and committees to constantly improve their effectiveness. The assessment conducted in 2012 focused on structure, process and effectiveness.

The report on this evaluation was discussed at a board meeting and relevant action points have been noted for implementation to further improve board functioning.

The performance of the chairman and chief executive are assessed annually, providing a basis to set their remuneration.

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 Securities & Exchange Commission's code of conduct 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 that included risk programmes, international financial reporting standards, corporate governance as well as market and liquidity risk training during the second half of 2012. These trainings were aimed at enhancing the understanding of key issues, and skills of directors.

Executive committee members

As at 30 June 2013, the executive committee comprised of 16 members each with individual responsibilities.

<u>S/n.</u>	<u>Name</u>	<u>Responsibility</u>
i	Sola David – Borha	Chief executive - SIBTC Holdings
ii	Yinka Sanni	Chief executive - SIBTC Bank
iii	Victor Williams	Head, Corporate & Transactional Banking - SIBTC Bank.
iv	Obinnia Abajue	Executive Director, Personal & Business Banking - SIBTC Bank.
v	Wole Adeniyi	Executive Director, Business Support - SIBTC Bank.
vi	Angela Omo - Dare	Head, Legal Services
vii	Biola Orojo	Acting Head, Human Resources
viii	William le Roux	Head, CIB Credit
ix	Chidi Okezie	Company Secretary
x	M'fon Akpan	Acting Head, Risk Management
xi	Barene Beard	Head, Marketing
xii	Demola Sogunle	Head, Wealth
xiii	Babatunde Macaulay	Head, Transactional Product Services - SIBTC Bank
xiv	Arthur Oginga	Head, Finance
xv	Abas Alhassan	Head, Internal Audit
xvi	Yewande Sadiku	Chief executive - SIBTC Capital

Board meetings

The board meets, at a minimum, once every quarter with ad-hoc meetings being held whenever deemed necessary. The board intends to hold a strategy session in August 2013. 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 four days prior to each of the scheduled meetings.

Corporate Governance Report (continued)
For the period ended 30 June 2013

Attendance at board meetings from 1 January – 30 June 2013 is set out in the following table:

Name	February	April
Atedo Peterside CON (Chairman)	/	/
Chris Newson	/	/
Sola David-Borha	/	/
Dominic Bruynseels	/	/
Moses Adedoyin	/	/
Sam Cookey	/	/
Ifeoma Esiri	/	/
Arnold Gain	/	/
Ben Kruger	/	/
Ratan Mahtani	/	/
Jacko Maree	/	–
Maryam Uwais MFR	/	A

/ = Attendance

A = Apology

– = Not applicable

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 the mandates approved at the board meeting of 28 November 2012.

Corporate Governance Report (continued)**For the period ended 30 June 2013****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 committees.

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 bank;
- 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.

A more in-depth risk management section which provides details of the overall framework for risk management in the group commences on page 66 of the financial statements.

The committee consisted of seven directors, six of whom, including the chairman were non – executives during the year under review.

Members' attendance at risk management committee meetings for the period 1 January 2013 to 30 June 2013 is as stated below:

Name	Feb	April
Ifeoma Esiri (Chairman)	/	/
Sola David-Borha	/	/
Sam Cookey	/	/
Arnold Gain	/	/
Ben Kruger	/	/
Chris Newson	/	/
Dominic Bruynseels	/	/

/ = Attendance

A = Apology

- = Not applicable

Corporate Governance Report (continued)
For the period ended 30 June 2013
Remuneration committee

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

- reviewing the remuneration philosophy and policy;
- considering the guaranteed remuneration, annual performance bonus and pension incentives of the group's highest-paid executive directors and managers;
- reviewing the performance measures and criteria to be used for annual incentive payments for all employees;
- determining the remuneration of executive directors;
- 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

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.

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. In 2012, KPMG Professional Services provided the company with a report on pay levels and trends in the financial services industry.

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.

The committee consists of six directors, all of whom are non-executives. The Board approved that Mr Moses Adedoyin should replace Mrs Esiri as a member of the Committee after the February 2013 Board Meeting

Members' attendance at REMCO meetings for the period 1 January 2013 to 30 June 2013 is as stated below:

Name	Feb	April
Jacko Maree (Chairman)	/	-
Ben Kruger	/	/
Maryam Uwais	/	A
Ifeoma Esiri	/	-
Moses Adedoyin	-	/
Dominic Bruynseels	/	/
Chris Newson	/	/

/ = Attendance

A = Apology

- = Not applicable

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

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

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

Corporate Governance Report (continued)
For the period ended 30 June 2013
Fees

Non-executive directors receive fixed annual fees and sitting allowances for service on boards 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 make 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 are payable for the reporting period 1 January to 31 December of each year).

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

Category	2013 ⁽ⁱ⁾	2012
Chairman	46,220,000	41,267,138
Non-Executive Directors	12,847,000	11,470,214
Sitting Allowances for Board Meetings ⁽ⁱⁱ⁾		
- Chairman	239,000	213,399
- Non-Executive Directors	151,000	134,716

⁽ⁱ⁾ Proposed for approval by shareholders at the AGM taking place in August 2013.

⁽ⁱⁱ⁾ Fees quoted as sitting allowance represent per meeting sitting allowance paid for board, board 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 one executive director as at 30 June 2013.

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.

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; and
- 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 one month.

Employees on international assignments have notice periods of 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.

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.

Corporate Governance Report (continued)
For the period ended 30 June 2013

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.

Long-term incentives

It is essential for the group to retain key skills over the longer term. The group has put in place an equity growth scheme for qualifying managers. Participation rights in such scheme are granted to qualifying managers in accordance with the rules of the scheme approved by the board.

Retention agreements

As part of the Company's strategy to retain highly mobile and talented employees, the company has selectively entered into agreements in terms of which retention payments are made. Retention payments have to be repaid should the individual concerned leave within a stipulated period.

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 2013

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

	Group (N'm)	Company (N'm)
Fees & sitting allowance	91	91
Executive compensation	24	24
Total	115	115

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

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.

Corporate Governance Report (continued)
For the period ended 30 June 2013
Composition

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

As at 30 June 2013, the committee consisted of the following persons:

Mr Waheed Adegbite*	Chairman
Barrister Jude Nosagie*	Member
Mr. Tokunbo Akerele*	Member
Mr. Moses Adedoyin**	Member
Mr. Sam Cookey**	Member
Mr. Ratan Mahtani**	Member

* = Shareholders representative

** = Non Executive Director

Members' attendance at audit committee meetings for the period 1 Jan to 30 June 2013 is stated below:

Name	January	April
Mr Waheed Adegbite	/	/
Mr. Moses Adedoyin	/	/
Mr. Sam Cookey	/	/
Mr. Ratan Mahtani	/	/
Barrister Jude Nosagie	/	/
Mr. Tokunbo Akerele	/	/

/ = Attendance

A = Apology

- = Not applicable

Company secretary

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

Going concern

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

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

Management committees

The group has the following management committees:

- Executive committee (Exco)
- Wealth Exco
- Shared service operations Exco
- IT steering committee (“program of works”)
- Operational risk and compliance committee
- New products committee
- Equity Pool Governance Committee
- Career management 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 group encourages shareholders to attend the annual general meeting and other shareholder meetings where interaction is welcomed. The chairman of the audit committee is available at the meeting to respond to questions from shareholders.

Voting at general meetings is conducted by either on 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 employees. A personal account trading policy is in place to prohibit employees and directors from trading in securities during closed periods, which period commences from 1 December to publication of final results. Compliance with this policy is monitored on an ongoing basis.

Sustainability

Social and environmental responsibility remains an important part of the Company’s culture. The monitoring and reporting of sustainability issues is still an evolving discipline within our organisation.

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 committed therefore 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 areas which currently include education in order to make the greatest impact. These areas of focus will be subject to annual revision as the countries socio-economic needs change.

Ethics and organisational integrity

The Code of Ethics which was rolled out across the Group in 2008 continued to operate 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 30 June 2013, 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.

STANBIC IBTC HOLDINGS PLC

Report of the Audit Committee For the period ended 30 June 2013

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 unaudited financial statements for the period ended 30 June 2013 together with the Management Controls Report from the auditors and the Company's response to this report at its meeting held on 23 July 2013.

In our opinion, the scope and planning of the audit for the period ended 30 June 2013 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 2013 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 and give a true and fair view of the state of the company's financial affairs.

The Committee reviewed management's response to the auditors findings in respect of management matters and we and the auditors 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 N30,706,030.177 (31 December 2012: N28,004,048,212) was outstanding as at 30 June 2013. The performance status of insider related credits is as disclosed in note 32.

The Committee also approved the provision made in the financial statements in relation to the remuneration of the auditors.

MR. WAHEED ADEGBITE

Chairman, Audit committee

FRC/2013/ICAN/00000001294

23 July 2013

Members of the Audit Committee are:

1. Mr Waheed Adegbite
2. Mr. Moses Adedoyin
3. Mr. Sam Cooley
4. Mr. Ratan Mahtani
5. Barrister Jude Nosagie
6. Mr. Tokunbo Akerele

STANBIC IBTC HOLDINGS PLC

Statement of financial position

at 30 June 2013

		Group		Company	
		30 Jun. 2013	31 Dec. 2012	30 Jun. 2013	31 Dec. 2012
	Note	N'million	N'million	N'million	N'million
Assets					
Cash and balances with central bank	6	38,879	76,933	-	-
Trading assets	7	160,871	114,877	-	-
Pledged assets	8	22,265	24,440	-	-
Derivative assets	9	2,972	1,709	-	-
Financial investments	10	142,522	85,757	-	-
Loans and advances	11	375,188	320,662	9,025	2,625
Loans and advances to banks	11	94,351	54,318	9,025	2,625
Loans and advances to customers	11	280,837	266,344	-	-
Equity Investment in group companies	12	-	-	68,951	68,951
Other assets	13	47,446	22,771	5,086	916
Current tax assets	14	58	43	-	-
Deferred tax assets	14	5,088	5,169	4	-
Property and equipment	15	23,047	24,458	29	16
Total assets		818,336	676,819	83,095	72,508
Equity and liabilities					
Equity		93,831	85,651	79,923	71,503
Equity attributable to ordinary shareholders		91,759	83,341	79,923	71,503
Ordinary share capital	16	5,000	5,000	5,000	5,000
Ordinary share premium	16	65,450	65,450	65,450	65,450
Reserves		21,309	12,891	9,473	1,053
Non-controlling interest		2,072	2,310		
Liabilities		724,505	591,168	3,172	1,005
Trading liabilities	17	81,567	88,371	-	-
Derivative liabilities	9	383	772	-	-
Deposit and current accounts	18	520,994	382,051	-	-
Deposits from banks	18	150,974	26,632	-	-
Deposits from customers	18	370,020	355,419	-	-
Other borrowings	19	49,139	66,873	-	-
Subordinated debt	20	6,482	-	-	-
Current tax liabilities	21	4,974	4,686	-	-
Deferred tax liabilities	21	199	158	-	-
Other liabilities	22	60,767	48,257	3,172	1,005
Total equity and liabilities		818,336	676,819	83,095	72,508

Sola David-Borha
Chief Executive Officer
FRC/2013/CIBN/00000001070
25 July 2013

Arthur Oginga
Chief Financial Officer
FRC/2013/IODN/00000003181
25 July 2013

Atedo N. A. Peterside CON
Chairman
FRC/2013/CIBN/00000001069
25 July 2013

The accompanying notes form an integral part of these financial statements

STANBIC IBTC HOLDINGS PLC

Income statement

For the six months period ended 30 June 2013

	Note	Group		Company	
		30-Jun-13 N'million	30-Jun-12 N'million	30-Jun-13 N'million	30-Jun-12 N'million
Income		42,005	31,048	8,746	-
Net interest income		17,937	17,230	-	-
Interest income	26.1	30,382	27,996	-	-
Interest expense	26.2	(12,445)	(10,766)	-	-
Non-interest revenue		24,068	13,818	8,746	-
Net fee and commission revenue	26.3	14,981	11,102	343	-
Fee and commission revenue	26.3	15,040	11,186	343	-
Fee and commission expense	26.3	(59)	(84)	-	-
Trading revenue	26.4	8,811	2,586	-	-
Other revenue	26.5	276	130	8,403	-
Total income		42,005	31,048	8,746	-
Credit impairment charges	26.6	(2,368)	(1,290)	-	-
Income after credit impairment charges		39,637	29,758	8,746	-
Operating expenses		(26,512)	(23,640)	(330)	-
Staff costs	26.7	(11,797)	(10,260)	(170)	-
Other operating expenses	26.8	(14,715)	(13,380)	(160)	-
Net income before indirect taxation		13,125	6,118	8,416	-
Indirect taxation	28.1	(31)	(263)	(2)	-
Profit before direct taxation		13,094	5,855	8,414	-
Direct taxation	28.2	(2,909)	(862)	4	-
Profit for the period		10,185	4,993	8,418	-
Profit attributable to:					
Non-controlling interests		927	609	-	-
Equity holders of the parent		9,258	4,384	8,418	-
Profit for the period		10,185	4,993	8,418	-
Earnings per share					
Basic /diluted earnings per ordinary share (kobo)	29	93	23	84	-

The accompanying notes form an integral part of these financial statements

STANBIC IBTC HOLDINGS PLC

Statement of other comprehensive income For the six months period ended 30 June 2013

Note	Group		Company	
	30-Jun-13 N'million	30-Jun-12 N'million	30-Jun-13 N'million	30-Jun-12 N'million
Profit for the period	10,185	4,993	8,418	-
Other comprehensive income	(878)	700	-	-
Other comprehensive income for the period, net of income tax	(878)	700	-	-
Net change in fair value of available-for-sale financial assets	(366)	456	-	-
Realised fair value adjustments on available-for-sale financial assets reclassified to income statement	(512)	244	-	-
Income tax on other comprehensive income	-	-	-	-
Total comprehensive income of the period	9,307	5,693	8,418	-
Attributable to non-controlling interests	913	495	-	-
Attributable to equity holders of the parent	8,394	5,198	8,418	-

The accompanying notes form an integral part of these financial statements

STANBIC IBTC HOLDINGS PLC

Statement of changes in equity For the six months period ended 30 June 2013

Group	Ordinary share capital N'million	Share premium N'million	Merger reserve N'million	Statutory credit risk reserve N'million	Available-for- sale revaluation reserve N'million	Share-based payment reserve N'million	Other regulatory reserves N'million	Retained earnings N'million	Ordinary shareholders' equity N'million	Non- controlling interest N'million	Total equity N'million
Balance at 1 January 2012	9,375	65,450	(19,123)	-	(3,982)	295	15,077	12,775	79,867	1,911	81,778
Total comprehensive (loss)/income for the period					814		887	3,497	5,198	495	5,693
Profit for the period	-	-	-	-	-	-	887	3,497	4,384	609	4,993
Other comprehensive (loss)/income after tax for the period					814		-		814	(114)	700
Net change in fair value on available-for-sale financial assets	-	-	-	-	570	-	-	-	570	(114)	456
Realised fair value adjustments on available-for-sale financial assets	-	-	-	-	244	-	-	-	244	-	244
Income tax on other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Transactions with shareholders, recorded directly in equity								-	67	(856)	(789)
Equity-settled share-based payment transactions	-	-	-	-	-	67	-	-	67		67
Dividends paid to equity holders	-	-	-	-	-	-	-	-	-	(856)	(856)
Balance at 30 June 2012	9,375	65,450	(19,123)	-	(3,168)	295	15,964	16,272	85,132	1,550	86,682
Balance at 1 January 2013	5,000	65,450	(19,123)	-	(68)	362	16,420	15,300	83,341	2,310	85,651
Total comprehensive income/(loss) for the period					(878)		1 216	8,042	8,380	880	9,260
Profit for the period	-	-	-	-	-	-	1,216	8,042	9,258	927	10,185
Other comprehensive income/(loss) after tax for the period					(878)				(878)	(47)	(925)
Net change in fair value on available-for-sale financial assets	-	-	-	-	(366)	-	-	-	(366)	(47)	(413)
Realised fair value adjustments on available-for-sale financial assets	-	-	-	-	(512)	-	-	-	(512)	-	(512)
Income tax on other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Transactions with shareholders, recorded directly in equity	-	-	-	-	-	38	-		38	(1 118)	(1 080)
Equity-settled share-based payment transactions	-	-	-	-	-	38	-	-	38		38
Dividends paid to equity holders	-	-	-	-	-	-	-	-	-	(1,118)	(1 118)
Balance at 30 June 2013	5,000	65,450	(19,123)	-	(946)	400	17,636	23,342	91,759	2,072	93,831

Refer to note 16.3 for explanation of component of reserve

The accompanying notes form an integral part of these financial statements

STANBIC IBTC HOLDINGS PLC

Statement of changes in equity

For the six months period ended 30 June 2013

Company	Ordinary share capital N'million	Share premium N'million	Available-for- sale revaluation reserve N'million	Share-based payment reserve N'million	Other regulatory reserves N'million	Retained earnings N'million	Ordinary shareholders' equity N'million
Balance at 1 January 2013	5,000	65,450	-	-	-	1,053	71,503
Total comprehensive income/(loss) for the period			-			8,418	8,418
Profit for the year	-	-	-	-	-	8,418	8,418
Other comprehensive income/(loss) after tax for the period	-	-	-	-	-	-	-
Net change in fair value on available-for-sale financial assets	-	-	-	-	-	-	-
Realised fair value adjustments on available-for-sale financial assets	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Transactions with shareholders, recorded directly in equity	-	-	-	2	-	-	-
Equity-settled share-based payment transactions			-	2	-	-	2
Dividends paid to equity holders							
Balance at 30 June 2013	5,000	65,450	-	2	-	9,471	79,923

The accompanying notes form an integral part of these financial statements

Statement of cash flows

For the six months period ended 30 June 2013

	Note	Group		Company	
		30-Jun-13 N million	30-Jun-12 N million	30-Jun-13 N million	30-Jun-12 N million
Net cash flows from operating activities		32,392	(17,039)	6,415	-
Cash flows used in operations		17,057	(31,535)	6,415	-
Net income before indirect taxes		13,125	6,118	8,416	-
Adjusted for:		(13,745)	(14,406)	2	-
Amortisation of intangible assets		-	-	-	-
Credit impairment charges on loans and advances		2,368	1,290	-	-
Depreciation of property and equipment		1,753	1,767	2	-
Dividends included in trading revenue and investment income		(58)	(42)	-	-
Equity-settled share-based payments		38	67	2	-
Indirect taxation		(31)	(263)	(2)	-
Interest expense		12,445	10,766	-	-
Interest income		(30,382)	(27,996)	-	-
Loss/(profit) on sale of property and equipment		122	5	-	-
Increase in income-earning assets	30.1	(127,040)	(36,789)	(4,170)	-
Increase in deposits and other liabilities	30.2	144,717	13,542	2,167	-
Dividends received		58	42	-	-
Interest paid		(12,445)	(10,766)	-	-
Interest received		30,382	27,996	-	-
Direct taxation paid		(2,660)	(2,776)	-	-
Net cash flows used in investing activities		(58 154)	17 856	(15)	-
Capital expenditure on - property		(9)	(54)	-	-
- equipment, furniture and vehicles		(460)	(994)	(15)	-
- intangible assets		-	(13)	-	-
Proceeds from sale of property, equipment, furniture and vehicles		5	208	-	-
(Purchase)/ sale of financial investment securities		(57,690)	18,709	-	-
Net cash flows used in financing activities		(12,370)	5 486	-	-
Net increase/(decrease) in other borrowings		(17,734)	6,342	-	-
Proceed from issue subordinated debt		6,482	-	-	-
Net dividends paid		(1 118)	(856)	-	-
Effect of exchange rate changes on cash and cash equivalents		78	14	-	-
Net increase in cash and cash equivalents		(38,054)	6,317	6,400	-
Cash and cash equivalents at beginning of the period		76,933	30,074	2,625	-
Cash and cash equivalents at end of the period	30.3	38,879	36,391	9,025	-

The accompanying notes form an integral part of these financial statements

STANBIC IBTC HOLDINGS PLC

Notes to the consolidated interim financial statements

For the six months period ended 30 June 2013

1 Reporting entity

Stanbic IBTC Holdings PLC (the 'company') is a company domiciled in Nigeria. The consolidated interim financial statements as at and for the six months period ended 30 June 2013 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 have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements comply with the Company and Allied Matters Act of Nigeria, Bank and Other Financial Institution Act, Financial Reporting Council of Nigeria Act, and relevant Central Bank of Nigeria circulars.

The consolidated financial statements were authorised for issue by the Board of Directors on 29 July 2013.

(b) Basis of measurement

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

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

(c) Functional and presentation currency

The consolidated 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.

(d) Use of estimates and judgement

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

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future period affected. Information about significant area of estimation uncertainty and critical judgement in applying accounting policies that have most significant effect on the amount recognised in the consolidated financial statements are included in note 5.

Notes to the consolidated interim financial statements
For the period ended 30 June 2013

3. Statement of significant accounting policies

The significant accounting policies have been applied consistently to all periods presented in the consolidated financial statements and have been consistently applied by the group entities.

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities over which the group, directly or indirectly, has the power to govern the financial and operating policies to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

The financial statements of subsidiaries are consolidated from the date on which the group acquires control, up to the date that control ceases.

Intra-group transactions, balances, and any unrealised income and expenses (with exception of foreign currency transactions gains and losses) arising from intergroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting policies of subsidiaries conform to the policies adopted by the group.

Investments in subsidiaries are accounted for at cost less impairment losses in the separate financial statements. The carrying amounts of these investments are reviewed annually and impaired when necessary.

Loss of control

On the loss of control, the group derecognises the asset and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit and loss.

If the group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as equity-

accounted investee or in accordance with the group's accounting policy for financial instruments depending on the level of influence retained.

Special purpose entities

Special purpose entities are entities that are created to accomplish a narrow and well-defined objective such as the securitisation of financial assets. These entities may take different legal forms. A special purpose entity, including a securitisation vehicle, is consolidated when the substance of the relationship between the group and the special purpose entity indicates that the group controls the entity.

Business combinations

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. Transaction costs for any business combinations prior to 1 January 2010 were capitalised as part of the consideration transferred. Transaction costs on or after 1 January 2010 are recognised within profit or loss as and when they are incurred.

The group elects on each acquisition to initially measure non-controlling interests on the acquisition date at either fair value or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets.

Identifiable assets acquired and 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 non-controlling interest. The excess of the consideration transferred, the value of non-controlling interest recognised and the acquisition date fair value of any previously held equity interest in the subsidiary over the subsidiary's fair value of identifiable net assets acquired is recorded as goodwill and accounted for in terms of accounting policy 3.5 – Intangible assets.

If the consideration transferred, the value of non-controlling interest recognised and the acquisition date fair value of any previously held equity interest in the subsidiary is less than the fair value of the net assets of the subsidiary acquired, the difference, referred to as a gain from a bargain purchase, is recognised directly in profit or loss.

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Statement of significant accounting policies (continued)

When a business combination occurs in stages, the previously held equity interest is re-measured to fair value at the acquisition date and any resulting gain or loss is recognised in profit or loss.

Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in the gain or loss of control are accounted for as transactions with equity holders of the group.

For purchases of additional interests from non-controlling interests, 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. Gains or losses on the partial disposal (where a change in ownership occurs and control is not lost) of the group's interest in a subsidiary to non-controlling interests are also accounted for directly in equity.

Common control transactions

A common control transaction is a business combination in which all of the combining entities are ultimately controlled by the same party both before and after the business combination and control is not transitory.

Business combination arising from transfer of interest in entities that are under common control of the shareholders that controls the group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or if later, at the date that control was established; for this purpose comparatives are restated. The asset and liabilities are recognised at the carrying amount recognised previously in the group's controlling shareholders consolidated financial statement.

The component of equity of the acquired entities are added to the same component within the group entities and any gain or loss arising is recognised directly in equity.

When a new parent is formed in a common control business combination, the investment in the former parent in the separate financial statements of the new parent is carried at cost. The cost of the investment is determined as the new parent's share

of the total equity shown in the separate financial statements of the subsidiary (former parent) at the date of the re-organisation;

Provided the following condition precedents are met; the new parent entity issues equity instruments as consideration in the re-organisation;

There is no change in the interest of the shareholder(s) either absolute or relative as a result of the re-organisation; and there is no change in the group's assets and/or liabilities as a result of the re-organisation.

The comparative financial statements are presented as if the common control transaction or the re-organisation occurred before the start of the earliest period presented.

3.2 Foreign currency translations

Functional and presentation currency items included in the annual financial statements are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The annual financial statements are presented in Nigerian Naira, which is the functional and presentation currency of Stanbic IBTC Holdings PLC.

Transactions and balances

Foreign currency transactions are translated into the functional currency of the group 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 year end exchange rates, are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the transaction date, and those measured at fair value are translated at the exchange rate at the date that the fair value was determined. Exchange differences on non-monetary items are accounted for based on the classification of the underlying items.

Foreign exchange gains and losses on equities

**Notes to the consolidated interim financial statements
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Statement of significant accounting policies (continued)

classified as available-for-sale financial assets are recognised in 'Other Comprehensive Income' ("OCI") except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to the income statement. On the other hand, exchange differences on equities and debt that are classified as fair value through profit or loss are reported as part of the fair value gain or loss in profit or loss.

3.3 Cash and cash equivalents

Cash and cash equivalents disclosed in the statement of financial position and statement of cash flows consist of cash and balances with central banks. Cash and balances with central banks comprise coins and bank notes, and balances with central banks.

3.4 Financial instruments

Initial recognition and measurement

Financial instruments include all financial assets and liabilities. These instruments are typically held for liquidity, investment, trading or hedging purposes. All financial instruments are initially recognised at fair value plus directly attributable transaction costs, except those carried at fair value through profit or loss where transaction costs are recognised immediately in profit or loss. Financial instruments are recognised/(derecognised) on the date the group commits to purchase / (sell) the instruments (trade date).

Subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classifications as follows:

Held-to-maturity financial assets and liabilities

Held-to-maturity financial assets and liabilities are non-derivative financial assets with fixed or determinable payments and fixed maturities.

The group does not classify any financial instruments as held to maturity.

Held-for-trading financial assets and liabilities

Held-for-trading financial assets and liabilities include those financial assets and liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term, those forming part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for- trading, unless they are designated as hedging instruments.

Subsequent to initial recognition, the financial instruments' fair values are re-measured at each reporting date. All gains and losses arising from changes in fair value are recognised in profit or loss as trading revenue within non-interest revenue.

Interest and dividends on held-for-trading assets and liabilities are included in trading revenue.

Financial assets and liabilities designated at fair value through profit or loss

The group may designate certain financial assets and liabilities, other than those classified as held-for-trading, at fair value through profit or loss when:

- this designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. Under this criterion, the main classes of financial instruments that will be designated by the group are loans and advances to customers and debt securities in issue. The designation significantly reduces measurement inconsistencies that would have otherwise arisen if the related derivatives were treated as held-for-trading and the underlying financial instruments were carried at amortised cost;
- groups of financial assets, financial liabilities or both are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy, and reported to the group's key management personnel on a fair value basis.

Fair value designation is made on initial recognition and is irrevocable. Subsequent to initial recognition, fair values are re-measured at each reporting date.

Notes to the consolidated interim financial statements
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Statement of significant accounting policies (continued)

Gains and losses arising from changes in fair value are recognised in interest income (expense) for all debt financial assets (financial liabilities) and in other revenue within non-interest revenue for all equity instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that may be classified by the group at fair value through profit or loss, or as available-for-sale.

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Origination transaction costs and origination fees received that are integral to the effective interest rate are capitalised to the value of the loan and amortised through interest income as part of the effective interest rate. The majority of the group's loans and advances are included in the loans and receivables category.

Available-for-sale

Financial assets classified by the group as available for-sale are generally strategic capital investments held for an undefined period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices, or non-derivative financial assets that are not classified within another category of financial assets.

Available-for-sale financial assets are subsequently measured at fair value. Unrealised gains or losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in the available-for-sale reserve in OCI until the financial asset is derecognised or impaired. 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).

Interest income, calculated using the effective interest rate method, is recognised in profit or loss. Dividends received on available-for-sale equity instruments are recognised in profit or loss when the group's right to receive payment has been established.

Reclassification of financial assets

The group may choose to reclassify 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. Financial assets that would not otherwise have met the definition of loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances.

On reclassification of a trading asset, all embedded derivatives are reassessed and, if necessary, accounted for separately.

Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

The best evidence of the fair value of a financial instrument on initial recognition is the transaction price, i.e. the fair value of the consideration paid or received, unless the fair value is evidenced either by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on valuation techniques such as discounted cash flow models and option pricing models whose variables include only data from observable markets.

When such valuation models, with only observable market data as inputs, or the comparison with other observable current market transactions in the same instrument, indicate that the fair value differs from the transaction price, the initial difference, commonly referred to as day one profit or loss, is recognised in profit or loss immediately. If non-observable market data is used as part of the input to the valuation models 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, the resulting difference between the transaction price and the model value is deferred. The timing of the recognition of deferred day one profit or loss is determined individually. 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, depending on the nature of the instrument and availability of market observable

Notes to the consolidated interim financial statements
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Statement of significant accounting policies (continued)

inputs.

Subsequent to initial recognition, the fair values of financial assets and liabilities are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. A market is regarded as active if quoted prices are readily and regularly available, and represent actual and regular occurring market transactions on an arm's length basis. If the market for a financial asset is not active or the instrument is unlisted, the fair value is determined using applicable valuation techniques. These include the use of recent arm's-length transactions, discounted cash flow analyses, pricing models and valuation techniques commonly used by market participants.

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 a financial asset or liability with similar terms and conditions.

Where the fair value of investments in unquoted equity instruments and derivatives linked to and must be settled by delivery of such unquoted 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.

Amortised cost measurement

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

**Impairment of financial assets
Loans and receivables**

The group assesses at each reporting date whether there is objective evidence that a loan or group of loans is impaired. A loan or group of loans is impaired if objective evidence indicates that a loss event has occurred after initial recognition and that loss event has a negative effect on the estimated future cash flows of the loan or group of loans that can be estimated reliably.

Criteria that are used by the group in determining whether there is objective evidence of impairment 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 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 account of 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.

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.

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

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Statement of significant accounting policies (continued)

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 or continues to be 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 derived from the combined effect of probability of default, estimated loss given default and estimated emergence periods. 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 collective credit impairment account and the loss is recognised as a collective credit impairment charge in profit or loss.

Increases in loan impairments and any subsequent reversals thereof, or recoveries of amounts previously impaired, are reflected within credit impairment charges 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. Any subsequent reductions in amounts previously impaired are reversed by adjusting the allowance account with the amount of the reversal recognised as a reduction in impairment for credit losses in profit or loss. Subsequent recoveries of previously written off loans are recognised in profit or loss.

Subsequent to impairment, the effect of discounting unwinds over time and is recognised as interest income in profit and loss.

Renegotiated loans

Loans that would otherwise be past due or impaired and whose terms have been renegotiated and exhibit the characteristics of a performing loan are reset to performing loan status. Loans whose terms have been renegotiated are subject to on-going review to determine whether they are considered to

be impaired or past due.

Available-for-sale financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have a negative impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is considered to be impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. In that instance, 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 impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss for available-for-sale debt instruments. Any reversal of an impairment loss in respect of an available-for-sale equity instrument is recognised directly in OCI.

Offsetting financial instruments

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 on a net basis, or to realise the asset and settle the liability simultaneously.

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

Derivative financial instruments

A derivative is a financial instrument whose 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

Notes to the consolidated interim financial statements
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Statement of significant accounting policies (continued)

derivatives are entered into and subsequently re-measured at fair value as described under the fair value policy above.

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

Embedded derivatives included in hybrid instruments are treated and disclosed as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, the terms of the embedded derivative are the same as those of a stand-alone derivative and the combined contract is not measured at fair value through profit or loss. The financial host contracts are accounted for and measured applying the rules of the relevant financial instrument category.

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

Borrowings

Borrowings are recognised initially at fair value, generally being their issue proceeds, net of directly attributable transaction costs incurred. Borrowings are subsequently measured at amortised cost and interest is recognised using the effective interest method.

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 liabilities are initially recognised at fair value, which is generally equal to the premium received, and then amortised over the life of the financial guarantee. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of the present value of any expected payment, when a payment under the guarantee has become probable, and the unamortised premium.

De-recognition of financial instruments

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.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction, similar to repurchase transactions. In transactions where the group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate.

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 are derecognised when they are extinguished, i.e. when the obligation is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing financial liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts being recognised in profit or loss.

Notes to the consolidated interim financial statements
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Statement of significant accounting policies (continued)

Sale and repurchase agreements and lending of securities

Securities sold subject to linked 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 re-pledge 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, at either a fixed price or the purchase price plus a lender's rate of return, are recorded as loans granted under resale agreements and included under trading assets or loans and advances to other banks or customers, as appropriate. The difference between the purchase and sales price is treated as interest and amortised over the life of the reverse repurchase agreement using the effective interest method.

Securities lent to counterparties are retained in the annual financial statements and are classified and measured in accordance with the measurement policy of the group. Securities borrowed are not recognised in the annual financial statements unless sold to third parties. In these cases, the obligation to return the securities borrowed is recorded at fair value as a trading liability.

Income and expenses arising from the securities borrowing and lending business are recognised over the period of the transactions.

3.5 Intangible assets

Computer software

Costs associated with developing or maintaining computer software programmes and the acquisition of software licences are generally recognised as an expense as incurred. However, direct computer software development costs that are clearly associated with an identifiable and unique system, which will be controlled by the group and have a probable future economic benefit beyond one year, are recognised as intangible assets. Capitalisation is further limited to development costs where the group is able to demonstrate its intention and ability to complete and use the software, the technical feasibility of the development, the availability of

resources to complete the development, how the development will generate probable future economic benefits and the ability to reliably measure costs relating to the development. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

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.

Direct computer software development costs recognised as intangible assets are amortised on the straight-line basis at rates appropriate to the expected useful lives of the assets (two to ten years) from the date that the assets are available for use, and are carried at cost less accumulated amortisation and accumulated impairment losses. The carrying amount of capitalised computer software is reviewed annually and is written down when impaired.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if necessary. There have been no changes in the estimated useful lives from those applied in the previous financial year.

Other intangible assets

The group recognises the costs incurred on internally generated intangible assets such as brands, customer lists, customer contracts and similar rights and assets, in profit or loss as incurred.

The group capitalises brands, customer lists, customer contracts, distribution forces and similar rights acquired in business combinations.

Capitalised intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, not exceeding 20 years, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if necessary. There have been no changes in the estimated useful lives from those applied in

Notes to the consolidated interim financial statements
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Statement of significant accounting policies (continued)

the previous financial year.

3.6 Property and equipment

Equipment and owner-occupied properties

Equipment, furniture, vehicles and other tangible assets are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where significant parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Costs that are subsequently incurred are included in the asset's 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. Depreciation, impairment losses and gains and losses on disposal of assets are included in profit or loss.

Owner-occupied properties are held for use in the supply of services or for administrative purposes. Property and equipment are depreciated on the straight-line basis over the estimated useful lives of the assets to their residual values. Freehold land is not depreciated. Leasehold buildings are depreciated over the period of the lease or over a lesser period, as is considered appropriate.

The assets' residual values, useful lives and the depreciation method applied are reviewed, and adjusted if appropriate, at each financial year end. The estimated useful lives of tangible assets are typically as follows:

Property – 25 years

Computer equipment – 3 to 5 years

Motor vehicles – 4 years

Office equipment – 6 years

Furniture and fittings – 4 years

Capitalised leased assets/branch refurbishment cost premises – over the shorter of the lease term or useful life of underlying asset.

There has been no change to the estimated useful lives from those applied in the previous financial year.

3.7 Capitalisation of borrowing costs

Borrowing costs that relate to qualifying assets, i.e. 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 capitalised. All other borrowing costs are recognised in profit or loss.

3.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life and goodwill are tested annually for impairment and additionally when an indicator of impairment exists. Intangible assets that are subject to amortisation and 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 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. For the purposes of assessing impairment, assets that cannot be tested individually are grouped at the lowest levels for which there are separately identifiable cash inflows from continuing use (cash-generating units). Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis. An impairment loss in respect of goodwill is not reversed. In respect of other non-financial assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a

Notes to the consolidated interim financial statements
For the period ended 30 June 2013

Statement of significant accounting policies (continued)

change in the estimates used to determine the recoverable amount. An impairment loss is reversed through profit or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Leases

Group as lessee

Leases, where the group assumes substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are 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. Lease payments are separated using the interest rate implicit in the lease to identify the finance cost, which is recognised in profit or loss over the lease period, and the capital repayment, which reduces the liability to the lessor.

Leases of assets are classified as operating leases if the lessor retains a significant portion of the risks and rewards of ownership. 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.

Group as lessor

Lease and instalment sale contracts are primarily financing transactions in banking activities, with rentals and instalments receivable, less unearned finance charges, being included in loans and advances in the statement of financial position.

Finance charges earned are computed using the effective interest method, which reflects a constant periodic rate of return on the investment in the finance lease. Initial direct costs and fees are capitalised to the value of the lease receivable and accounted for over the lease term as an adjustment to the effective rate of return.

Leases of assets under which the group retains a significant portion of the risks and rewards of ownership are classified as operating leases. When an operating lease is terminated before the lease period has expired, any payment required by the lessee by way of a penalty is recognised as income in the period in which termination takes place.

3.10 Provisions, contingent assets and contingent liabilities

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.

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.

Contingent assets are not recognised in the annual financial statements but are disclosed when, as a result of past events, it is highly likely 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 include certain guarantees, other than financial guarantees and letters of credit pledged as collateral security. Contingent liabilities are not recognised in the annual financial statements but are disclosed in the notes to the annual financial statements.

Notes to the consolidated interim financial statements
For the period ended 30 June 2013

Statement of significant accounting policies (continued)

3.11 Employee benefits

Post-employment benefits

Defined contribution plans

The group operates a defined contribution plan, based on a percentage of pensionable earnings funded by both employer companies and employees, the assets of which are generally held in separate trustee-administered funds.

Contributions to these plans 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 as an expense 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. Termination benefits for voluntary redundancies 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.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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.

3.12 Tax

Normal tax

Direct taxation includes current and deferred taxes. Current tax and deferred tax are 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 in equity or in OCI.

Current tax represents the expected taxes payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

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;
- Federal and state government bonds;
- Treasury bills;
- 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 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.

Notes to the consolidated interim financial statements
For the period ended 30 June 2013

Statement of significant accounting policies (continued)

Current and deferred tax assets and liabilities are offset respectively 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 tax

Indirect taxes, including non-recoverable value added tax (VAT) and other duties for banking activities, are recognised in profit or loss and disclosed separately in the income statement.

3.13 Non-current assets held for sale and disposal groups

Non-current assets, or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale rather than continuing use, are classified as held-for-sale. Immediately before classification as held-for-sale, the assets (or components of a disposal group) are re-measured in accordance with the group's accounting policies and tested for impairment (refer to accounting policy 3.8 – Impairment of non-financial assets). Thereafter, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognised in profit or loss.

3.14 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 on ordinary shares

Distributions are recognised in equity in the period in which they are declared. Distributions declared after the reporting date is disclosed in the notes to the financial statements.

3.15 Equity-linked transactions

Equity compensation plans

The group operates cash and equity share-based compensation plans.

Share-based payments settled in cash are accounted for as liabilities at fair value until settled. The liability is recognised over the vesting period and is re-valued at every reporting date and on settlement. Any changes in the liability are recognised in profit or loss.

The group has employees that participate in the ultimate holding company's equity compensation plans. These schemes are both cash-settled as well as equity settled share options.

The fair value of equity-settled share options is determined on the grant date and accounted for as staff costs over the vesting period of the share options, with a corresponding increase in the 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 share options, amounts previously credited to the share-based payment reserve are transferred to retained earnings through an equity transfer. On exercise of equity-settled share options, proceeds received are credited to share capital and premium.

3.16 Revenue and expenditure

Banking activities

Revenue is derived substantially from the business of banking and related activities and comprises interest income, fee and commission revenue, trading revenue and other non-interest revenue.

Notes to the consolidated interim financial statements
For the period ended 30 June 2013

Statement of significant accounting policies (continued)

Net interest income

Interest income and expense (with the exception of those borrowing costs that are capitalised – refer to accounting policy 3.7 – Capitalisation of borrowing costs) are recognised in profit or loss on an accrual basis using the effective interest method for all interest-bearing financial instruments, except for those classified at fair value through profit or loss. In terms of the effective interest method, interest is recognised at a rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. Direct incremental transaction costs incurred and origination fees received, including loan commitment fees, as a result of bringing margin-yielding assets or liabilities into the statement of financial position, are capitalised to the carrying amount of financial instruments that are not at fair value through profit or loss and amortised as interest income or expense over the life of the asset or liability as part of the effective interest rate.

Where the estimates of payments or receipts on financial assets (except those that have been reclassified – refer to accounting policy 3.4 – Financial instruments) 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 estimated cash flows at the financial asset or financial liability's original effective interest rate. Any adjustment to the carrying value is recognised in net interest income.

Where financial assets have been impaired, interest income continues to be recognised on the carrying value of the impaired financial asset, based on the original effective interest rate.

Fair value gains and losses on realised debt financial instruments, including amounts removed from OCI in respect of available-for-sale debt financial assets, and excluding those classified as held-for-trading, are included in net interest income.

Dividends received on redeemable preference share investments form part of the group's lending activities and are included in interest income.

Non-interest revenue

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.

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 gains and losses on equity instruments designated at fair value through profit or loss and dividends relating to those financial instruments.

Gains and losses on equity available-for-sale financial assets are reclassified from OCI to profit or loss on de-recognition or impairment of the investments. Dividends on these instruments are recognised in profit or loss.

Dividend income

**Notes to the consolidated interim financial statements
For the period ended 30 June 2013**

Statement of significant accounting policies (continued)

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.

3.17 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.

3.18 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.

Notes to the consolidated interim financial statements
For the period ended 30 June 2013

Statement of significant accounting policies (continued)

3.19 New standards and interpretations not yet adopted

The following new or revised standards and amendments which have a potential impact on the group or company, are not yet effective for the period ended 30 June 2013 and have not been applied in preparing these annual financial statements.

Pronouncement	Title	Effective date
IFRS 9 (amended)	Financial Instruments IFRS 9 will replace the existing standard on the recognition and measurement of financial instruments and requires all financial assets to be classified and measured on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The accounting for financial assets differs in various other areas to existing requirements such as embedded derivatives and the recognition of fair value adjustments in other comprehensive income. All changes in the fair value of financial liabilities that are designated at fair value through profit or loss due to changes in own credit risk will be required to be recognised within other comprehensive income. The impact on the financial statements has not yet been fully determined. The group will adopt this standard when it becomes effective	Annual periods beginning on or after 1 January 2015
IAS 32 (amendments)	Offsetting Financial Assets and Financial Liabilities The amendments to IAS 32 clarify the requirements for offsetting of financial assets and liabilities. The impact on the financial statements has not yet been fully determined. The group will adopt this standard when it becomes effective	Annual periods beginning on or after 1 January 2014
Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment entities	IFRS 10 Consolidated Financial Statements IFRS 12 Disclosure of Interests in Other Entities IAS 27 Separate Financial Statements The amendments provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement. The amendments also require additional disclosure about why the entity is considered an investment entity, details of the	Annual periods beginning on or after 1 January 2014

Notes to the consolidated interim financial statements
For the period ended 30 June 2013

Statement of significant accounting policies (continued)

	entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries. Further, an investment entity will be required to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated). The impact on the financial statements has not yet been fully determined. The group will adopt this standard when it becomes effective	
IAS 36 (amendments)	Impairment of Assets Amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The group is currently assessing the impact of the amendments. The group will adopt this standard when it becomes effective.	Annual periods beginning on or after 1 January 2014
IAS 39 (amendments)	Financial Instruments: Recognition and Measurement These amendments make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations. The amendments are not expected to have a material impact on the group's financial statements. The group will adopt this standard when it becomes effective.	Annual periods beginning on or after 1 January 2014

Notes to the consolidated interim financial statements
For the period ended 30 June 2013

Statement of significant accounting policies (continued)

IFRIC 21	Levies IFRS 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies: The liability is recognised progressively if the obligating event occurs over a period of time If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached. The group will adopt this standard when it becomes effective.	Annual periods beginning on or after 1 January 2014
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STANBIC IBTC HOLDINGS PLC

Notes to the consolidated interim financial statements

For the six months period ended 30 June 2013

4 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. Pension fund management and administration.
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. Transaction process and services - includes transactional banking and investors services. 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.

STANBIC IBTC HOLDINGS PLC

Notes to the consolidated interim financial statements

For the six months period ended 30 June 2013

4 Segment reporting

Operating segments

	Personal & Business Banking		Corporate & Investment Banking		Wealth		Eliminations		Group	
	30 Jun 2013	30 Jun 2012	30 Jun 2013	30 Jun 2012	30 Jun 2013	30 Jun 2012	30 Jun 2013	30 Jun 2012	30 Jun 2013	30 Jun 2012
	N million	N million	N million	N million	N million	N million	N million	N million	N million	N million
Income from banking activities	18,511	16,048	22,589	14,534	1,248	949	(343)	(483)	42,005	31,048
Net interest income	8,966	8,756	8,749	8,278	222	196	-	-	17,937	17,230
Interest income	13,052	11,181	17,243	16,730	222	196	(135)	(111)	30,382	27,996
Interest expense	(4,086)	(2,425)	(8,494)	(8,452)	-	-	135	111	(12,445)	(10,766)
Non-interest revenue	9,545	7,292	13,840	6,256	1,026	753	(343)	(483)	24,068	13,818
Net fee and commission revenue	9,421	7,285	4,888	3,556	1,015	744	(343)	(483)	14,981	11,102
Fee and commission revenue	9,458	7,317	4,910	3,608	1,015	744	(343)	(483)	15,040	11,186
Fee and commission expense	(37)	(32)	(22)	(52)	-	-	-	-	(59)	(84)
Trading revenue	-	-	8,811	2,586	-	-	-	-	8,811	2,586
Other revenue	124	7	141	114	11	9	-	-	276	130
Total income	18,511	16,048	22,589	14,534	1,248	949	(343)	(483)	42,005	31,048
Credit impairment charges	(1,603)	(1,342)	(765)	52	-	-	-	-	(2,368)	(1,290)
Income after credit impairment charges	16,908	14,706	21,824	14,586	1,248	949	(343)	(483)	39,637	29,758
Operating expenses in banking activities	(16,419)	(14,634)	(9,839)	(8,881)	(597)	(608)	343	483	(26,511)	(23,640)
Staff costs	(8,169)	(7,501)	(3,287)	(2,469)	(341)	(290)	-	-	(11,797)	(10,260)
Other operating expenses	(8,250)	(7,133)	(6,552)	(6,412)	(256)	(318)	343	483	(14,715)	(13,380)
Net income before indirect taxation	489	72	11,985	5,705	651	341	-	-	13,125	6,118
Indirect taxation	(23)	(38)	(8)	(225)	-	-	-	-	(31)	(263)
Profit before direct taxation	466	34	11,977	5,480	651	341	-	-	13,094	5,855
Direct taxation	(1,026)	(642)	(1,691)	(495)	(192)	275	-	-	(2,909)	(862)
Profit for the period	(560)	(608)	10,286	4,985	459	616	-	-	10,185	4,993
	30 Jun 2013	30 Jun 2012	30 Jun 2013	30 Jun 2012	30 Jun 2013	30 Jun 2012	30 Jun 2013	30 Jun 2012	30 Jun 2013	30 Jun 2012
	N million	N million	N million	N million	N million	N million	N million	N million	N million	N million
Total assets	174,153	147 503	663,670	434 449	3,719	3,979	(23,206)	(8,490)	818,336	577 441
Total liabilities	137,193	116 606	609,463	381 942	1,055	744	(23,206)	(8,490)	724,505	490 802
Ordinary shareholder's equity	36,960	30 897	54,207	52 507	2,664	3,235	(2,072)	(1,550)	91,759	85 089
Depreciation and amortisation	1 476	1 415	198	259	79	93	-	-	1 753	1 767
Number of employees	1 445	1 538	352	376	341	326	-	-	2,138	2,240

5.0 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. No material changes to assumptions have occurred during the period.

5.1 Credit impairment losses on loans and advances*Portfolio loan impairments*

The group assesses its loan portfolios for impairment at each reporting date. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements 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, 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, 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	
	2013 Months	2012 Months	2013 Nm	2012 Nm
Personal & Business Banking			(14)	355
Mortgage lending	3	3	10	43
Instalment sale and finance leases	3	3	99	
Card debtors	3	3	1	3
Other lending	3	3	(124)	309
Corporate & Investment Banking (total loan portfolio)	12	12	202	155

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 differences 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	
	2013 Months	2012 Months	2013 %	2012 %	2013 Nm	2012 Nm
Personal & Business Banking					127	48
Mortgage lending	12	12		40	21	8
Instalment sale and finance leases	6	6		50	41	7
Card debtors	8	8		9	(1)	-
Other lending	8	8		17	66	33

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.

5.0 Key management assumptions continued

Determination of regulatory risk reserves

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

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

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

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

The non-distributable reserve should be classified under Tier 1 as part of the core capital.

The bank has complied with the requirements of the guidelines as follows:

	Note	30-Jun-13 N'million	31-Dec-12 N'million
Statement of prudential adjustments			
Prudential Provision			
Specific provision on loans and advances		6,902	9,691
General provision on loans and advances		2,816	2,651
Provision for other credit losses		2,628	1,607
Provision on other losses		4,562	4,472
		16,908	18,421
IFRS Provision			
Specific impairment on loans and advances	11.3	9,953	9,287
Portfolio Impairment on loans and advances	11.3	4,335	3,842
Impairment and other losses		7,190	5,292
		21,478	18,421
Closing regulatory reserve		-	-
Opening regulatory reserve		-	-
Appropriation: Transfer (to)/from retained earnings		-	-

5.0 Key management assumptions continued

5.2 Fair value of financial instruments

The fair value of financial instruments, such as unlisted equity investments, 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 25.

5.3 Impairment of available-for-sale equity investments

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

Had the declines of financial instruments with fair values below cost been considered significant or prolonged, the group would have suffered an additional loss attributable to ordinary shareholders of N11 million (31 Dec. 2012: N38 million) in its financial statements, being the transfer of the negative revaluations within the available-for-sale reserve to profit or loss.

5.4 Securitisations and special purpose entities (SPEs)

The group sponsors the formation of SPEs primarily for the purpose of allowing clients to hold investments, for asset securitisation transactions, asset financing and for buying or selling credit protection. The group consolidates SPEs that it controls in terms of IFRS. As it can sometimes be difficult to determine whether the group controls an SPE, it makes judgements about its exposure to the risks and rewards, as well as about its ability to make operational decisions for the SPE in question. In arriving at judgements, these factors are considered both jointly and separately.

5.5 Intangible assets

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

Computer software intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. The assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The determination of the recoverable amount of each asset requires judgement. The recoverable amount is based on the value in use and calculated by estimating future cash benefits that will result from each asset and discounting these cash benefits at an appropriate pre-tax discount rate. Additional disclosure on intangible assets is set out in note 15.

5.6 Other

The nature of the assumptions or other estimation uncertainty for group share incentive schemes are disclosed in note 26.9

STANBIC IBTC HOLDINGS PLC

Notes to the consolidated interim financial statements continued

For the six months period ended 30 June 2013

	Group		Company	
	30 Jun. 2013 N'million	31 Dec. 2012 N'million	30 Jun. 2013 N'million	31 Dec. 2012 N'million
6 Cash and balances with central bank				
Coins and bank notes	14,998	15,536	-	-
Balances with central banks	23,881	61,397	-	-
	38,879	76,933	-	-

Cash and balances with central bank include N39.66 billion (Dec 2012: N40.52 billion) that is not available for use by the group on a day to day basis. These restricted balances comprise primarily reserving requirements held with central bank.

	Group		Company	
	30 Jun. 2013 N million	31 Dec. 2012 N million	30 Jun. 2013 N million	31 Dec. 2012 N million
7 Trading assets				
7.1 Classification				
Listed	160,871	114,877	-	-
Unlisted	-	-	-	-
	160,871	114,877	-	-
Comprising:				
Government bonds	2,523	37,037	-	-
Treasury bills	71,653	56,407	-	-
Listed equities	9	11	-	-
Reverse repurchase agreements	200	-	-	-
Placements	86,486	21,422	-	-
	160,871	114,877	-	-
Dated assets	160,862	114,877	-	-
Undated assets	9	-	-	-
	160,871	114,877	-	-
Maturity analysis				
The maturities represent periods to contractual redemption of the trading assets recorded.				
Redeemable on demand	-	11,172	-	-
Maturing within 1 month	86,687	41,043	-	-
Maturing after 1 month but within 6 months	27,400	10,917	-	-
Maturing after 6 months but within 12 months	45,408	14,418	-	-
Maturing after 12 months	1,367	37,316	-	-
Undated assets	9	11	-	-
	160,871	114,877	-	-

Redemption value

Dated trading assets had a redemption value at 30 June 2013 of N160,746 million (Dec 2012: N118,709 million).

STANBIC IBTC HOLDINGS PLC

Notes to the consolidated interim financial statements continued

For the six months period ended 30 June 2013

	Group		Company	
	30 Jun. 2013 N million	31 Dec. 2012 N million	30 Jun. 2013 N million	31 Dec. 2012 N million
8 Pledged assets and assets not derecognised				
8.1 Pledged assets				
Financial assets that may be repledged or resold by counterparties				
Government bonds	-	8,493	-	-
Treasury bills	22,265	15,947	-	-
Listed equities ¹	-	-	-	-
Unlisted equities	-	-	-	-
Loans and advances to banks	-	-	-	-
Loans and advances to customers	-	-	-	-
Other instruments	-	-	-	-
	22,265	24,440	-	-
Maturity analysis				
The maturities represent periods to contractual redemption of the pledged assets recorded.				
Redeemable on demand				
Maturing within 1 month	-	5,971	-	-
Maturing after 1 month but within 6 months	-	15,947	-	-
Maturing after 6 months but within 12 months	22,265	2,522	-	-
Maturing after 12 months	-	-	-	-
	22,265	24,440	-	-

All pledged assets of the group are classified as available-for-sale financial instruments.

8.2 Total assets pledged

The assets pledged by the group are strictly for the purpose of providing collateral to the counterparty 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.

The carrying amount of total financial assets that have been pledged as collateral for liabilities (including amounts reflected in 8.1 above) at 30 June 2013 was N 2,757 million (31 December 2012: N2,905million).

9 Derivative instruments

All derivatives are classified as either derivatives held-for-trading or derivatives held-for-hedging.

9.1 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.

The major types of swap transactions undertaken by the group are as follows:

- (i) Foreign exchange swaps are contractual obligations between two parties to swap a pair of currencies. Foreign exchange swaps are tailor-made agreements that are transacted between counterparties in the Over-the-counter (OTC) market.
- (ii) Forwards are contractual obligations to buy or sell financial instruments or commodities on a future date at a specified price. Forward contracts are tailor-made agreements that are transacted between counterparties in the OTC market.

9.2 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:

9.2.1 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.

9.2.2 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.

9.3 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.

9.4 Fair values

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

9.5 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.

Notes to the consolidated interim financial statements continued

For the six months period ended 30 June 2013

9.6 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 2013							
Derivatives held-for-trading							
Foreign exchange derivatives	(98)	(41)	-	(139)	244	(383)	97,980
Forwards	(98)	(41)	-	(139)	244	(383)	97,980
Interest rate derivatives	1,411	1,317	-	2,728	2,728	-	76,643
Swaps	1,411	1,317	-	2,728	2,728	-	76,643
Total derivative (liabilities)/assets held-for-trading	1,313	1,276	-	2,589	2,972	(383)	174,623
Total derivative assets/(liabilities)	1,313	1,276	-	2,589	2,972	(383)	174,623

	Maturity analysis of net fair value						
	Within 1 year	After 1 year but within 5 years	After 5 years	Net fair value	Fair value of assets	Fair value of liabilities	Contract/ notional amount
	N million	N million	N million	N million	N million	N million	N million
31 December 2012							
Derivatives held-for-trading							
Foreign exchange derivatives	(348)	-	-	(348)	424	(772)	61,269
Forwards	(348)	-	-	(348)	424	(772)	61,269
Options	-	-	-	-	-	-	-
Interest rate derivatives	5	1,279	-	1,285	1,285	-	25,541
Forwards	-	-	-	-	-	-	-
Swaps	5	1,279	-	1,285	1,285	-	25,541
Total derivative assets/(liabilities) held-for-trading	(343)	1,279	-	937	1,709	(772)	86,810
Total derivative assets/(liabilities)	(343)	1,279	-	937	1,709	(772)	86,810

9.7 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 trading assets and liabilities.

	Group	
	30 Jun. 2013 N million	31 Dec. 2012 N million
Unrecognised profit at beginning of the period	277	780
Additional profit on new transactions	-	-
Recognised in profit or loss during the period	(221)	(503)
Unrecognised profit at end of the period	56	277

STANBIC IBTC HOLDINGS PLC

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For the six months period ended 30 June 2013

	Group		Company	
	30 Jun. 2013 N million	31 Dec. 2012 N million	30 Jun. 2013 N million	31 Dec. 2012 N million
10 Financial investments				
Short - term negotiable securities	110,507	32,062	-	-
Listed	110,507	32,062	-	-
Unlisted	-	-	-	-
Other financial investments	32,015	53,695	-	-
Listed	21,521	42,805	-	-
Unlisted	10,494	10,890	-	-
	142,522	85,757	-	-
Comprising:				
Government bonds	20 320	41 087		
Treasury bills	110 507	32 062		
Corporate bonds	2 141	2 453		
Unlisted equities	640	706		
Mutual funds and unit-linked investments	1 201	1 717	-	-
Placements	7 713	7 732	-	-
	142,522	85,757	-	-
Maturity analysis				
The maturities represent periods to contractual redemption of the financial investments recorded.				
Redeemable on demand	-	-	-	-
Maturing within 1 month	11,838	2,598	-	-
Maturing after 1 month but within 6 months	74,251	46,933	-	-
Maturing after 6 months but within 12 months	37,947	5,343	-	-
Maturing after 12 months	16,644	28,427	-	-
Undated investments	1,842	2,456	-	-
	142,522	85,757	-	-

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

Aggregate unrealised loss of N946 million (31 Dec. 2012: N68 million) was recognised in the available for sale reserve

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	Group		Company	
	30 Jun. 2013 N million	31 Dec. 2012 N million	30 Jun. 2013 N million	31 Dec. 2012 N million
11 Loans and advances				
11.1 Loans and advances net of impairments				
Loans and advances to banks	94,351	54,318	9,025	2,625
Call loans	-	-	-	-
Balances with banks	94,351	54,318	9,025	2,625
Loans and advances to customers	280,837	266,344	-	-
Gross loans and advances to customers	295,125	279,473	-	-
Mortgage loans	8,824	10,571	-	-
Instalment sale and finance leases (note 11.2)	25,989	29,972	-	-
Card debtors	537	494	-	-
Overdrafts and other demand loans	33,958	29,193	-	-
Other term loans	225,817	209,243	-	-
Credit impairments for loans and advances (note 11.3)	(14,288)	(13,129)	-	-
Specific credit impairments	(9,953)	(9,287)	-	-
Portfolio credit impairments	(4,335)	(3,842)	-	-
Net loans and advances	375,188	320,662	9,025	2,625
Comprising:				
Gross loans and advances	389,476	333,791	9,025	2,625
Less: Credit impairments	(14,288)	(13,129)	-	-
Net loans and advances	375,188	320,662	9,025	2,625

Regulatory prudential disclosures on loans and advances have been disclosed under note 5 and credit risk management– prudential guidelines disclosures.

Maturity analysis

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

Redeemable on demand	50,669	44,741	9,025	2,625
Maturing within 1 month	77,066	46,703	-	-
Maturing after 1 month but within 6 months	62,285	48,840	-	-
Maturing after 6 months but within 12 months	20,590	27,139	-	-
Maturing after 12 months	178,866	166,368	-	-
Gross loans and advances	389,476	333,791	9,025	2,625

Segmental analysis - industry

Agriculture	13,536	10,361	-	-
Construction and real estate	16,523	5,921	-	-
Electricity	10,755	7,223	-	-
Finance and other business services	103,403	71,223	9,025	2,625
Individuals	47,310	46,026	-	-
Manufacturing	67,469	67,629	-	-
Mining	58,302	32,136	-	-
Other services	43,269	48,591	-	-
Transport	9,234	10,992	-	-
Wholesale	19,675	33,689	-	-
Gross loans and advances	389,476	333,791	9,025	2,625

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	17,586	12,163	-	-
South West	274,784	247,721	9,025	2,625
South East	3,381	3,147	-	-
North West	17,623	14,772	-	-
North Central	12,706	11,279	-	-
North East	1,207	824	-	-
Outside Nigeria	62,189	43,885	-	-
Gross loans and advances	389,476	333,791	9,025	2,625

	Group		Company	
	30 Jun. 2013 N million	31 Dec. 2012 N million	30 Jun. 2013 N million	31 Dec. 2012 N million
11.2 Instalment sale and finance leases				
Included in gross loans and advances to customers are finance lease as analysed below				
Gross investment in instalment sale and finance leases	33,459	39,145	-	-
Receivable within 1 year	2,062	3,043	-	-
Receivable after 1 year but within 5 years	31,384	35,790	-	-
Receivable after 5 years	13	312	-	-
Unearned finance charges deducted	(7,470)	(9,173)	-	-
Net investment in instalment sale and finance leases	25,989	29,972	-	-
Receivable within 1 year	1,602	2,462	-	-
Receivable after 1 year but within 5 years	24,377	27,328	-	-
Receivable after 5 years	10	182	-	-

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

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For the six months period ended 30 June 2013

11.3 Credit impairments for loans and advances

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

Group	Mortgage lending N million	Instalment sale and finance leases N million	Card debtors N million	Other loans and advances N million	Corporate lending N million	Total N million
30 June 2013						
Specific impairments						
Balance at beginning of the period	730	778	27	4,026	3,726	9,287
Net impairments raised and released	(11)	726	32	1,566	(169)	2,144
Impaired accounts written off	(253)	(477)	-	(748)	-	(1,478)
Balance at end of the period	466	1,027	59	4,844	3,557	9,953
Portfolio impairments						
Balance at beginning of the period	190	617	18	1,157	1,860	3,842
Net impairments raised and released	(13)	(398)	(2)	(27)	933	493
Balance at end of the period	177	219	16	1,130	2,793	4,335
Total	643	1,246	75	5,974	6,350	14,288

Group	Mortgage lending N million	Instalment sales and finance leases N million	Card debtors N million	Other loans and advances N million	Corporate lending N million	Total N million
30 June 2012						
Specific impairments						
Balance at beginning of the period	452	180	28	1,867	3,497	6,024
Net impairments raised and released	215	387	(11)	745	44	1,380
Balance at end of the period	667	567	17	2,612	3,541	7,404
Portfolio impairments						
Balance at beginning of the period	184	80	17	1,176	1,881	3,338
Net impairments raised and released	(22)	18	(5)	376	(97)	270
Balance at end of the period	162	98	12	1,552	1,784	3,608
Total	829	665	29	4,164	5,325	11,012

Segmental analysis of specific impairments - industry

The following table sets out the segment analysis of the group impairment by industry.

Group	Group		Company	
	30 Jun. 2013 N million	31 Dec. 2012 N million	30 Jun. 2013 N million	31 Dec. 2012 N million
Agriculture	323	243	-	-
Construction and real estate	1,103	1,101	-	-
Electricity	-	31	-	-
Finance and other business services	746	61	-	-
Individuals	2,005	1,756	-	-
Manufacturing	994	2,187	-	-
Mining	98	234	-	-
Other services	545	806	-	-
Transport	190	976	-	-
Wholesale	3,949	1,892	-	-
	9,953	9,287	-	-

Segmental analysis of specific impairments - geographic area

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

	Group		Company	
	30 Jun. 2013 N million	31 Dec. 2012 N million	30 Jun. 2013 N million	31 Dec. 2012 N million
South South	921	256	-	-
South West	7,990	8,250	-	-
South East	211	163	-	-
North West	191	117	-	-
North Central	619	483	-	-
North East	21	18	-	-
	9,953	9,287	-	-

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For the six months period ended 30 June 2013

		Group		Company	
		30 Jun. 2013 N million	31 Dec. 2012 N million	30 Jun. 2013 N million	31 Dec. 2012 N million
12 Equity Investment in group companies					
	%				
Stanbic IBTC Ventures Limited ("SIVL")	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 ("SIAML")	100%	-	-	710	710
Stanbic IBTC Pension Managers Limited ("SIPML")	70.59%	-	-	565	565
Stanbic IBTC Trustees Limited ("SITL")	100%	-	-	100	100
Stanbic IBTC Stockbrokers Limited ("SISL")	100%	-	-	109	109
		-	-	68,951	68,951

Subsidiaries	Country of incorporation	Nature of business	Percentage of capital held	Financial year end
Stanbic IBTC Ventures Limited ("SIVL")	Nigeria	Undertakes venture capital projects	99.99%	31 December
Stanbic IBTC Bank PLC	Nigeria	Provision of banking and related financial services	99.99%	31 December
Stanbic IBTC Capital Limited	Nigeria	Provision of general corporate finance and debt advisory services	99.99%	31 December
Stanbic IBTC Asset Management Limited ("SIAML")	Nigeria	Acting as investment manager, portfolio manager and as a promoter and manager of unit trusts and funds	99.99%	31 December
Stanbic IBTC Pension Managers Limited ("SIPML")	Nigeria	Administration and management of pension fund assets	70.59%	31 December
Stanbic IBTC Trustees Limited ("SITL")	Nigeria	Acting as executors and trustees of wills and trusts and provision of agency services	99.99%	31 December
Stanbic IBTC Stockbrokers Limited ("SISL")	Nigeria	Provision of stockbroking services	99.99%	31 December

	Group		Company	
	30 Jun. 2013 N million	31 Dec. 2012 N million	30 Jun. 2013 N million	31 Dec. 2012 N million
13 Other assets				
Trading settlement assets	2,744	1,103	-	-
Receivable from AMCON in respect of loans sold	-	8,613	-	-
Accrued Income	1,897	3,398	-	-
Indirect / withholding tax receivables	605	593	368	-
Accounts receivable	37,465	4,786	4,296	843
Prepayments	6,945	5,440	422	73
Other debtors	12	738	-	-
	49,668	24,671	5,086	916
Impairment provision on doubtful receivables	(2,222)	(1,900)	-	-
	47,446	22,771	5,086	916

Movement in provision for doubtful receivables

At start of period	1,900	1,067	-	-
Additions / (write back)	322	833	-	-
Amount written off	-	-	-	-
At end of period	2,222	1,900	-	-

	Group		Company	
	30 Jun. 2013 N million	31 Dec. 2012 N million	30 Jun. 2013 N million	31 Dec. 2012 N million
14 Current and deferred tax assets				
Current tax assets	58	43	-	-
Deferred tax assets (note 21.1)	5,088	5,169	4	-
	5,146	5,212	4	-

It is probable that there will be future taxable profits against which the tax losses, in respect of which a deferred tax asset has been recognised, can be utilised.

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For the six months period ended 30 June 2013

15 Property and equipment							
Group		Leasehold 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
15.1	Cost						
	Balance at 1 January 2013	19,186	481	8,318	7,792	2,401	38,178
	Additions	9	24	66	70	300	469
	Disposals	(105)	(55)	(3)	(58)	(13)	(234)
	Transfers/ reclassifications	120	-	71	489	(680)	-
	Balance at 30 June 2013	19,210	450	8,452	8,293	2,008	38,413
	Balance at 1 January 2012	18,867	643	8,083	5,472	2,337	35,402
	Additions	54	-	123	590	281	1,048
	Disposals	-	(53)	(70)	(135)	-	(258)
	Transfers/ reclassifications	155	37	124	1,406	(1,832)	(110)
	Balance at 30 June 2012	19,076	627	8,260	7,333	786	36,082
		Leasehold 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
15.2	Accumulated depreciation						
	Balance at 1 January 2013	3,978	302	5,119	4,321	-	13,720
	Charge for the period	334	41	734	644	-	1,753
	Disposals	(46)	(38)	(3)	(20)	-	(107)
	Transfers/ reclassifications	-	-	-	-	-	-
	Balance at 30 June 2013	4,266	305	5,850	4,945	-	15,366
	Balance at 1 January 2012	3,304	289	3,776	3,309	-	10,678
	Charge for the period	403	61	757	546	-	1,767
	Disposals	-	(6)	(56)	(14)	-	(76)
	Transfers/ reclassifications	20	26.00	-	64	-	110.00
	Balance at 30 June 2012	3,727	370	4,477	3,905	-	12,479
	Net book value:						
	30 June 2013	14,944	145	2,602	3,348	2,008	23,047
	31 December 2012	15,208	179	3,199	3,471	2,401	24,458

There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (2012: Nil).

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15 Property and equipment continued							
		Leasehold	Motor	Furniture, fittings	Computer	Work in	Total
		land and building	vehicles	& equipment	equipment	progress	
Company		N million	N million	N million	N million	N million	N million
15.1	Cost						
	Balance at 1 January 2013	-	-	-	-	16	16
	Additions	-	-	7	8	-	15
	Disposals	-	-	-	-	-	-
	Transfers/ reclassifications	-	-	5	1	(6)	-
	Balance at 30 June 2013	-	-	12	9	10	31
		Leasehold	Motor	Furniture, fittings	Computer	Work in	Total
		land and building	vehicles	& equipment	equipment	progress	
		N million	N million	N million	N million	N million	N million
15.2	Accumulated depreciation						
	Balance at 1 January 2013	-	-	-	-	-	-
	Charge for the period	-	-	1	1	-	2
	Disposals	-	-	-	-	-	-
	Transfers/ reclassifications	-	-	-	-	-	-
	Balance at 30 June 2013	-	-	1	1		2
	Net book value:						
	30 June 2013	-	-	11	8	10	29
	31 December 2012	-	-	-	-	16	16

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	Group		Company	
	30 Jun. 2013 N million	31 Dec. 2012 N million	30 Jun. 2013 N million	31 Dec. 2012 N million
16 Share capital and reserve				
16.1 Authorised				
20,000,000,000 Ordinary shares of 50k each (Dec 2012: 20,000,000,000 Ordinary shares of 50k each)	10,000	10,000	10,000	10,000
16.2 Issued and fully paid-up				
10,000,000,000 Ordinary shares of 50k each (Dec 2012: 18,750,000,000 Ordinary shares of 50k each)	5,000	9,375	5,000	5,000
Ordinary share premium	65,450	65,450	65,450	65,450

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 page ii of this financial statements.

16.3 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 reserve includes movements in the statutory reserves and the small and medium scale industries reserve (SMEEIS).

(i) Statutory reserves

Nigerian banking and pension industry regulations require the Stanbic IBTC Bank PLC ("the bank") and Stanbic IBTC Pension Managers Ltd ("SIPML") 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 transferred 15% of its profit after tax to statutory reserves as at year end.

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

(ii) Small and medium scale industries reserve (SMEEIS)

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

c) Available for sale reserve

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

d) Statutory credit risk reserve

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

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

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

e) Share based payment reserve

This represents the provision for liabilities 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.

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	Group		Company	
	30 Jun. 2013 N million	31 Dec. 2012 N million	30 Jun. 2013 N million	31 Dec. 2012 N million
17 Trading liabilities				
Classification				
Listed	81,567	88,371	-	-
Unlisted	-	-	-	-
	81,567	88,371	-	-
Comprising:				
Government, state and utility bonds	595	15,687	-	-
Deposits	62,327	36,707	-	-
Treasury bills	18,645	35,977	-	-
	81,567	88,371	-	-
Deposits above represent short term funding obtained for the purpose of trading activities of the group.				
Maturity analysis				
The maturity analysis is based on the remaining periods to contractual maturity from period end.				
Repayable on demand	-	11,437	-	-
Maturing within 1 month	7,693	16,939	-	-
Maturing after 1 month but within 6 months	31,438	14,787	-	-
Maturing after 6 months but within 12 months	28,422	8,092	-	-
Maturing after 12 months	14,014	37,116	-	-
	81,567	88,371	-	-

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	Group		Company	
	30 Jun. 2013 N million	31 Dec. 2012 N million	30 Jun. 2013 N million	31 Dec. 2012 N million
18 Deposit and current accounts				
Deposits from banks	150,974	26,632	-	-
Deposits from banks	150,974	26,632		
Deposits from customers	370,020	355,419	-	-
Current accounts	149,425	138,524		
Call deposits	32,990	22,176		
Savings accounts	16,948	15,116		
Term deposits	155,640	167,101		
Negotiable certificate of deposits	15,017	12,502	-	-
Total deposits and current accounts	520,994	382,051	-	-

Maturity analysis

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

	Group		Company	
	30 Jun. 2013 N million	31 Dec. 2012 N million	30 Jun. 2013 N million	31 Dec. 2012 N million
Repayable on demand	342,339	203,215	-	-
Maturing within 1 month	73,327	111,695	-	-
Maturing after 1 month but within 6 months	98,364	50,320	-	-
Maturing after 6 months but within 12 months	6,913	16,789	-	-
Maturing after 12 months	51	32	-	-
Total deposits and current accounts	520,994	382,051	-	-

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. 2013		31 Dec. 2012	
	%	N million	%	N million
South South	5	24,425	6	21,246
South West	56	290,410	75	286,795
South East	1	7,677	1	5,347
North West	2	12,559	3	13,326
North Central	8	40,055	7	26,741
North East	1	3,063	1	3,586
Outside Nigeria	27	142,805	7	25,010
Total deposits and current accounts	100	520,994	100	382,051

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For the six months period ended 30 June 2013

	Group		Company	
	30 Jun. 2013 N million	31 Dec. 2012 N million	30 Jun. 2013 N million	31 Dec. 2012 N million
19 Other borrowings				
FMO - Netherland Development Finance Company	4,845	5,865	-	-
European Investment Bank	2,567	2,663	-	-
Bank of Industry	5,932	6,445	-	-
Standard Bank Isle of Man	24,333	40,308	-	-
CBN Commercial Agricultural Credit Scheme (CACS)	11,462	11,592	-	-
	49,139	66,873	-	-

- The on-lending dollar denominated loan obtained from Netherland Development Finance Company (FMO) expires on or after 15 January 2015, and has a rate of 2.0% above 6 month's LIBOR.
- The current dollar denominated facility from European Investment Bank expires on or after 14 December 2018 and has a rate of 2.5% above 3 month's LIBOR.
- 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 customer and beneficiary.
- The bank obtained dollar denominated long term on-lending facilities with floating rate tied to LIBOR from Standard Bank Isle of Man with average tenor of 5 years.
- The bank obtained interest free bearing loan from the Central Bank of Nigeria (CBN) for purpose of on - lending to customers under the Commercial Agricultural Credit Scheme (CACS). The tenor is also based on agreement with individual customer and beneficiary. Disbursement of these funds are represented in loans and advances to customers.

Maturity analysis

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

	Group		Company	
	30 Jun. 2013 N million	31 Dec. 2012 N million	30 Jun. 2013 N million	31 Dec. 2012 N million
Repayable on demand	-	-	-	-
Maturing within 1 month	-	3,173	-	-
Maturing after 1 month but within 6 months	1,506	389	-	-
Maturing after 6 months but within 12 months	1,440	1,463	-	-
Maturing after 12 months	46,193	61,848	-	-
	49,139	66,873	-	-

Movement in other borrowings

At start of period	66,873	47,618	-	-
Additions	-	22,457	-	-
Payments made	(17,734)	(3,202)	-	-
At end of period	49,139	66,873	-	-

	Group		Company	
	30 Jun. 2013 N million	31 Dec. 2012 N million	30 Jun. 2013 N million	31 Dec. 2012 N million
20 Subordinated debt				
Standard Bank of South Africa	6,482	-	-	-
	6,482	-	-	-

The bank obtained a US dollar denominated term subordinated facility of \$40 million from Standard Bank of South Africa effective 31 May 2013. The facility expires on 31 May 2025 and is repayable bullet at maturity. Interest on the facility is payable semi-annually at LIBOR (London Interbank Offered Rate) plus 3.60%.

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Notes to the consolidated interim financial statements continued

For the six months period ended 30 June 2013

	Group		Company	
	30 Jun. 2013	31 Dec. 2012	30 Jun. 2013	31 Dec. 2012
	N million	N million	N million	N million
21 Current and deferred tax liabilities				
Current tax liabilities	4,974	4,686	-	-
Deferred tax liabilities	199	158	-	-
	5,173	4,844	-	-

	Group		Company	
	30 Jun. 2013	31 Dec. 2012	30 Jun. 2013	31 Dec. 2012
	N million	N million	N million	N million
21.1 Deferred tax analysis				
Credit impairment charges	1,265	1,154	-	-
Property and equipment	2,602	2 263	-	-
Fair value adjustments on financial instruments	(130)	(173)	-	-
Unutilised losses	1 152	1 767	-	-
Deferred tax closing balance	4,889	5,011	-	-
Deferred tax liabilities	(199)	(158)	-	-
Deferred tax assets (note 14)	5,088	5,169	4	-
	4,889	5,011	4	-

	Group		Company	
	30 Jun. 2013	31 Dec. 2012	30 Jun. 2013	31 Dec. 2012
	N million	N million	N million	N million
21.2 Deferred tax reconciliation				
Deferred tax at beginning of the period	5,011	2,563	-	-
Originating/(reversing) temporary differences for the period:	(122)	2 448	-	-
Credit impairment charges	111	(282)	-	-
Property and equipment	339	1 520	-	-
Fair value adjustments on financial instruments	43	(557)	-	-
Unutilised losses	(615)	1,767	-	-
Deferred tax at end of the period	4,889	5,011	-	-

	Group		Company	
	30 Jun. 2013	31 Dec. 2012	30 Jun. 2013	31 Dec. 2012
	N million	N million	N million	N million
21.3 Current tax liabilities movement				
Current tax liabilities at beginning of the period	4 686	5 112	-	-
	288	(426)	-	-
Charge for the period	2 909	3 685	-	-
Over / under provision - prior year	39	(349)	-	-
Payment made	(2 660)	(3 762)	-	-
Current tax liabilities at end of the period	4 974	4 686	-	-

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For the six months period ended 30 June 2013

		Group		Company	
		30 Jun. 2013	31 Dec. 2012	30 Jun. 2013	31 Dec. 2012
		N million	N million	N million	N million
22	Other liabilities				
22.1	Summary				
	Trading settlement liabilities	-	1,070	-	-
	Cash-settled share-based payment liability (note 26.9)	302	303	-	-
	Accrued expenses - Staff	899	4,172	442	-
	Deferred revenue liability	1,384	1,152	-	-
	Accrued expenses - Others	12,436	16,076	371	445
	AMCON sinking fund	1,627	-	-	-
	Collections / remittance payable	12,289	7,706	-	-
	Customer deposit for letters of credit	19,147	8,999	-	-
	Unclaimed balance	3,782	3,512	-	-
	Provision for contingent losses (Note 22.2)	1,333	845	-	-
	Draft & bank cheque payable	1,506	1,493	-	-
	Sundry liabilities	6,062	2,929	2,359	560
		60,767	48,257	3,172	1,005

22.2 Provision for contingent losses

The group makes provision for pending litigations, and contingent losses which can not readily be traced to any assets at the reporting date. Estimate of provisions are based on recommendation and reasonable estimate from legal counsel retained by the bank, Movement on the provision balance is contained below.

Movement in provision for contingent losses

Balance at beginning of the period	845	586	-	-
Net provision made / (released)	488	259	-	-
Balance at end of the period	1,333	845	-	-

Notes to the consolidated interim financial statements continued

For the six months period ended 30 June 2013

- 23 **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	Held-for-trading	Designated at fair value	Loans and receivables	Available-for-sale	Other amortised cost	Total carrying amount	Fair value ¹
		N million	N million	N million	N million	N million	N million	N million
30 June 2013								
Assets								
Cash and balances with central bank	6	-	-	38,879	-	-	38,879	38,879
Derivative assets	9	2,972	-	-	-	-	2,972	2,972
Trading assets	7	160,871	-	-	-	-	160,871	160,871
Pledged assets	8	-	-	-	22,265	-	22,265	22,265
Financial investments	10	-	-	-	142,522	-	142,522	142,522
Loans and advances to banks	11	-	-	94,351	-	-	94,351	94,351
Loans and advances to customers	11	-	-	280,837	-	-	280,837	280,837
Other financial assets		-	-	37,999	-	-	37,999	37,999
		163,843	-	452,066	164,787	-	780,696	780,696
Liabilities								
Derivative liabilities	9	383	-	-	-	-	383	383
Trading liabilities	17	81,567	-	-	-	-	81,567	81,567
Deposits from banks	18	-	-	-	-	150,974	150,974	150,974
Deposits from customers	18	-	-	-	-	370,020	370,020	370,020
Other financial liabilities		-	-	-	-	109,906	109,906	109,906
		81,950	-	-	-	630,900	712,850	712,850

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For the six months period ended 30 June 2013

23 Classification of financial instruments continued

	Note	Held-for-trading	Designated at fair value	Loans and receivables	Available-for-sale	Other amortised cost	Total carrying amount	Fair value ¹
		N million	N million	N million	N million	N million	N million	N million
31 Dec. 2012								
Assets								
Cash and balances with central bank	6	-	-	76,933	-	-	76,933	76,933
Derivative assets	9	1,709	-	-	-	-	1,709	1,709
Trading assets	7	114,877	-	-	-	-	114,877	114,877
Pledged assets	8	-	-	-	24,440	-	24,440	24,440
Financial investments	10	-	-	-	85,757	-	85,757	85,757
Loans and advances to banks	11	-	-	54,318	-	-	54,318	54,345
Loans and advances to customers	11	-	-	266,344	-	-	266,344	232,828
Other financial assets		-	-	13,340	-	-	13,340	13,340
		116,586	-	410,935	110,197	-	637,718	604,229
Liabilities								
Derivative liabilities	9	772	-	-	-	-	772	772
Trading liabilities	17	88,371	-	-	-	-	88,371	88,371
Deposits from banks	18	-	-	-	-	26,632	26,632	26,632
Deposits from customers	18	-	-	-	-	355,419	355,419	355,565
Other financial liabilities		-	-	-	-	115,130	115,130	109,493
		89,143	-	-	-	497,181	586,324	580,833

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

Wherever possible, the group compares valuations derived from models with quoted prices of similar financial instruments, and with actual values when realised, in order to further validate and calibrate the models. These techniques involve uncertainties and are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experiences and other factors. Changes in assumptions could affect these estimates and the resulting fair values.

Derived fair value estimates cannot necessarily be substantiated by comparison to independent markets and may not be realised in an immediate sale of the instruments.

Notes to the consolidated interim financial statements continued

For the six months period ended 30 June 2013

24 Financial instruments measured at fair value

The tables below analyze financial instruments carried at fair value at the end of the reporting period, by level of fair value hierarchy as required by IFRS 7. The different levels are based on the extent that quoted prices are used in the calculation of the fair value of the financial instruments and the levels have been defined as follows:

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.

Group	Level 1 N million	Level 2 N million	Level 3 N million	Total N million
30 June 2013				
Assets				
Derivative assets	-	2,972	-	2,972
Trading assets	86,695	74,176	-	160,871
Pledged assets	-	22,265	-	22,265
Financial investments	-	142,522	-	142,522
	86,695	241,935	-	328,630
Comprising:				
Held-for-trading	86,695	77,148	-	163,843
Designated at fair value	-	-	-	-
Available-for-sale	-	164,787	-	164,787
	86,695	241,935	-	328,630
Liabilities				
Derivative liabilities	-	383	-	383
Trading liabilities	62,327	19,240	-	81,567
	62,327	19,623	-	81,950
Comprising:				
Held-for-trading	62,327	19,623	-	81,950
Designated at fair value	-	-	-	-
	62,327	19,623	-	81,950
Group	Level 1 N million	Level 2 N million	Level 3 N million	Total N million
31 December 2012				
Assets				
Derivative assets	-	1,709	-	1,709
Trading assets	21,433	93,444	-	114,877
Pledged assets	-	24,440	-	24,440
Financial investments	-	85,757	-	85,757
	21,433	205,350	-	226,783
Comprising:				
Held-for-trading	21,433	95,153	-	116,586
Designated at fair value	-	-	-	-
Available-for-sale	-	110,197	-	110,197
	21,433	205,350	-	226,783
Liabilities				
Derivative liabilities	-	772	-	772
Trading liabilities	36,707	51,664	-	88,371
	36,707	52,436	-	89,143
Comprising:				
Held-for-trading	36,707	52,436	-	89,143
Designated at fair value	-	-	-	-
	36,707	52,436	-	89,143

STANBIC IBTC HOLDINGS PLC

Notes to the consolidated interim financial statements continued

For the six months period ended 30 June 2013

		Group		Company	
		30 Jun. 2013	31 Dec. 2012	30 Jun. 2013	31 Dec. 2012
		N million	N million	N million	N million
25	Contingent liabilities and commitments				
25.1	Contingent liabilities				
	Letters of credit	14,660	19,145	-	-
	Guarantees	17,266	25,672	-	-
		31,926	44,817	-	-
25.2	Capital commitments				
	Contracted capital expenditure	-	201	-	-
	Capital expenditure authorised but not yet contracted	-	-	-	-
		-	-	-	-

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

25.3 Legal proceedings

In the conduct of its ordinary course of business, the group is exposed to various actual and potential claims, lawsuits and other proceedings relating to alleged errors and omissions, or non-compliance with laws and regulations. The directors are satisfied, based on present information and the assessed probability of claims eventuating, that the group has adequate insurance programmes and provisions in place to meet such claims.

There were a total of 133 legal proceedings outstanding as at 30 June 2013. 100 of these were against the group with claims amounting to N158.70 billion (31 December 2012: N80.61 billion), while 33 other cases were instituted by the group with claims amounting to N4.78 billion (31 December 2012: N4.9 billion).

The claims against the group are considered without merit, and the group is defending them vigorously. It is not expected that the ultimate resolution of any of the proceedings will have a significantly adverse effect on the financial position of the group.

STANBIC IBTC HOLDINGS PLC

Notes to the consolidated interim financial statements continued

For the six months period ended 30 June 2013

	Group		Company	
	30 Jun. 2013 N million	30 June 2012 N million	30 Jun. 2013 N million	30 June 2012 N million
26 Supplementary income statement information				
26.1 Interest income				
Interest on loans and advances to banks	1,046	39	-	-
Interest on loans and advances to customers	20,937	21,219	-	-
Interest on investments	8,399	6,738	-	-
	30,382	27,996	-	-
All interest income reported above relates to financial assets not carried at fair value through profit or loss.				
26.2 Interest expense				
Current accounts	238	202	-	-
Savings and deposit accounts	10,185	9,469	-	-
Other interest-bearing liabilities	2,022	1,095	-	-
	12,445	10,766	-	-
All interest expense reported above relates to financial assets not carried at fair value through profit or loss.				
26.3 Net fee and commission revenue				
Fee and commission revenue	15,040	11,186	343	-
Account transaction fees	1,736	1,619	-	-
Card based commission	590	240	-	-
Brokerage and financial advisory fees	2,133	1,245	-	-
Asset management fees	7,205	5,571	-	-
Custody transaction fees	1,323	649	-	-
Electronic banking	59	89	-	-
Foreign currency service fees	606	611	-	-
Documentation and administration fees	506	774	-	-
Other	882	388	343	-
Fee and commission expense	(59)	(84)	-	-
	14,981	11,102	343	-
26.4 Trading revenue				
Foreign exchange	3,612	2,112	-	-
Credit	776	245	-	-
Interest rates	4,418	229	-	-
Equities	5	-	-	-
	8,811	2,586	-	-
26.5 Other revenue				
Dividend income	58	97	8,320	-
Other	218	33	83	-
	276	130	8,403	-
26.6 Credit impairment charges				
Net credit impairments raised and released for loans and advances	2,637	1,650	-	-
Recoveries on loans and advances previously written off	(269)	(360)	-	-
	2,368	1,290	-	-
Comprising:				
Net specific credit impairment charges	1,875	1,020	-	-
Specific credit impairment charges (note 11.3)	2,144	1,380	-	-
Recoveries on loans and advances previously written off	(269)	(360)	-	-
Portfolio credit impairment charges/(reversal) (note 11.3)	493	270	-	-
	2,368	1,290	-	-

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	Group		Company	
	30 Jun. 2013 N million	30 June 2012 N million	30 Jun. 2013 N million	30 June 2012 N million
26 Supplementary income statement information continued				
26.7 Staff costs - banking activities				
Salaries and allowances	11,531	9,964	165	-
Staff cost: below-market loan adjustment	144	185	-	-
Equity-linked transactions (note 26.9)	122	111	5	-
	11,797	10,260	170	-
26.8 Other operating expenses				
Information technology	1,563	1,912	6	-
Communication	342	309	-	-
Premises and maintenance	1,826	1,912	-	-
Marketing and advertising	986	814	36	-
Insurance	2,683	1,692	24	-
Professional fees	2,051	2,405	41	-
Depreciation	1,753	1,767	2	-
Stationery and printing	330	374	-	-
Security	479	428	-	-
Travel and entertainment	598	526	11	-
Provision on contingent and other known losses	613	424	-	-
Administration and membership Fees	221	94	-	-
Training	243	110	-	-
Other	1,027	613	40	-
	14,715	13,380	160	-
The following disclosable items are included in other operating expenses:				
Auditors' remuneration	81	81	-	-
Audit fees	76	76	-	-
Current year	76	76	-	-
Fees for other services	5	5	-	-
Depreciation	1,753	1,767	2	-
Property	334	403	-	-
- Freehold	14	14	-	-
- Leasehold	320	389	-	-
Equipment	1,419	1,364	2	-
- Computer equipment	644	546	1	-
- Motor vehicles	41	61	-	-
- Office equipment	53	56	-	-
- Furniture and fittings	681	701	1	-
Operating lease charges	466	549	-	-
Properties	466	549	-	-
Equipment	-	-	-	-
Loss/ (profit) on sale of property and equipment	122	5	-	-

STANBIC IBTC HOLDINGS PLC
Notes to the consolidated interim financial statements continued
26.9 Group share incentive scheme
Share-based payments

The group's share incentive schemes enable key management personnel and senior employees to benefit from the performance of Stanbic IBTC Holdings PLC and its subsidiaries.

	30 Jun. 2013 N million	30 June 2012 N million
Expenses recognised in staff costs		
Stanbic IBTC Equity Growth Scheme	-	-
Parent company (Standard Bank Group) share incentive schemes	38	60
Deferred bonus scheme (DBS)	84	51
	122	111

	30 Jun. 2013 N million	31-Dec-12 N million
Liabilities recognised in other liabilities		
Stanbic IBTC Equity Growth Scheme	302	303
Deferred bonus scheme	242	156
	544	459

Stanbic IBTC Equity Growth Scheme

The provision in respect of liabilities under the scheme amounts to NGN 303 million at 30 June 2013.

	30 Jun. 2013 Units	31-Dec-12 Units
Reconciliation		
Units outstanding at beginning of the period	219,110,923	410,832,980
Granted	-	-
Transferred out	(30,647,452)	(191,722,057)
Exercised	(9,479,745)	-
Lapsed	(4,509,768)	-
Units outstanding at end of the period	174,473,958	219,110,923
Weighted average fair value at grant date (Naira)	10.70	10.70
Expected life (years)	5.07	5.07
Expected volatility (%)	40.79	47.00
Risk-free interest rate (%)	11.36	20.60
Dividend yield (%)	5.16	1.50

Parent company share incentive schemes
Share options and appreciation rights

A number of Stanbic IBTC Bank PLC employees participate in the ultimate holding company's share schemes. There are 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 Standard Bank Group share price at the date the option is granted. The Equity Growth Scheme was implemented in 2005 and allocates appreciation rights to employees. The eventual value of the right is settled by receipt of value of shares equivalent to the full value of the rights.

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

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

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

	Option price range (ZAR) (Naira)		Number of options	
Group Share Incentive Scheme	30 Jun. 2013	30 Jun. 2013	30 Jun. 2013	31-Dec-12
Options outstanding at beginning of the period			469 000	1 100 000
Transfers in	40,65 - 111,94	651.00 - 1,792.69	240 500	97 000
Transfers out	62,39 - 111,94	999.16 - 1,792.69	(31 200)	(677 950)
Granted			-	-
Exercised	62,39 - 98,00	999.16 - 1,569.44	(53 900)	(39 100)
Lapsed	97,15 - 111,94	1,555.83 - 1,792.69	(65 000)	(10 950)
Options outstanding at end of the period			559 400	469 000

The weighted average SBG share price for the period to 30 June 2013 was ZAR113.35 (December 2012: ZAR110.19).

The following options granted to employees had not been exercised at 30 June 2013:

Number of ordinary shares	Option price range		Weighted average price		Option expiry period
	(ZAR)	(Naira)	(ZAR)	(Naira)	
5 000	40,65	651.00	40,65	651.00	Year to 31 December 2014
100	79,50	1,273.17	79,50	1,273.17	Year to 31 December 2016
11 100	98,00	1,569.44	98,00	1,569.44	Year to 31 December 2017
183 500	92,00	1,473.35	92,00	1,473.35	Year to 31 December 2018
87 200	62,39	999.16	62,39	999.16	Year to 31 December 2019
160 000	104,53 - 111,94	1674.02 - 1792.69	106,15	1,699.96	Year to 31 December 2020
112 500	98,80	1,582.25	98,80	1,582.25	Year to 31 December 2021
559,400					

The following options granted to employees had not been exercised at 31 December 2012

Number of ordinary shares	Option price range		Weighted average price		Option expiry period
	(ZAR)	(Naira)	(ZAR)	(Naira)	
4,500	79,50	1463,6	79,50	1463,60	Year to 31 December 2016
13,200	98,00	1804,18	98,00	1804,18	Year to 31 December 2017
122,300	92,00	1693,72	92,00	1693,72	Year to 31 December 2018
64,000	62,39 - 97,15	1148,60 - 1788,53	67,46	1241,94	Year to 31 December 2019
192,500	104,53 - 111,94	1924,40 - 2060,82	108,44	1996,38	Year to 31 December 2020
72,500	98,80	1818,91	99,80	1837,32	Year to 31 December 2021
469,000					

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Notes to the consolidated interim financial statements continued

26.9 Group share incentive scheme continued				
Parent Company Equity Growth Scheme	Appreciation right price range		Number of rights	
	(ZAR)	(Naira)		
	30 Jun. 2013	30 Jun. 2013	30 Jun. 2013	31-Dec-12
Rights outstanding at beginning of the period			134 725	492 875
Transfers in	62,39 - 111,94	999.16 - 1,792.69	128 050	51 025
Transfers out	62,39 - 111,94	999.16 - 1,792.69	(46 025)	(359 925)
Exercised ¹	62,39 - 111,94	999.16 - 1,792.69	(35 562)	(12 000)
Lapsed	-	-	-	(37 250)
Rights outstanding at end of the period²			181 188	134 725

¹ During the period SBG 9 346 (December 2012: 2 131) shares were issued to settle the appreciated rights value.

² At 30 June 2013 the group would need to issue 40 007 (December 2012: 40 397) SBG shares to settle the outstanding appreciated rights value.

The following rights granted to employees had not been exercised at 30 June 2013:

Number of rights	Price range		Weighted average price		Expiry period
	(ZAR)	(Naira)	(ZAR)	(Naira)	
11,000	65,60	1,050.56	65,60	1,050.56	Year to 31 December 2015
22,500	79,50	1,273.17	79,50	1,273.17	Year to 31 December 2016
19,563	98,00	1,569.44	98,00	1,569.44	Year to 31 December 2017
34,500	92,00	1,473.35	92,00	1,473.35	Year to 31 December 2018
63,000	62,39 - 82,50	999.16	65,10	999.16	Year to 31 December 2019
18,125	111,94	1,792.69 - 1,321.21	111,94	1,792.69	Year to 31 December 2020
12,500	98,80	1,582.25	98,80	1,582.25	Year to 31 December 2021
181,188					

The following rights granted to employees had not been exercised at 31 December 2011:

Number of rights	Price range		Weighted average price		Expiry period
	(ZAR)	(Naira)	(ZAR)	(Naira)	
7,000	65,60	1,207.70	65,60	1,207.70	Year to 31 December 2015
10,625	79,50	1,463.60	79,50	1,463.60	Year to 31 December 2016
16,400	98,00	1,804.18	98,00	1,804.18	Year to 31 December 2017
22,200	92,00	1,693.72	92,00	1,693.72	Year to 31 December 2018
51,000	62,39	1,148.60	62,39	1,148.60	Year to 31 December 2019
27,500	111,94	2,060.82	111,94	2,060.82	Year to 31 December 2020
134,725					

STANBIC IBTC HOLDINGS PLC

Notes to the consolidated interim financial statements continued

26.9 Group share incentive scheme continued

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, will now be subject to a mandatory deferral of a percentage of their cash incentive into the DBS. Vesting of the deferred bonus occurs after three years, 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 year 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 year to the next.

The provision in respect of liabilities under the scheme amounts to **N56 million** (31 December 2012: N45 million) and the amount charged for the period was **NGN 11 million** (December 2012: NGN 27 Million).

	Units	
	30-Jun-13	31-Dec-12
Reconciliation		
Units outstanding at beginning of the period	35,612	-
Granted	-	35,612
Exercised	-	-
Lapsed	(1,012)	-
Units outstanding at end of the period	34 600	35,612
Weighted average fair value at grant date (R)	87.93	87.93
Expected life (years)	3.00	3.00
Risk-free interest rate (%)	4.92	6.13
Dividend yield (%)	3.91	3.63

Deferred bonus scheme 2012 (DBS 2012)

In 2012, changes were made to the existing DBS to provide for a single global incentive deferral scheme across the regions. 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 group'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 group's share price on vesting date.

The provision in respect of liabilities under the scheme amounts to **NGN 186 million** (December 2012: NGN 111 million) and the amount charged for the period was **NGN 75 million** (December 2012: NGN 111 million).

	Units	
	30-Jun-13	31-Dec-12
Reconciliation		
Units outstanding at beginning of the period	157,768	-
Granted	114,290.00	157,768
Transferred out	-	-
Exercised	-	-
Lapsed	(11,329.00)	-
Units outstanding at end of the period	260 729	157,768
Weighted average fair value at grant date (R)	115.51	108.90
Expected life (years)	2.51	2.51
Risk-free interest rate (%)	5.54	4.84

STANBIC IBTC HOLDINGS PLC

Notes to the consolidated interim financial statements continued

For the six months period ended 30 June 2013

	30 Jun. 2013 N million	30 June 2012 N million
27 Emoluments of Stanbic IBTC Holdings PLC 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	24	269
- 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	90	74
- otherwise in connection with the affairs of Stanbic IBTC Holdings PLC or its subsidiaries		
Pensions of directors and past directors	1	
	115	343

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.

STANBIC IBTC HOLDINGS PLC

Notes to the consolidated interim financial statements continued

For the six months period ended 30 June 2013

	Group		Company	
	30 Jun. 2013 N million	30 June 2012 N million	30 Jun. 2013 N million	30 June 2012 N million
28 Taxation				
Indirect taxation (note 28.1)	31	263	2	-
Direct taxation (note 28.2)	2 909	862	(4)	-
	2 940	1,125	(2)	-
28.1 Indirect taxation				
Value added tax	31	58	2	-
Withholding tax	-	205	-	-
	31	263	2	-
28.2 Direct taxation				
Current year	2 909	862	(4)	-
Normal tax	2 835	976	(4)	-
Deferred tax	74	(114)	-	-
	2 909	862	(4)	-
Income tax recognised in other comprehensive income	-	-	-	-
Deferred tax	-	-	-	-
Current tax	-	-	-	-
Direct taxation per the income statement	2 909	862	(4)	-
28.3 Rate reconciliation				
	Group		Company	
	30 Jun. 2013 %	30 June 2012 %	30 Jun. 2013 %	30 June 2012 %
Rate reconciliation including indirect and direct tax				
The total tax charge for the period as a percentage of net income before indirect tax	22	18	-	-
Value added tax	-	(1)	-	-
Information technology levy	(1)	(1)	-	-
Education tax	(1)	(1)	-	-
Withholding tax	-	(3)	-	-
The corporate tax charge for the period as a percentage of profit before tax	20	12	-	-
Tax relating to prior years	2	7	-	-
Net tax charge	22	19	-	-
The charge for the period has been reduced/(increased) as a consequence of:				
Dividend received	-	-	30	-
Income from government securities	11	12	-	-
Other non-taxable income	-	-	-	-
Other permanent differences	(3)	(1)	-	-
Standard rate of tax	30	30	30	-

STANBIC IBTC HOLDINGS PLC

Notes to the consolidated interim financial statements continued

For the six months period ended 30 June 2013

28 Taxation continued

28.4 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:

	Before tax	Tax (expense)/ benefit	Net of tax
Group	N million	N million	N million
30 June 2013			
Net change in fair value of available-for-sale financial assets	(366)	-	(366)
Realised fair value adjustments on available-for-sale financial assets transferred to profit or loss	(512)	-	(512)
	(878)		(878)
30 June 2012			
Net change in fair value of available-for-sale financial assets	456	-	456
Realised fair value adjustments on available-for-sale financial assets transferred to profit or loss	244	-	244
	700		700
	Before tax	Tax (expense)/ benefit	Net of tax
Company	N million	N million	N million
30 June 2013			
Net change in fair value of available-for-sale financial assets	-	-	-
Realised fair value adjustments on available-for-sale financial assets transferred to profit or loss	-	-	-
30 June 2012			
Net change in fair value of available-for-sale financial assets	-	-	-
Realised fair value adjustments on available-for-sale financial assets transferred to profit or loss	-	-	-
	-	-	-

STANBIC IBTC HOLDINGS PLC

Notes to the consolidated interim financial statements continued

For the six months period ended 30 June 2013

	Group		Company	
	30 Jun. 2013 N million	30 June 2012 N million	30 Jun. 2013 N million	30 June 2012 N million
29 Earnings per ordinary share				
The calculations of basic earnings and headline earnings per ordinary share and diluted earnings and diluted headline earnings per ordinary share are as follows:				
Earnings based on weighted average shares in issue				
Earnings attributable to ordinary shareholders (N million)	9,258	4,384	8,418	-
Weighted average number of ordinary shares in issue (number of shares)				
Weighted average number of ordinary shares in issue	10,000	18,750	10,000	-
Basic earnings per ordinary share (kobo)	93	23	84	-

Diluted earnings per ordinary share

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

STANBIC IBTC HOLDINGS PLC

Notes to the consolidated interim financial statements continued

For the six months period ended 30 June 2013

	Group		Company	
	30 Jun. 2013 N million	30 June 2012 N million	30 Jun. 2013 N million	30 June 2012 N million
30 Statement of cash flows notes				
30.1 Decrease/(increase) in income-earning assets				
Net derivative assets	(1,652)	(47)	-	-
Trading assets	(45,994)	(9,498)	-	-
Pledged assets	2,175	(5,727)	-	-
Loans and advances	(56,894)	(19,475)	-	-
Other assets	(24,675)	(2,042)	(4,170)	-
	(127,040)	(36,789)	(4,170)	-
30.2 Increase/(decrease) in deposits and other liabilities				
Deposit and current accounts	138,943	(37,115)	-	-
Trading liabilities	(6,804)	43,305	-	-
Other liabilities and provisions	12,578	7,352	2,167	-
	144,717	13,542	2,167	-
30.3 Cash and cash equivalents				
Cash and balances with central bank	38,879	36,391	-	-
Demand deposit with banks	-	-	9,025	-
Cash and cash equivalents at end of the period	38,879	36,391	9,025	-

STANBIC IBTC HOLDINGS PLC

Notes to the consolidated interim financial statements continued

For the six months period ended 30 June 2013

31 Related party transactions

31.1 Parent

Standard Bank Group ("SBG") of South Africa is the ultimate holding company of Stanbic IBTC Holdings PLC.

31.2 Subsidiaries

Details of effective interest in subsidiaries are disclosed below.

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")	70.59%
Stanbic IBTC Investments Limited ("SIIL")	100%
Stanbic IBTC Stockbrokers Limited ("SISL")	100%
Stanbic IBTC Trustees Limited ("SITL")	100%

31.3 Key management personnel

Key management personnel includes: members of the Stanbic IBTC Holdings PLC board of directors and Stanbic IBTC Holdings PLC executive committee. Non-executive directors are included in the definition of key management personnel as required by IAS 24 Related Party Disclosure. The definition of key management includes the close members of family of key management personnel and any entity over which key management exercise control, joint control or significant influence. Close members of family are those family members who may be expected to 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.

	30 Jun. 2013 N million	30 June 2012 N million
Key management compensation		
Salaries and other short-term benefits	1 096	994
Post-employment benefits	86	78
Value of share options and rights expensed	38	60
	1 220	1 131
The transactions below are entered into in the normal course of business.	30 Jun. 2013 N million	31 Dec. 2012 N million
Loans and advances		
Loans outstanding at the beginning of the period	422	207
Net movement during the period	(248)	215
Loans outstanding at the end of the period	174	422

Loans include mortgage loans, instalment sale and finance leases and credit cards. No specific impairments have been recognised in respect of loans granted to key management (2012: 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	574	1 161
Net movement during the period	(483)	(587)
Deposits outstanding at end of the period	91	574

Deposits include cheque, current and savings accounts.

	30 Jun. 2013 N million	31 Dec. 2012 N million
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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	46	62
Net movement during the period	(30)	(16)
Balance at the end of the period	16	46

STANBIC IBTC HOLDINGS PLC

Notes to the consolidated interim financial statements continued

For the six months period ended 30 June 2013

31 Related party transactions continued

Shares and share options held	30 Jun. 2013	31 Dec. 2012
Aggregate number of Stanbic IBTC share options in issue and holding company share options issued to Stanbic IBTC key management personnel.		
Share options held (Stanbic IBTC Holdings PLC scheme)	174 473 958	219 110 923
Share options held (ultimate parent company schemes)	559 400	469 000
Transactions with Ultimate Holding company (Standard Bank Group)		
	30 Jun. 2013	30 June 2012
	N million	N million
Revenue		
Trading revenue	(191)	232
Net interest income	(340)	(386)
Total revenue earned	(531)	(154)
Loans	30 Jun. 2013	31 Dec. 2012
	N million	N million
Loans outstanding at the beginning of the period	25,647	11,021
Net loans received/(repaid) during the period	64,136	14,626
Loans outstanding at the end of the period	89,783	25,647
Deposits		
Deposits outstanding at the beginning of the period	49,248	79,755
Net deposits received/(repaid) during the period	59,825	(30,507)
Deposits outstanding at the end of the period	109,073	49,248

For the six months period ended 30 June 2013

32 Insider related credits and deposits

The bank is wholly owned by Stanbic IBTC Holdings PLC, a Nigerian company incorporated in March 2012 to satisfy the regulatory requirement of the Regulation 3 of 2010 of the Central Bank of Nigeria. The ultimate parent of the bank is Standard Bank Group Limited incorporated in South Africa. The bank has one subsidiary - Stanbic Nominees Nigeria Limited, which possesses a custody service licence. This is managed by the bank under terms of a management and advisory services agreement for a fee.

Included in loans and advances is an amount of N30.71 billion (31 December 2012 : N28 billion) representing credit facilities to staff, shareholders and companies in which some directors have interests. These facilities were granted at rates and terms comparable to other facilities in the bank's portfolio. There were no non-performing insider related credit as at balance sheet date. The balances in the accounts as at 30 June 2013 are as stated below:

Schedule of insider related credits and deposits

Name of Company/ Individual	Relationship	Name of related interest	Facility type	Date granted	Expiry date	Approved credit limit N'000	Outstanding plus Accrued Interest N'000	Status	Interest Rate	Perfected security		Deposit outstanding N'000	Type of deposit
										Security nature	Security value N'000		
Nigeria Breweries Plc	Chairman	Atedo Peterside	Term Loan	1-May-13	30-Jul-13	4,000,000	4,073,467	Performing	11%	Negative Pledge	-	492,756	Current account
Nigeria Breweries Plc	Chairman	Atedo Peterside	Term Loan	10-Nov-12	7-Aug-13	3,000,000	3,047,831	Performing	11%	Negative Pledge	-		
Nigeria Breweries Plc	Chairman	Atedo Peterside	Term Loan	10-Nov-12	7-Aug-13	2,000,000	632	Performing	12%	Negative Pledge	-		
Nigeria Breweries Plc	Chairman	Atedo Peterside	Term Loan	10-Nov-12	7-Aug-13	2,000,000	673	Performing	12%	Negative Pledge	-		
Golden Sugar Company Limited (A Subsidiary of Flour Mills)	Chairman	Atedo Peterside	Term Loan	28-Jun-13	31-Jul-13	2,641,000	2,545,329	Performing	17%	Debenture on Fixed & Floating Asset	2,150,000	721,180	Current account/call deposits
Golden Sugar Company Limited (A Subsidiary of Flour Mills)	Chairman	Atedo Peterside	Term Loan	13-Jul-12	13-Jul-22	1,854,000	1,858,978	Performing	7%	Debenture on Fixed & Floating Asset	2,150,000		
Golden Sugar Company Limited (A Subsidiary of Flour Mills)	Chairman	Atedo Peterside	Term Loan	11-Jan-13	10-Jul-13	1,676,273	1,718,434	Performing	5%	Debenture on Fixed & Floating Asset	2,150,000		
Golden Sugar Company Limited (A Subsidiary of Flour Mills)	Chairman	Atedo Peterside	Term Loan	27-Dec-12	28-Jun-13	1,147,458	185	Performing	5%	Debenture on Fixed & Floating Asset	2,151,000		
Golden Sugar Company Limited (A Subsidiary of Flour Mills)	Chairman	Atedo Peterside	Term Loan	17-Dec-12	23-May-16	1,615,000	1,640,578	Performing	5%	Debenture on Fixed & Floating Asset	2,152,000		
Apapa Bulk Terminal Limited (A Subsidiary of Flour Mills)	Chairman	Atedo Peterside	Term Loan	13-Mar-13	12-Mar-14	480,000	447,685	Performing	15%	Negative Pledge	-	-	-
Chartered Institute of Stock Brokers	Director	Yinka Sanni	Finance lease	6-Jan-11	31-Dec-14	15,096	7,281	Performing	26%	Asset Financed	15,096	35,140	Current account/fixed deposits
MTN Nigeria Communication Ltd	Ex - Director	Ahmed I Dasuki	Term Loan	30-Mar-12	31-Dec-15	15,000,000	7,508,843	Performing	14%	Negative Pledge	-	14,438,850	Current account
MTN Nigeria Communication Ltd	Ex - Director	Ahmed I Dasuki	Term Loan	22-May-13	30-Nov-19	2,500,000	1,668,590	Performing	14%	Negative Pledge	-		
MTN Nigeria Communication Ltd	Ex - Director	Ahmed I Dasuki	Overdraft	22-May-13	30-Nov-19	1,477	1,477	Performing	11%	Negative Pledge	-		
MTN Nigeria Communication Ltd	Ex - Director	Ahmed I Dasuki	Overdraft	22-May-13	30-Nov-19	1,777	1,777	Performing	12%	Negative Pledge	-		
PPC Limited	Ex - Director	Sam U Unuigbo/Ahmed I Dasuki	Finance lease	20-Jan-12	29-Jan-15	55,175	14,170	Performing	24%	Asset Financed	55,175	3,037	
Various Staff		Various Staff	Staff Loan	Various	Various	8,628,431	6,170,101	Performing	Various		-	1,433,006	Various
Total - Insider related credits						46,615,685	30,706,030				10,823,271		

Off balance sheet engagements

Name of Company	Relationship	Name of related interest	Facility type	Outstanding N'000	Status
Cadbury NIG PLC	Chairman	Atedo Peterside	Letters of credit	678,591	Performing
Flour Mills Group	Chairman	Atedo Peterside	Letters of credit	761,563	Performing
Total				1,440,154	

STANBIC IBTC HOLDINGS PLC
Notes to the consolidated interim financial statements (continued)
For the six months period ended 30 June 2013
33 Abridged financial statements of the group

	Stanbic IBTC Holdings PLC Company N'million	Stanbic IBTC Bank PLC N'million	Stanbic IBTC Capital Ltd N'million	Stanbic IBTC Pension Mgrrs Ltd N'million	Stanbic IBTC Asset Mgt Ltd N'million	Stanbic IBTC Ventures Ltd N'million	Stanbic IBTC Trustees Ltd N'million	Stanbic IBTC Stockbroking Ltd N'million	Consoli- dations / Elimina- tions N'million	Stanbic IBTC Holdings PLC Group N'million
Income statement										
Net interest income	-	16,876	-	737	211	14	11	88		17,937
Non interest revenue	8,746	14,617	1,167	6,208	968	71	58	896	(8,663)	24,068
Total income	8,746	31,493	1,167	6,945	1,179	85	69	984	(8,663)	42,005
Staff costs	(170)	(9,619)	(516)	(1,049)	(305)	-	(36)	(102)	-	(11,797)
Operating expenses	(160)	(12,959)	(192)	(1,288)	(243)	(5)	(12)	(199)	343	(14,715)
Credit impairment charges	-	(2,368)	-	-	-	-	-	-	-	(2,368)
Total expenses	(330)	(24,946)	(708)	(2,337)	(548)	(5)	(48)	(301)	343	(28,880)
Profit before tax	8,416	6,547	459	4,608	631	80	21	683	(8,320)	13,125
Tax	2	(1,068)	(2)	(1,456)	(189)	-	(3)	(224)	-	(2,940)
Profit for the period	8,418	5,479	457	3,152	442	80	18	459	(8,320)	10,185
At 30 June 2012	-	4,185	-	2,070	610	49	6	258	(2,185)	4,993
Assets:										
Cash and balances with central bank	-	38,879	-	-	-	-	-	-	-	38,879
Derivative assets	-	2,972	-	-	-	-	-	-	-	2,972
Trading assets	-	157,159	3,704	-	-	-	-	8	-	160,871
Pledged assets	-	22,265	-	-	-	-	-	-	-	22,265
Financial investments	-	128,895	-	11,124	2,589	2,090	190	1,319	(3,685)	142,522
Loans and advances to banks	9,025	93,363	901	81	59	21	-	1,110	(10,209)	94,351
Loans and advances to customers	-	280,837	-	-	-	-	-	-	-	280,837
Current and deferred tax assets	4	5,085	-	-	51	-	-	6	-	5,146
Equity investment in group companies	68,951	-	-	-	-	-	-	-	(68,951)	-
Other assets	5,086	46,296	1,074	1,567	756	-	25	167	(7,525)	47,446
Intangible assets	-	-	-	-	-	-	-	-	-	-
Property and equipment	29	22,593	-	365	48	-	-	12	-	23,047
Total assets	83,095	798,344	5,679	13,137	3,503	2,111	215	2,622	(90,370)	818,336
At 31 December 2012	72,508	650,470	4,908	13,335	4,066	1,902	203	3,805	(74,378)	676,819
Liabilities and equity:										
Derivative liabilities	-	383	-	-	-	-	-	-	-	383
Trading liabilities	-	81,567	-	-	-	-	-	-	-	81,567
Deposits from banks	-	150,974	-	-	-	-	-	-	-	150,974
Deposits from customers	-	383,915	-	-	-	-	-	-	(13,895)	370,020
Other borrowings	-	49,139	-	-	-	-	-	-	-	49,139
Subordinated debt	-	6,482	-	-	-	-	-	-	-	6,482
Current and deferred tax liabilities	-	2,060	10	2,227	328	202	5	341	-	5,173
Other liabilities	3,172	58,981	781	3,745	644	9	78	1,164	(7,807)	60,767
Equity and reserves	79,923	64,843	4,888	7,165	2,531	1,900	132	1,117	(68,668)	93,831
Total liabilities and equity	83,095	798,344	5,679	13,137	3,503	2,111	215	2,622	(90,370)	818,336
At 31 December 2012	72,508	650,470	4,908	13,335	4,066	1,902	203	3,805	(74,378)	676,819
Cost-to-income ratio (%)	-	71.7	60.7	33.7	46.5	5.9	69.6	30.6	4.0	63.1
Total liabilities (N'million)	3,172	733,501	791	5,972	972	211	83	1,505	(21,702)	724,505

34 Retirement benefit obligations

The group operates a defined contribution pension scheme in line with the provisions of the Pension Reform Act 2004, with contributions based on the sum of employees' basic salary, housing and transport allowances in the ratio 7.5% by the employee and 7.5% by the employer. The amount contributed by the group and remitted to the Pension Fund Administrators during the period was N354 million (30 Jun. 2012: N361 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.

STANBIC IBTC HOLDINGS PLC

Notes to the consolidated interim financial statements continued

For the six months period ended 30 June 2013

35 Employees and Directors

a) Employees

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

Executive directors
Management
Non-management

Group	
30 Jun. 2013	30 Jun. 2012
Number	Number
4	3
85	71
2,034	2,138
2,123	2,212

Below N1,000,001
N1,000,001 - N2,000,000
N2,000,001 - N3,000,000
N3,000,001 - N4,000,000
N4,000,001 - N5,000,000
N5,000,001 - N6,000,000
N6,000,001 and above

Number	Number
4	6
33	67
392	580
446	375
394	374
208	186
646	624
2,123	2,212

c) 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. 2013		30 Jun. 2012	
	Workforce	% of gender composition	Workforce	% of gender composition
Total workforce:				
Women	849	40%	906	41%
Men	1,274	60%	1,306	59%
	2,123	100%	2,212	100%
Recruitments made during the period:				
Women	58	29%	19	56%
Men	141	71%	15	44%
	199	100%	34	100%
Diversity of members of board of directors - Number of Board members				
Women	3	25%	3	25%
Men	9	75%	9	75%
	12	100%	12	100%
Diversity of board executives - Number of Executive directors to Chief executive officer				
Women	1	25%	1	33%
Men	3	75%	2	67%
	4	100%	3	100%
Diversity of senior management team - Number of Assistant General Manager to General Manager				
Women	24	28%	19	27%
Men	61	72%	52	73%
	85	100%	71	100%

Enterprise risk review

Overview

Fundamental to the business activities and future growth prospects of Stanbic IBTC Holding group ("the group") is a strong risk management practice, which is the bedrock of the group's avowed commitment to the objectives of enhancing shareholders' value at all times by developing and growing the business in strict adherence to the risk appetite set by the board as well as balancing this objective with the wider interest of other stakeholders including regulators and depositors. The group seeks to achieve an appropriate balance between risk and reward in its businesses, and continues to build and enhance the risk management capabilities that will assist in achieving its dynamic growth plans in a controlled environment.

Risk management is at the core of the operating and management structures of the group. The group seeks to limit adverse variations in earnings and equity by managing the balance sheet and capital within specified levels of risk appetite. Managing and controlling risks, and in particular avoiding undue concentrations of exposure and limiting potential losses from stress events are essential elements of the group's risk management and control framework, which ultimately leads to the protection of the group's reputation and brand.

Within the group, responsibility and accountability for risk management resides at all levels, from the executive down through the organisation to each business manager and independent risk officer. Internal audit provides an independent assessment of the adequacy and effectiveness of controls and procedures and reports independently to the statutory audit committee, whilst external audit reports independently on the group annual financial statements to shareholders and regulators.

Key aspects of risk management are the risk governance and the organisational structures established by the group to manage risk according to a set of risk governance standards, which are implemented across the group and are supported by appropriate risk policies and procedures.

Risks are controlled at the level of individual exposure, at a portfolio level, and in aggregate across all business and risk types. The company and its subsidiaries have an independent control process which provides an objective view of risk taking activities where required. All exposures are independently monitored and reviewed.

Key achievements as at June, 2013

Despite improved global financial conditions and reduced short-term risks, the world economy continues to expand at a subdued pace. After a marked down turn over the past two years, global economic activity is expected to slowly gain momentum in the second half of 2013 and 2014 on the back of accommodative monetary policies in developed and developing economies. Most world regions are likely to see a moderate pick-up in activity, but growth will continue to be below potential and employment gains, especially in developed economies, will remain weak at best. The short-term risks associated with the situation in the euro area, the fiscal adjustments in the United States and the economic slowdown in large developing countries have diminished, but not disappeared. It has also been a period of diversifying and deepening the group's experience in many dimensions as high impact events, hitherto considered highly improbable including new regulatory guidelines and frameworks unfolded at random, creating a platform for the group to distinguish itself in the market place by the quality and robustness of its risk management practices and tools. Some of the challenges included raising the practical knowledge of the risk governance standards, policies and procedures within the group, deploying and embedding risk management tools at lower management levels, creating the appropriate risk culture and sensitivity, strengthening the control functions, adopting proactive approaches to risk identification and fortifying the risk management team with strategic and tactical upskilling.

At the same time, the group had to increase its footprint on the e-payment platform: mobile money, Visa credit card, point of sale (POS) terminals, enhanced internet banking, etc., maintaining low credit loss ratio in the face of increasing risk assets, unstable inter-bank money market coupled with almost a total collapse of government yield curve, inconsistent access to repo facilities as well as high regulatory intervention and very rapid policy changes. The group's current control framework and procedures displayed the required resilience and dynamism in the face of rising uncertainty and vulnerability while oversight functions including monitoring and reporting were reinforced through the full implementation of the risk assurance functions and an escalation matrix.

The following are some of the achievements that have been recorded:

- The group continued the comprehensive review of its risk management standards and enhancement of policies and procedures in order to achieve a better coverage of emerging risk issues and enhance the effectiveness and efficiency of its risk management practices and tools;

Risk and capital management continued
For the six months period ended 30 June 2013

- The group implemented a more robust framework and methodology to support its planned implementation of the Advanced Measurement Approach to managing operational risk;
- Business disruption impact analysis was carried out for 177 branches and all head office units;
- Business continuity management simulation for crisis management and emergency evacuation teams were carried out in February 2013;
- Risk management framework for mobile payment project;
- Conclusion and adoption of the Stanbic IBTC Group Risk Appetite framework
- Roll out of computer based training for key interventions such as Know Your Customer (KYC) - Enhanced Due Diligence (EDD), Anti-money laundering (AML), Market Conduct, Handling of Confidential Information, etc
- Diversified Normal and Stress VaR reporting across all trading desks
- Daily Reporting across the various entities regarding the Stanbic IBTC Hold Co structure
- Roll out of standardized Business Bank Credit processes and systems (CAMS) to improve efficiencies and ensure scalability.
- VaR (Value at Risk) calculation across all trading books and instruments as well as the securities in the banking book
- Enhanced limit breach monitoring system
- Daily and Comprehensive IPV (Independent Price Verification) with agreed and enforceable thresholds and P&L impact limits
- Pre-MPC stress testing of Trading and Banking book positions; and
- Enhanced stress testing including credit shocks for domestic corporate and foreign bonds

Focus areas for 2013

The reaction of governments and regulators to the turmoil in the world financial markets, which has led to the current wave of very intensive financial market regulations as well as the introduction of more rigorous regulations on banks both globally and locally is expected to position risk management as part of the strategic focus of any financial institutions aiming to play a leading role in the global economic recovery. Additionally, a significant change in Nigeria's banking landscape through the revocation of the universal banking regime and its replacement with specialist banking regime has made it imperative for risk management practices to become more sophisticated, dynamic, and well resourced than ever before with fit-for-purpose systems capabilities. To this extent, we will focus on:

- Continued upholding of liquidity resilience over short and long-term time horizons by maintaining a conservative structural liquidity mismatch profile, supported by adequate levels of marketable assets and net stable funding;
- Continued embedding of risk culture and enhancement of control environment at all management levels of the group through ownership of risk management practices and tools by business units and designation of dedicated risk officers within business units;
- Up-skilling of human capital resources in line with projected business growth, product sophistication, additional/new regulatory requirement;
- Continued enhancement of the group's business recovery capabilities through the building of Operations Processing Centre recovery site;
- Reinforcing the group's ability to proactively identify and respond to financial crimes by strengthening the financial crime control function to provide independent forensic auditing and investigation;
- Continued building of credit capabilities by the setting-up of specialist credit units coupled with an enhanced portfolio and transaction monitoring unit.
- Basel II/III compliance; and
- Asset and liquidity management oversight by market risk

Risk management framework

Governance structure

The group's activities are complex, diverse and expanding rapidly into market segments and regions with different challenges. Hence, it is imperative that there is strong and independent oversight at all levels across the group.

The risk governance structure (see diagram overleaf) provides executive management and the board, through the various committees, with the forums to evaluate, consider and debate key risks faced by the group and assess the effectiveness of the management of these risks through a number of reports received from the risk managers across the group. The board committees comprise the statutory audit committee, board credit committee, board risk management committee, while executive management oversight at group and subsidiary level is achieved through management committees focusing on specific risks. Each of these committees has a mandate which describes the membership and responsibilities of such committees.

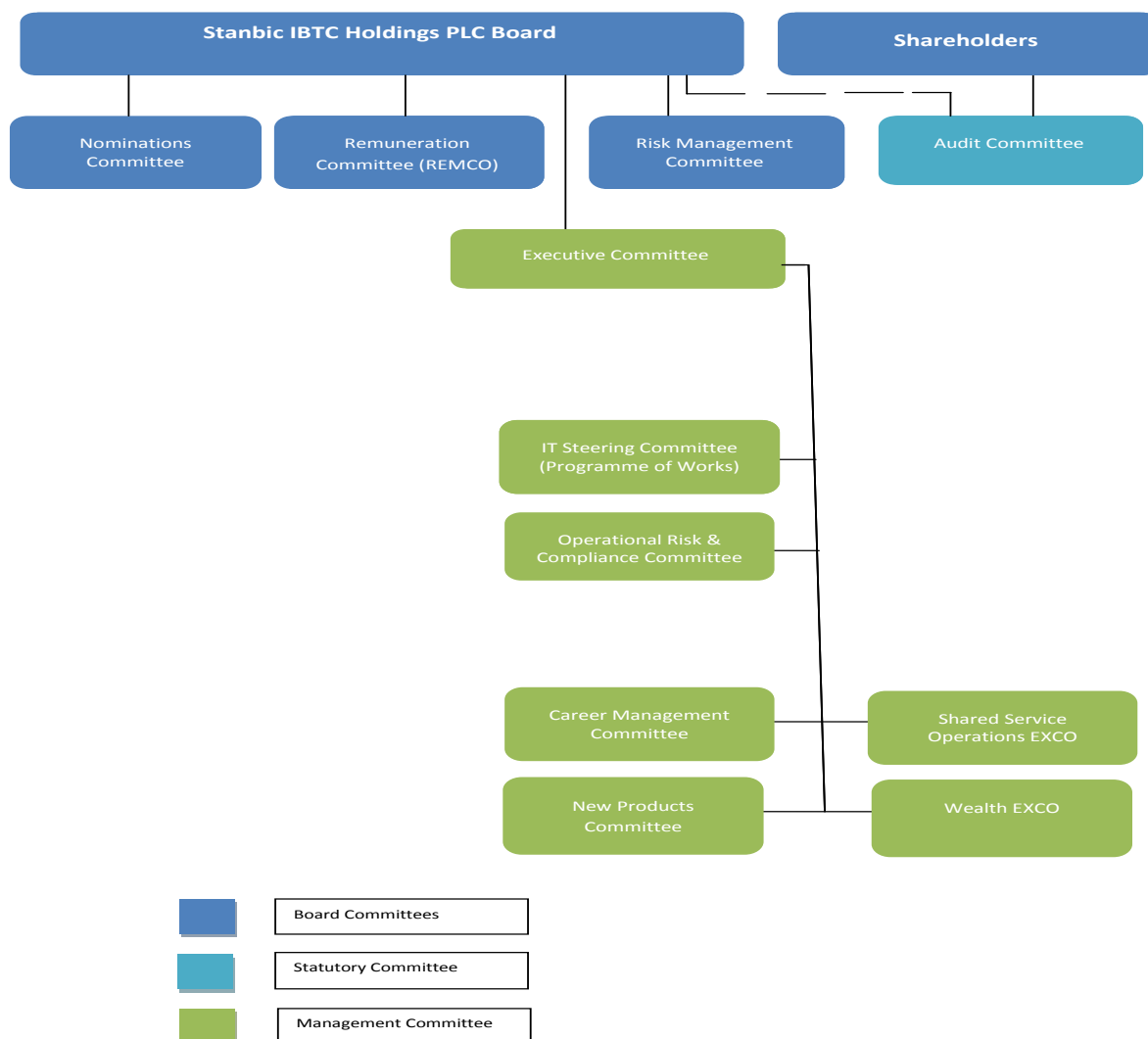
Approach and structure

The group's approach to risk management is based on well established governance processes and relies both on individual responsibility and collective oversight, supported by comprehensive reporting. This approach balances strong corporate oversight at senior management level with independent risk management structures in the business. Business unit heads are specifically responsible for the management of risk within their business units. As such, they are responsible for ensuring that they have appropriate risk management frameworks that are adequate in design, effective in operation and meet the group minimum standards.

This responsibility is achieved either through the establishment of dedicated business unit risk management functions or through centralised risk functions servicing a number of business units. In the former case, adequate provision for the independence of the business unit risk management structures is essential in recognition of different regulatory requirements.

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 Holdings PLC, and also through a matrix reporting line to the Standard Bank Group (SBG). All key risks are supported by the risk department.

Risk management framework
Governance structure



Risk governance standards, policies and procedures

The group has developed a set of risk governance standards for each major risk type. The standards set out and ensure alignment and consistency in the manner in which the major risk types across the group are governed, identified, measured, managed, controlled and reported.

All standards are applied consistently across the group and are approved by the board. It is the responsibility of business unit executive management to ensure that the requirements of the risk governance standards, policies and procedures are implemented within the business units.

Each standard is supported by group policies and procedural documents as required. Business units and group risk functions are required to self assess, at least annually, their compliance with group risk standards and policies. Risk governance standards set out the framework for managing each major risk type and policies are developed where required on specific items as stated within the standards. Details with regard to the implementation of these policies within each particular business unit are set out in the processes and procedures documentation.

Risk appetite

Risk appetite is an expression of the maximum level of residual risk that the group is prepared to accept in order to deliver its business objectives. It is the balance of return and risk determined by the board through the board and executive risk committees in consultation with the business units as the group implements business plans, 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 business unit; and
- regularly reviewing and monitoring the group's performance in relation to risk through quarterly board reports.

Risk appetite is expressed by balancing:

- budgetary provisions for expected losses that are consistent with the risk appetite implied by the business plans;
- an agreed tolerance for profit and loss volatility – an acceptable scenario that is lower than budget by an amount that is consistent with the risk appetite implied by the business plans;
- the risk adjusted returns generated from risk-taking being acceptable; and
- in the context of stress tests, portfolio analyses and concentration limits, risk assessments, risk indicators and other measures devised by the business unit risk functions which serve to identify and constrain threats to earnings and capital.

Risk appetite is determined with reference to measures such as:

- budgeted loss write-offs and provisions;
- limits on exposures to individual counterparties, sectors, industries or geographies; and
- limits on trading exposures; and
- interest rate.

Risk and capital management continued
For the six months period ended 30 June 2013

Stress testing

Stress testing serves as a diagnostic and forward looking tool to improve the group's understanding of its market and liquidity risks profile under event based scenarios.

Management reviews the outcome of stress tests and selects appropriate mitigating actions to minimise and manage the risks to the group. Residual risk is then evaluated against the risk appetite. Examples of potential action to take are:

- reviewing and changing limits;
- limiting exposures in selected sectors or products; and
- re-balancing of portfolio to reduce risk sensitivity

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. These risks, with applicability as appropriate, are defined as follows:

Credit risk

Credit risk arises primarily in the group operations where an obligor fails to perform obligations, in accordance with agreed terms or the counterparty's ability to meet such contractual obligation is impaired.

Credit risk comprises counterparty 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;
- 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.

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 (including the relevant sovereign and other members of the Standard Bank Group internationally) in that particular country to fulfill their obligations to Stanbic IBTC 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 group's capital adequacy or ability to maintain its core operations. It is the risk that a common factor within a risk type or across risk types causes credit losses or an event occurs within a risk type which results to credit losses.

Market risk

Market risk is defined as the risk of a change in the actual or effective market value or earnings of a portfolio of financial instruments caused by adverse moves in market variables such as equity, bond and commodity prices, foreign exchange rates, interest rates, credit spreads, recovery rates, correlations and implied volatilities in all of the above. Market risk covers both the impact of these risk factors on the market value of traded instrument 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.

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed processes, people and systems (including information technology and infrastructure) or from external events.

The definition of operational risk also includes:

- information risk – the risk of unauthorised use, modification or disclosure of information resources;
- fraud risk – the risk of losses resulting from fraudulent activities;
- environmental risk – the risk of inadvertently participating in the destruction of the environment;
- legal risk - the risk that the group will be exposed to litigation;
- taxation risk – the risk that the group will incur a financial loss due to incorrect interpretation and application of taxation legislation or due to the impact of new taxation legislation on existing business;
- compliance risk - the risk that the group does not comply with applicable laws and regulations or supervisory requirements.

Business risk

Business risk is the risk of loss due to adverse local and global operating conditions such as decrease in demand, increased competition, increased cost, or by entity specific causes such as inefficient cost structures, poor choice of strategy, reputation damage or the decision to absorb costs or losses to preserve reputation.

Credit risk**Principal credit standard and policies**

The purpose of the Standard Bank Group's Credit Risk Governance Standard, as reviewed regularly, is to establish and define the overall principles under which The Standard Bank Group ("SBG") is prepared to assume credit risk. The Standard sets out the overall framework for the consistent and unified governance, identification, measurement, management and reporting of credit risk in Stanbic IBTC Holdings and its subsidiaries.

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 group 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, there are a number of related credit policies and documents that 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

Risk and capital management continued
For the six months period ended 30 June 2013

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 II 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 the groups banking business given the very nature of the business. The importance of credit risk management cannot be over emphasised as consequences can be severe when neglected. The group has established sound governance principles to ensure that credit risk is managed effectively within a comprehensive risk management and control framework.

The principles guiding the assumption of credit risk and the overall framework for its application, governance, and reporting is defined in the Credit Risk Governance Standard.

The standard covers all forms of credit risk, intentional or otherwise, and is supported by credit risk policies and procedures to the extent required to further define the credit risk framework and its implementation across the group.

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 group's risk adjusted performance.

The standard, policies and procedures and compliance therewith are not substitutes for common sense and good business judgment.

Risk and capital management continued
For the six months period ended 30 June 2013

The reporting lines, responsibilities and authority for managing credit risk in the group are very clear and independent. However, ultimate responsibility for credit risk rests with the board and which has delegated this to the following organs:

Board credit committee

The purpose of the board credit committee is to ensure that effective credit governance is in place in order to provide for the adequate management, measurement, monitoring and control of credit risk including country risk. In addition to its pre-existing role, the committee has also been vested with the following responsibilities as may be set by the board:

- setting overall risk appetite;
- reviewing and approving credit facilities that are within monetary amounts as approved by the board;
- ensuring committees within the structure operate according to defined mandates and delegated authorities;
- maintaining overall accountability and authority for the adequacy and appropriateness of all aspects of the group credit risk management process;
- utilising appropriate tools to measure, monitor and control credit risk in line with the SBG policies whilst taking into account local circumstances;
- recommending the group's credit policies and guidelines for board approval; and
- any other matters relating to credit as may be delegated to the committee by the board.

Credit risk management committee

The credit risk management committee (CRMC) is the senior management credit decision-making function and it operates within defined authority as determined by the board credit committee.

The CRMC effectively enhances credit discipline within the group and is responsible for controlling, inter alia, delegated authorities, concentration risk, distressed debt and regulatory issues pertaining to credit, credit audits, policy and governance.

In addition to the above, the CRMC provides oversight of governance; recommends to the board credit committee the level of the group's risk appetite; monitors model performance, development and validation; determine counterparty and portfolio risk limits and approval, country, industry, market, product, customer segment and maturity concentration risk; risk mitigation; impairments and risk usage.

Head of credit

The head of credit has functional responsibility for credit risk management across the banking business of the group and is positioned at a sufficiently senior level in order to ensure the necessary experience and independence of judgment.

The head of credit is responsible for providing an independent and objective check on credit risk taking activities to safeguard the integrity of the entire credit risk process. The head of credit is ably supported by the heads of CIB credit and PBB credit to ensure granularity and function-specific details at the business unit levels.

Credit risk mitigation

Credit risk mitigation is defined as all methods of reducing credit expected loss whether by transformation, means of reduction of EAD (e.g. netting), risk transfer (e.g. guarantees) or risk.

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 and the bank business 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 main types of collateral taken comprise bonds over residential, commercial and industrial properties, bonds over plant and equipment, liquid and tradable financial instruments and, for leases, the underlying assets financed.

The group has a credit risk mitigation policy which establishes and defines the principles of risk transfer, transformation and reduction. Processes and procedures for accepting, verifying, maintaining, and releasing collateral are well documented in order to ensure appropriate application of the collateral management techniques, which cover at least the following requirements:

- Acceptable collateral management techniques and any conditions or restrictions applicable to them;
- Acceptable methodologies for the initial and subsequent valuations including how often collateral will be re-valued;
- Process and completion of the collateral documentation in a timely manner;
- The valuation, verification, and appraisal of all collateral;
- The maximum loan-to-value percentages, minimum haircuts or other volatility adjustments applicable to each type of collateral;
- The means by which legal enforceability and certainty is to be established, including required documentation and all necessary steps required to establish legal rights;
- Lien and title perfection for the collateral;
- Recognition and management of any correlation between the credit risk of the customer and the value of collateral;
- The rigorous monitoring and control of collateral to ensure its continued effectiveness;
- Actions to be taken in the event the current value of collateral falls below required levels;
- Management of concentration risks, e.g. setting maximum limits on the acceptability of the collateral from a number of customers;
- Timely liquidation of the collateral;
- Filing of collateral claims properly and timely;
- Determining price at which the collateral may be sold;
- Receiving and releasing of collateral must be handled by individuals other than those who record the collateral.

Credit delegated authority

In terms of specific delegated authority (DA) levels approved (and updated from time to time) by the board upon advise, authority for approval of any credit facilities accorded to counterparties is vested only in individuals, and/or groups of individuals acting in concert, and/or credit committees. Such DA levels are quantified according to counterparty risk grade. Individuals may be accorded DA levels on the authority of the parties specifically mandated to do so in terms of the credit governance framework. In responding to credit applications, named parties or committees exercising their DA mandates will only do so against:

- a recommendation from the business and credit sponsor(s) of the credit proposal;
- a recommendation from the relevant balance sheet owner for all committed term lending exposures in excess of 3 months;
- a recommendation from the respective product houses materially represented in the credit proposal;
- where total facilities to be approved for any counterparty exceed the relevant credit manager's (CEM) own DA level, support is required from that CEM;
- a recommendation from distribution committee/team;
- a sign off from country risk committee for any cross border facilities.

Delegated authority mandates held by committees or individuals may not be further delegated.

Where a credit facility is originated by the holder of a DA, that proposal is required to be submitted to another DA holder for approval, in keeping with the spirit of the four-eyes principle. The internal credit approval limits is shown in the table below.

Group's Rating	Global & Africa Credit Committee / Board Credit Committee	Management Credit Committee	Country Credit Head / Head of CIB Credit
Maximum Approval Limit (N'm)			
CORPORATE AND INVESTMENT BANKING			
SB01 - SB10	Up to Legal Lending Limit	Up to Legal Lending Limit	Up to Legal Lending Limit
SB11 - SB12	Up to Legal Lending Limit	Up to Legal Lending Limit	11,200
SB13	Up to Legal Lending Limit	Up to Legal Lending Limit	8,000
SB14 - SB15	Up to Legal Lending Limit	Up to Legal Lending Limit	4,800
SB16 - SB18	Up to Legal Lending Limit	12,800	4,000
SB19 - SB20	Up to Legal Lending Limit	6,400	1,600
SB21	Up to Legal Lending Limit	4,800	1,600
SB22 - SB23	Up to Legal Lending Limit	4,800	800
SB24 - SB25	Up to Legal Lending Limit	4,800	600
PERSONAL AND BUSINESS BANKING			
SB01 - SB25	Up to Legal Lending Limit	2,400	1,200

The global credit committee approves based on the mandate given to them by the board credit committee. All approvals are sanctioned by the board credit committee. The board credit committee approves all insider-related credit irrespective of the amount.

Credit risk measurement

The credit committee approves based on the mandate given to it by the board credit committee. All approvals are sanctioned by the board credit committee.

The board credit committee approves all insider-related credit irrespective of the amount.

A key element in the measurement of credit risk is the assignment of credit ratings. All customers including corporate, individuals and institutions and special purpose vehicles (SPVs) are awarded risk gradings 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:

- all counterparties for which the banking business facility limits in place are assigned a credit rating. The rating is forward looking (i.e. predictive in nature) and discriminatory (i.e. ability to rank order). However, all local ratings are capped by the country rating;
- a foreign currency rating and associated probability of default (PD) must be used for all exposures to counterparties in a currency other than naira;
- facility risk arising from exposure and/or facility specific factors such as collateral and seniority must be measured and addressed as part of the credit risk mitigation analysis and should not affect or impact on the counterparty rating;
- external support, as distinct from mitigants, can be recognized in the rating process on a defined basis provided it is consistently applied
- the process and methodology to assign a rating to each counterparty and a PD to each rating must be the responsibility of, and signed off by the approving authority; and
- pricing must be based on the risk grades assigned to the counterparty.

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.

Some advantages of a PD Master Scale include the ability to compare entities in terms of default risk across portfolios and the removal of all dependency on a specific model's calibration going forward, making future enhancements to models easier to implement.

The table below shows a view of an indicative external rating equivalent bearing in mind that these equivalents may change from time to time i.e.

Group's rating	Grade description	External rating
SB01 - SB12/SB13	Investment grades	AAA to BBB-
SB13 - SB25	Speculative grades	BB- to CCC

IFRS 7**Maximum exposure to credit risk**

Loans and advances are analysed and categorised based on credit quality using the following definitions.

Performing loans

Neither past due nor specifically impaired loans are loans that are current and fully compliant with all contractual terms and conditions.

Early arrears but not specifically impaired loans include those loans where the counterparty has failed to make contractual payments and payments are less than 90 days past due, but it is expected that the full carrying value will be recovered when considering future cash flows, including collateral. Ultimate loss is not expected but could occur if the adverse conditions persist.

Non-performing loans

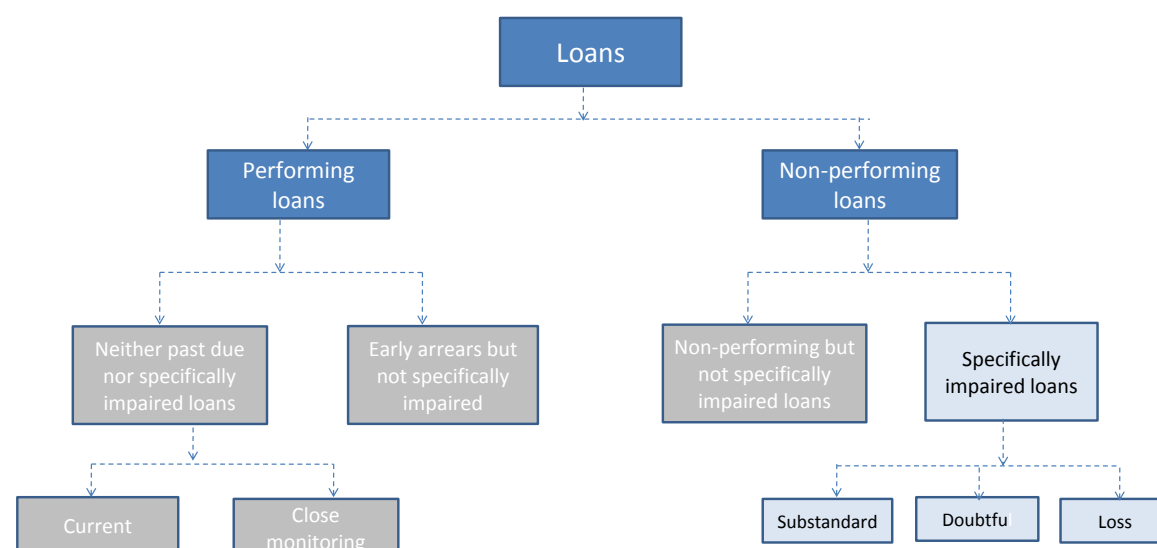
Non-performing loans are those loans for which:

- the group has identified objective evidence of default, such as a breach of a material loan covenant or condition; or
- instalments are due and unpaid for 90 days or more.

Non-performing but not specifically impaired loans are not specifically impaired due to the expected recoverability of the full carrying value when considering future cash flows, including collateral.

Non-performing specifically impaired loans are those loans that are regarded as non-performing and for which there has been a measurable decrease in estimated future cash flows. Specifically impaired loans are further analysed into the following categories:

- *substandard items* that show underlying well-defined weaknesses and are considered to be specifically impaired;
- *doubtful items* that are not yet considered final losses due to some pending factors that may strengthen the quality of the items; and
- *loss items* that are considered to be uncollectible in whole or in part. The group provides fully for its anticipated loss, after taking collateral into account.



■ Portfolio credit impairments

■ Specific credit impairments

STANBIC IBTC HOLDINGS PLC

Risk and capital management continued
For the six months period ended 30 June 2013

Maximum exposure to credit risk by credit quality

June 2013		Balance sheet impairments for performing loans N'million	Performing loans				Non-performing loans										Total non-performing loans N'million	Non-performing loans %
			Neither past due nor specifically impaired		Not specifically impaired		Specifically impaired loans											
			Normal monitoring N'million	Close monitoring N'million	Early arrears N'million	Non-performing ¹ 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 %				
Personal & Business Banking	111,734	1,542	81,840	-	23,112	-	4,102	2,508	2,085	8,695	2,299	6,396	6,396	74	8,695	7.8		
Mortgage loans	8,824	140	6,209		1,999	-	159	410	195	764	282	482	482	63	764	8.7		
Instalment sale and finance leases	15,387	220	8,630		4,805	-	1,625	251	75	1,951	924	1,027	1,027	53	1,951	12.7		
Card debtors	537	16	301		172	-	-	-	65	65	6	59	59	91	65	12.1		
Other loans and advances	86,986	1,166	66,700		16,136	-	2,318	1,847	1,750	5,915	1,087	4,828	4,828	82	5,915	6.8		
Corporate & Investment Banking	183,391	2,793	179,287	-	-	-	-	3,333	1,486	4,819	1,262	3,557	3,557	74	4,819	2.6		
Corporate loans	183,391	2,793	179,287	-	-	-	-	3,333	1,486	4,819	1,262	3,557	3,557	74	4,819	2.6		
Central and Other	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-		
Gross loans and advances	295,125	4,335	261,127	-	23,112	-	4,102	5,841	3,571	13,514	3,561	9,953	9,953	74	13,514	4.6		
Less:																		
Impairment for loans and advances	(14,288)																	
Net loans and advances	280 837																	
exposures:																		
Cash and balances with central bank	38 879																	
Derivatives	2 972																	
Financial investments	142 522																	
Loans and advances to banks	94 351																	
Trading assets	160 871																	
Pledged assets	22 265																	
Other financial assets	37 999																	
Total on-balance sheet exposure	780 696																	
Unrecognised financial assets:																		
Letters of credit	14 660																	
Guarantees	17 266																	
Total exposure to credit risk	812 622																	

¹Includes loans of N0m that are past due but are not specifically impaired.

Additional disclosures on loans and advances is set out in note 11.

STANBIC IBTC HOLDINGS PLC

Risk and capital management continued
For the six months period ended 30 June 2013

Maximum exposure to credit risk by credit quality

December 2012	Total Loans and Advances to Customers N'million	Balance sheet impairments for performing loans N'million	Performing loans				Non-performing loans									
			Neither past due nor specifically impaired		Not specifically impaired		Specifically impaired loans									
			Normal monitoring N'million	Close monitoring N'million	Early arrears N'million	Non-performing ¹ 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	105,055	1,983	75,216	-	21,173	-	3,366	2,333	2,966	8,665	3,104	5,561	5,561	64	8,665	8.2
Mortgage loans	10,571	190	6,669		2,851	-	288	374	389	1,051	321	732	732	70	1,051	10.0
Instalment sale and finance leases	17,080	618	11,823		4,128	-	56	368	705	1,129	350	778	778	69	1,129	6.6
Card debtors	494	18	423		44	-	10	-	17	27	1	26	26	97	27	5.5
Overdrafts	13,037	110	11,886		532	-	183	1	435	619	108	511	511	83	619	4.8
Unsecured Personal Loans	34,154	273	25,244		7,836	-	353	297	424	1,074	184	889	889	83	1,074	3.1
Business Term Loans	29,719	774	19,171		5,782	-	2,476	1,293	996	4,765	2,140	2,625	2,625	55	4,765	16.0
Corporate & Investment Banking	174,418	1,859	168,744		-	-	176	3,098	2,401	5,675	1,948	3,726	3,726	66	5,675	3.3
Corporate loans	174,418	1,859	168,744		-	-	176	3,098	2,401	5,675	1,948	3,726	3,726	66	5,675	3.3
Central and Other	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-
Gross loans and advances	279,473	3,842	243,960		21,173	-	3,542	5,431	5,367	14,340	5,052	9,287	9,287	65	14,340	5.1
Less:																
Impairment for loans and advances	(13,129)															
Net loans and advances	266 344															
Add the following other banking activities exposures:																
Cash and balances with central bank	76 933															
Derivatives	1 709															
Financial investments	85 757															
Loans and advances to banks	54 318															
Trading assets	114 877															
Pledged assets	24 440															
Other financial assets	13 340															
Total on-balance sheet exposure	637 718															
Unrecognised financial assets:																
Letters of credit	19 145															
Guarantees	25 672															
Total exposure to credit risk	682 535															

¹ Includes loans of N0m that are past due but are not specifically impaired.

Additional disclosures on loans and advances is set out in note 11.

Risk and capital management continued
For the six months period ended 30 June 2013

Ageing of loans and advances past due but not specifically impaired

	Less than 31 days N'million	31-60 days N'million	61-90 days N'million	91-180 days N'million	More than 180 days N'million	Total N'million
June 2013						
Personal and Business Banking	18,649	3,551	911	-	-	23,111
Mortgage loans	1,360	388	251	-	-	1,999
Instalment sales and finance lease	3,855	902	47	-	-	4,804
Card debtors	125	37	9	-	-	171
Other loans and advances	13,309	2,224	604	-	-	16,137
Corporate and Investment Banking	-	-	-	-	-	-
Corporate loans	-	-	-	-	-	-
Total	18,649	3,551	911	-	-	23,111
December 2012						
Personal and Business Banking	14,823	4,857	1,493	-	-	21,173
Mortgage loans	1,864	743	243	-	-	2,850
Instalment sales and finance lease	2,410	1,485	233	-	-	4,128
Card debtors	-	31	13	-	-	44
Other loans and advances	10,549	2,598	1,004	-	-	14,151
Corporate and Investment Banking	-	-	-	-	-	-
Corporate loans	-	-	-	-	-	-
Total	14,823	4,857	1,493	-	-	21,173

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 comprised N1.379 as at 30 June 2013 (Dec 2012: N2.869 billion).

Collateral

The table that follows shows the financial effect that collateral has on the group's maximum exposure to credit risk. The table is presented according to Basel II asset categories and includes collateral that may not be eligible for recognition under Basel II but that management takes into consideration in the management of the group's exposures to credit risk. All on- and off-balance sheet exposures which are exposed to credit risk, including non-performing assets, have been included.

Collateral includes:

- financial securities that have a tradable market, such as shares and other securities;
- physical items, such as property, plant and equipment; and
- financial guarantees, suretyships and intangible assets.

All exposures are presented before the effect of any impairment provisions.

In the retail portfolio, 59% (2012: 39%) is fully collateralised. Of the group's total exposure, 77% (2012: 74%) is unsecured and mainly reflects exposures to well-rated corporate counterparties, bank counterparties and sovereign entities.

Collateral

	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 2013								
Corporate	284,854	163,690	121,164	-	-	69,288	16,055	35,821
Sovereign	258,283	258,283	-	-	-	-	-	-
Bank	153,265	153,265	-	-	-	-	-	-
Retail	115,510	47,046	68,464	-	-	10,170	7,452	50,842
Retail Mortgage	9,624	-	9,624	-	-	513	358	8,753
Other retail	105,886	47,046	58,840	-	-	9,657	7,094	42,089
Total	811,912	622,284	189,628	-	-	79,458	23,507	86,663
Add: Financial assets not exposed to credit risk	14,998							
Less: Impairments for loans and advances	(14,288)							
Less: Unrecognised off balance sheet items	(31,926)							
Total exposure	780,696							
Reconciliation to balance sheet:								
Cash and balances with central bank	38,879							
Derivatives	2,972							
Financial investments	142,522							
Loans and advances	375,188							
Trading assets	160,871							
Pledged assets	22,265							
Other financial assets	37,999							
Total	780,696							

Collateral

	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 2012								
Corporate	226,711	97,354	129,357	-	-	55,475	73,426	456
Sovereign	191,033	191,033	-	-	-	-	-	-
Bank	152,513	152,513	-	-	-	-	-	-
Retail	109,871	66,742	43,129	-	-	6,756	34,150	2,223
Retail Mortgage	11,400	-	11,400	-	-	-	11,400	-
Other retail	98,471	66,742	31,729	-	-	6,756	22,750	2,223
Total	680,128	507,642	172,486	-	-	62,231	107,576	2,679
Add: Financial assets not exposed to credit risk	15,536							
Less: Impairments for loans and advances	(13,129)							
Less: Unrecognised off balance sheet items	(44,817)							
Total exposure	637,718							
Reconciliation to balance sheet:								
Cash and balances with central bank	76,933							
Derivatives	1,709							
Financial investments	85,757							
Loans and advances	320,662							
Trading assets	114,877							
Pledged assets	24,440							
Other financial assets	13,340							
Total	637,718							

STANBIC IBTC HOLDINGS PLC

Risk and capital management continued
For the six months period ended 30 June 2013

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

<u>Interest and/or principal outstanding for over:</u>	<u>Classification</u>	<u>Minimum provision</u>
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 profit and loss account.

Performing accounts

A minimum of 1% 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. 2013	31 Dec. 2012
	N million	N million
Prudential disclosure of loan and advances to customer		
Gross loans and advances to customers	297,941	281,080
Accrued interest on impaired loans	2,816	1,607
Customer exposure for loans and advances	295,125	279,473
Mortgage loans	8,824	10,571
Instalment sale and finance leases	25,989	29,972
Card debtors	537	494
Overdrafts and other demand loans	33,958	29,193
Other term loans	225,817	209,243
Credit impairments for loans and advances	(12,346)	(13,949)
Specific credit impairments	(6,902)	(9,691)
Interest in suspense	(2,816)	(1,607)
Portfolio credit impairments	(2,628)	(2,651)
Net loans and advances	285,595	267,131

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, ALCO sets liquidity risk policies in accordance with regulatory requirements and international best practice.

Limits and guidelines are prudently set and reflect the group's conservative appetite for liquidity risk. ALCO is charged with ensuring compliance with liquidity risk standards and policies.

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;
- back-testing;
- maintaining minimum levels of liquid and marketable securities;
- depositor concentration;
- local currency loan to deposit limit;
- foreign currency loan to deposit limit;
- intra-day liquidity management;
- daily cash flow management;
- liquidity stress and scenario testing; and
- liquidity contingency planning.

The cumulative impact of the above principle is monitored, at least monthly by ALCO and the process is underpinned by a system of extensive controls. The latter includes the application of purpose-built technology, documented processes and procedures, independent oversight and regular independent reviews and evaluations of the effectiveness of the system.

Structural liquidity mismatch management

The mismatch approach measures a 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. Detailed assumptions and reasoning applied in compiling the structural liquidity mismatch are well documented.

- In the main, readily available liquidity is profiled based on realistic liquidation periods (including appropriate forced-sale discounts), while other cash flows with a predetermined runoff are profiled according to their remaining contractual maturity;
- ambiguous maturity loan and advance products are profiled using an attrition analysis;
- ambiguous maturity deposit and borrowing products are profiled using a volatility analysis, except where such products do not exhibit term behaviour, in which case they are profiled in the sight-to-7 day maturity bucket;
- where material, off-balance sheet facilities granted by the group must be profiled on the basis of probable drawdown; all other cash flow items

or positions in respect of which no right or obligation in respect of maturity exists must be profiled in the >12-months maturity bucket.

all other cash flow items or positions in respect of which no right or obligation in respect of maturity exists must be profiled in the >12-months maturity bucket.

A net mismatch figure is obtained by subtracting liabilities and net off-balance sheet positions from assets in each time band. The group's liquidity position is assessed by means of the net cumulative mismatch position (aggregation of net position in each successive time band), expressed as a percentage of total funding related liabilities to the public

The maturity analysis for financial liabilities represents the basis for effective management of exposure to structural liquidity risk. Behavioural profiling is applied to assets, liabilities and off-balance sheet commitments with an indeterminable maturity or draw-down period, as well as to certain liquid assets. The monitoring of liquidity risk using the behavioural adjusted basis is facilitated by the adoption of maximum mismatch limits and guidelines to restrict the mismatch between the expected inflows and outflows of funds in different time buckets.

Risk and capital management continued
For the six months period ended 30 June 2013

Anticipated Liquidity Gap (Local currency) - All figures in millions								
Lcy (N'Million)	Overnight	1 month	2 months	3 months	4-6 months	7-12 months	13-24 months	> 24 months
Period Gap	116,514	(110,727)	(27,182)	(20,976)	(11,077)	(18,298)	76,665	(6,212)
Cum. Gap	116,514	5,786	(21,396)	(42,372)	(53,449)	(71,747)	4,918	(1,295)

Anticipated Liquidity Gap (Foreign currency) - All figures in millions								
Period (\$'Million)	Overnight	1 month	2 months	3 months	4-6 months	7-12 months	13-24 months	> 24 months
Period Gap	44	(19)	(98)	(89)	(112)	(55)	4	335
Cum. Gap	44	25	(73)	(162)	(274)	(330)	(326)	9

The group's ability to withstand huge outflow was very strong as shown in the tables below where the net cumulative mismatch positions as a percentage of total funding related liabilities were in excess of the limits in all the time bands.

Cumulative gap as a % of TFLRP - Local currency						
Cum. Gap as a % of TFLRP*	Overnight	1 month	2 months	3 months	4 - 6 months	7 - 12 months
Jun-13	20.00%	16.00%	11.00%	4.00%	-3.00%	-8.00%
Dec-12	33.82%	22.11%	-6.21%	-12.30%	-15.52%	-20.83%
Limit	>0%	>-5%	>-10%	>-10%	>-15%	>-20%

Cum. Gap as a % of TFLRP* - Foreign currency						
Cum. Gap as a % of TFLRP*	Overnight	1 month	2 months	3 months	4 - 6 months	7 - 12 months
Jun-13	7.00%	10.00%	5.00%	-8.00%	-6.00%	-1.00%
Dec-12	9.10%	21.20%	14.80%	5.80%	-4.90%	-19.80%
Limit	>0%	>-5%	>-10%	>-10%	>-15%	>-20%

* TFLRP - Total funding liability related to public.

Based on forecast business growth and the structural dynamics of the balance sheet, ALCO projects long-term funding requirements, thereby setting targets for long-term funding ratios. The projected long-term ratio is a transparent and practical measure for the funding desk to target and monitor the pace of raising long-term deposits. There are no limits for mismatches due to contractually based inflows and outflows.

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 requirement in order to condone occasional breaches of concentration limits.

Loan to deposit limit

A limit is put in place, restricting the local currency loan to deposit ratio to a maximum specified level, which is reviewed periodically. Similarly, in order to restrict the extent of foreign currency lending from the foreign currency deposit base, a foreign currency loan to deposit limit, which is also referred to as own resource lending, is observed. As mitigants, the group maintains high levels of unencumbered marketable and liquid assets in excess of regulatory benchmark.

Intra-day liquidity management

The group manages its exposures in respect of payment and settlement systems. Counterparties may view the failure to settle payments when expected as a sign of financial weakness and in turn delay payments to the group. This can also disrupt the functioning of payment and settlement systems. At a minimum, the following operational elements are included in the group's intra-day liquidity management:

- capacity to measure expected daily gross liquidity inflows and outflows, including anticipated timing where possible;
- capacity to monitor its intraday liquidity positions, including available credit and collateral;
- sufficient intraday funding to meet its objectives;
- ability to manage and mobilise collateral as required;
- robust capacity to manage the timing of its intraday outflows; and
- readiness to deal with unexpected disruptions to its intraday liquidity flows.

Daily cash flow management

The group generates a daily report to monitor significant cash flows. Maturities and withdrawals are forecast at least 3-months in advance and management is alerted to large outflows. The report, which is made available to the funding team, ALM and market risk also summarises material daily new deposit as well as the interbank and top depositor reliance (by value and product).

The daily cash flow management report forms an integral part of the ongoing liquidity management process and is a crucial tool to proactively anticipate and plan for large cash outflows.

Liquidity stress testing and scenario testing

Anticipated on- and off-balance sheet cash flows are subjected to a variety of the group specific and systemic stress scenarios in order to evaluate the impact of unlikely but plausible events on liquidity positions. Scenarios are based on both historical events, such as past emerging markets crises, past local financial markets crisis and hypothetical events, such as a entity specific crisis. The results obtained from stress testing provide meaningful input when defining target liquidity risk positions.

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, 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.

Maturity analysis of financial liabilities by contractual maturity

The tables below analyses cash flows on a contractual, undiscounted basis based on the earliest date on which the group can be required to pay (except for trading liabilities and trading derivatives) and may therefore not agree directly to the balances disclosed in the consolidated statement of financial position.

Derivative liabilities are included in the maturity analysis on a contractual, undiscounted basis when contractual maturities are essential for an understanding of the derivatives' future cash flows. Management considers only contractual maturities to be essential for understanding the future cash flows of derivative liabilities that are designated as hedging instruments in effective hedge accounting relationships. All other derivative liabilities are treated as trading and are included at fair value in the redeemable on demand bucket since these positions are typically held for short periods of time.

The following tables also include contractual cash flows with respect to off-balance sheet items which have not yet been recorded on-balance sheet. Where cash flows are exchanged simultaneously, the net amounts have been reflected.

Maturity analysis of financial liabilities by contractual maturity

	Redeemable on demand N'million	Maturing within 1 month N'million	Maturing between 1-6 months N'million	Maturing between 6-12 months N'million	Maturing after 12 months N'million	Total N'million
June 2013						
Financial liabilities						
Derivative financial instruments	-	293	15	34	41	383
Trading liabilities	-	7,693	31,438	28,422	14,014	81,567
Deposits and current accounts	342,339	73,327	98,364	6,913	51	520,994
Subordinated debt	-	-	-	-	6,482	6,482
Other borrowings	-	-	1,506	1,440	46,193	49,139
Total	342,339	81,313	131,323	36,809	66,781	658,565
Unrecognised financial instruments						
Letters of credit	857	2,060	11,742	-	-	14,659
Guarantees	100	588	14,265	986	1,327	17,266
Total	957	2,648	26,007	986	1,327	31,925
December 2012						
Financial liabilities						
Derivative financial instruments	-	313	459	-	-	772
Trading liabilities	11,437	16,939	14,788	8,091	37,116	88,371
Deposits and current accounts	205,271	109,639	50,320	16,789	32	382,051
Other borrowings	-	3,173	389	1,463	61,848	66,873
Total	216,708	130,064	65,956	26,343	98,996	538,067
Unrecognised financial instruments						
Letters of credit	1,508	602	17,030	5	-	19,145
Guarantees	86	2,102	12,713	9,439	1,333	25,673
Total	1,594	2,704	29,743	9,444	1,333	44,818

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 event 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

	June 2013	Dec. 2012
	%	%
Single depositor	4	4
Top 10 depositors	19	21

Market risk

The identification, management, control, measurement and reporting of market risk is categorised as follows:

Trading market risk

This risk arises in trading activities where the group acts as a principal with clients in the market. The group's policy is that all trading activities are contained within the group's CIB trading operations.

Banking book interest rate risk

This risk arises from the structural interest rate risk caused by the differing repricing characteristics of banking assets and liabilities.

Foreign currency risk

This risk arises as a result of changes in the fair value or future cash flows of financial exposures as a result of changes in foreign exchange rates.

Equity investment risk

This risk arises from equity price changes in listed and unlisted investments. This risk is managed through the equity investment committee, which is a sub-committee of the executive committee.

Framework and governance

The board through the board risk management committee 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 group follow a common governance framework. The group's ALCO reports to EXCO and also to board risk 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 committee.

Market risk measurement

The techniques used to measure and control market risk include:

- daily net open position
- daily VaR;
- back-testing;
- PV01;
- other market risk measures; and
- annual net interest income at risk.

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 occur resulting from market movements over a specified time period and a predetermined probability.

VaR limits and exposure measurements are in place for all market risks the trading desk is exposed to. The group 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.

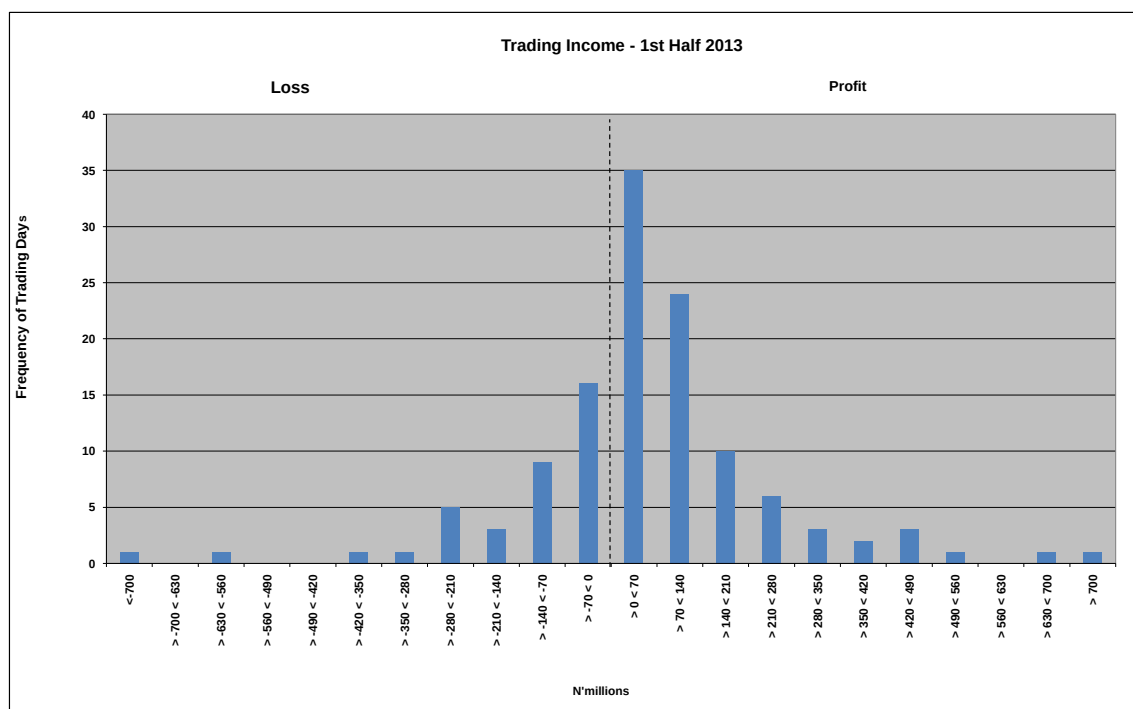
Pricing models and risk metrics used in production systems, whether these systems are off-the-shelf or in-house developed, are independently validated by the market risk unit before their use and periodically thereafter to confirm the continued applicability of the models. In addition, the market risk 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 group and the banking business's 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.

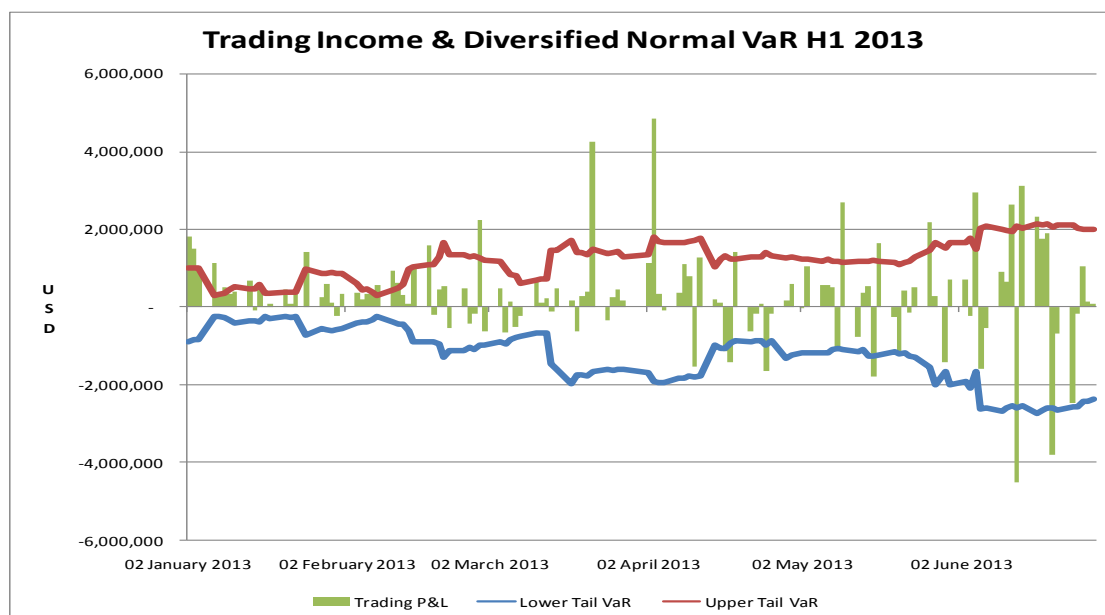
Distribution of trading income in H1 2013

The histogram below shows the distribution of daily income and losses during H1 2013. It captures trading income volatility and shows the number of days in which the banking business's trading related revenues fell within particular ranges. The distribution is skewed to the profit side. Overall, it shows that trading income was realised on 86 days out of a total of 123 trading days.



Analysis of Value-at-Risk (VaR) and actual income

The graph below shows the normal VaR analysis and the actual income of the trading unit in H1 2013. It reflects a relative stability in VaR amount despite the fluctuation in trading 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 USD258,089 and USD2,736,490 respectively with an half year average of USD1,266,173 which translates to a very conservative VaR base limit utilisation of 23% on average

Diversified Normal Var Summary (USD)						
Desk	Maximum	Minimum	Average	28-Jun-13	31-Dec-12	Limit
Bankwide VaR	2,736,490	258,089	1,266,173	2,383,545	840,947	5,700,000
Fixed Income VaR	818,917	14,814	309,687	126,984	319,787	1,856,000
Credit Trading VaR	553,243	8,925	86,237	31,468	512,203	2,500,000
Money Market VaR	3,224,573	72,587	1,290,592	2,397,801	142,882	2,300,000
Derivatives VaR	546,271	8,747	24,230	8,747	13,040	62,500
FX VaR	359,670	2,525	23,061	15,300	10,423	70,000

Risk and capital management continued
For the six months period ended 30 June 2013

Analysis of Average Trading Revenue by Income Stream

The table below shows the breakout of trading revenue by asset class between H1 2012, year ending 2012 and H1 2013.

Trading Revenue in NGN mm				
Trading Revenue Streams	H1 2013	H1 2012	FY 2012	% Change
Foreign exchange	3,612	2,112	4,230	71%
Credit	776	245	1,617	217%
Interest rates	4,418	229	2,241	1829%
Equities	5	-	3	
Total	8,811	2,586	8,091	241%

Analysis of PV01

The table below shows the PV01 of the money market banking and trading books as well as the fixed income trading book. The money market trading book PV01 exposure was N0.6 million, the money market banking book PV01 exposure stood at N6.99 million while the fixed income trading book PV01 exposure was N0.7 million, thus reflecting a very conservative exposure utilisation. Overall, limit discipline was very good across the banking and trading books.

PV01 (NGN'000)			
	30 June 2013	31 December 2012	Limit
Money Market Trading Book	619	836	3,700
Fixed income Trading Book	779	2,704	3,400
Credit Trading Book	124	4,447	4,000
Derivative Trading Book	2	2	500
Money Market Banking Book	6,992	7,180	10,000

Analysis of Concentration Risk in the Banking business

The table below shows the banking business holdings in traded securities versus the amount in issuance. There are no major concentrations per asset class as depicted below. The banking business has tight limits around trading of securities to avoid the building up of concentration in particular bonds or asset classes.

PV01 (NGN'000)	Trading Book		Banking Book	Total
Instrument Type	Issuance (NGNmm)	Notional (NGNmm)	Notional (NGNmm)	Notional (NGNmm)
Treasury Bills	6,765,188	55,764	139,342	195,106
Sovereign Bonds	3,936,620	-1,430	12,916	11,486
Corporate Bonds	535,990	-	2,133	2,133
State Bonds	498,000	1,358	3,842	5,200
AMCON	5,676,680	-	1,184	1,184
PV01 (NGN'000)	Trading Book		Banking Book	Total
Instrument Type	Issuance (USDmm)	Notional (USDmm)	Notional (USD mm)	Notional (USD mm)
Corporate Bonds	1,100	-	-	-
Sovereign Bonds	500	-	-	-

Analysis of banking book market risk exposures

Banking-related market risk exposure principally involves the management of the potential adverse effect of interest movements on net interest income.

The risk is transferred to and managed within the group's treasury operations under supervision of ALCO. A dynamic, forward-looking net interest income forecast is used to quantify the banking business 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. Balance sheet projections and the impact on net interest income due to rate changes normally cover a minimum of 12 months forecasting. The analysis allows for the dynamic interaction of payments, new business and interest rates, and also captures the effects of embedded or explicit options.

The analyses are done under normal market conditions i.e. under a bullish, expected and bearish interest rate scenario and, under stressed market conditions in which the banking book is subjected to an upward and downward 450 basis points parallel rate shock for local currency and 75 basis points for foreign currency

Risk and capital management continued
For the six months period ended 30 June 2013

The table below shows the sensitivity of the group's net interest income in response to standardised parallel rate shocks. The impacts of the rate shocks on the group's net interest income are well within the 10% limit.

Measure	Stress Condition*	Utilization (%) Jun-13	Utilization (%) Dec-12	Limit
Lcy Parallel Rate Shock	+650	6.40	8.04	<10.0%
	-650	-18.6	-7.37	
Fcy Parallel Rate Shock	+75	-5.8	-3.02	
	-75	5.9	1.77	

* Dec 2012 LCY stress was +/- 450

Foreign exchange risk

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 2013.

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

At 30 June 2013	Naira	US Dollar	GBP	Euro	Others	Total
Asset	N' million	N' million	N' million	N' million	N' million	N' million
Cash and balances with central bank	33,525	3,096	931	1,196	131	38,879
Trading assets	108,383	52,488	-	-	-	160,871
Pledged assets	22,265	-	-	-	-	22,265
Derivative assets	-	2,972	-	-	-	2,972
Financial investments	142,493	29	-	-	-	142,522
Loans and advances to banks	56,948	34,243	1,458	1,544	158	94,351
Loans and advances to customers	185,613	94,831	178	215	-	280,837
Other assets	(11,105)	55,995	169	142	2,245	47,446
Current tax assets	58	-	-	-	-	58
Deferred tax assets	5,088	-	-	-	-	5,088
Property and equipment	23,047	-	-	-	-	23,047
Total assets	566,315	243,654	2,736	3,097	2,534	818,336
Liabilities						
Trading liabilities	19,440	62,127	-	-	-	81,567
Derivative liabilities	342	41	-	-	-	383
Deposits and current accounts from banks	71,448	79,001	-	525	-	150,974
Deposits and current accounts from customers	305,990	60,101	2,233	1,429	267	370,020
Other borrowings	17,394	31,745	-	-	-	49,139
Current tax liabilities	4,974	-	-	-	-	4,974
Deferred tax liabilities	199	-	-	-	-	199
Other liabilities	19,503	24,824	505	1,158	2,267	48,257
Total liabilities	439,290	257,839	2,738	3,112	2,534	705,513
Net on-balance sheet financial position	127,025	(14,185)	(2)	(15)	-	112,823
Off balance sheet	8,484	21,420	513	1,505	4	31,926
At 31 December 2012	Naira	US Dollar	GBP	Euro	Others	Total
	N' million	N' million	N' million	N' million	N' million	N' million
Total assets	519,681	150,200	2,032	1,850	3,056	676,819
Total liabilities	459,352	125,330	2,038	1,858	2,590	591,168
Net on-balance sheet financial position	60,329	24,870	(6)	(8)	466	85,651
Off balance sheet	12,311	27,723	1,006	1,924	1,852	44,817

Operational risk

The operational risk and compliance committee (ORCC) serves as the oversight body in the application of the group's risk management framework. This is achieved through enforcing standards for identification, assessing, controlling, monitoring and reporting. ORCC reviews and recommends operational risk appetite and tolerance to the executive committee and board risk management committee (BRMC).

Approach to managing operational risk

The group's approach to managing operational risk is to adopt practices that are fit for purpose, to increase the efficiency and effectiveness of the group's resources, minimise losses and utilise opportunities. This approach is aligned to Stanbic IBTC's and SBG's enterprise risk management framework, policies, procedures and tools to identify, assess, monitor, control and report such risks as well as adopt sound practices recommended by various sources, including the Basel II Accord's Sound Practices for the Management and Supervision of Operational Risk and the regulators. The group continues to embed operational risk management practices into its day-to-day business activities.

Governance

The board risk management committee (BRMC), as the delegated risk oversight body on behalf of the board, has the ultimate responsibility for operational risk management. It ensures quality, integrity and reliability of operational risk management across the group.

Management and measurement of operational risk

The operational risk management framework serves to ensure that risk owners are clearly accountable for the risk inherent within the business activities of the group. The key element in the framework includes methodologies and tools to identify, measure, and manage operational risks, a governance model, and processes to ensure internal training and awareness, communication, and change management.

Risk and control self assessments are designed to be forward-looking. Management is required to identify risks that could threaten the achievement of business objectives and together with the required set of controls and actions, to mitigate the risks.

The loss data collection process ensures that all operational risk loss events and near misses are captured into a centralized database. The flow of information into the loss event database is a bottom-up approach. The capture process identifies and classifies all incidents in terms of an incident classification list. This information is used to monitor the state of operational efficiency, address trends, implement corrective action and manage recovery, where possible.

The group uses key risk indicators (KRIs) to monitor the risks highlighted in the risk and control self-assessment (RCSA) process. The implementation of the KRIs is an integral element of the framework and is therefore compulsory throughout the group. Business units are required to report on a regular and event-driven basis. The reports include a profile of the key risk to the achievement of their business objectives, control issues of group-level significance, and operational risks events.

The group maintains adequate insurance to cover key operational and other risks. Insurance is considered an effective tool for mitigating operational risks by reducing the economic impact operational losses, and therefore should have explicit recognition within the capital framework of the new Basel Capital Accord to appropriately reflect the risk profile of financial institutions and encourage prudent and sound risk management.

Business continuity management (BCM)

The group applies the SBG definition for BCM as a guide for developing its BCM programme. In line with this definition, the core focus in first half of 2013 was to carry out Desktop Walkthrough for crisis management team (CMT) and conduct Work Area Recovery simulations to test the ability of the CMT to recover and restore business activities in the event of unexpected disruptions or disasters as well as recovery site infrastructure to determine its suitability for meeting its recovery objectives. A disaster recovery plan is a comprehensive statement of consistent actions to be taken before, during and after a disaster. The plan is documented and tested to ensure the continuity of operations and availability of critical resources in the event of a disaster.

The main objectives of the CMT Desktop Walkthrough and Work Area Disaster Recovery are:

- Gain practical Crisis Management knowledge and skills to ensure the CMT will know when and how to react during a time of need and to use the CMT's effectiveness as required.
- to evaluate and improve the duration of time and service level agreement within which a business process must be restored after a disaster (or disruption) in order to avoid unacceptable consequences associated with a break in business continuity
- to test the respective recovery priorities and responsibilities and ensure that pertinent contact details enabling liaison between personnel and the Stanbic IBTC Crisis Management Team (CMT) members.
- Know and understand the process and when to invoke.

Information risk management

Information risk is defined as the risk of accidental or intentional unauthorised use, modification, disclosure or destruction of information resources, which compromises their confidentiality, integrity or availability.

From a strategic perspective, information risk management is treated as a particular discipline within the operational risk framework. In essence, information risk management not only protects the group's information resources from a wide range of threats, but also enhances business operations, ensures business continuity, maximises return on investments and supports the implementation of various services. The approach to the management of information risk in the group is in accordance with global best practice, applicable laws and regulations.

The group has embarked on an enterprise-wide comprehensive awareness/education campaign to ensure that the culture of information protection is entrenched and the risks associated with improper handling information are mitigated.

Fraud risk management

The group has a set of values that embraces honesty, integrity and ethics and, in this regard, has a "Zero Tolerance" approach to fraud and corruption. Where necessary, disciplinary, civil and criminal actions are taken against staff and third parties who perpetrate fraud; staff found guilty of dishonesty through the group's disciplinary processes will be listed on appropriate industry and regulatory databases of dismissed staff.

The group's financial crime control unit (FCC), which is responsible for fraud risk management practices, in conjunction with law enforcement agencies, investigates all losses incurred as a result of misconduct of staff and criminal intent of third parties, proceeds with criminal prosecutions and recovery of the crime proceeds.

There are anti-fraud mechanisms and regular campaigns in place to mitigate fraud risk. These measures include; fraud awareness, prevention, detection and reporting workshops organized for all members of staff spread throughout the year, as well as the dissemination of fraud circulars highlighting new fraud trends; Anti bribery and corruption policy as well as the whistle blowing policy; Distribution of "Stop Fraud Campaign Letter" to all the registered vendors of the group, introducing the company's whistle blowing hotline and soliciting for their collaborative efforts in reporting any corrupt staff; constant review and re-engineering of the group's internal processes, engagement of law enforcement agencies, industry forums and collaborative workshops to discuss best practices to combat fraud and group-wide fraud prevention incentive programme.

Whistle blowing

The group actively encourages its employees to embrace its values, especially in respect of the upholding of the highest level of integrity. Consequently, the obligation exists for employees to report any unlawful, irregular or unethical conduct that they observe through the requisite whistle blowing channels, which include our hotlines Nos 01-2717739; .01-4227777 and e-mail address - fraud@stanbicibtc.com. These channels are also opened to the customers and other stakeholders.

The group's whistle blowing policy provides as follows:

- Where an employee discovers information which is believed in good faith to show wrongdoing within the group, it should be disclosed without fear of reprisal
- No employee shall be disadvantaged when reporting legitimate concerns
- An employee who in good faith makes a report shall be adequately protected

A whistle-blower may choose to reveal his or her identity when a report or disclosure is made. Where this is the case, the group will respect and protect the confidentiality of the whistle-blower, and gives assurance that it will not reveal the identity of the whistle-blower.

The only exception to this assurance relates to an overriding legal obligation to breach confidentiality. Thus, the group would be obligated to reveal confidential information relating to a whistle-blowing report if ordered to do so by a court of law.

Alternative to confidential reporting, a whistle-blower may also choose not to reveal his or her identity when reporting or disclosing any unlawful, irregular or unethical conduct and such report could be made through the group's whistle-blowing hotline which is managed by an independent third party firm. The systems of the firm managing the whistle-blowing line is set up in such a way that electronic reporting is non-traceable through devices such as caller ID and contractually the firm is not permitted to divulge the identity of the caller to the group (in the event that it becomes aware of the caller's identity).

Environmental risk management

The group acknowledges that the development of a corporate culture whereby environmental protection and the sound management of natural resources in both its own operating environment and with all the parties with which it has a business association is crucial to sustainable development. The group adopts a precautionary approach to environmental management, striving to anticipate and prevent environmental degradation. The group's approach is in line with the guidelines set out in the Equator Principles, the provisions of the environmental laws of the country and the Environmental policies of Standard Bank.

The group's environmental and social risks screening evaluates a transaction's potential risks to the environment and society. The two approaches used to screen and process projects are the Equator Principles for project finance loans and an internally developed appraisal system for all other financial product types. Our environmental and social appraisal system covers biodiversity, gender and human rights issues and helps us identify risks associated with a client's ability or inability to manage environmental and social issues.

The group has also adopted the sustainability principles that was recently introduced by the bankers committee.

Legal risk management

The group is aware of the potential losses that can arise where a financial institution faces a negative court judgment or a contract does not provide the required legal protection or where it incurs liability for damages to third parties. It has therefore established a legal risk function that operates within the legal services unit and which focuses on managing and mitigating legal risk.

The legal risk unit carries out, amongst others, the following functions as part of its legal risk management process:

- ensures that service agreements are executed between the group and its services providers
- reviews and monitors legal claims made against the entities in the group
- obtains independent legal opinions on all litigation instituted against the entities within the group. These opinions provide an independent view on whether the group should make provisions in respect of such litigation.

As a general rule, provisions are made in all instances where, in the group's opinion, there is a likelihood that a legal claim instituted against it may succeed. The amount of such provisions represents the group's estimate of the amount that could be awarded against it or which it could become liable to pay.

The group also encourages the use of alternative dispute resolution mechanisms. Such mechanisms, where appropriate, amicably resolve otherwise difficult litigation and avoid the lengthy and time consuming processes inherent in litigation.

Compliance risk management

Compliance risk management is an independent core risk management activity by the group's compliance unit, which is overseen by the chief compliance officer. The unit provides independent reports to the Operational Risk and Compliance Committee (ORCC), Executive Committee (EXCO) and Board Risk Management Committee (BRMC). The group chief compliance officer has unrestricted access to the chief executive officer (CEO). The group's approach to managing compliance risk is proactive and premised on globally accepted compliance management principles. The group fosters a culture of compliance which is seen not only as a requirement of law but also good business practice.

The compliance unit is well positioned to guard against the risk of failure to comply with applicable laws, regulators, codes of conduct and standards of good practice, which may result in regulatory sanctions, financial or reputation loss. It focuses on ensuring that the group complies with laid down legislations and regulations that are applicable to its business and operations.

The compliance unit of the group carries out, amongst others, the following functions as part of its compliance risk management process:

- maintain compliance risk management plans (CRMPs) for legislations and regulations in terms of their impact on the group's business
- provide advice and support group level product, service and change projects including, new and amended business, product or service review processes
- guidance and education on compliance issues
- monitor and test employees' compliance with applicable legislations, regulations and standards
- liaise with regulators to co-ordinate inspections and examinations and ensure that findings contained in the inspection or examination reports are satisfactorily closed out
- ensuring that customers are treated fairly in view of recent regulatory pronouncements that is driven by the need to ensure

As part of its functions, the compliance unit ensures that enacted laws, regulations and circulars are circulated as soon as they are issued to all the relevant departments of the group to provide appropriate guidance. Newly enacted laws are reviewed and included in the group's regulatory schedule which contains the provisions of all the laws that are applicable to the group in its day-to-day activities and is circulated to all the business units. Detailed gap analysis is carried out on amended laws, legislations, codes etc to enable the group understand the changes to the amended laws.

The compliance unit serves as the interface between the group and the group's primary regulators during spot checks and routine examinations with the aim of ensuring that issues raised during the spot checks and routine examinations are properly addressed.

In this regard, the compliance unit regularly interacts with different regulators and law enforcement agencies, such as the Nigerian Police; Nigerian Financial Intelligence Unit (NFIU); Economic and Financial Crimes Commission (EFCC); National Drug Law Enforcement Agency (NDLEA); Central Bank of Nigeria (CBN), Nigeria Deposit Insurance Corporation (NDIC); Security and Exchange Commission (SEC), amongst others.

Risk and capital management continued
For the six months period ended 30 June 2013

Conflict of interest and personal account trading

The group is highly committed to conducting business professionally, ethically, with integrity and in accordance with international best practice at all times. In line with its established framework and policy, conflict of interest situations are constantly identified and managed. As at the end of June, 2013, 13 investment banking pipelines deals were cleared through the standard bank group's global conflict control room (GCCR), conflicts were identified in 2 of the deals and the members of the deal team were advised of the conflicts and how it should be resolved.

In line with its personal account trading policy, personal trades carried out by members of staff on their individual stock holding through the group's stockbroking subsidiary are reviewed regularly to ensure that staff have not traded on the shares of companies that they have material non-public price-sensitive information on by virtue of their jobs. Members of staff who trade through external stockbroking firms are required to notify Compliance whenever a trading instruction is issued. The disclosure is also applicable to trades executed by connected persons.

As part of the process to ensure that members of staff who are in possession of Material Non Public Information (MNPI) in respect of the group's shares do not take advantage of the information at their disposal, such members of staff referred to as embargoed and nominated employees are prohibited from trading on the shares of the group during closed periods. 221 embargoed and nominated employees were prohibited from trading on the group's shares with effect from 1st December 2012 until the group's annual financial results were announced on the 19th of April, 2013 whilst 235 embargoed and nominated employees were embargoed from 21st June, 2013 until the group's half year results are released.

Anti Money laundering

The group attaches utmost importance to ensuring that the "know your customer" (KYC), anti-money laundering (AML) and combating financing of terrorism (CFT) regulations and legislations are strictly adhered to. These regulations and legislations impose certain obligations on the group such as ensuring that all customers of the group have passed through a KYC scrutiny; that necessary awareness is created amongst members of staff on KYC/AML/CFT issues; that records of customers and their transactions are kept for at least five years as prescribed by law; and that certain threshold transactions are reported on a weekly basis including suspicious transactions.

Key legislations and regulations that govern anti-money laundering are the Money Laundering (Prohibition) (Amendment) Act 2012; Central Bank of Nigeria (CBN) AML/CFT Regulation 2009 as amended; Terrorism (Prevention) Act 2011; various CBN circulars, and the Economic and Financial Crimes Commission Establishment (EFCC) Act 2004.

In accordance with the relevant provisions of the Money Laundering (Prohibition) Act 2011, up to date training programmes are organised for the group's employees regularly. The trainings are normally carried out in an easy to understand manner that allows members of staff to have a good grasp of key issues such as KYC, money laundering, suspicious transactions, preservation of records, and terrorist financing. Members of staff who are trained are required to write an on-line test to determine their level of understanding with the issues discussed during the training.

All active accounts are categorised into categories A, B, and C for high, medium and low risk accounts respectively to allow for a risk-based approach to accounts' monitoring.

As part of the commitment and resolve to combat the scourge of money laundering and terrorist financing, an automated anti-money laundering (AML) solution was upgraded in accordance with regulatory requirements in order to ensure that the process of identifying and capturing suspicious transactions is made more effective. This process enables the group to monitor transactions of customers that are viewed to be unusual on a continuous basis.

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

Capital adequacy ratio, which reflects the capital strength of an entity compared to the minimum regulatory requirements, is monitored daily by the management, essentially employing approaches based on the guidelines developed by the regulators for supervisory purposes. It is calculated by dividing the capital held by the bank by its risk-weighted assets. Risk weighted assets are determined by applying prescribed risk weighting to on and off balance sheet exposures according to the relative credit risk of the counterparty

The regulators require the banking business to hold a minimum regulatory capital of N25 billion and maintain a minimum of 10% capital adequacy ratio. The required information is filed monthly with the Central Bank of Nigeria (CBN).

In line with regulatory specification, the group's regulatory capital is divided into two tiers:

Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings.

Tier 2 capital: minority interest arising from consolidation, fixed asset revaluation reserves, foreign currency revaluation reserves and general provision subject to a maximum of 1.25% of risk assets.

Investment in unconsolidated subsidiaries and associations are deducted from Tier 1 and 2 capital to arrive at the regulatory capital.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of asset and reflecting an estimate of credit, market and other risks associated with – each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off balance sheet exposures, with some adjustments to reflect the more contingent nature of the potential losses.

Risk and capital management continued
For the six months period ended 30 June 2013

Capital management

The table below summarises the composition of regulatory capital and the ratios of the group for the period ended 30 June 2013. During the period, the individual entities within the group and the group complied with all of the externally imposed capital requirements to which they are subject.

	Group 30 Jun. 2013 N'million	Group 31 Dec. 2012 N'million
Tier 1 capital:		
Share capital	5,000	5,000
Share premium	65,450	65,450
Available-for-sale reserve	(946)	(68)
Retained earnings	14,084	15,300
Other reserves	(1,087)	(2,341)
Deferred tax asset and intangible assets	(5,088)	(5,169)
Total qualifying Tier 1 capital	77,413	78,172
Tier 2 capital:		
Non-controlling interest	2,072	2,310
Subordinated debt	6,482	-
General provision	4,335	3,842
Total qualifying Tier 2 capital	12,889	6,152
Total regulatory capital	90,302	84,324
Risk-weighted assets:		
On-balance sheet	410,573	346,011
Off-balance sheet	23,293	31,981
Total risk-weighted assets	433,865	377,992
Capital adequacy ratio	20.81%	22.31%

Regulatory capital compliance

The group complied with minimum capital requirements imposed by the regulators during the period under review. Apart from the local requirements, the group is also required to comply with the capital adequacy requirement in terms of South African banking regulations measured on Basel II principles. This act of compliance coupled with the risk governance structure and implementation of ERM framework as well as collation of loss data, amongst others, have continued to reinforce the group's readiness for a regulatory regime that is anchored on Basel II principles in the near future.

STANBIC IBTC HOLDINGS PLC
Annexure A: Statement of value added
For the six months period ended 30 June 2013

	Group				Company			
	30-Jun-13		30-Jun-12		30-Jun-13		30-Jun-12	
	N'million	%	N'million	%	N'million	%	N'million	%
Gross earnings	54,509		41,898		8,746		-	
Interest paid:								
- local	(12,037)		(10,359)		-		-	
- foreign	(408)		(407)		-		-	
	(12,445)		(10,766)		-		-	
Administrative overhead:								
- local	(11,616)		(10,803)		(158)		-	
- foreign	(1,405)		(894)		-		-	
	(13,021)		(11,697)		(158)		-	
Provision for losses	(2,368)		(1,290)		-		-	
Value added	26,675	100	18,145	100	8,588	100	-	
D I S T R I B U T I O N								
EMPLOYEES & DIRECTORS								
Salaries and benefits	11,797	44	10,260	57	170	2	-	
GOVERNMENT								
Taxation	2,940	11	1,125	6	(2)	0	-	
THE FUTURE								
Asset replacement (depreciation)	1,753		1,767		2		-	
Expansion (retained in the business)	10,185		4,993		8,418		-	
Total	11,938	45	6,760	37	8,420	98	-	
	26,675	100	18,145	100	8,588	100	-	

STANBIC IBTC HOLDINGS PLC
Annexure B: Financial summary

	Group 30 June 2013 N'million	Group 31 Dec 2012 N'million	Group 31 Dec 2011 N'million	Group 31 Dec 2010 N'million	Company 30 June 2013 N'million	Company 31 Dec 2012 N'million	Company 31 Dec 2011 N'million
STATEMENT OF FINANCIAL POSITION							
Assets							
Cash and balances with central banks	38,879	76,933	30,074	10,048	-	-	-
Derivative assets	2,972	1,709	3,081	263	-	-	-
Trading assets	160,871	114,877	66,476	70,886	-	-	-
Pledged assets	22,265	24,440	19,501	18,573	-	-	-
Financial investments	142,522	85,757	88,877	29,203	-	-	-
Loans and advances to banks	94,351	54,318	46,051	33,291	9,025	2,625	-
Loans and advances to customers	280,837	266,344	256,720	176,679	-	-	-
Current tax assets	58	43	30	-	-	-	-
Deferred tax assets	5,088	5,169	2,638	1,696	4	-	-
Equity Investment in group companies	-	-	-	-	68,951	68,951	-
Other assets	47,446	22,771	11,299	16,375	5,086	916	-
Intangible assets	-	-	5,036	4,559	-	-	-
Property and equipment	23,047	24,458	24,724	25,645	29	16	-
	818,336	676,819	554,507	387,218	83,095	72,508	-
Equity and liabilities							
Share capital	5,000	5,000	9,375	9,375	5,000	5,000	-
Reserves	88,831	80,651	72,403	77,603	74,923	66,503	-
Derivative liabilities	383	772	749	-	-	-	-
Trading liabilities	81,567	88,371	63,173	50,116	-	-	-
Deposits from banks	150,974	26,632	12,545	6,232	-	-	-
Deposits from customers	370,020	355,419	287,242	186,118	-	-	-
Other borrowings	49,139	66,873	47,618	18,272	-	-	-
Subordinated debt	6,482	-	-	-	-	-	-
Current tax liabilities	4,974	4,686	5,112	4,197	-	-	-
Deferred tax liabilities	199	158	75	506	-	-	-
Other liabilities	60,767	48,257	56,215	34,799	3,172	1,005	-
	818,336	676,819	554,507	387,218	83,095	72,508	-
Acceptances and guarantees							
	31,926	44,817	37,752	14,861	-	-	-
INCOME STATEMENT							
	6 months ended 30 June 2013 N'million	6 months ended 30 June 2012 N'million	6 months ended 30 June 2011 N'million		6 month ended 30 June 2013 N'million	6 months ended 30 June 2012 N'million	6 months ended 30 June 2011 N'million
Net operating income	42,005	31,048	28,207		8,746	-	-
Operating expenses and provisions	(28,880)	(24,930)	(22,813)		(330)	-	-
<i>Profit/ (Loss) before tax</i>	13,125	6,118	5,394	-	8,416	-	-
Taxation	(2,940)	(1,125)	(1,545)		(2)	-	-
<i>Profit after taxation</i>	10,185	4,993	3,849	-	8,414	-	-
Transfer to reserves	9,258	4,384	3,410		8,414	-	-

The financial information presented above reflects historical summaries based on International Financial Reporting Standards. Information related to prior periods has not been presented as it is based on a different financial reporting framework (Nigerian GAAP) and is therefore not directly comparable.