Stanbic IBTC Holdings PLC
ANNUAL REPORT 2017

VISION
TRUST
GROWTH
PROSPERITY
FOCUS

Stanbic IBTC Holdings PLC

Annual Report 2017

Overview

Business review

Annual report & financial statements

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Having advisors with

VISION

to make your Nigeria possible

Our collective vision allows our group to make the connections between investors, businesses and inspired ideas. Creating new opportunities, and navigating the financial challenges of a changing economy imaginatively so that we never leave people unsupported or new avenues unexplored.

This is what drives us at Stanbic IBTC

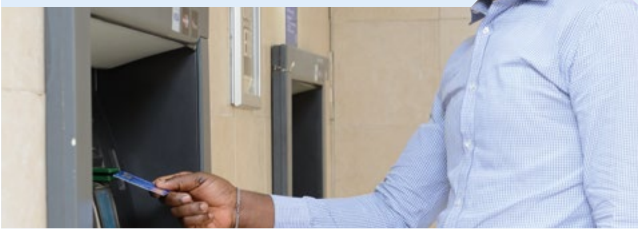
Overview

Vision and values

To be the leading end-to-end financial solutions provider in Nigeria through innovative and customer-focused people.

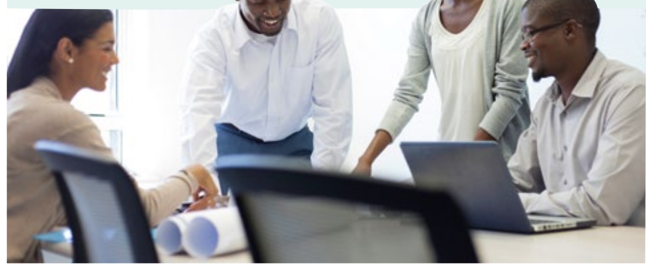
Serving our customers

We do everything in our power to ensure that we provide our clients with the products, services and solutions to suit their needs, provided that everything we do for them is based on sound business principles.



Delivering to our shareholders

We understand that we earn the right to exist by providing appropriate long-term returns to our shareholders. We try extremely hard to meet our various targets and deliver on our commitments.



Growing our people

We encourage and help our people to develop to their full potential and measure our leaders on how well they grow and challenge the people they lead.

Respecting each other

We have the highest regard for the dignity of all people. We respect each other and what Stanbic IBTC stands for. We recognise that there are corresponding obligations associated with our individual rights.

Working in teams

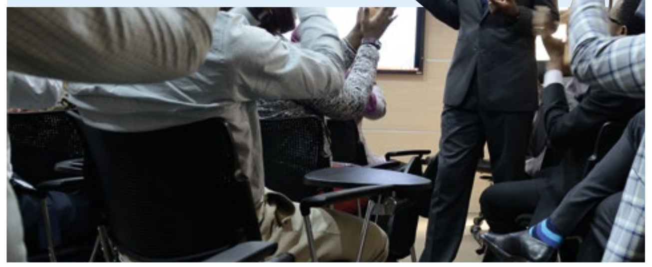
We, and all aspects of our work, are interdependent. We appreciate that as teams we can achieve much greater things than as individuals. We value teams within and across business units, divisions and countries.

Being proactive

We strive to stay ahead by anticipating rather than reacting, but our actions are always carefully considered.

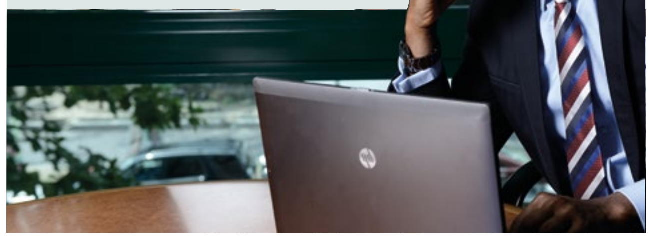
Constantly raising the bar

We have confidence in our ability to achieve ambitious goals and we celebrate success, but we are careful never to allow ourselves to become complacent or arrogant.



Upholding the highest levels of integrity

Our entire business model is based on trust and integrity as perceived by our stakeholders, especially our clients.



Corporate profile

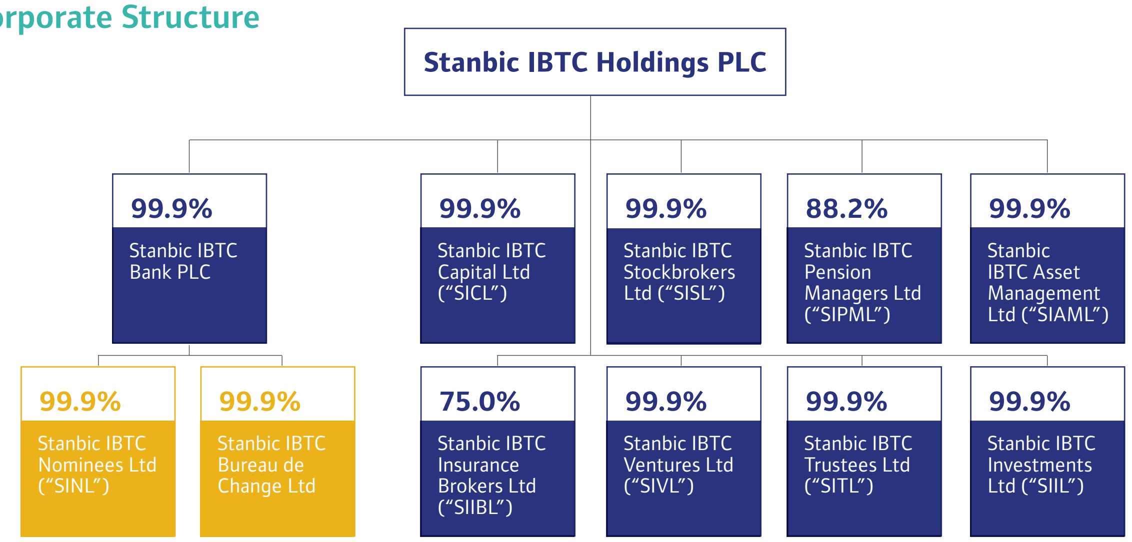
Stanbic IBTC Holdings PLC ("Stanbic IBTC") was incorporated as Investment Banking and Trust Company Limited ("IBTC"), a private limited liability company, on 2 February 1989. IBTC was granted a merchant banking licence in February 1989 and commenced operations on 1 March 1989. IBTC's merchant banking licence was converted to a universal banking licence in January 2002, pursuant to the universal banking guidelines of the Central Bank of Nigeria ("CBN"). In 2005, IBTC became a public company and its shares were listed on The Nigerian Stock Exchange ("The NSE" or "The Exchange")

In December 2005, IBTC merged with Chartered Bank PLC and Regent Bank PLC and changed its name to IBTC Chartered Bank PLC ("IBTC Chartered") on 25 January 2006. On 24 September 2007, IBTC Chartered merged with Stanbic Bank Nigeria Limited ("Stanbic Bank"), a wholly owned subsidiary of Stanbic Africa Holdings Limited ("SAHL"), which in turn is a subsidiary of Standard Bank Group Limited of South Africa. As part of the transaction that resulted in the combination of IBTC Chartered and Stanbic Bank, SAHL acquired a majority shareholding (50.1%) in the enlarged bank, which was named Stanbic IBTC Bank PLC.

On 1 November 2012, Stanbic IBTC officially adopted a Holding Company ("Holdco") structure in compliance with the revised regulatory framework by the Central Bank of Nigeria which requires banks to divest from non-core banking businesses or adopt a HoldCo structure.

Under the new structure, the subsidiaries of Stanbic IBTC Holdings PLC are Stanbic IBTC Bank, Stanbic IBTC Pension Managers Limited, Stanbic IBTC Asset Management Limited, Stanbic IBTC Trustees Limited, Stanbic IBTC Capital Limited, Stanbic IBTC Stockbrokers Limited, Stanbic IBTC Insurance Brokers Limited, Stanbic IBTC Ventures Limited, and Stanbic IBTC Investments Limited. Stanbic IBTC Nominees Limited and Stanbic IBTC Bureau de Change Limited are the only subsidiaries of Stanbic IBTC Bank.

Corporate Structure



Stanbic IBTC is a full service financial institution which offers a wide range of products to a variety of segments. Stanbic IBTC provides end-to-end financial solutions which include corporate and investment banking, personal and business banking, stockbroking and wealth management.

Standard Bank Group, to which Stanbic IBTC belongs, is Africa's largest bank by assets and earnings with strategic representation in 20 key sub-Saharan countries and other emerging markets. Standard Bank has been in operation for over 150 years and prides itself on being a global financial institution with African roots.

Corporate and Investment Banking ("CIB")

Total income

₦89.0 billion

Corporate and investment banking services to government, parastatals, larger corporates, financial institutions and international counter-parties in Nigeria.

Personal and Business Banking ("PBB")

Total income

₦44.3 billion

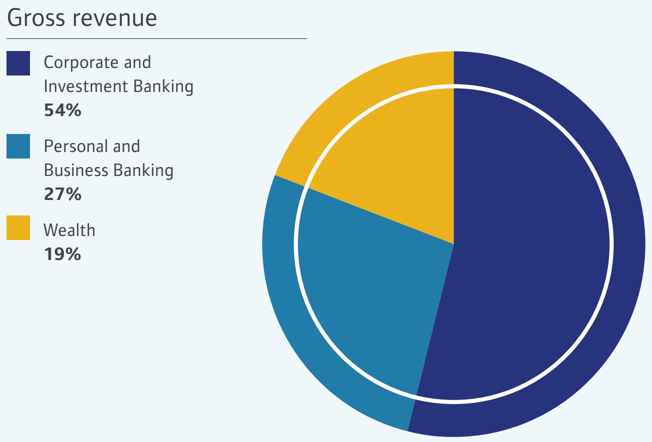
Banking and other financial services to individual customers and small to medium sized enterprises.

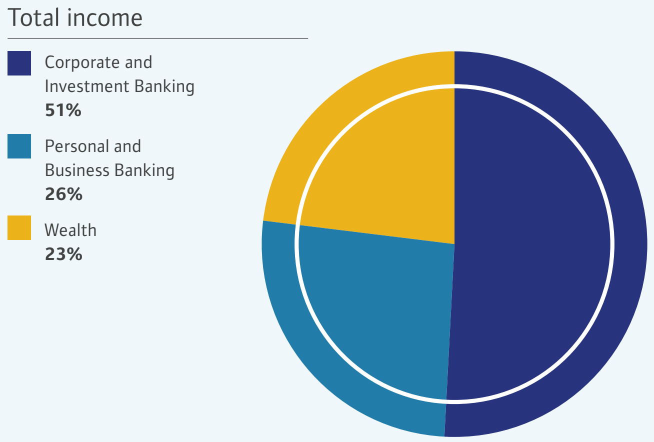
Wealth

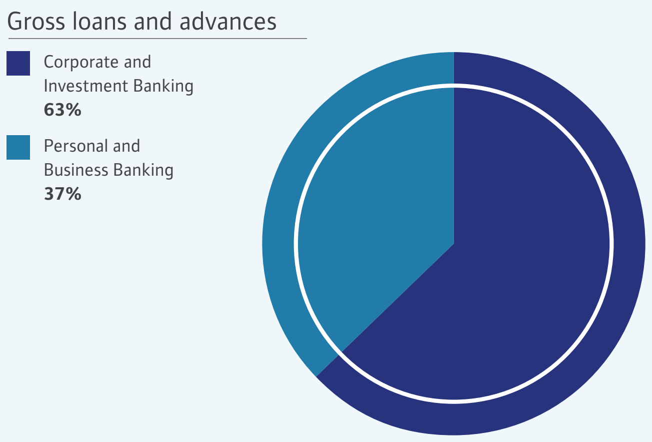
Total income

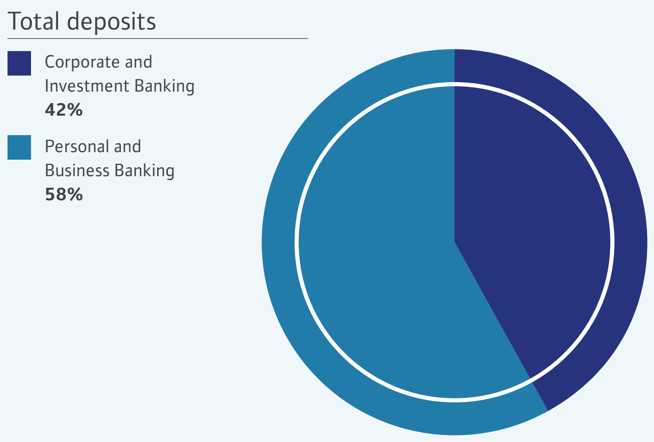
₦39.5 billion

Investment management in form of asset management, pension fund administration, trusteeship and insurance brokerage.





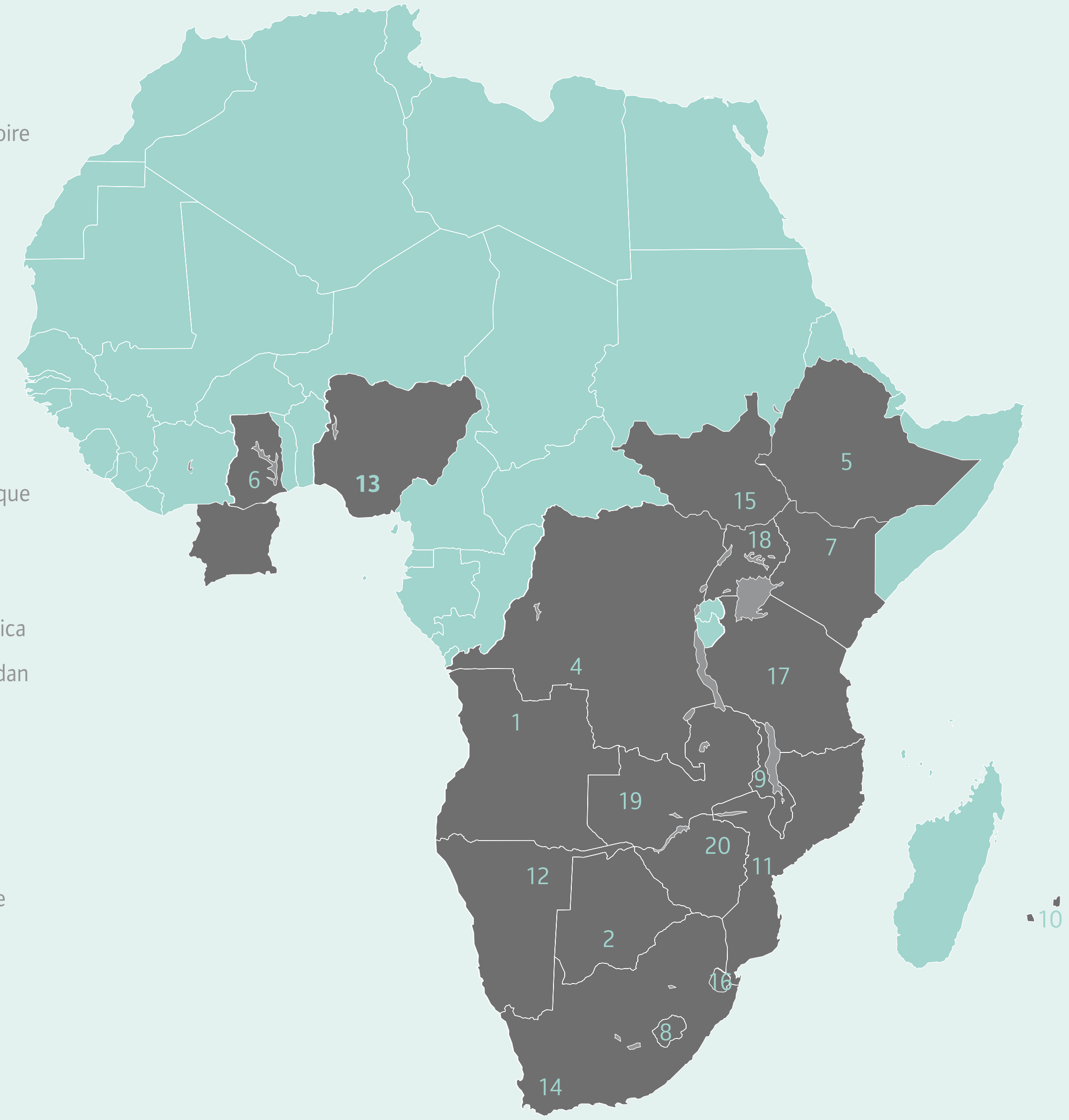




Standard Bank Group network

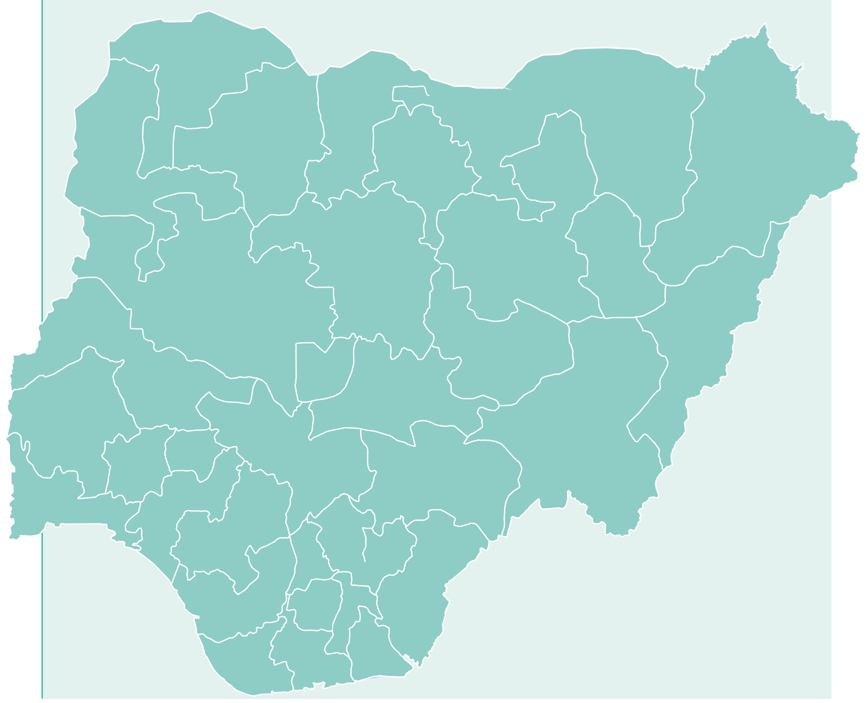
Country overview

1 Angola
2 Botswana
3 Cote d'Ivoire
4 DRC
5 Ethiopia
6 Ghana
7 Kenya
8 Lesotho
9 Malawi
10 Mauritius
11 Mozambique
12 Namibia
13 Nigeria
14 South Africa
15 South Sudan
16 Swaziland
17 Tanzania
18 Uganda
19 Zambia
20 Zimbabwe



Nigeria overview

Branches	ATMs	BNAs
Lagos Island: 27	Lagos Island: 85	Lagos Island: 4
Lagos Mainland: 33	Lagos Mainland: 116	Lagos Mainland: 10
North Central: 31	North Central: 86	South South: 1
North West: 23	North West: 63	South West: 4
South East: 16	South East: 35	
South South: 16	South South: 47	
South West: 31	South West: 103	
Total: 177	**Total: 535**	**Total: 19**



Standard Bank Group Overview

Market capitalisation
R317 billion
(US$28 billion)

Total assets
R2 trillion
(US$165 billion)

Operating
in 20 African countries and 8 countries outside Africa

54,558 employees
(3,031 in Nigeria)

1,212 branches
(177 in Nigeria)

9,036 ATMs
(535 in Nigeria)

Recognitions






SIAML

1. Business Day Award for Best Managed Money Market Fund 2017
2. Business Day Award for Best Managed Fixed Income Fund 2017

SIPML

3. Business Day Award for Most Innovative PFA 2017
4. African Child Prize Award for Integrity in Corporate Business 2017
5. Nigerian Customer Service Awards for Excellent Service Delivery in PFA Category 2017

PBB

6. The Asian Bankers Award for Best Branch Innovation for our Digital branch (2017)
7. The Asian Bankers Award for Best SME Bank in Nigeria (2017)
8. Human Development Initiatives Award for support towards tertiary education of orphans and children of widows and widowers (2017)

CIB

9. Best Sub Custodian in Nigeria 2017 – *Global Finance (SINL)*
10. Best FMDQ Registration Member (Quotations) – *FMDQ (SICL)*
11. Best Stockbroking/Investment Bank of the Year 2017 – *BusinessDay Banking Awards (SISL)*
12. Best FX Provider in Nigeria 2017 – *Global Finance (Global Market)*
13. 2017 Financial Mail Top Analyst Award: Best Equities Research, Sub Saharan Africa
14. 2017 Sprite Award: Best Fixed Income Research, Africa

Human Capital Awards

15. Exceptional Investment in Employee Medical and Welfare *(Redbridge Health Care – HealthMeetings.org)*
16. Human Resources People Magazine Award for Outstanding Employee Engagement Strategy
17. Human Resources People Magazine Award for Outstanding Talent Management Strategy
18. Human Resources Best Practice Award for the Financial Industry in Nigeria
19. Best Human Resources Optimisation Award for Employee Engagement and Internal Communications
20. 2017 Chartered Institute of Personnel Management ("CIPM") Best HR Practice Award

The experience to TRUST in new technologies, ventures and futures

We have seen our country evolve dramatically over the last 29 years, so managing change is not only something we handle with great perspective, we plan for it.

Looking to the future and capitalising on what Nigeria has to offer is key to how we progress. Our investments in communications infrastructure, alternative energy resources and transport links are all testaments to how we can see Nigeria needing more in years to come and making sure we are ahead of the curve.

This is what drives us at Stanbic IBTC

Business review

Chairman’s statement

Basil Omiyi (CON)
Chairman

2017: A year of synchronised global recovery

Fellow shareholders, distinguished ladies and gentlemen, on behalf of the Board of Stanbic IBTC Holdings PLC, I am pleased to welcome you all to this Annual General Meeting (“AGM”) of our company being the sixth since it became a holding company.

Year 2017 turned out to be a year of synchronised global recovery despite political volatilities in some parts of the world. While growth stagnated in the UK at 1.8% given the stall in EU Brexit negotiations, China managed to maintain its rate of expansion, dispelling fears over a potential sharp slowdown as it matures after decades of rapid growth. The Eurozone also staged a recovery after years of uncertainty. Japan, as well as other major emerging economies such as Russia, continued to post solid growth numbers. However, there was a surge of political noise during the last quarter. In Spain, the Catalonia region’s drive for independence plunged the country into arguably the biggest political crisis in 40 years, posing a major challenge for the European Union. Due to irreconcilable differences among the four political parties involved, Chancellor Angela Merkel was unable to form a new three-way government in Germany, thereby increasing the chances of a new general election. In Italy, the campaign for next year’s general elections revealed a fragmented picture and a growing support for anti-establishment parties.

The global oil price was also not left out as it recovered sharply in 2017, with Brent crude moving from $56.82 at the beginning of the year to close at $66.87 at year end, primarily driven by an agreement among OPEC and a number of non-member countries such as Russia to extend production cuts to the end of 2018 and also as a result of increasing demand from factories around the world, particularly in China, amid a boom in economic activity.

Locally, the World Bank had projected the country’s economy to grow by 1.0 per cent in 2017 following the carryover of a sub-zero (about -1.7 per cent) real Gross Domestic Product (“GDP”) growth rate from the 2016 recession. The most important policy challenge for the Federal Government was, therefore, to take the country out of recession within the year; and all this was at a time the naira traded at ₦490 against the US dollar at the Bureau de Change (“BDC”) while exchanging for ₦497 at the parallel (black) market, appreciating from about ₦516 per dollar in Q4 2016. External reserve had plummeted to $25.8 billion in December 2016 while inflation rate in January 2017 reached 18.72 per cent.

Nigeria extended its slow climb out of its first recession in 25 years, as data from the National Bureau of Statistics (“NBS”) revealed that the economy grew by 1.92% year-on-year in the fourth quarter, being its third consecutive quarter of growth in 2017 (Q3’17: +1.4% year-on-year) after five consecutive quarters of negative growth.

Also, inflation fell to 15.37 per cent in December 2017, from 18.72 per cent as of January 2017.

The economic recovery was underpinned by a rebound in oil production due to the relative peace in the Niger Delta region, rising oil prices and foreign exchange stability as a result of the introduction of the Investors’ and Exporters’ Foreign Exchange (“IEFX”) Window by the Central Bank and the subsequent near liberalisation of the foreign exchange market, which brought the value of the naira in the parallel market from ₦525/$ to ₦362/$ in December 2017.

The country’s external reserve grew significantly to $38.77 billion, representing a 50 per cent increase from the $25.84 billion recorded at the beginning of the year.

The foreign exchange stability impacted positively on the performance of the bourse as The Exchange closed the year on a positive note with year-to-date return of 42.3%, emerging as one of the top five best performing stock markets for 2017 among major global stock exchanges. Positive market sentiments this year have been largely buoyed by foreign portfolio inflows into the equities markets since the introduction of the IEFX window (especially targeted at blue chip stocks), impressive corporate earnings releases and the positive macro-economic data. On a full year basis, all of the sectoral indices closed the year on a positive note.

Foreign Portfolio Investment (“FPI”) increased significantly in 2017. The large chunk of FPI was invested in equities and Treasury Bills, which had attractive yield. In the banking industry, banks demonstrated resilience amid macro-economic challenges which weighed on credit expansion, asset quality and capital adequacy.

Stanbic IBTC Bank PLC and Stanbic IBTC Holdings PLC retained their AAA national ratings by Fitch Ratings, reaffirming the institutions’ strong fundamentals and stability.

In light of the above, our company made giant strides, recording several feats on all fronts. The company grew its Asset under Custody (“AuC”) to a record high of ₦5.6trn thus maintaining its leadership in the non-pension custodial business. The company’s share price grew from ₦15.00 at the beginning of the year to a record high of ₦44.30 while closing the year as the most priced banking stock at ₦41.50. The institution also made quantum leaps in almost all of its key performance metrics culminating in an ROE of over 28%.

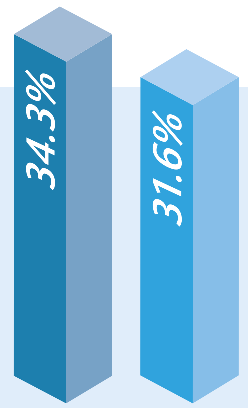
In recognition of our contribution to providing excellent solutions for clients we won several awards during the year across the group. The awards won include but not limited to the following: The NSE CEO award for 2017, (for the sixth year consecutively), Business Day Award for Best Managed Fixed Income Fund 2017, Nigerian Customer Service Awards for Excellent Service Delivery in PFA Category 2017, The Asian Bankers Award for Best Branch Innovation for our Digital branch, Business Day Banking Awards for the Best Stockbroking/Investment Bank of the Year 2017 and Best FX Provider in Nigeria 2017 by Global Finance.

We remain optimistic that in 2018 and beyond, we are well positioned to sustain the progress made so far as we continue to create value for our customers with our innovative solutions while taking advantage of any potential upsides in the economy and in turn provide sustainable returns to our shareholders.

Balance Sheet

The Group’s total assets increased by 31.6% (₦333 billion) from ₦1,053.5 billion as at 31 December 2016 to ₦1,386.4 billion as at 31 December 2017 due to positive growth in business activities and change in FX rate for foreign currency translation. Major growth lines in total assets are trading securities due to positions currently held (₦151.5 billion), investment in financial securities (₦316.6 billion) and net loans to customers also

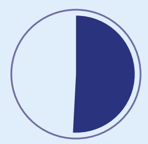
2017 in numbers



Deposits from customers increased by **₦192.7billion**

Group total assets increased by **₦333 billion**

44.5%
Group’s net interest income increase



69.6%
Group’s profit after tax increase

Chairman's statement (continued)

witnessed marginal growth of 5.4% (₦19.1 billion) to close at ₦372.1 billion.

In line with the comprehensive risk management framework of the Group, there was a significant increase in the provisions held for loans and advances in 2017. Provisions grew by ₦9.4 billion or 42.1% from ₦22.4 billion in 2016 to ₦31.8 billion in 2017, representing 7.9% of gross loan book (2016: 6.0%).

Funding the growth in total asset is an increase in total liabilities of ₦288.5 billion (31.6%) between period end 2016 and 2017. Deposits from customers increased by ₦192.7 billion, representing a 34.3% growth year-on-year. This growth is in alignment with the bank's focus on raising cheap customer liabilities.

Shareholders' funds grew by ₦45.0 billion following the impressive result for the financial year 2017.

Income Statement

Stanbic IBTC Holdings PLC achieved total income of ₦172.8 billion for the financial period ended 31 December 2017, which is 37.1% above prior period result of ₦126.1 billion. This growth can be largely adduced to increase in revenue from government securities due to high yields and improved trading revenue following liberalisation of the FX market and the opening of the IEFX window.

The group's net interest income witnessed a growth of ₦25.7 billion (44.5%) from ₦57.9 billion in 2016 to ₦83.6 billion in 2017. Non-interest revenue increased by ₦21 billion or 31% from ₦68.2 billion in 2016 to ₦89.2 billion in 2017 driven by significant growth in trading revenue of ₦13.8 billion. Total expenses increased to ₦86.0 billion in 2017 from ₦69.0 billion in 2016. Despite the 24.6% growth in cost, cost to income ratio for 2017 stood at 49.8% compared to 54.8% in 2016. Overall, group profit after tax increased by 69.6% from ₦28.52 billion in 2016 to ₦48.38 billion in 2017.

General

Our Corporate Social Investment ("CSI") pillars are centred on education, economic empowerment and healthcare. These pillars enhance our brand reputation, increase employee proposition and present us as socially responsible and ultimately grow our market share.

Through our signature CSI programme "Together4ALimb", seven (7) children received artificial limbs and Educational Trust in 2017 while twenty (20) children have benefited from the programme since inception. We have also had over 2,000 staff participate in the annual walks. In 2018, our signature activities would be; Together4ALimb, Adopted School Project, Malaria Day, Employee CSI and Global Fund Partnership.

As a group, we remain committed to the attainment and maintenance of the highest standards of corporate governance. We aim to continue to adopt global best practices that are applicable and relevant to our own business environment. At the same time, we will continue to make significant investments in our people through training across board, as we recognise that growing our people holds the key to our longer term competitiveness.

Finally, I would like to thank our clients, shareholders, regulators and staff for their unwavering support in the course of the year.

Basil Omiyi (CON)
Chairman
1 February 2018

Chief Executive's statement

Yinka Sanni
Chief Executive

A record breaking, pace-setting year in our market

The Year 2017 was impressive in the history of our company as our business made giant strides on several fronts amidst the recessionary trends and other economic headwinds which marked activities within the year.

Globally, it was a year of strong growth that was supported by low-interest rate stimulus from central banks and a gradual easing of the crisis that have rocked both developed and emerging economies in recent times.

Locally, Nigeria exited the recession as the economy expanded by 0.83% year-on-year in 2017, according to the National Bureau of Statistics ("NBS"). Drivers of the economic growth were: the significant increase in the value of capital imported into the country, which more than doubled in the third quarter to $4.15 billion, from $1.8 billion inflow recorded in the second quarter coupled with higher crude oil receipts. Nigeria's annual inflation rate continued to decline, easing to 15.37% in December 2017 (lowest rate of price increases since April 2016 (13.7%)).

The banking sector also contributed to the activities of the macro economy as the Central Bank of Nigeria's ("CBN") FX intervention exercise continued to promote economic activities. The CBN continued to meet demand for invisibles; providing FX to Small and Medium Enterprises ("SMEs") for eligible imports, and continued with the special FX interventions for retail and wholesale demand. Foreign Exchange liquidity was also significantly supported by activities of investors on the new IEFX window bringing total trades from inception via this medium to $26.2 billion, with Stanbic IBTC Bank accounting for approximately 46% of this amount. The resultant improvement in USD liquidity had a positive effect on the naira which further strengthened against the USD in the parallel market to close the quarter at ₦362.00 to USD$1. This represents a significant appreciation from the all-time high of ₦490.00 to USD$1 which the year opened at. Given the lower FX intervention sales by the CBN, coupled with higher crude oil receipts, the nation's external foreign reserves closed the year at $38.77 billion, which is the highest figure recorded since November 2014. As such, the Monetary Policy Committee (''MPC'') of the CBN, which met once (in November) during the last quarter of the year, agreed to retain the benchmark Monetary Policy Rate ("MPR") at 14% per annum, as well as other monetary policy parameters (corridor around the MPR, CRR and Liquidity Ratio) at the same levels they were since July 2016, in line with market expectations.

The Stanbic IBTC Bank Nigeria Purchasing Managers' Index ("PMI") jumped in December, ending the year at a three-year high. The indicator lies comfortably above the 50-point threshold that separates expansion from contraction in business conditions, pointing to robust growth in the private sector.

These positive economic indices led to the success of the country's fourth Eurobond issuance during the last quarter. Stanbic IBTC Capital Limited, our Investment Banking subsidiary, acted as the sole Financial Adviser to the Debt Management Office ("DMO") in the fund raising activity, which raised a total of USD3.0 billion within the last quarter of 2017.

Chief Executive's statement (continued)

On The NSE, the equities market closed the year with a gain of 42.30% (2016: -6.17%), its strongest performance since 2013. The NSE sector indices showed that all sectors closed the year in positive territory with the banking sector being the top-performing sector.

In the local fixed income market, yields remained elevated for the most part of 2017 amidst sticky inflation and a resulting tight monetary policy environment.

Our business recorded significant strides despite the recessionary trends and other economic headwinds, leveraging on our competencies to provide best-in-class services to our customers and stakeholders while deploying efficient cost management initiatives. In summary, a significant growth in profitability was recorded largely driven by very strong performances from our Corporate and Investment Banking and Wealth Management businesses.

Total Asset grew by 32%. Our group posted increases of 37.1% and 69.6% over the prior year's performance in operating income and profit after tax, respectively, and achieved an ROE of 28.9% compared to 18.9% in the previous year. You will find included herein detailed financial reports.

Our Share price reached an all-time high of ₦44.30 on 19 October 2017 and closed at ₦41.50/share for the year ended 31 December 2017.

Our pension business achieved record assets under management of ₦2.3 trillion, making Stanbic IBTC Pension Managers Limited the largest institutional investment business in Nigeria.

Stanbic IBTC Stockbrokers Limited, our stockbroking subsidiary with its high performance culture, consolidated its leadership position as the leading stockbroking firm in terms of transaction values in 2017. This confirms the goodwill and execution capability of the firm, leveraging on the expertise of the Stanbic IBTC Group, to provide robust services in the capital market. The firm was again awarded the 2017 NSE CEO award for capital market operators as the best dealing member, being the sixth time in a row. SISL has been Nigeria's number one stockbroking house, posting the highest turnover for the last nine (9) years consecutively. The business has retained the number one spot in fifteen (15) of the last twenty (20) years.

Our custody business retained its market leadership and reinforced its role as the leading non-pension custodial service provider in Nigeria. This feat was underscored by a significant growth in assets under custody by Stanbic IBTC Nominees Limited ("SINL") to ₦5.6 trillion. In addition, SINL continued to set the pace within the custody industry; successfully executing the first commercial securities lending transaction in Nigeria on 14 December 2017.

Our asset management subsidiary, Stanbic IBTC Asset Management Limited, successfully listed a total of 9 Collective Investment Schemes ("CIS"). These include the Stanbic IBTC Dollar Fund as well as SIAML Pension ETF 40, which mirrors the performance of an index of top 40 listed companies that are permissible for investment by Pension Fund Administrators ("PFA") on The NSE.

We moved up the league table in terms of client service as evidenced by our 3rd position ranking on the KPMG Customer Service Survey (from 4th in 2016) in retail banking and to 4th (from 10th in 2016) in Corporate Banking. On employee engagement, amongst several other awards, our Human Capital division was awarded the CIPM's Best HR Practice Awards, Best HR Practice Awards for the second year running, even as our devoted staff continue to seek and conduct the right business the right way; in a socially, economically and environmentally sustainable manner.

2017 Accolades

We are grateful that as an indicator of our leadership in our focus sectors and in recognition of our efforts to making our company a great place to work, 2017 saw Stanbic IBTC again receiving a number of accolades and awards, including:

- **The Asian Bankers award** for Best Branch Innovation for our Digital branch
- **The Asian Bankers award** for Best SME Bank in Nigeria.
- **Best Sub Custodian in Nigeria 2017** - Global Finance
- **Best FMDQ Registration Member** (Quotations) – FMDQ
- **Best Stockbroking/Investment Bank of the year 2017** – Business Day Banking Awards
- **Best Dealing Member Firm** - The NSE CEO Awards
- **African Child Prize Award** for Integrity in Corporate Business 2017
- **Best FX Provider in Nigeria 2017** – Global Finance
- **2017 Financial Mail Top Analyst Award:** Best Equities Research, Sub Saharan Africa
- **2017 Sprite Award:** Best Fixed Income Research, Africa
- **Business Day Award** for Best Managed Money Market Fund 2017
- **Business Day Award** for Best Managed Fixed Income Fund 2017
- **Business Day Award** for Most Innovative PFA 2017
- **Nigerian Customer Service Awards** for Excellent Service Delivery in PFA Category 2017
- **2017 CIPM Best HR Practice Awards**
- **Human Development Initiatives award** for support towards tertiary education of orphans and children of widows and widowers
- **Exceptional Investment in Employee Medical & Welfare** (Redbridge Health Care - HealthMeetings.org)
- **HR People Magazine Award** for Outstanding Employee Engagement Strategy
- **HR People Magazine Award** for Outstanding Talent Management Strategy
- **HR Best Practice Award** for the Financial Industry in Nigeria
- **Best HR Optimisation Award** for Employee Engagement and Internal Communication

The achievement of these milestones was due to the hard work and dedication of our staff as well as the loyalty of our esteemed customers.

Despite the economic, regulatory and political headwinds, as we enter a pre-election year that would herald the 2019 general elections, our outlook for the year remains positive as we leverage on our competencies to execute flawlessly as a Universal Financial Services Organisation providing innovative and best-in-class end-to-end financial solutions to our customers in a sustainable manner while creating value for our shareholders.

Yinka Sanni
Chief Executive
1 February 2018

Economic review

Global economic environment

Will 2018 turn out to be another good year, with global equities performing strongly, volatility staying low, the dollar subdued and bond yields generally calm? This was the story of 2017. For 2018 to be a repeat, certain threats or risks need to remain dormant. What are these risks?

Probably the main threat is an implosion of riskier assets created not by any specific shock but instead as a simple function of stretched valuations. Many traders and investors will argue that you need a specific event to materialise to trigger financial market disarray. This could come in the arenas of monetary policy, or geopolitics for example. But a 'trigger' is not necessarily needed, in our view. With risk assets as strong as they are and with volatility as low as it is, asset price implosion could occur naturally as investors rush to the exits to protect profits. But how likely is this in 2018? This is clearly a hard question to answer but the probability of such a scenario is well below 50%, in our view.

This then requires a careful analysis of possible specific threats or risks that could cause an asset price implosion in 2018. Monetary policy is certainly one such area but something, in our view, that is constrained to the United States of America ("US"). It is hard to see other central banks like the European Central Bank ("ECB") and Bank of Japan ("BoJ") falling behind the curve in 2018 and sparking global panic by catching up with policy tightening that is way ahead of current expectations. The US is another matter for the Federal Reserve Bank ("FED") could easily fall behind the curve; after all, this is what has tended to happen in the more recent tightening cycles. However, markets should probably remain optimistic here as well. The FED's rate hike in March was an example of a hike that was not well discounted by the market beforehand, meaning that FED members essentially had to tell the market to catch up. The fact that this event failed to derail asset prices leaves us hopeful that the market can take a modest FED surprise on board without too much problem. The key here, of course, is the word 'modest'. So if, for instance, the Federal Open Market Committee ("FOMC") median call for 75 bps of rate hikes in 2018 turns into 100 bps we think the market will cope. If it is 150 bps or more it might be a very different story.

Surging US rates might not be a huge risk this year to global markets. But a surging dollar could prove to be just as disruptive. US tax cuts do create some risk of strong dollar demand from US firms as they repatriate overseas profits to benefit from the lowering of the US tax rate. With USD2.5-USD3tr thought to be sitting abroad in the form of foreign profit, repatriation flows could be substantial. However, the evidence tends to suggest that the offshore profits are mainly held in dollar instruments. Unwinding of these could impact the price of those instruments but probably not the value of the dollar too much. Hence, this issue is unlikely to flare up in 2018.

Among other risks to consider from a global perspective in 2018, we would include the end of the North America Free Trade Agreement (NAFTA), failure of Brexit talks, a debt-related implosion in China, the rise of Eurosceptic parties in Italian elections, North Korean military conflict, an indictment of some sort to the current US administration and more. But are these risks sufficiently high to mean that markets should stay clear of risk assets in 2018? The answer is probably 'no'.

With respect to actual economic performance, G10 economies seem robust – with the exception of the United Kingdom ("UK") – but lower economic risk contrasts with some increases in political risk (Catalonian independence) and geopolitical risk (North Korea). Growth looks robust even if inflation in many countries remains short of central bank targets. The US is expected to deliver even stronger growth numbers in 2018, perhaps growing by 2.7% year-on-year from an estimate of 2.3% year-on-year in 2017. On the other hand, the UK is expected to struggle and grow by only 0.9% year-on-year compared to the 1.3% it grew by in 2017. Interestingly, Japan and China are also expected to continue normalising, growing by 1.0% and 6.3% year-on-year from the 1.3% and 6.5% which they grew by in 2017, respectively.

With commodity prices on the rise (especially crude oil prices), the risks that face emerging markets in 2018 may prove to be of a different kind. Towards the tail end of 2017, the US President boasted of a "bigger" button than North Korean leader Kim Jong Un. He was referring to the alleged nuclear button that sits on Kim's desk but we wonder whether the President's real power lies in blowing up the dollar rather than his nuclear capability.

In our view, the threat to the dollar lies in the confrontational "America First" policy that does not just take in North Korea but also the administration's attitude towards other issues, such as global security (given the attacks on NATO members), global trade, or global climate change with the withdrawal from the Paris Accord. The US risks losing global influence and with this loss could come losses for the dollar.

In just over six months, Brent crude oil prices have increased by 50% to around USD69 per barrel. At some stage, US oil producers, lured by high prices, should start to boost production, reversing the falling trend in the number of operating rigs that we have seen since July 2017, thus countering the OPEC cuts. Yet, robust global demand and geopolitical tensions are likely to keep crude oil prices elevated for a longer period. This should bode well for Nigeria as long as the country limits below the line subsidies to petrol imports, which has allowed it keep retail petrol prices unchanged. Other commodities, especially metals, are set for further gains in 2018 given the upward revisions to global economic growth and expectations of a weaker dollar (generally there is a negative correlation between the dollar and spot commodity price indices).

Economic review (continued)

Political landscape

Aside from the president's health, perhaps the most widely debated political issue in 2017 was the proposed "restructuring" of Nigeria. Over the years, Nigeria has been criticised for functioning within a federal political arrangement, comprising the central "federal" government and regional "state and local" governments. The inference is that the current system misaligns incentives of regional governments, as they receive resources from the center without necessarily putting those resources to the best use. Unsurprisingly, the distribution of oil revenues by the federal government to state and local governments, and the use (or lack thereof) of those funds by those regional governments for the good of the masses, are the basic tenets of the restructure debate.

The central theme here appears to be the devolution of powers with the view to give more economic responsibility to the state, with respect to both revenues and expenditures, while the federal government oversees foreign policy and defence-related matters. Should the discourse culminate in actual changes to the federal system of government, the immediate losers will likely be those states that rely solely on the federal government's monthly allocations to survive. However, it can be argued that such a change may be beneficial in the longer term.

With the 2019 general elections now barely 12 months away, political attention will likely now focus on campaigns, especially as the Independent National Electoral Commission ("INEC") recently published election timelines. The main question remains: has the current administration done enough to convince Nigerians of another term in office? Will the administration be willing to take tough decisions which arguably are beneficial to the country in the medium term such as allowing a more market reflective pricing template for petrol and electricity supply? And also just as important, is the main opposition organised enough to mount a credible challenge?

Economic growth

The Nigerian economy contracted and began its journey towards recovery in 2017, helped mainly by a rebound in oil prices and oil production as well as adjustments made to the foreign exchange market which finally allowed robust levels of portfolio flows back into the country. As such, the economy is expected to continue growing at a modest pace. However, given the trajectory of oil prices and our expectation, taking account of a potential decline in coming months, they will remain above the 2017 oil price average, we expect the economy to grow by around 2.5% year-on-year in 2018.

Favourable upside risks to the outlook come from a higher than anticipated oil price environment, a smoother than expected election campaign cycle, unchanged positive sentiment from foreign investors and potentially more favourable monetary policy stance taken by the Central Bank of Nigeria.

The implementation of the Economic Recovery and Growth Plan ("ERGP") remains slow. The authorities expect that implementation of the plan should result in economic growth reaching 7.0% y/y in 2020, after their forecast for a rather optimistic 2.2% y/y in 2017. In order to ensure structural reform which will lead to long run economic development, authorities must implement many parts of the ERGP. The plan outlines three broad objectives (restoring growth, investing in people and building a competitive economy) and five principles (tackling constraints to growth, leveraging the private sector, allowing markets to function, promoting national cohesion and inclusion, as well as upholding the countries core values). Furthermore, there are five execution priorities (macro-economic stability, achieving food security, energy sufficiency, improving transport infrastructure and Small and Medium Scale Enterprises ("SME") development).

National Bureau of Statistics ("NBS") data indicates that GDP growth in 2017 rose by 0.8% year-on-year mainly as a result of a rebound in the oil sector. The increase was higher than the contraction of 1.6% year-on-year in 2016. Although one might point out that the oil sector makes up only around 10% of total GDP in Nigeria, it indirectly accounts for another 65% of the economy, according to the NBS. The oil sector grew by 8.4% year-on-year in the fourth quarter of 2017 from 25.9% in the preceding quarter, and a contraction of 17.7% in the fourth quarter of 2016. However, in the fourth quarter, the non-oil sector showed some signs of recovery after being depressed for most of the year.

Specifically, the agriculture sector, which has been a subject of much attention over the last two years, appeared to have lost some momentum, having grown by an average 3.5% year-on-year in 2017 from 4.1% year-on-year in 2016. This perhaps suggests that gains from the increased focus on the sector will probably take some time given the slow implementation of structural reforms which are required to de-risk the sector while improving the ease of doing business in that sector.

Growth in manufacturing sector continued to disappoint despite the improvement in availability of FX for the most parts of 2017. The sector returned to positive growth of 0.1% year-on-year in the fourth quarter of 2017 from a contraction of 2.9% in preceding quarter and 2.5% in the same quarter of 2016 while averaging a contraction of 0.2% in 2017. On the whole, the sector improved in 2017 compared to 2016 when it contracted by an average of 4.3% year-on-year.

Both the construction and trade sectors continued to show moderate signs of improvement, with the trade sector still remaining in negative growth territory. In 2017, the construction sector grew by 1.0% year-on-year compared to a contraction of 5.9% year-on-year during the same period in 2016. Surprisingly, the trade sector actually performed worse in 2017 than it did in 2016. The sector delivered an average contraction of 1.0% year-on-year in 2017 compared to a contraction of 0.2% in 2016. This underperformance suggests that businesses still found it difficult to access credit, which counteracted the benefits of having access to more FX.

Also of concern was the performance of the information and communications sector. The sector slipped into a recession for the first time in decades as lower disposable incomes resulted in a lagged negative impact on the sector's share of the consumer's wallet. The sector contracted by an average 1.0% year-on-year in 2017, compared to a growth of 1.9% year-on-year in the same period of 2016.

Fiscal position

Yet again, the authorities have prepared a 2018 budget that looks very much like those presented in 2017 and 2016, which both looked ambitious on the revenue side. The budgeted deficit, however, is expected to remain within the fiscal responsibility rule, below 3.0% of GDP.

The proposed 2018 budget deficit remains broadly unchanged at around NGN2.1 trillion (1.6% of GDP) with around NGN306 billion being privatisation proceeds. Interestingly, authorities will attempt to split the funding balance of NGN1.7 trillion equally between domestic and foreign sources. The broadly unchanged net domestic funding proposal means that the yield curve should remain supported through most of 2018.

Given that the 2018 budget proposal is anchored on an exchange rate of ₦305.00 it is unlikely that the CBN will choose to engineer a convergence of the different segments within the FX market. Oil production is projected to remain broadly unchanged at 2.3m bpd, while real GDP growth is forecast at 3.5% y/y. Furthermore, the oil price benchmark is proposed to remain broadly flat at USD47 per barrel. However, it would not be surprising if the National Assembly were to increase the benchmark rate given current global oil price realities.

With a revenue target of NGN6.6 trillion, we remain concerned about the government's ambitious revenue targets. While the authorities have outlined some planned revenue boosting reforms, including implementing the Voluntary Assets and Income Declaration Scheme ("VAIDS") as well as increasing VAT on 'luxury' goods, it is still hard to believe that these would suffice to produce the 40% y/y jump between what we anticipate will be the actual non-oil revenue collected in 2017 and the target for 2018. NGN2.4 trillion is budgeted for oil revenues, while NGN4.2 trillion is expected to come from the non-oil sector.

As such, meeting the NGN8.6 trillion expenditure target is at risk given revenue concerns. Assuming we are correct and the authorities miss their revenue targets, it is likely that the fiscal deficit could widen more than the planned 1.6% of GDP. Should there be a need to limit expenditure, infrastructure spending plans may need to be deferred. Proposed capital expenditure makes up around 28% of the total expenditure envelope, while debt servicing takes up another 23%. It is worthy to note that no provision has been made for petrol subsidies in the 2018 budget proposal.

We anticipate that material changes will be incorporated in the final iteration of the 2018 budget. Specifically, we suspect lawmakers will attempt to increase the oil price benchmark, especially if international crude oil prices remain stuck in a USD65-70 per barrel handle. This could result in some implementation risks should oil prices decline later in 2018. Furthermore, given that the budget proposal has been presented slightly ahead of schedule, it may be approved earlier than usual, perhaps around the end of the first quarter.

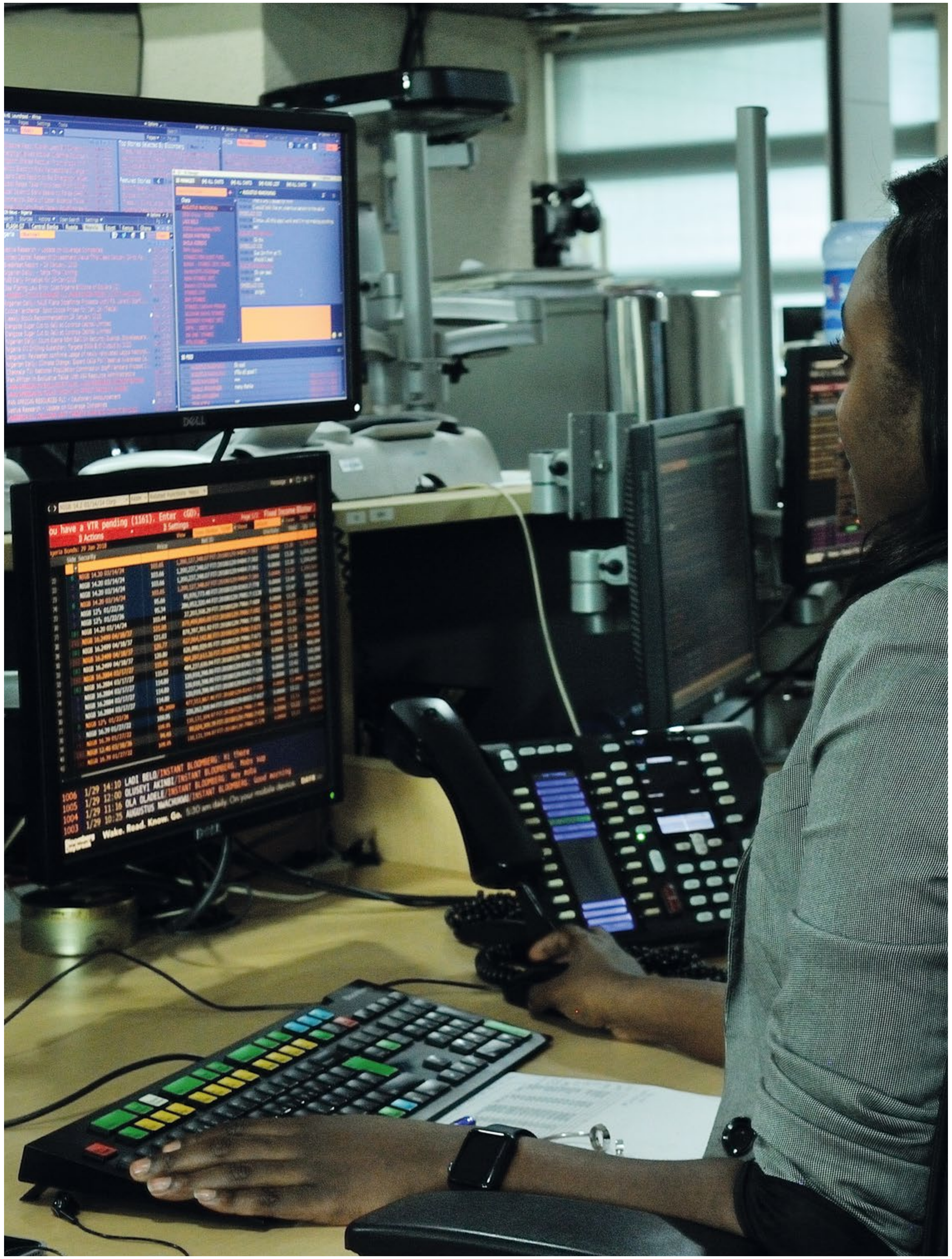
Finally, yield curve dynamics will continue being dictated by the central bank's liquidity management stance, especially as supply of Naira-denominated government paper is unlikely to rise. That being said, external borrowing will rise, starting with a possible USD2.5 billion – USD4.0 billion Eurobond issuance during the course of the next 4 months. This will follow the issuance of two long tenured Eurobonds in November 2017, which resulted in authorities receiving USD3.0 billion from the proceeds.

Exchange rate and interest rate dynamics

The central bank maintained an effectively tight monetary policy stance for much of 2017 without adjusting the formal policy rate. We expect much of the same through the course of this year, albeit with an easing bias towards the end of the year. Indeed, the CBN has arguably already influenced yields lower by momentarily halting Open Market Operations ("OMO") aimed at sterilising Naira in December 2017. The temporary halt in OMO issuances meant that the yield curve declined by up to 500 bps in some cases, and while the CBN has resumed those OMOs once more, they are now at much lower levels.

The combination of a less hawkish central bank, lower domestic borrowing by the fiscal authorities and potentially lower headline inflation in 2018 should all mean a downward bias to interest rates, especially in the later parts of 2018.

This slightly lower interest rate environment should then result in improved private sector credit extension and subsequently a rebound in import demand growth which should place some pressure on the currency, particularly within the investors-and-exporters-foreign-exchange-window. Furthermore, the potential for some capital outflows as some foreign investors exit ahead of the 2019 elections could exacerbate the pressure on the exchange rate. However, FX reserves are in a much better shape than they were 12 months ago. At USD40 billion, and potentially rising towards USD45 billion by the second quarter, the CBN should be able to limit any disorderly depreciation of the currency.



Financial review

The group's strong results for 2017 align with the improvement in the economic performance of Nigeria in 2017 which also reflects an improvement in global economic growth in 2017.

The country officially pulled out of recession in 2017 after five consecutive quarters of negative economic growth. GDP year-on-year growth rate for the year was 0.8% from a contraction of 1.6% in 2016. Underpinning the economic growth for 2017 are improvements in crude oil prices which increased from $56.82 at the beginning of 2017 to $66.87 by year-end. Also contributing to the growth in revenue receipts from crude oil was a period of relative peace in the Niger-Delta region leading to minimal disruptions to oil production. The liberalisation of the FX market through the introduction of the Investors' and Exporters' Foreign Exchange ("IEFX") window by the Central Bank of Nigeria led to an increase in foreign investors' activities in the market which support foreign currency flows into the economy.

The impressive performance reported for 2017 benefited from strong margins in our earning assets and an improvement in our overall trading activity. As a result, profit after tax for the year stood at ₦48.4 billion, a 70% improvement over prior year of ₦28.5 billion.

Despite the growth in the economy and the gross earning of the institution, the performance of the group is not insulated against the economic realities of credit impairment and inflation both of which tapered the overall result of the group. Credit impairment increased by 29% to close at ₦25.6 billion from ₦19.8 billion last year while operating expenses had a growth of 25% due to inflation adjusted staff cost and growth in other business related operational costs.

Operating environment

The operating environment opened 2017 on a difficult note but the introduction of the IEFX window led to improved FX liquidity in the country thereby causing increased activities in various markets. The stock market returned 42.3% on the back of renewed investor confidence in 2017. High interest rate and yield in government securities also attracted foreign investor flows. Inflationary rate moderated and closed the year at 15.37% from 18.55% at the end of 2016.

The rebound in oil price, relative peace in the delta and consistent oil production helped in the revenue generation of the country as external reserves reached USD$38.77 billion in December 2017. The naira remained stable at ₦306.00 in the official market but appreciated against the dollar in the parallel market. At the Bureau de Change, the exchange rate closed at ₦362.00/$1 in December 2017 as against ₦485.45/$1 in December 2016.

Average Interbank rates remained neutral year-on-year to close at 8.56% in December 2017 from 8.50% in December 2016, although we witnessed significant spikes in the course of the year. The decline towards the end of the year was as a result of increased liquidity in the system in absence of CBN OMO interventions.

Financial highlights for the year

With the exception of Stanbic IBTC Ventures Limited (SIVL), all other subsidiaries of the group generated good results in the year. The banking subsidiary remained the most profitable subsidiary within the group closely followed by the Pension business. The banking subsidiary, which has Personal & Business Banking and Corporate & Transactional Banking ("CTB") as its business segments, witnessed varied outcomes in the year. PBB made a loss after tax of ₦14.4 billion in the year largely due to the strategic but prudent decision to write-off some persistently delinquent facilities in the year leading to the growth in credit impairment. The business however showed strong and sustainable business fundamentals leading to growth in both net interest income and non-interest revenue. CTB on the other hand recorded a laudable performance with a PAT growth of ₦27.3 billion (>100%) to close the year at ₦43.2 billion. The strong growth was underlined by a sustained effort to create sustainable client focused franchise which saw an improvement in business transactions. This was also supported by strong yields on government securities and increased foreign currency flows in the market.

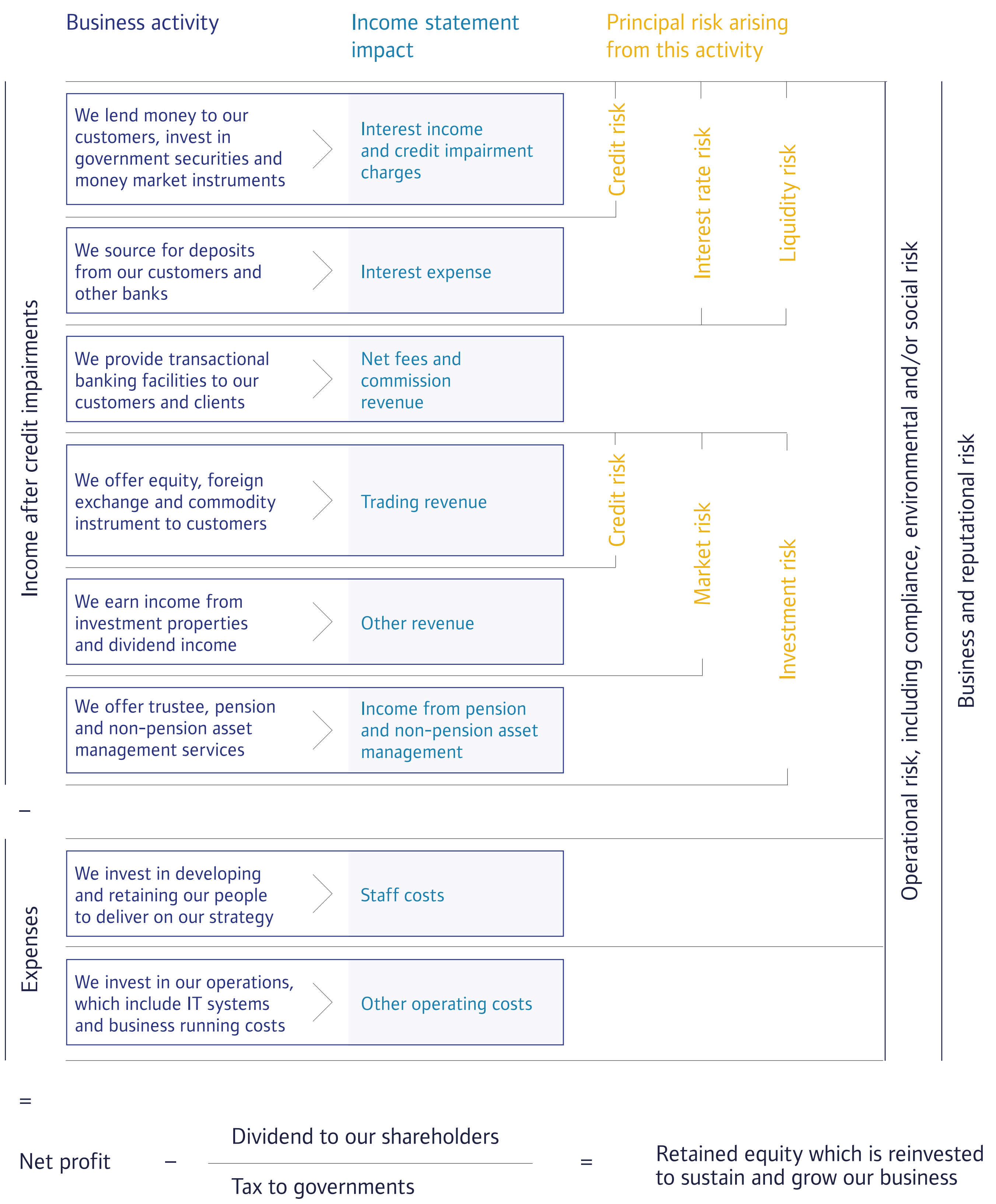
The wealth business continued to show business resilience and positive growth trajectory in its operation. The business grew Asset under Management ("AuM") from ₦2.1 trillion in 2016 to ₦2.7 trillion in 2017 with ₦260 billion of the growth coming from increased contributions. The Pension business recorded an increase in the number of Retirement Savings Account ("RSA") by over 87,000 accounts despite the increased competitive environment. Wealth business contribution to the overall profitability improved to ₦19.2 billion from ₦15.2 billion in 2016.

2017 also proved successful for the other business units. In particular the stockbrokerage business improved its market share to 16% and recorded a significant improvement in profit after tax. Supporting this enhanced results were the increased activity on the stock market and our ability to leverage on our brand to increase client presence. This effort ended up being recognised by Business Day which saw them bag the award as the Best Stockbroker/Investment Banking Firm for the second consecutive year in 2017.

We also witnessed improvements in our Custody and Capital businesses. Custody assets grew by 93% to ₦5.6 trillion. We continue to own the largest custody business in the market. Our capital business also recorded an improvement in profitability from a loss of ₦935million to a profit of ₦1.7 billion. With the improvement in markets, we witnessed a number of clients accessing the market to either raise equity or debt. This led to an increase in transactional income for the organisation.

Financial review (continued)

How we create value



Looking ahead

We expect the improvement in the operating environment to continue in 2018. GDP is forecasted to grow by 2.5% while inflation is expected to fall to about 14%. Being a pre-election year, we do expect the government to be conservative with its economic policies. However, we expect that government capital investments would increase, thereby driving the overall economic growth in the country.

Business performance would be driven by our continuous focus on client centricity, capital management and interest margin management. With the IFRS 9 accounting standard now effective, we will continue to focus on capital management and its consequential impact on credit risks and product pricing.

Impact of the economic environment on key financial ratios

The economic statistics, together with their expected influence on the group's performance in 2017 and 2018, assuming no management action, have been set out in the table below.

The table below relates to the group's operations in Nigeria.

Key measurement metric	Economic factors that impact metrics	Economic factor in 2017	Impact of economic factor in 2017	Expected economic factor in 2018	Expected impact of economic factor in 2018
Growth in loans and advances	GDP growth	/	/	+	+
	Interest rates	+	–	–	+
Net interest margin	Interest rates	+	+	–	–
Credit loss ratio	Unemployment rates	+	–	-	+
	Crude oil prices	+	+	+	+
	Interest rates	+	–	–	+
Growth in fee and commission revenue	GDP growth	/	+	+	+
	Inflation (CPI)	–	+	–	+
Growth in trading revenue	Market trading volumes	+	+	+	+
	Market price volatility	+	+	+	+
Growth in operating expenses	Exchange rate	+	–	/	/
	Inflation (CPI)	–	/	–	/
Effective tax rate	Corporate tax rate	/	/	/	/
Growth in pension revenue	Equity market performance	+	+	/	/
	Unemployment rates	+	–	–	+
	Interest rates	+	+	–	–

+ = Increase in economic factor/positive impact on the group's performance

– = Decrease in economic factor/negative impact on the group's performance

/ = Neutral

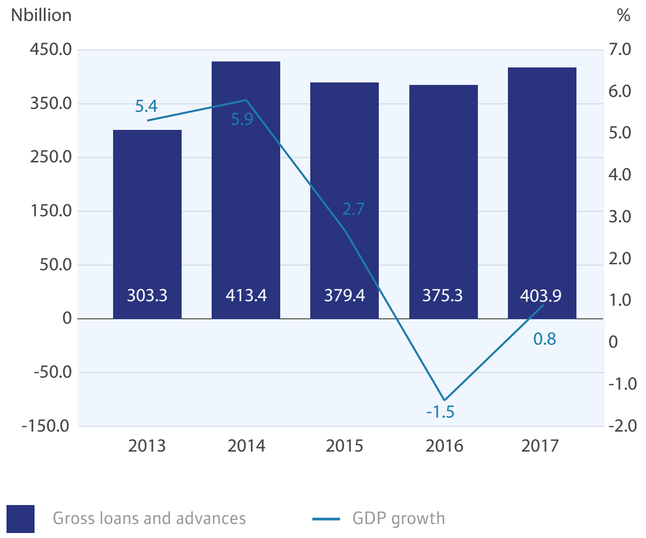
Financial review (continued)

Growth in loans and advances

Loans and advances remain the biggest portion of total assets in the group's balance sheet. This asset class provides revenue to the group in form of interest income, transaction fees charged as documentation and administration fees and opportunities for insurance related income. The group is focused on growing this asset class within the accepted risk levels.

Gross Domestic Product ("GDP") growth and interest rate have major impact on loan growth in the Nigerian economy as they impact customers' ability to repay their loans.

The graph below shows GDP growth as it impacted loan growth



The growth in economic indices coupled with increased support to clients in our preferred sectors resulted in the growth in risk asset. The change in FX translation rate following the multiple FX rate available in the country also contributed to the growth.

The group will continue to monitor the economy in 2018 to harness emerging opportunities and also tighten its risk management process to improve the quality of loans.

Net interest margin

Net interest margin is the profit earned from interest on loans and advances and investments less interest paid on customer deposits and other funding sources. The movement in benchmark lending rates such as the prime lending rate in Nigeria impacts significantly on the net interest margin.

The graph below shows the average prime lending rate and the group's net interest margin.

The interest rate charged on loans and advances are mostly linked to the prime lending rate which serves as the benchmark rate for loans.

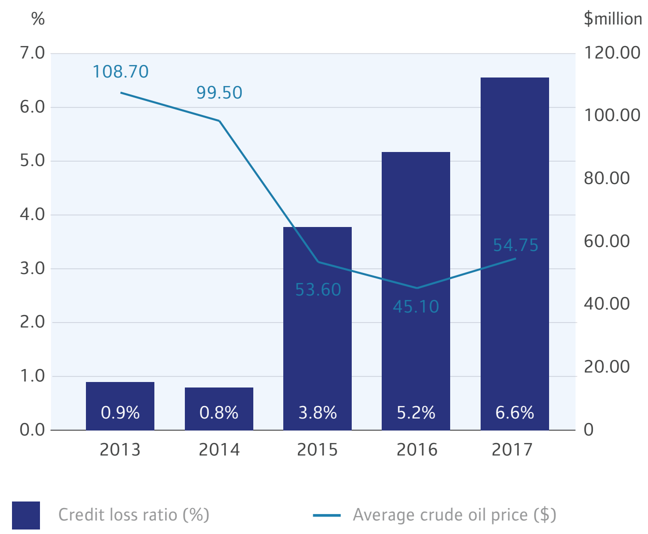
Interest rate regime in 2017 had varied cycles. Government securities yields were high for the better part of the year but started tapering in Q4. Market remained quite liquid in the first half of the year partly due to the fact that offshore investors were unable to exit the country due to unavailability of FX.

Credit loss ratio

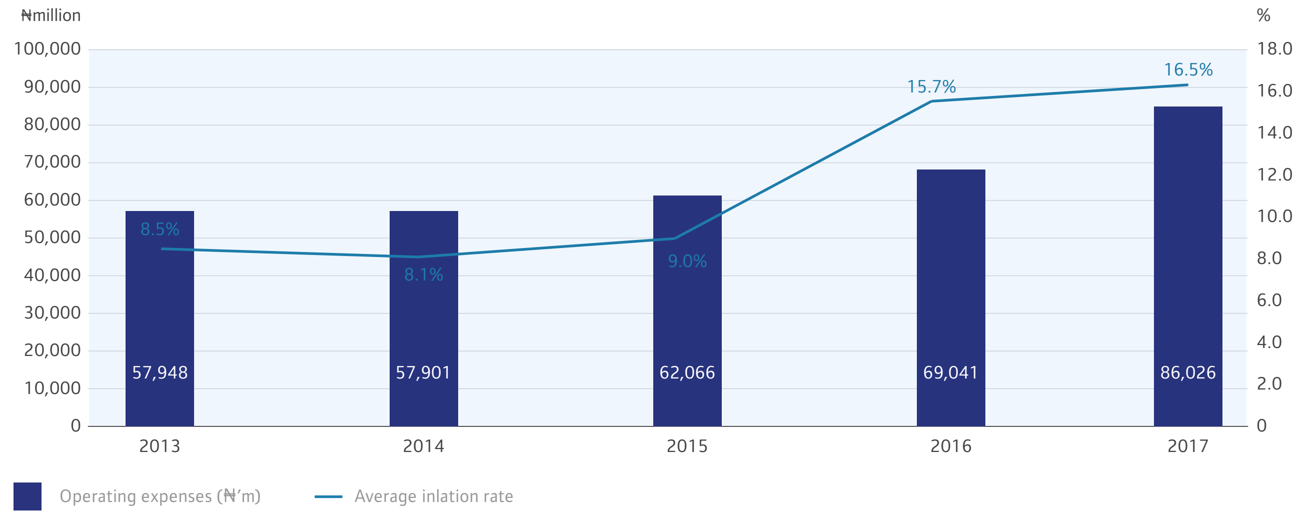
The credit loss ratio is the credit impairment charge expressed as a percentage of the average group loans and advances balance. Credit impairment is the amount of loans and advances given to customers that is charged to income statement as provision for bad loans. This is the cost of risk incurred by the bank from the customers' inability to repay their loans.

The growth in credit impairment is occasioned by the strategic decision to write-off some facilities and also the need to increase the provision held for some facilities that moved to non-performing loan. This contributed to an increase in the bank's credit loss ratio to 6.6% in 2017 (2016: 5.2%).

Credit loss ratio and average crude oil prices



Operating expenses and average annual inflation rate



Growth in non-interest revenue

The two major components of non-interest revenue are net fee and commission and trading revenue. The growth or decline in non-interest revenue is largely induced by changes in these two variables.

Growth in net fees and commission revenue

This depends on growth in transaction volumes and activity across the service delivery channels, which are a function of economic activity. The Central Bank of Nigeria has however placed a ceiling on some fee lines which means that banks cannot charge above the amount stated by the central bank. Net fees and commission grew by 13% in 2017 on the back of growth in customers' transactions as we continue to improve on our alternative banking channels.

Growth in trading revenue

The trading revenue is basically income from trading in foreign currency, fixed income securities and equities. This revenue source is dependent on trading volumes and volatility in the market which impact on the spread made by traders. With the liberalisation of the FX market through the introduction of IEFX window, there was a resurgence in market activities and trade flows. Trading revenue soared leading to a growth of 90% in 2017.

Growth in operating expenses

Inflation is a major economic factor that drives cost growth in the group. Headline inflation (year-on-year) receded marginally for the eleventh consecutive month to 15.4 percent in December 2017 and this contributed significantly to current cost growth. Growth in headcount, revised salary structure, growth in balance sheet size with the attendant growth in regulatory charges and increase in vendor payment due to currency depreciation all fuelled the growth in operating expenses.

Financial review (continued)

Effective tax rate

Nigeria's corporate tax rate remained unchanged throughout 2017, although the government had an increased focus on tax collection. This is not expected to change in 2018 given the revenue drive of both state and federal governments.

Growth in revenue from pension and non-pension assets

The growth in revenue from managing pension and non-pension assets is dependent on equity market performance, money market interest rates and yields on government securities. Growth in equity market performance results in higher investment income on assets under management which in turn increases the net asset value of the funds. The revenue from the pension and non-pension asset management business is usually a percentage of the net assets value of the funds.

The level of unemployment also affects the revenue from pension business. A decline in unemployment rate means that more people are getting employed and pension contributions will increase thereby resulting in increased assets under management, while an increase in unemployment rate will have an adverse effect on the revenue of the pension business.

Analysis of the Group's financial performance

Income statement analysis

The statement of profit or loss reflects the revenue earned by the business and costs incurred in generating the revenue for the year end 2017.

The profit for the year grew significantly year-on-year by 70%. Below are explanations for significant movements recorded in the year.

Summarised income statement – Group	Change %	2017 ₦million	2016 ₦million
Gross earnings	36	212,434	156,425
Net interest income	44	83,587	57,859
Interest income	41	122,911	87,467
Interest expense	33	(39,324)	(29,608)
Non-interest revenue	31	89,182	68,194
Net fees and commission revenue	13	59,089	52,154
Fees and commission revenue	12	59,430	52,918
Fees and commission expense	(55)	(341)	(764)
Trading revenue	90	29,148	15,326
Other revenue	32	945	714
Total income	37	172,769	126,053
Credit impairment charges	29	(25,577)	(19,803)
Income after credit impairment charges	39	147,192	106,250
Operating expenses	25	(86,026)	(69,041)
Staff costs	20	(36,282)	(30,173)
Other operating expenses	28	(49,744)	(38,868)
Profit before taxation	64	61,166	37,209
Direct taxation	47	(12,785)	(8,689)
Profit for the period	70	48,381	28,520
Profit attributable to:			
Non-controlling interests	(44)	2,186	3,878
Equity holders of the parent	87	46,195	24,642
Profit for the period	70	48,381	28,520

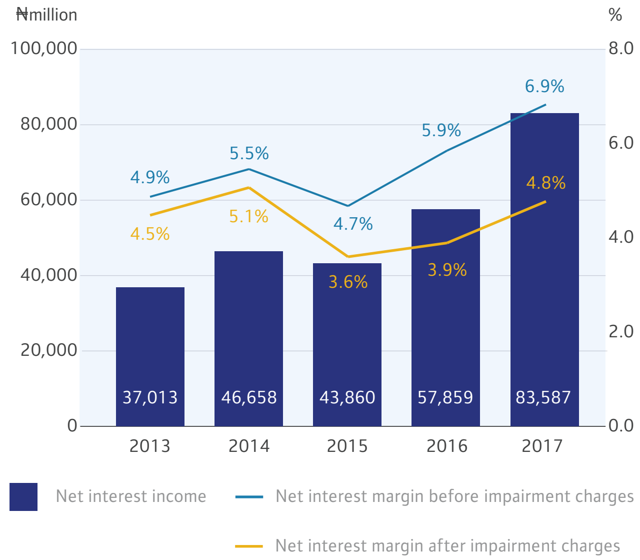
Net interest income

Net interest income increased year-on-year by 44%. Interest income and interest expense increased year-on-year by 41% and 33%, respectively.

Interest income growth was mainly driven by growth in the volume and yield of government securities coupled with marginal growth in risk asset. The increase in interest expense can be attributed to growth in customer deposit mostly from fixed deposit which grew by 60%.

In CIB, net interest income was up 98% on the back of a growth in interest income driven by increased yield on financial instruments. Interest expense increased by 30% as the business grew customer deposits.

In PBB, net interest income grew by 4%. The business witnessed an increase in interest income of 10% due to a dip in loans and advances to customers on account of loan write-offs and NPL of 11.4%. Interest expense also increased by a margin of 27% due to increased focus on liability generation, which is evident by the growth in customer's deposits. The impact of the above was cushioned by growth in funding benefits of 72%.



Non-interest revenue

Non-interest revenue comprises mainly fee and commission and trading revenue. Fee and commission revenue is dependent on transactional banking volumes and asset under management, which are a function of economic activity and of the competitive environment for banking services.

Non-interest revenue increased by 31% on the back of a 13% growth in net fees and commission, 90% increase in trading revenue and 32% increase in other revenue.

Growth in fee and commission was on the back of increased asset management fees from the wealth business, growth in stockbroking and non-pension custody fees, foreign services transactions and corporate finance fees.

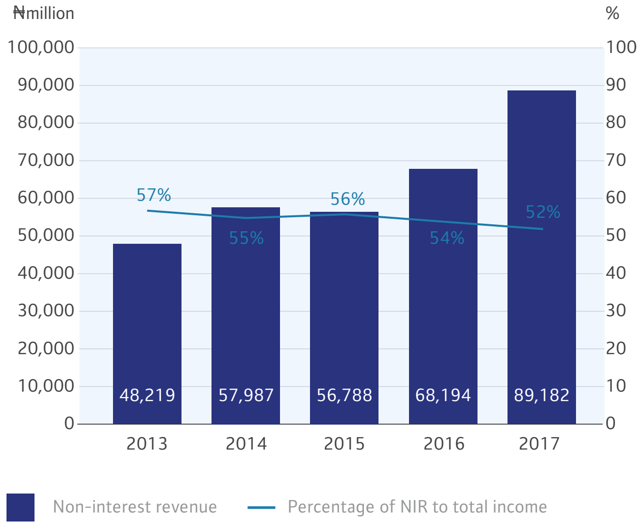
PBB business witnessed a decline of 12% in net fee and commission income. The reduction in the volume of foreign transaction on card products due to the restriction of foreign transaction to only the bank's USD debit card on account of FX shortage contributed significantly to the decline in PBB's fee income. The impact of this was however cushioned by increased customer transactional activities which generated increased electronic channel fees and current account maintenance fees.

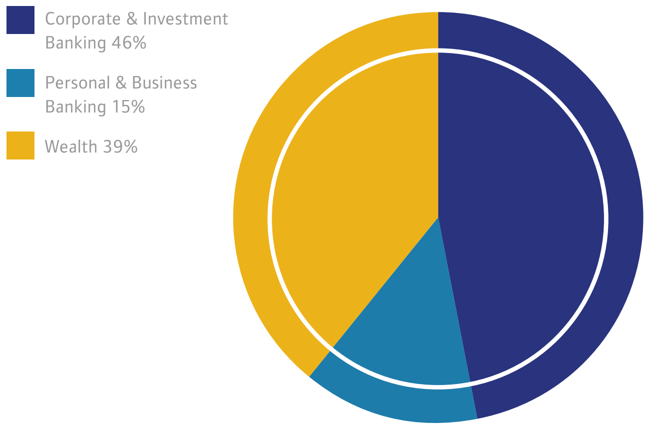
CIB recorded a 20% growth in net fees and commissions revenue. This impressive growth can be attributed to growth in non-pension custody fees on account of growth in asset under custody from ₦2.9 trillion at the beginning of the year to close at ₦5.6 trillion, increase in trade and transactional fees, rebound in stock market leading to increased trades thus increase in stockbroking fees and growth in corporate finance related deals and fee income.

Trading revenue growth of 90% is premised on liberalisation of the FX market through the introduction of the IEFX window, growth in trade business due to the availability of FX and futures and forward related transactions.

Financial review (continued)

Wealth business continues to be the trail blazer with a growth of ₦6.7 billion (24%) above previous year. The growth can be attributed to the increase in asset under management of 31% as well as higher average return on investment.



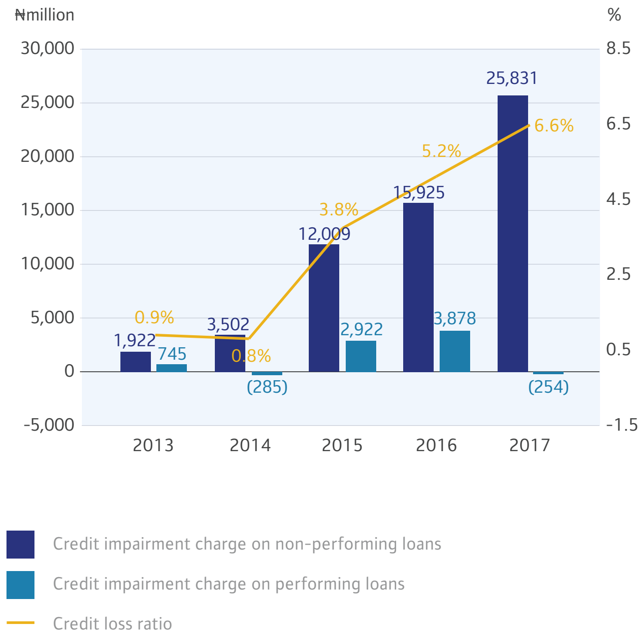


Credit impairment charges

Credit impairment charges increased by 29% to ₦25.6 billion during the year owing to the strategic decision to write-off certain loans from the books of the bank, resulting in the credit loss ratio for the year worsening to 6.6% compared to prior year of 5.2%. The growth in provisions is mainly from the non-performing loan book where the write-offs were recorded and additional provisions made for new and existing non-performing loans.

CIB's credit impairment grew marginally by 3% to ₦10.6 billion in 2017 from ₦10.3 billion in 2016. The impairment charge for the year is coming mainly from provisions made on three clients two of which are in the oil and gas sector and the third a telecom company. A combination of low crude oil price, restiveness in the Niger-Delta region and management issues are responsible for the current state of these facilities. CIB's credit loss ratio for the year stood at 4.4% as against 4.7% in 2016.

PBB's credit impairment charge increased to ₦15 billion during the year from ₦9.5 billion in 2016. The growth in credit provisions on personal lending was mainly due to strategic decision to take a one-time write-off of some restructured facilities that are further showing distress signs. This led to the reduction in customer loan book of PBB and will improve the quality of loans in the books. Credit loss ratio for PBB business stood at 9.9% as against a ratio of 6.0% in previous year.



Operating expenses

Although the group continued its tight hold on cost, total operating expenses still grew by 25% year-on-year as the group had to invest in both human and material resources to drive the growth in total revenue that has epitomised this financial year.

The group uses the inflation and cost to income as the benchmark to measure its performance on cost management. While the group's cost growth trended ahead of average inflation rate of 16.5%, it managed to improve cost to income ratio to 49.8% from 54.8% in 2016.

Growth in staff cost (20%) accounted for over 35% of the increase in total operating expenses. The growth can be adduced to an increase in staff numbers and inflation adjusted salary increase. Other operating expenses grew by 28% due to increase in deposit insurance and AMCON sinking fund contribution expenses, information technology expenses and provisions raised.

CIB's operating expenses increased by 31%, while cost to income ratio improved to 33.2% from the 45.4% reported in prior year. The cost to income ratio improved on the back of a higher growth in revenues (80%) as compared to the cost growth reported.

Growth in IT cost and provisions for litigation and tax liabilities are part of the growth items in other operating expenses.

PBB business had a cost growth of 21% driven by 11% increase in staff cost and 30% in other operating costs. The cost growth is on account of headcount growth, increase in salaries, maintenance and upgrade of existing infrastructures and marketing cost.

Wealth's operating expenses recorded a growth of 24% driven by growth in staff cost of 32% and other operating costs of 18%. Cost to income ratio remained flat at 31%, same as prior year. Inflation adjustment to staff salaries accounted for growth in staff cost. The major contributor to growth in other operating expense is the provision made for the newly introduced Pension Fund Protection Levy.

Breakdown of operating expenses

	Change %	2017 ₦million	2016 ₦million
Staff costs	20	36,282	30,173
Other operating expenses:	28	49,744	38,868
Information technology	26	5,984	4,751
Communication expenses	31	1,205	921
Premises and maintenance	12	4,517	4,023
Depreciation expense	(2)	4,129	4,204
Amortisation of intangible assets	39	46	33
Deposit insurance premium	4	2,482	2,382
AMCON expenses	12	5,034	4,504
Other insurance premium	33	858	647
Auditors renumeration	10	340	310
Non-audit service fee	(39)	19	31
Professional fees	13	850	755
Administration and membership fees	76	3,711	2,103
Training expenses	57	1,139	726
Security expenses	24	1,484	1,195
Travel and entertainment	39	1,773	1,280
Stationery and printing	35	1,182	874
Marketing and advertising	5	2,982	2,853
Pension administration expense	(36)	215	336
Penalties and fines	(46)	38	70
Donations	>100	437	122
Operational losses	(90)	25	248
Directors fees	20	401	334
Provision for legal costs, levies and fines	79	3,538	1,978
Impairment of other financial assets	>100	3,068	914
Bank Charges	>100	764	280
Motor vehicle maintenance expense	3	1,496	1,458
Indirect tax (VAT)	89	828	437
Others	9	1,199	1,099
Total operating expenses	25	86,026	69,041

Financial review (continued)

Balance sheet analysis

The statement of financial position shows the position of the group's assets, liabilities and equity at 31 December 2017.

The group's balance sheet size increased by 32% to close at ₦1.39 trillion from ₦1.05 trillion at the end of 2016. Significant movements over the year are discussed below.

	Change %	2017 ₦million	2016 ₦million
Assets			
Cash and cash equivalents	33	401,348	301,351
Pledged assets	53	43,240	28,303
Trading assets	>100	151,479	16,855
Derivative assets	(23)	11,052	14,317
Financial investments	25	316,641	252,823
Assets held for sale	2	114	112
Loans and advances	4	381,711	368,229
Loans and advances to banks	(37)	9,623	15,264
Loans and advances to customers	5	372,088	352,965
Other assets	26	49,442	39,220
Property and equipment	(5)	21,883	22,962
Intangible assets	(15)	605	713
Deferred tax assets	3	8,901	8,638
Total assets	32	1,386,416	1,053,523
Equity and liabilities			
Equity	32	185,218	140,798
Equity attributable to ordinary shareholders	33	182,060	137,102
Ordinary share capital	0	5,025	5,000
Ordinary share premium	2	66,945	65,450
Reserves	65	110,090	66,652
Non-controlling interest	(15)	3,158	3,696
Liabilities	32	1,201,198	912,725
Trading liabilities	>100	62,449	5,325
Derivative liabilities	(78)	2,592	11,788
Deposit and current accounts	33	815,363	614,735
Deposits from banks	15	61,721	53,766
Deposits from customers	34	753,642	560,969
Other borrowings	(22)	74,892	96,037
Subordinated debt	4	29,046	27,964
Current tax liabilities	29	12,240	9,508
Deferred tax liabilities	>100	120	47
Provisions	23	12,979	10,581
Other liabilities	40	191,517	136,740
Total equity and liabilities	32	1,386,416	1,053,523

Cash and cash equivalents

The growth in this balance sheet line of 33% (₦100 billion) can be adduced to the increase in cash balances held in offshore correspondent banks (Nostro balances) and growth in cash reserve requirement ("CRR") balance above the regulatory limit of 22.5% owing to the non-refund of excess CRR by the Central Bank.

Trading assets

Trading asset growth was on account of position held in treasury bills part of which constituted hedging strategy for local currency ("LCY") interest rate risk on FX swaps.

Financial investments

Financial investments provided a veritable alternative investment outlet to risk assets in the course of the year due to the attractive yields. The growth of 25.2% witnessed in financial investment is to take advantage of the attractive yields on this asset class in the absence of significant growth in customer loans and advances

Loans and advances

Total net loans and advances increased by 4% to ₦381.7 billion (2016: ₦368.2 billion), with customer loans and advances accounting for the entire growth with a balance of ₦372.1 billion compared to prior year of ₦353 billion. Loans and advances to banks declined by 37% to ₦9.6 billion (2016: ₦15.3 billion).

The bank maintained a cautious approach to loan book growth as the economy gradually recovers from recession and with focus on identified growth segments of the economy.

In CIB, customer loan balance grew by 10% and this can be attributed to increases in both overdraft facilities and term loans. The bulk of the growth witnessed in term loan is coming from the foreign currency book on account of new facilities booked and change in exchange rate for foreign currency translation.

In PBB, customer loan balances declined by 1%. This was largely driven by the strategic decision to write-off some restructured facilities that were showing further stress signs. The business also continued the strategy to cut down lending on some product lines such as on instalment sales and finance leases. The Central Bank's approval was sought for the full write-off of these facilities by way of an extension of the approval granted last year for loan write-off.

Deposit and current accounts

Deposit and current accounts grew by 33% from a prior year close of ₦614.7 billion to ₦815.4 billion in 2017. The major contributor to this growth is increase in customer deposits of over ₦192 billion.

Customer deposits grew by 34% to close at ₦753.6 billion at the end of 2017 (2016: ₦561 billion). The growth in customer deposits was driven by a strategy targeted at acquiring customers with regular income flow, banking the customers' ecosystem and improving our service delivery across all channels. The group's deposit mix of current-and-savings deposits to total deposits deteriorated to 49% from 57% in 2016 due to the need to raise tenured funds to match some assets on the book.

In CIB, customer deposit increased by 53% due to the deliberate effort to grow term deposits to fund some risk assets and also to support the balance sheet owing to the discretionary deductions made by the Central Bank for investments in special treasury bills.

In PBB, customer deposits grew by 24%, with current-and-savings-accounts ("CASA") growing by 29%, reaffirming the continued strategy to grow CASA volumes. The ratio of CASA as a proportion of customer deposits improved to 67% from 64% in 2016. The business continued its focus on growing retail deposits during the year with particular focus on banking the customers' ecosystem.

Executive committee

Yinka Sanni
Chief Executive,
Stanbic IBTC Holdings PLC

Demola Sogunle
Chief Executive,
Stanbic IBTC Bank PLC

Wole Adeniyi
Executive Director, Business support, *Stanbic IBTC Bank PLC*

Babatunde Macaulay
Executive Director,
Personal & Business Banking, Stanbic IBTC Bank PLC

Andrew Mashanda
Executive Director, *Corporate & Transactional Banking, Stanbic IBTC Bank PLC*

Eric Fajemisin
Chief Executive, *Stanbic IBTC Pension Managers Limited*

Victor Yeboah-Manu
Chief Financial Officer

Angela Omo-Dare
Country Head, Legal Services, Stanbic IBTC Holdings PLC

Benjamin Ahulu
Head, *Internal Audit, Stanbic IBTC Bank PLC*

Dele Kuti
Global Sector Head –
Oil & Gas Client Coverage

Sam Ocheho
Head, *Global Markets, Stanbic IBTC Bank PLC*

M'fon Akpan
Head, *Risk, Stanbic IBTC Bank PLC*

Rotimi Adojutelegan
Chief Compliance Officer,
Stanbic IBTC Bank PLC

Gboyega Dada
Chief Information Officer

Olufunke Amobi
Head, *Human Capital*

Malcom Irabor
Head, *Legal Services, Stanbic IBTC Bank PLC*

Kola Lawal
Head, *Corporate & Investment Banking Credit*

Nkiru Olumide-Ojo
Head, *Marketing & Communications*

Chidi Okezie
Company Secretary

Oluwatosin Odutayo
Ag. Head of Finance,
Stanbic IBTC Bank PLC

Taiwo Ala
Head, *Internal Control*

Personal and Business Banking

Personal and Business Banking ("PBB") is the retail arm of the Stanbic IBTC Holdings PLC, which offers banking and other financial services to individual customers and businesses, by providing bespoke products to meet the varied needs of retail customers. Our bouquet of offerings ranges from the most basic to the most sophisticated of financial services, and we ensure that our customers' requirements are always met through the most cost effective and convenient method.

PBB is split into two segments, namely Business Banking and Personal Banking. The Business Banking segment comprises small and medium enterprises ("SMEs") and commercial banking customers (mid-corporates), while the Personal Banking comprises individual customers, including workplace banking, private banking and High Net Worth individuals.

Despite the challenging macro-economic environment in 2017, the key drivers of the business continued to progress positively. Total customer deposits increased by ₦83.4 billion (24%) in the year driven majorly by current-and-savings-account ("CASA"), which grew by ₦66.1 billion in the year. The business experienced an increase in total customer base to 1,747,784 as at December 2017, compared to 1,421,115 as at December 2016. The business also continues to acquire customers in the focus segment. A total of 260,701 new customers were acquired in 2017 across all segments within PBB. The 2017 full year sales figure represents an improvement of 6% and 81% compared to 2016 & 2015, respectively. These new customers added ₦32.7 billion in CASA deposits and resulted in an improvement in cost of funds to 2.9% from 4.0% in prior year.

We have seen consistent growth across all our digital banking platforms. The growth recorded in 2017 represents 165% increase year-on-year across all digital banking channels. Total downloads on the Stanbic IBTC Mobile Banking App as at December 2017 represents 545% year-to-date growth on downloads compared to December 2016 across Android, Apple, Windows and Blackberry devices. We continue to make significant investments in digital channels to increase our digital engagements with customers and also deliver enhanced customer experience.

Our overall distribution channel strategy strives to align with customer preferences and facilitate efficient service delivery.

PBB has also made progress in the customer experience journey and improving customer satisfaction. The progress is manifest in the 2017 KPMG Banking Industry Customer Satisfaction Survey ("BICSS"). Retail banking moved from 4th in 2016 to 3rd position in 2017 and SME Banking moved from 13th in 2015 to 8th position in 2017.

Our Africa-China Banking Center has been set-up and is geared for launch. The center is aimed at providing bespoke solutions and addressing the needs of business communities in both Nigeria and China. This would drive better engagement with our clients and improve trade relations between both countries.

We thank all our customers for their support in 2017 and look forward to

Case study

Ulysses Nigeria Limited

The Business

Ulysses Nigeria Limited was incorporated in October 1987. The company is a distinguished player in the manufacture of household and cosmetic products. The establishment of the company was hinged on the increased demand for indigenous household and personal care products which would match international standard.

The company's mission is to provide high quality products which would positively impact people every day. The company operates with a sense of responsibility towards its valued customers, distributors, regulatory bodies and more importantly towards its environment. The company's vision statement is to design, manufacture and deliver top of the range products that meet the unique need and expectation of each customer through innovation, commitment and value addition.

Ulysses Nigeria Limited's major brands include Sunshine bleach, Sunshine Ultra-Marine Blue, Sunshine Air Freshener and Blue diamond bleach. The company also produces a vast brand of body lotions such as Soft and Sensual, Silver Line and Glorious Flowers. These products are available across the country.

Relationship with Stanbic IBTC

Ulysses Nigeria Limited commenced banking relationship with Stanbic IBTC in March 2016. In March 2017, the Bank approved a Letter of Credit Confirmation Line which has been active till date.

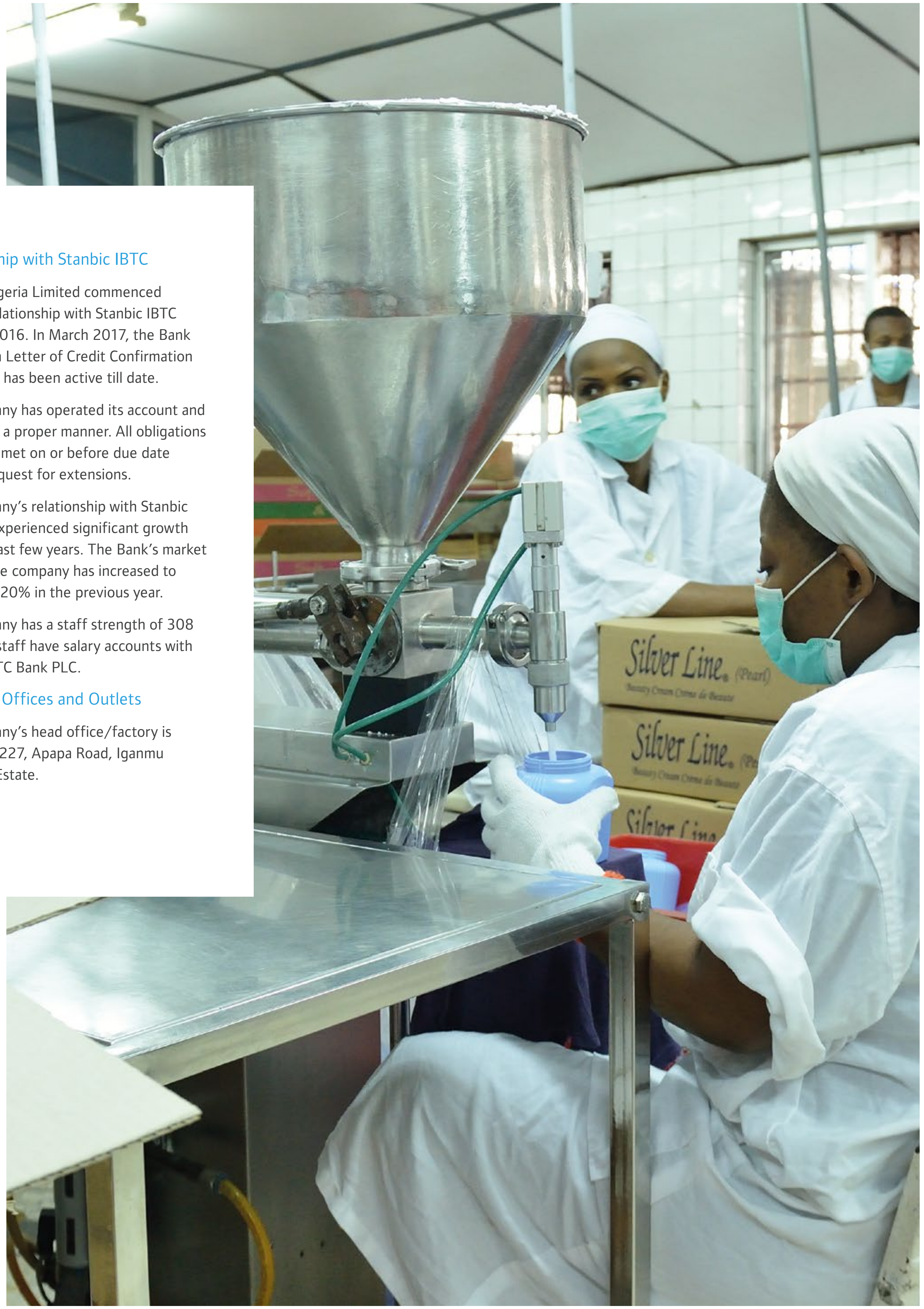
The company has operated its account and facilities in a proper manner. All obligations are always met on or before due date without request for extensions.

The company's relationship with Stanbic IBTC has experienced significant growth over the past few years. The Bank's market share of the company has increased to 60% from 20% in the previous year.

The company has a staff strength of 308 and all its staff have salary accounts with Stanbic IBTC Bank PLC.

Company Offices and Outlets

The company's head office/factory is located at 227, Apapa Road, Iganmu Industrial Estate.



Business development and future prospects

- **Ulysses Nigeria Limited aims to commence the expansion of its factory located around the Otta axis in Ogun State.** The proposed factory would be well-equipped and would be able to meet capacity and production in the coming years. With the expansion of the factory, it is expected that production will increase further, meeting the demand of the company's clients within and outside Nigeria.
- The company currently has distributors **across the nation with a clientele base within the ECOWAS community**.
- In 2018, the company has **projected to grow its revenue by 40%**.

Case study

Natural Prime Resources Nigeria Ltd.

The Business

Natural Prime Resources Nigeria Limited ("NPRNL") was incorporated on 19 August 2010 and commenced full operations in January 2014. The company is one of the viable manufacturers in the soap and detergent industry in the country.

The company's mission is to meet the needs of washing powder users with high quality detergents at affordable prices, hence rooting to become the number one detergent manufacturer in Nigeria. The company's flagship brand, "So Klin" has become one of the leading brands in the market. The brand is one of the pioneering brands of sachets in the industry.

The company's strong brand name, large market share, broad product range and extensive distribution network as well as its experience and track record in the marketing of fast moving consumer products, are sources of strength and growth to the company.

Natural Prime Resources also produces the "Boom" brand of detergent which is fast gaining market share. The company usually sells its finished products locally, however in the last few years, the company has been able to tap into opportunities for exports to other African countries.

The company's sole distributor in Nigeria is Euro Mega Atlantic Limited ("Euro Mega"). Euro Mega channels the products through its network of over 500 sub-distributors located nationwide.

Natural Prime Resources' 2016 Financial Year End ("FYE") turnover was ₦26.56 billion which grew to ₦40 billion as of 2017 FYE. The company is aiming for a 15% increase in 2018.

Relationship with Stanbic IBTC

Natural Prime Resources Nigeria Limited commenced banking relationship with Stanbic IBTC in January 2016. In February 2017, the Bank approved a Letter of Credit Confirmation Line and eventually increased the limit by over 100% as at September 2017.

The company has operated its account and facilities in a proper manner. All obligations are always met on or before due date without request for extensions.

Our wallet share of the business has grown from zero to about 15% in 2017.

The company has a staff strength of 853 of which 32% have opened salary accounts with Stanbic IBTC. We intend to pre-enlist the staff for workplace banking products such as unsecured personal loans, credit cards and Vehicle and Asset Finance facilities.

The client's sole distributor has an account with Stanbic IBTC and has been profiled on our digital channels platforms. We have also opened accounts for 15 of the company's sub-distributors and also created a loyalty scheme for them. In 2018, we project to on-board at least 50% of these distributors.

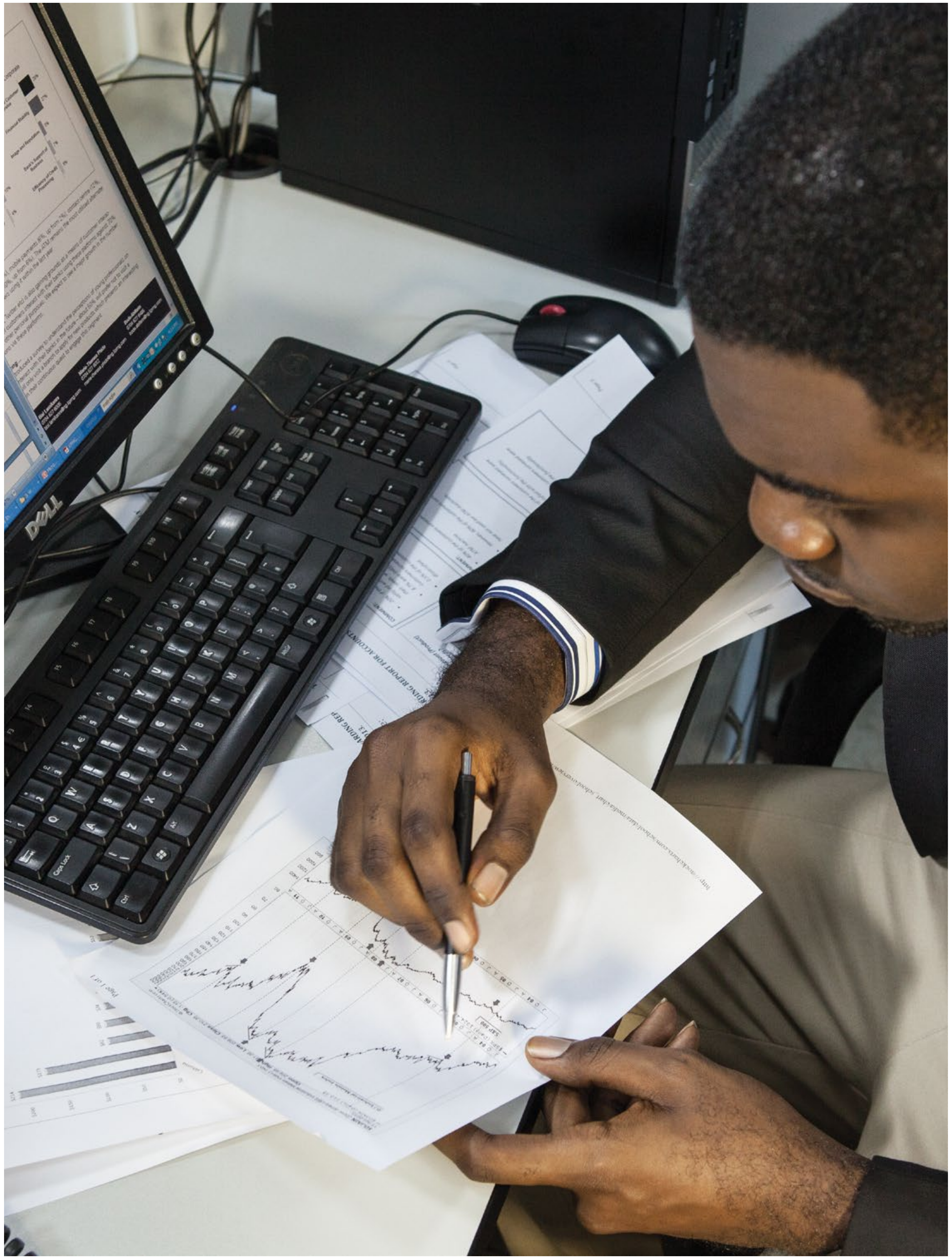
Prior to 2017, the relationship with NPRNL was fairly inactive but we have since grown our wallet share of the business and the plan is to grow to a significant level in 2018.

Business Location

The company's factory is located at Block V, Plot 9,10 Industrial 1, Opic Estate Igbesa Agbara, Ogun State while its administrative office is at 3 Magbon Close, Ikoyi.

Business development and future prospects

- In 2018, NPRNL's plan is to grow its export business to other African countries. The company began exportation about 2 years ago and the volume increased in 2017. **The company plans to expand this part of the business so that it contributes significantly to the overall revenue of the company**.
- The So Klin brand is well established in the Nigerian market. **The AC Nielsen Report for Q3 2017 places So Klin as number one in the detergent market with 24% market share.** The brand's leadership position is due to the quality of its products as well as marketing and distribution strategies.
- **In 2018, the company plans to increase turnover by 15% by deepening market share** locally and also increasing volume of exports.



Corporate and Investment Banking

Introduction

The Corporate and Investment Banking ("CIB") business continues to make great strides in Nigeria's challenging and complex economic, capital markets and regulatory environment in pursuit of its goal of being the clear leader in corporate and investment banking in Nigeria. The business leverages Standard Bank's heritage with presence in twenty African countries and major financial centers around the world, in delivering the end-to-end financial service solutions to our clients.

CIB comprises four business units: Client Coverage, Global Markets, Investment Banking and Transactional Products and Services with greater focus on delivering a superior client experience through our Universal Financial Services Organisation for a deeper products penetration across CIB, PBB and Wealth into our clients' ecosystem.

The challenging macroeconomic and business environment, which negatively impacted deal making in 2016 continued in the first quarter of the year. Severe FX liquidity challenges, rising interest rates and high inflation triggered the suspension of expansion and capital raising plans of our clients. The rest of the year was characterised by recovery and favourable market conditions. Increased economic activity was supported by improved oil production and prices, stability in the FX market, better access to liquidity and declining inflation. These factors positively impacted our investment banking business and translated into strong financial performance in 2017.

Departmental highlights

Client Coverage

The client engagement model is central to everything we do in CIB. Client Coverage team focuses on understanding the needs and strategic goals of our clients in order to deliver the end-to-end financial service solutions across products and markets.

The team, structured by sector, provides a single point of contact for our clients within the group. Drawing on our sector expertise and experience, the team members work closely with clients and product specialists across the group to create customised solutions for our clients.

Stanbic IBTC Capital Limited ("SICL")

Stanbic IBTC Capital is the leading investment banking firm in Nigeria. The firm provides corporate finance and debt advisory services to a diversified client base that includes corporate and government entities within and outside Nigeria. It helps clients raise capital to strengthen and grow their businesses and also provides financial and strategic advisory services. SICL is registered with the Securities & Exchange Commission as an Issuing House and Underwriter.

The corporate finance solutions SICL provides include: private and public equity capital raises (initial public offers, rights issues), mergers and acquisitions, corporate restructuring, bonds, commercial papers, and ratings advisory.

The debt advisory solutions include debt arranging, optimal capital structure advisory across energy and infrastructure, real estate and diversified industrials sectors.

SICL 2017 highlights

In 2017, SICL continued to remain a leading investment banking firm in Nigeria. Our position as the leading investment bank in Nigeria was confirmed by continued flow of business, market-wide acknowledgement and the industry awards received.

SICL 2017 Awards

- Best Foreign Investment Bank and Best Debt House (EMEA Finance African Banking Awards)
- Issuing House of the Year (Pearl Awards)
- Best FMDQ Registration Member, Quotations (FMDQ Debt Capital Market Awards)
- Euromoney Real Estate Survey Award in Nigeria as well as overall best real estate loan financing, real estate equity financing, real estate debt capital markets, and real estate mergers and acquisitions advisory firm.

Notable transactions for the year

- Sole issuing house: Unilever Nigeria Plc's ₦58.9 billion rights issue.
- Sole issuing house: Guinness Nigeria Plc's ₦39.7 billion rights issue.
- Lead issuing house and bookrunner: Dufil Prima Foods Plc's ₦10.0 billion debut bond issuance
- Financial Advisor and overall transaction coordinator: Merger of AB InBev's Nigerian brewery subsidiaries – International Breweries Plc, Intafact Beverages Limited, and Pabod Breweries Limited.
- Sole mandated arranger: ₦6.0 billion Medium Term Facility for Kellogg Tolaram Nigeria Limited to finance the construction of Nigeria's first cereal manufacturing plant.
- Mandated lead arranger: Dual currency financing of Novare Gateway Mall, Abuja (US$8.4 million & ₦3.3 billion).

Corporate and Investment Banking (continued)

Global Markets

The Global Markets business comprises sales and trading teams with specialisations in fixed income, foreign exchange, money markets and structuring of a wide range of financial hedging solutions. The business had an outstanding year in 2017 with its world-class trading, sales and research teams remaining leaders in their respective fields.

2017 Awards

- Number 1 Trading house for full year 2017 in value traded overall in the over-the-counter ("OTC") market as reported by the FMDQ OTC Securities Exchange.
- Number 1 Trading house for FX, FX Derivatives and Unsecured Placements as reported by the FMDQ OTC Securities Exchange.
- Our Research Team won the Top Analyst Ranking 2017 (Financial Mail), Best Research House for Sub Saharan Africa (Financial Mail) as well as Spire Awards Best Research House 2017.

Stanbic IBTC Stockbrokers Limited ("SISL")

Stanbic IBTC Stockbrokers Limited, a market leading firm, provides stockbroking services to local and foreign investors in the Nigerian Capital Market.

SISL is Nigeria's largest stockbroking firm in terms of transaction value - a position that has been held since 2006 (2017 current market share of 18%).

2017 Awards

- Received the 2017 NSE (The Nigerian Stock Exchange) CEO award for the sixth consecutive year as the best dealing member firm.
- Awarded Business Day Banking Award 2017 for Best Stockbroker/ Investment Banking Firm for the second consecutive year.

Notable transactions for the year

During the course of the year, SISL played a critical role in the successful execution of leading equity capital markets deals. Most notable of these are:

- Stockbroker to Guinness Nigeria Plc's ₦39.7 billion (US$110 million) Rights Issue.
- Stockbroker to Unilever Nigeria Plc's ₦58.9 billion (US$163 million) Rights issue.
- Stockbroker to UAC Nigeria's ₦15.4 billion (US$42 million) Rights Issue.
- Stockbroker to Union Bank's ₦50 billion (US$138 million) Rights issue.
- Stockbroker to International Breweries Plc in its merger with Intafact Beverages Limited and Pabod Breweries Limited (AB InBev's subsidiaries in Nigeria).

Transactional Products and Services ("TPS")

Transactional Products and Services provides standardised and tailored transactional products and services, including trade finance, working capital and cash management solutions. The team offers a full range of solutions to deliver specific payments, collections and liquidity management capabilities. TPS' wealth of experience ensures products are designed to meet our clients' specific business needs. Our online channel capabilities continue to evolve to meet our clients' complex and changing requirements.

Despite the very challenging business environment, the Transactional Products and Services business remained focused on its key business drivers and competitive advantage to deliver a strong performance in 2017. Revenues grew by 61.8%, deposits by 6.6% and channel utilisation by 53.2%. All three product lines within the TPS business namely Cash Management, Trade Finance and Custodial Services recorded positive trends driven largely by new client acquisition, client-centric product offerings and channel commercialisation.

Stanbic IBTC Nominees Limited ("SINL")

Stanbic IBTC Nominees Limited provides custodial services to both local and international clients and investors, namely fund managers, asset managers, global custodians, international broker dealers, stockbrokers, retirement benefit schemes and other institutional investors wishing to invest in the Nigerian market. SINL is currently the largest custodian in the Nigerian market with approximately 80% market share of all foreign institutional portfolios investing in the Nigerian market.

SINL continued to hold its leading position in the custody of non-pension assets and, in testament to this, executed the first Securities lending transaction in Nigeria.

Case study

Kellogg Tolaram Nigeria Limited

Financing the Construction of a ₦6billion Cereal Manufacturing Plant

In April 2017, Stanbic IBTC Capital Limited and Stanbic IBTC Bank Plc provided Kellogg Tolaram Nigeria Limited ("KTNL") with a ₦6 billion medium term facility to finance the construction of a new cereal manufacturing plant at the Lagos Free Trade Zone located in Lekki.

KTNL is the result of a joint venture between Kellogg Company USA ("Kellogg") and Tolaram Group, Singapore ("Tolaram") which was set up to locally manufacture cereals and snacks in Nigeria and will serve as the sourcing hub for West African markets. Kellogg is the world's leading manufacturer and marketer of ready-to-eat cereal and convenience foods, while Tolaram is one of the largest food companies in Nigeria with a solid track record of building strong consumer brands like Indomie instant noodles.

The establishment of the new cereal manufacturing factory is an important milestone for the company as it creates a platform for the popular Kellogg's breakfast cereal brands to be manufactured locally with world class quality and enjoyed by the Nigerian consumers. The factory, which has a production capacity of about 10,000 metric tonnes of cereal per annum, was commissioned in December 2017 and has commenced operations from January 2018. The investment will go a long way in preserving precious foreign exchange while generating employment and development opportunities for the local workforce.

The transaction enhances Kellogg Tolaram's status as a key player in the Nigerian cereal industry and also provides the company with the opportunity to ultimately become a dominant local cereal manufacturer in West Africa, whilst increasing its current market share.

The transaction demonstrates the support that the Stanbic IBTC Group provides towards driving growth and investment in Nigeria. It also coincidentally aligns with the Federal Government's drive to support local industries in a bid to strengthen the local currency. With over 2,000 direct and indirect jobs created, a source of livelihood is created for many Nigerians.

Tolaram Group

Kellogg's

Case study

Anheuser-Busch InBev

Consolidation of Brewery Operations in Nigeria via Merger and US$50 million Debt Financing for Capital Expansion

1. Overall transaction adviser and financial adviser to Intafact Beverages Limited and Pabod Breweries Limited;
2. Stockbrokers to International Breweries Plc; and
3. Sole lender to International Breweries Plc and Intafact Beverages Limited

Anheuser-Busch InBev SA/NV (AB InBev) is the largest brewer and multinational beverage group in the world. Following AB InBev's acquisition of SABMiller Plc in 2016, International Breweries Plc, Intafact Beverages Limited and Pabod Breweries Limited (the merging companies) became indirect subsidiaries of AB InBev. The core business of the merging companies is the production and distribution of alcoholic and non-alcoholic beverages in Nigeria. The intention of the merger was to jointly create a market leadership position and to maximise value for stakeholders.

International Breweries, the only listed company among the three merging companies, is on The Nigerian Stock Exchange and has become the top six listed company by market capitalisation, up from number 15. The value of the consideration to shareholders of Intafact Beverages and Pabod Breweries, in the form of International Breweries shares, was US$ 950 million / ₦291 billion.

This merger has reshaped the competitive landscape for the Nigerian beverage sector. It has created the second largest beer brewer in Nigeria with a combined installed capacity of 5.65 million hectolitres. The merger is expected to lead to administrative efficiencies, cost reduction and operational synergies which will be beneficial to shareholders of the enlarged entity. It also positions the enlarged company for success in a difficult competitive market. Tough macroeconomic conditions in 2016 and 2017 created significant challenges for FMCG companies in Nigeria. Consumer purchasing power declined on account of high inflation and unemployment. Input and production costs increased because of challenges and increased cost of sourcing FX to buy raw materials.

Stanbic IBTC Capital Limited advised two of AB InBev's subsidiaries (Intafact Beverages Limited and Pabod Breweries Limited) on their merger with International Breweries Plc. Stanbic IBTC Stockbrokers Limited were stockbrokers to International Breweries Plc.

As overall transaction adviser to the merger, Stanbic IBTC Capital Limited supported AB InBev and the merging entities on key deal parameters and considerations, including transaction structuring, regulatory approvals, shareholder engagement, valuation and share exchange ratio, and project management.

In a separate transaction, Stanbic IBTC Capital Limited and Standard Bank of South Africa supported AB InBev's long term investment plans for Nigeria by structuring and arranging US$50 million debt financing to fund AB InBev's capital expansion and working capital requirements. AB InBev's announced plans for Nigeria include the construction of a US$250 million brewery in Sagamu, positioned to be the second largest brewery in Africa.

This merger and debt financing transactions represent Stanbic IBTC's unique service offering as a full service corporate and investment bank and our commitment to assist international institutions in achieving their strategic objectives and growing their investments in Nigeria.

Wealth

What we offer

Stanbic IBTC Holding's Wealth group comprises four legal entities viz. Stanbic IBTC Pension Managers Limited ("SIPML"), Stanbic IBTC Asset Management Limited ("SIAML"), Stanbic IBTC Trustees Limited ("SITL") and Stanbic IBTC Insurance Brokers Limited ("SIIBL").

The Wealth franchise being capital light is focused on annuity type income, pension administration and management, private non-pension asset management, trusteeship and estate planning as well as insurance brokerage. The businesses within Wealth underlines SIBTC's capability to meet the broader financial needs of our customers and ensure we provide protection and preservation of their assets. It completes the loop in our promise of being a universal financial services organisation as we seek to provide solutions at every stage of an individual's life.

Overview

Outlined below are the Stanbic IBTC subsidiaries which make up Wealth;

- Stanbic IBTC Pension Managers Limited (SIPML) deals with the administration and management of pension assets,
- Stanbic IBTC Asset Management Limited (SIAML) deals with the management of non-pension assets. Our Wealth & Investment team, experts who serve as advisors to high net-worth individuals, sits within this subsidiary.
- Stanbic IBTC Trustees Limited (SITL) deals with trusteeship and estate management functions and
- Stanbic IBTC Insurance Brokers Limited for insurance brokerage and risk management functions

As at 31 December 2017, Wealth had ₦2.71 trillion (US$ 8.62 billion) in assets under management ("AUM") and has remained the leading wealth manager in Nigeria with the pension business - SIPML consolidating its pre-eminent position as the largest Pension Fund Administrator ("PFA") in terms of AUM and number of Retirement Savings Accounts ("RSAs"). The asset management company, SIAML also maintained its position as the largest non-pension assets manager measured by value of AUM, number and size of mutual funds and number of customers while SITL and SIIBL further broadened the product offering by catering to the needs of different strata of our clientele with respect to estate management, trusteeship and brokerage for various classes of insurance respectively.

2017 highlights

- Wealth maintained its leading position as the largest institutional investment business and number one wealth manager in Nigeria with assets under management of ₦2.71 trillion (US$ 8.62 billion).
- Growth of 26% was recorded in year-on-year net profit.
- Cost efficiency remained stable at a cost to income ratio of 31.0%.
- Recorded a return on equity ("ROE") of 61.8%.
- Stanbic IBTC Money Market fund defended its position as the largest mutual fund in Nigeria thereby maintaining its leadership position. SIAML now has a market share of over 40% of the collective investment schemes ("CIS") industry.
- SIAML listed a total of nine mutual funds on The NSE in 2017 to further improve the visibility of our products.
- The minimum investment amount for our mutual funds were reduced to ₦5,000 and $1,000 for our naira denominated mutual funds and Stanbic IBTC dollar fund, respectively, to accommodate more retail investors.
- Our online platform and mobile app were upgraded for simpler and more efficient transaction processing for mutual fund clients. For instance, clients can now open instant mutual fund accounts online and through our mobile app.
- SIAML also sponsored a workshop for the adoption of the Global Investment Performance Standards in Nigeria in a bid to promote transparency, professionalism and investor confidence.
- SITL renamed her flagship estate planning product, Simple Will to ''Legacee'' after requisite approval of the patent name registry. This was done for improved acceptability and a public launch was also held.
- SITL was appointed joint trustee to the only Sovereign bond issued in the year.
- SIIBL won significant key mandates during the year including its appointment for insurance brokerage services to the largest shopping Mall in Nigeria & also large mandates in the oil & gas sector.
- SIIBL registered a sender ID, ''SIBTCInsure'' with the National Communication Commission ("NCC") to enable us to proactively send automatic insurance renewal notices to clients. In addition, a contact centre was set up in order to improve customer service and drive our customer centricity strategy.
- Three additional self-service kiosks were deployed to serve our pension clients. These were built to enhance customer experience and ensure easier accessibility to information by pension clients. Our customers can also enjoy self-service for frequently requested enquiries.
- As part of our customer centricity, digitisation and cost saving efforts, we launched an online portal for our pension clients to submit benefits applications. Voluntary Contributions ("VC") application was used as a pilot test and the feature is now accessible to all clients.
- In our bid to drive awareness and improved education on the contributory pension scheme, SIPML held employer forums across six regions (Lagos, Abuja, Port-Harcourt, Enugu, Ibadan and Benin). These events were well attended by up to 3,500 employer representatives cumulatively.

Wealth (continued)

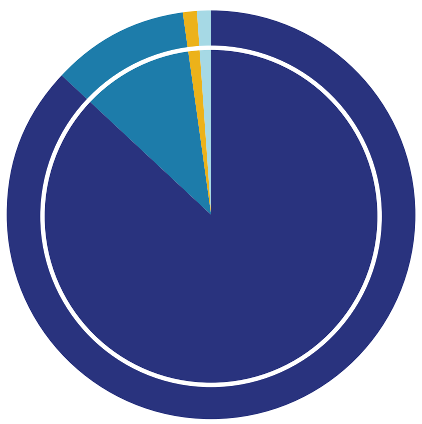
- Our external recognition reflected through the number of awards won by the Pension business, which includes the Business Day Award 2017 for the Most Innovative PFA, African Child Prize Award 2017 – Integrity in corporate business, the Nigerian Customer Experience Awards - Excellent Service Delivery in PFA Category, Best Pension Fund of the Year by the National Association of Insurance & Pension Correspondents ("NAIPCO") and the Lead Best Pension Manager of the year.
- Our Asset Management business also won the Business Day Awards for Best managed funds for money market and best managed funds for fixed income as well as the Euro money Awards in excellence - Africa's best bank and the Private Banker awards 2017 (for our Wealth & Investment business) for the second year running.

2018 Priorities

- Continued collaboration with SEC, The NSE, FMDQ and other key stakeholders in improving awareness and education regarding mutual funds.
- We plan to step up on the use of technology to enhance transaction processing and efficiency of subscriptions and redemption of our mutual funds. We would also enhance the use of digital and user-friendly customer interfaces to provide more bespoke advisory services to both high net worth and retail clients.
- We intend to finalise our digital investment platform to capture the retail market, effectively seek to increase our focus on investors' education through traditional and digital media channels.
- We will also increase the visibility of our mutual funds and related solutions through deliberate and intentional prospecting and increase marketing efforts to reposition the funds against more specific client needs and objectives.
- We aim to offer new products and solutions in both traditional and alternative assets to meet the changing and diverse needs of existing and potential clients. Adopting more innovative methods in the delivery of our Wealth & Investment solutions to enhance our clients' experience.
- Equip and resource the alternative investment desk to focus on positioning SIAML in the alternative investment space and enhance our alternative investment products and capabilities. In the same vein, we aim to position our mutual funds for more inclusion at the retail end of the market.
- Continuous improvement of our mutual fund online access platform in our pursuit of simpler, better and faster investment channels for our customers as we continue to lead innovation in the industry.
- Grow the insurance revenue stream by harnessing all the opportunities within the group through improved collaboration and extend our product offerings to other non-customers of the group through expansion of sales structure to cover new locations and empower staff to provide quotes to clients within reasonable timelines.
- We will continue our digitisation journey by implementing new channels to drive our retail insurance acquisition strategy and some corporate products, and also aim to improve ways of working to support digital ambition.
- Streamline all business processes through automation and documentation to enhance business turnaround time and deliver quality customer experience.
- In our bid to deliver improved customer experience through innovation, to drive client retention and improved efficiency in our pension operations, we intend to update the online portal to accommodate receipt of the 25% benefit applications from pension contributors.
- SIPML is poised to implement the multi-fund structure which allows pension contributors to decide their investment exposure based on their risk appetite. This is regulatory driven and it is expected to commence in Q1 2018.
- Following the joint circular issued by the National Pension Commission and the National Insurance Commission on the modalities for the transfer of the annuity assets, SIIBL will double its efforts on securing new annuity mandates to boost income.

	2017	2016
Total income	₦39.46 billion	₦32.07 billion
Cost to income ratio	31.0%	30.9%
Assets under management	₦2.71 trillion	₦2.08 trillion
Retirement savings accounts	1,595,343	1,508,040
Profit before Tax	₦27.23 billion	₦22.17 billion

Revenue by business unit



Strategy

The wealth business model focuses on providing financial advisory, financial planning, investment portfolio management, estate planning and a number of other financial services to our customers. In doing this, we are committed to ensuring security, liquidity as well as competitive long term returns at every stage of the clients' life cycle.

In 2017, we maintained our leadership position in the various segments of the wealth business by improving on our product offerings, client base and assets under management. In the Pension business, our client base grew by 87,303 and we closed the year with a total of 1,595,343 RSA clients. Pension assets under management also increased by 22.79% to close the year at ₦2.31 trillion (US$7.57 billion). In the asset management segment, we increased our client base by 26.9% to close the year at 92,391.

The slowdown in economic activities stalled business expansions and triggered job cuts across various sectors of the economy. Therefore, new hiring across all sectors slowed down, negatively impacting the momentum of new client acquisition by the pension business. Despite the foregoing, we continued to maintain close relationships with our stakeholders by organising regular awareness sessions through their employers and town hall forums with employer representatives to educate them on their roles and rights as members of the contributory pension scheme.

Our asset management business continued to focus on ensuring we maintained our leadership position in the industry by growing the net asset value of funds under management. The elevated interest rate for most of the year as well as the fund manager's expertise helped our money market fund emerge as the best in the industry.

SITL was appointed as joint trustees with five others on a sizeable bond issuance. It also rebranded and repositioned the Wills product, now 'Legacee', to position it for more ready acceptance amongst its target market. In the course of the year, we continued to create trust and estate planning awareness while providing advocacy and thought leadership to the Securities and Exchange Commission.

For the insurance brokerage business, we continued to proffer risk management solutions to our clients. Our collaborative efforts with the group helped improve our client base and recognition in the industry. We plan to continue to provide a hedge against unforeseen risks as well as consolidate our position within the industry in our areas of expertise.

Financial performance

The equities market posted an impressive return of 42.3% as of YE 2017, its best performance in four years. This strong performance was driven by a significant increase in foreign portfolio flows on the back of improved liquidity in the foreign exchange market and expectation for improved corporate performance alongside improving macroeconomic fundamentals as Nigeria exited recession in Q3.

In the fixed income market, the tight monetary policy by the Central Bank of Nigeria ("CBN") kept interest rates high thus creating solid carry trade opportunities for international investors and real return opportunity for domestic investors with treasury bills and government bonds rising as high as 22% and 16.9%, respectively. Cost of debt servicing remained a major concern for the country's economic managers and they sought to address this by issuing Eurobonds to redeem maturing treasury bills in the last quarter of 2017. This resulted in a compression of the yield curve by c. 210bps as average treasury bills and government bonds yields declined by 350bps and 71bps respectively.

Consequently, the year ended with profit taking on both equities and fixed income as investors sought to close their books with strong realised gains. Total income grew by 23% and net profit by an impressive 26% over the 2016 figures, while total assets under management increased by 31% to close the year at ₦2.71 trillion (USD8.62 billion).

Performance highlights	Growth %	2017 ₦million	2016 ₦million
Net interest income	18	4,375	3,693
Non-interest revenue	24	35,087	28,374
Total income	23	39,462	32,067
Staff cost	(32)	(5,514)	(4,177)
Other operating cost	(18)	(6,722)	(5,716)
Tax provision	(16)	(8,068)	(6,964)
Profit after tax	26	19,158	15,210

Wealth (continued)

Looking forward

The global economy is expected to experience sustained growth in 2018 while central banks of developed economies are expected to be less accommodative. Africa's key trading partners such as China and India are expected to grow at 6.50% and 7.40% in 2018 with positive tailwinds expected for Sub-Saharan Africa as stronger external demand should support commodity prices whilst cyclical recoveries in oil and agriculture would bolster growth across a number of countries. Similarly, the rebound in growth in Nigeria is expected to pick up pace in 2018 as oil production recovers, oil prices remain stable (forecasted to average $59pb in 2018) and government revenues continue to improve. The key risks to this outlook are: inclusion of Nigeria in OPEC's output cut and resurgence of militant activities in the delta. Political risk will also remain in the short term, being a pre-election year, a period when horse-trading from interest groups usually takes place. However, in the medium to long term, sustained efforts to diversify government FX revenues away from oil will be key to achieving sustained capital investment and development.

The 2018 proposed budget of ₦8.6 trillion seeks to consolidate on the gains of 2017, which focused on recovery and growth. While remaining in line with the Medium Term Expenditure Framework (MTEF 2018 – 2020), the revenue targets of the budget seem ambitious partly due to assumptions used. In addition to seeming unrealistic assumptions made on the exchange rate and revenue generation, real GDP growth is forecasted at 3.5%, significantly higher than market expectations of over 2%. With a budget deficit target of ₦2.0 trillion, the government would have to strike the right balance between funding the budget deficit and its goal of lowering debt servicing costs.

Monetary policy is expected to ease slightly as the CBN strives to maintain the handle on inflationary pressures and Foreign Exchange stability in a pre-election year. We therefore expect rates to stay around the mid-teens during the year. Furthermore, we expect the easing in monetary policy to also create opening for corporate issuances at attractive levels when compared with government securities.

In equities, we will seek for opportunities to increase equity allocation in funds with regular inflow patterns and a long term outlook thus taking full advantage of rising economic growth, opportunity to outperform inflation and accumulate wealth for beneficiaries of such funds. Thus, we will focus on companies best positioned to deliver earnings growth and strong market performance in the current phase of the economic cycle. Fixed income continues to provide income and liquidity opportunity for funds. Given our positioning in duration coming into the year, we would remain focused on taking advantage of opportunities to boost total return as they become available.

We will continue to engage actively with SEC & FMAN to improve transparency, reporting standards and investor confidence in the capital market. We would also aim to expand the investment universe in order to meet our clients' objectives.

We aim for increased investments in digital solutions to deliver exceptional client experience while leveraging on Standard Bank group's knowledge sharing platforms and networks for our alternative investment team.

We keep driving for growth in pension assets via an increased awareness of the benefits of contributions into the scheme through education for employer compliance, conversion of un-funded accounts and special focus for new businesses from contributing employers. We will also continue to follow up with employers for pension remittances as it is in the best interest of our clients and plan more employer town hall sessions in 2018 to allow for more direct stakeholder engagement.

The trustees' business will consolidate on its mandate acquisition drive for lucrative transactions with worthwhile revenues in its attempt to significantly move the dial and earn appreciable income to ensure it meets and exceeds its financial targets. It will be aided by its revamped outlook, organisational re-design, strategy adjustment and competency review to ensure fit for purpose structure and optimal results.

Improved visibility of our Wealth & Investment offering with deliberate collaboration with the group is also expected to improve as we focus more on client centricity so our clients can extract the best value from our universal offering. We will offer strategic, tailor-made responses to each client's need as we proffer the right solutions and thoughtful client engagement to ensure they remain clients for life.

We aim to continue SIIBL's digitisation journey with an online sales platform (subject to regulatory considerations) to drive retail sales. We also plan to expand the sales structure to include a sales agency to enable wider coverage so that our sales staff will be stationed closer to source of business and positioned to work closely with various business units across Stanbic IBTC subsidiaries. We will continue in our drive to position the insurance brokerage business as the firm of choice and ensure a mutually beneficial partnership with our key internal and external stakeholders.

We will stay ready for regulatory changes which have been highly anticipated in prior years such as the opening of the much awaited transfer window in the pension industry, commencement of the micro pension scheme and implementation of the guideline on withdrawal from RSA towards equity contribution for a mortgage. Despite the sustained recession for the most part of 2017 and the resultant challenges, we will remain steadfast to our core values and policies which will guide our decisions throughout the course of the year.

We will continue to focus on positioning the group as an end-to-end financial services organisation by collaborating purposefully with other Stanbic IBTC subsidiaries thus delivering the entire group to both existing and new clients. We will leverage on the group's position across the value chain of financial services to deepen existing client relationships as we unearth opportunities that will drive real progress for our clients.

Sustainability Report 2017

Introduction from the Chief Executive

In 2017, the Nigerian financial services industry took further steps towards digitalisation. Data provided by the Central Bank of Nigeria ("CBN") showed a significant uptake in electronic banking. Competition for e-banking market share from Financial Technology ("FinTech") companies rose with provision of e-solutions as new players entered the market. However, banks continue to adopt newer and better solutions to simplify their operations and remain nimble.

It was a significant year for the Stanbic IBTC Group. Following the resolution of the long-drawn issue with the Financial Reporting Council of Nigeria late in 2016, we were able to release our outstanding financial reports as well as hold our 4th (2015) and 5th (2016) AGMs. There was also a change at the board and management levels. The founder and chairman, Atedo Peterside, resigned to take up a new role in the mother brand, Standard Bank Group of South Africa, while the Chief Executive of the holding company, Sola David-Borha, was elevated to a bigger role as Chief Executive (Rest of Africa) at the Standard Bank Group. We continued to be at the forefront of innovation and experienced some positive transformational changes and developed further competencies in other segments of the financial services industry, like in retail and personal banking, outside our well-honed competencies in investment banking and wealth management. We were equally able to provide significant support to government's fund raising efforts to finance the 2017 national budget deficit. We were instrumental to government's successful Eurobond Programmes, Diaspora Bond issue, and FGN Savings Bond programme and their listing on both The Nigerian Stock Exchange and the FMDQ OTC Securities Exchange for secondary trading.

We realised that our success as a business is dependent on the success of the individuals and businesses we serve and on the economy where we operate from. Therefore, we are mindful to develop relevant solutions that not only ensure our success but guarantee the success of government, businesses and individuals.

We pride ourselves on our rich pedigree in financial innovation, drawn from our Standard Bank heritage, which has enabled us provide solutions that have enhanced the quality of life of individuals and boost their financial security; facilitate business expansion, economic growth and development in key sectors like oil and gas, manufacturing, agriculture, power, healthcare, and real estate, among others. Our business strategy is to offer banking services to assist our internal and external stakeholders manage social and environmental challenges and invest for the future. We work hard to build trust in our operations and establish partnerships that will be beneficial in the long term.

This Sustainability Report details our corporate social investments, environmental and social risk management and performance as well as our shared values in 2017. Our priority, going forward, will be to ensure financial, social and environmental sustainability in our operations. We not only want to achieve financial outcomes, but we also want to fulfill our purpose of driving the growth of our economy.

Stanbic IBTC Corporate Profile

Stanbic IBTC Holdings is a full service financial institution which offers a wide range of products to a variety of segments. Stanbic IBTC provides end-to-end financial solutions which include corporate and investment banking, personal and business banking, stockbroking and wealth management.

Standard Bank Group, to which Stanbic IBTC belongs, is the largest African bank by assets with a unique footprint across 20 African countries, including South Africa, and 12 countries outside Africa, including key financial centres in Europe, United States and Asia. Standard Bank has been in operation for over 154 years and prides itself on being a global bank with African roots.

Stanbic IBTC Holdings aims to position itself as the leading end-to-end financial services solutions provider in Nigeria in consonance with our brand and vision "To be the leading end-to-end financial solutions provider in Nigeria through innovative and customer-focused people." The group offers expert services in three business areas - Corporate and Investment Banking; Personal and Business Banking and Wealth Management.

We do everything in our power to ensure that we provide our clients with the products, services and solutions to suit their needs, provided that everything we do for them is based on sound business principles. We uphold high standards of corporate governance and are committed to advancing the principles and practice of sustainable development. Our success and growth over the long term is built on making a difference in the communities in which we operate.

Stanbic IBTC Holdings has nine subsidiaries:

- Stanbic IBTC Bank (including Stanbic IBTC Bureau de Change Ltd and Stanbic IBTC Nominees Limited)
- Stanbic IBTC Pension Managers Limited
- Stanbic IBTC Asset Management Limited
- Stanbic IBTC Stockbrokers Limited
- Stanbic IBTC Trustees Limited
- Stanbic IBTC Ventures Limited
- Stanbic IBTC Capital Limited
- Stanbic IBTC Investments Limited
- Stanbic IBTC Insurance Brokers Limited

Our Approach to Sustainability

Our approach to sustainability begins with our objective to operate an ethical, professional, accountable and profitable business. This is couched in our three-pronged sustainability framework document. We designed the SEE (Social, Economic and Environmental) framework to ensure we support the wellbeing of communities by delivering value through the products and services that we provide.

We have a commitment to contribute to sustainable development. This commitment is embedded in our core

Sustainability Report 2017 (continued)

values of integrity, professionalism and respect for both internal and external stakeholders as outlined in the SEE framework.

In implementing the Nigerian Sustainable Banking Principles in our business activities and operations, Stanbic IBTC is under the following three pillars.

- Credit
- Group Real Estate Services ("GRES")
- Procurement

Credit: Integrate Environmental and Social Considerations into Credit Decision Making process by ensuring on boarding of new business opportunities are E&S compliant and follows approved credit process, policy and guidelines for Corporate and Investment Banking ('CIB") and Business Banking ("BB").

GRES: Monitor our ecological footprints with respect to the impact of our business operations, in terms of Power maximisation, waste management, carbon emissions, energy and water efficiency and building designs and architecture that are green.

Procurement: Assess, develop and screen suppliers with a view to ensuring the sustainability of our vendors and their ability to meet our procurement needs and also assist them in mitigating social and environmental costs.

Corporate Governance

Creating thriving partnerships

Stanbic IBTC has a strong governance structure, with distinct roles and responsibilities between the board and management. These roles are governed by clearly marked policies and controls. Our work is governed by internal and external regulations as well as international best practices. Corporate governance is a key part of our entire operation in evaluating, approving, and monitoring of projects. Our major CSI objectives remain: support for strategic and credible projects, in line with business objectives; deploy scalable solutions that are beneficial to a higher number of people; work with credible partners; and leverage existing business opportunities.

The Chief Executive of the Group has the overall responsibility for sustainability accountability, supported by an executive committee. However, care is taken to ensure decisions are cascaded from the top management level to the individual employee.

Corporate Social Investment: Business and Societal Needs

Our priority is to ensure financial, social and environmental sustainability. Through our social investments, we hope to boost the Stanbic IBTC brand reputation, increase our market share and improve employee relations in a way to enhance our long term competitiveness.

For maximum impact, we identified, using a research-based approach and by engaging with our stakeholders, including communities, governments and individuals, the critical needs of our business environment. These needs fall under Education, Health and Economic Empowerment and form the tripod upon which our Corporate Social Investment activities rest. The convergence of social investment goals and business helps engender long term benefits and sustainability.

Sustainable Lending

In providing credit facilities to conglomerates, multinationals, small and medium scale enterprises, we continue to review the environmental and social (E&S) risk considerations embedded in our credit approval process. This entails the screening of credit transactions for E&S risks, as well as monitoring their activities to ensure our clients carry out their operations in line with acceptable environmental and social standards.

From January 2017, we have assessed about 330 Business Banking credit transactions for E&S risks. In our Corporate and Investment Banking business, 36 approved credit transactions were assessed for E&S risks. We also take pride in providing credit facilities to Business Banking clients for environmentally beneficial purposes. As of June 2017, we had approved credit facilities of about $2.2million for this area.

Beneficiaries of our sustainable lending include Dangote Refinery, Indorama Eleme Petrochemical, Kellogs Tolerams, Lekki Concession Company, and Presco, among others.

Environmental and Social Risk Management

Stanbic IBTC acknowledges that the development of a corporate culture whereby environmental sustainability principles are adhered to both in its operating environment and with counterparties is crucial to sustainable development.

Our impacts on society and the environment can be both indirect, arising from the activities of our customers who we finance, and direct through our day-to-day operational activities and the products and services we provide. These are either internal, affecting employees or the organisation, or external, affecting communities, customers, partners and regulators, among others. Thus, we go beyond compliance in our approach to environmental and social risk management. This approach has helped us achieve best practice performance through sound governance structures and policies, monitoring mechanisms, strategic partnership, energy efficient and renewable energy programmes, supplier development and screening, employee training and awareness, products and services that help reduce carbon emission and green building design.

In line with regulatory stipulation, Stanbic IBTC complies with the Nigeria Sustainable Banking Principles ("NSBP") and through the Standard Bank Group is a signatory to the Equator Principles, thereby adopting international best practice in Environmental and Sustainability standards. We adopt a precautionary approach to environmental management, striving to anticipate and prevent environmental degradation in line with the guidelines set out in the Equator Principles and the provisions of the Environmental Laws of Nigeria.

Awareness Creation

Our awareness creation drive increased across our stakeholder groups, in the implementation of NSBP. Following the NSBP adoption, a total of 120 employees received introductory environmental and social risk training in 2015 and several others in 2016. This number rose across our business units in 2017.

Benefits of Environmental and Social Risk Management

Appropriately and efficiently managed environmental and social risks and opportunities will enhance our:

- Overall risk management which in turn reduces costs and liabilities;
- Ability to access capital and attract foreign investors and partners;
- Financial and non-financial performance;
- Brands and reputations at the individual organisation as well as sector level;
- Operational efficiencies;
- Ability to attract and retain talents;
- Relationships with our clients by becoming a trusted advisor; and
- Growth prospects by reaching new markets and innovating new products and services.

Empowering our People

We expect an increasingly productive and highly motivated workforce, one that constantly exceeds the expectations of customers. We are continuously engaging our employees to ensure their growth through leadership trainings and skills acquisition, a diversified and conducive work environment, and well-structured compensation policy. Higher levels of employee engagement are linked to lower levels of absenteeism and employee turnover. In 2017, employees formed an important part of our CSI, helping to create awareness and actively participating in chosen initiatives, individually and as a team.

Our organisation is very sensitive to gender parity and inclusion. As a result, we have initiatives targeted at the wellbeing and advancement of women in business and in paid employment.

- The Stanbic IBTC Blue Women Network is a platform for female employees of Stanbic IBTC across all cadres, which provides opportunities for networking, development and growth. By default, all women who join our organisation become crucial members of the network.

We also ensure that staff policies targeted at our female employees address their needs.

Health

Our employees remain at the heart of our business; and we believe that their wellbeing is important to enable us deliver our promises to our clients and stakeholders as an organisation. Therefore, we take matters concerning their wellbeing to heart and have invested in a number of wellness programmes to encourage healthy lifestyles for them. The wellness initiatives include:

- Weekly on-site aerobics in our four head office campuses across the group;
- Physical activities encouraged in all our offices, including our branches nationwide; these are group walks and daily exercise-at-the-desk routine for all employees.

To also encourage physical exercise, we have instituted a no-lift-day once a week across the organisation, when staff are encouraged to opt for the staircases rather than use the lift.

For our external stakeholders, one of the key pillars of our CSI initiative is in the health sector. We have consistently partnered with an NGO Slum2School to create awareness on the scourge of malaria as well as distribute mosquito treated nets to indigent school children and pregnant women in underserved and malaria prone communities. Through our signature CSI initiative, Together4 A Limb, we provide prostheses for children with limb losses as well as replacing these limbs annually until they are 18 years. So far, we have 20 beneficiaries.

Being an ardent supporter of persons living with prostheses, our organisation has constructed wheelchair access ramps in 33 branches and our major head office campuses across the group to facilitate access of physically challenged persons into our office locations.

We will continue to explore ways to alleviate the difficulties encountered by the physically challenged for a more inclusive banking experience for all our customers.

Education

Education, through knowledge and skills acquisition, is an essential ingredient for a productive workforce. As a result, we are continuously engaging our employees to ensure their growth through leadership trainings and skills acquisition, to complement a diversified and conducive work environment, and well-structured compensation policy.

We continue to invest in the educational advancements of our communities through our CSI Initiatives such as the Mentor-a-Class project, where staff members take a day off to engage school children in our adopted school, Lagos Progressive School, Surulere, on financial literacy, leadership and analytical skills, among others. Under our staff volunteerism initiative, a block of six classrooms was donated to the National Orthopaedic Special School, Igbobi, Lagos by the Operation Shared Services Team. The children we fitted with artificial limbs were also awarded Stanbic IBTC Educational Trusts to give them a better chance at success in life.

Sustainability Report 2017 (continued)

Economic Empowerment

At Stanbic IBTC, we apply sustainable principles that drive the growth and development of the industries we finance and communities in which we operate in. It gives us satisfaction to deliver value to the communities we serve by contributing to their social, economic and environmental ("SEE") wellbeing through the services we provide. Our aim is to improve life for everyone in Nigeria and beyond. We not only want to achieve financial outcomes, but we also want to fulfil our purpose of driving the country's growth.

We made donations to orphanages, we have also made donations to widows through the Human Development Initiatives. We have initiatives targeted at the wellbeing and advancement of women in business and paid employment in a way to ensure gender parity and inclusion. As of June 2017, we had successfully empowered businesses owned by women through lending amounting to about 16% of the total loan portfolio for Stanbic IBTC Bank.

Sustainability Practices

Stanbic IBTC is a member of the Nigerian Conservation Fund which supports sustainability related causes. Our membership further attests to our commitment to maintain a robust operation focused on environmental education, biodiversity conservation, policy advocacy, public sensitisation on environmental issues, mitigating environmental pollution and poverty reduction.

Our key sustainability practices include:

1. Energy efficiency in operations
Replenishing our sources of energy remains an important aspect for the growth of our economy. As a result of this, we have embarked on energy efficiency initiatives across Stanbic IBTC Group. These include:

- Operation Switch Off and UnPlug ("SOUP") initiative which encourages staff members to switch off and unplug electronic devices at close of business.
- Switch-off initiative which aims to save energy consumed by elevators and central air conditioners in our head office campuses. We also turn-off power at 6pm in our branches. This initiative also encourages work-life balance among our employees, who remain the drivers of our business.
- Installation of energy saving LED bulbs across our bank branches and head office campuses for reduced energy consumption.
- Installation of motion sensors in buildings for the control of power.

Use of alternative sources of power for ATMs and branches – Our Festac and Katin Kwari branches are partly powered by solar energy; while ten (10) offsite ATMs are also powered by alternative sources.

2. Paper reduction and recycling
Across the group, we strive to bring unnecessary printing to a minimum and reduce paper usage in our business operations. As at August 2017, we had successfully reduced our year-to-date paper usage (for printing and photocopy) across the bank by about 30 percent compared to the same period in 2016.

Measures taken include:

- Installation of Follow-Me Printing on Printers
- Setting printers to Double Sided printing by default
- Recycling of paper for printing
- The use of shared folders to document storage as against printing
- Eliminated the use of paper in 12 branch processes

We are also supportive of paper recycling and have recently worked with partners to recycle over nine (9) tons of archived paper in exchange for tissue papers that will be used in our offices.

These initiatives serve as one of the ways we contribute to the reduction in tree-felling for paper production. A more balanced ecosystem is achievable if such practice is encouraged by organisations.

3. Green Branches

In addition to our printing reduction and paper recycling initiatives, we are also piloting 'Green Branches' within our organisation where additional sustainability initiatives and processes will be driven. Our aim is to run operations in these branches that ensure minimal paper use, increased energy and water efficiency.

4. Tree planting in Zaria branch

In line with efforts targeted at preventing desert encroachment, especially in the northern part of Nigeria, a substantial part of our Zaria Branch is being landscaped to provide greenery and shade for our staff and customers who use the location.

5. Waste segregation

To address issues of environmental degradation resulting from indiscriminate and inappropriate disposal of waste, the group continues to invest in solid waste segregation and recycling initiatives involving the sensitisation of staff and customers on the need to separate solid waste for further recycling. The deployment of waste bins designed for segregation of solid waste are ongoing in our head office campuses.

6. Water utilisation

We have implemented eco-friendly water utilisation measures to reduce wastage by:

- Installing toilet systems with dual flush knobs
- Installing of taps with motion sensors in restrooms and kitchens

As a responsible corporate citizen, we will continue to carry out our business operations in ways that minimise any negative social, economic and environmental impact. We will continue to review our operational processes and engage our key stakeholders to achieve as much involvement in our sustainability initiatives as possible, for the benefit of the communities we operate in.

Employee Volunteerism

At Stanbic IBTC, our vision recognises that our people are our most important asset, which makes it imperative to inspire and engage employees in ongoing CSI efforts to make a meaningful impact. We see our employees as our partners in all our sustainability initiatives. By doing this, not only do we succeed in getting their active involvement, but also benefit from the fact that employees gain a lot of valuable skills and experiences which make them a better asset to our organisation.

The sustainability of an idea needs everyone in every title to be aligned to our mission of moving forward. We believe our people and culture will determine our success in executing our strategy, which includes our CSI. Our business philosophy is anchored on and vested in building relationships and trust with our clients/customers, employees, shareholders, regulators, communities and other key stakeholders. Our values underpin our legitimacy and are intended to reinforce the trust our stakeholders have in our organisation. As such, we endeavor to carry along and get the buy in of all our internal and external stakeholders.

We have a culture of staff involvement and participation in our social investment initiatives which means that our staff are not only part of the activation but the entire process of identifying key areas where we choose to support, collaborate or invest. We try as much as possible to encourage our staff to either as teams or units voluntarily contribute and participate through departmental CSI activities.

This initiative has been hugely successful over the past year. Through staff CSI volunteerism or contribution alone, we invested over a N100 million towards various charitable causes under the health, education and economic empowerment portfolios in 2017. Under our staff volunteerism initiative, a block of six modern classrooms was built and donated to the National Orthopaedic Special School, Igbobi, Lagos.

Sponsorships

Development is key to our deciding on what sponsorships we undertake. We continue to identify credible and impactful initiatives that are compliant with our sustainability policy to support through sponsorships. And our sponsorships cut across the broad spectrum of sectors which we serve, to reflect our end-to-end financial services credentials.

Through our Fine-Arts-and-The-Acts, Stanbic IBTC is recognised as an active sponsor and supporter of the creative industry. The overriding objective of our arts sponsorship programme is to nurture and promote the development of the creative industry, encouraging engagement and social interaction. We also sponsored the ArtX Lagos and the Eat Drink Lagos.

Standards and Codes

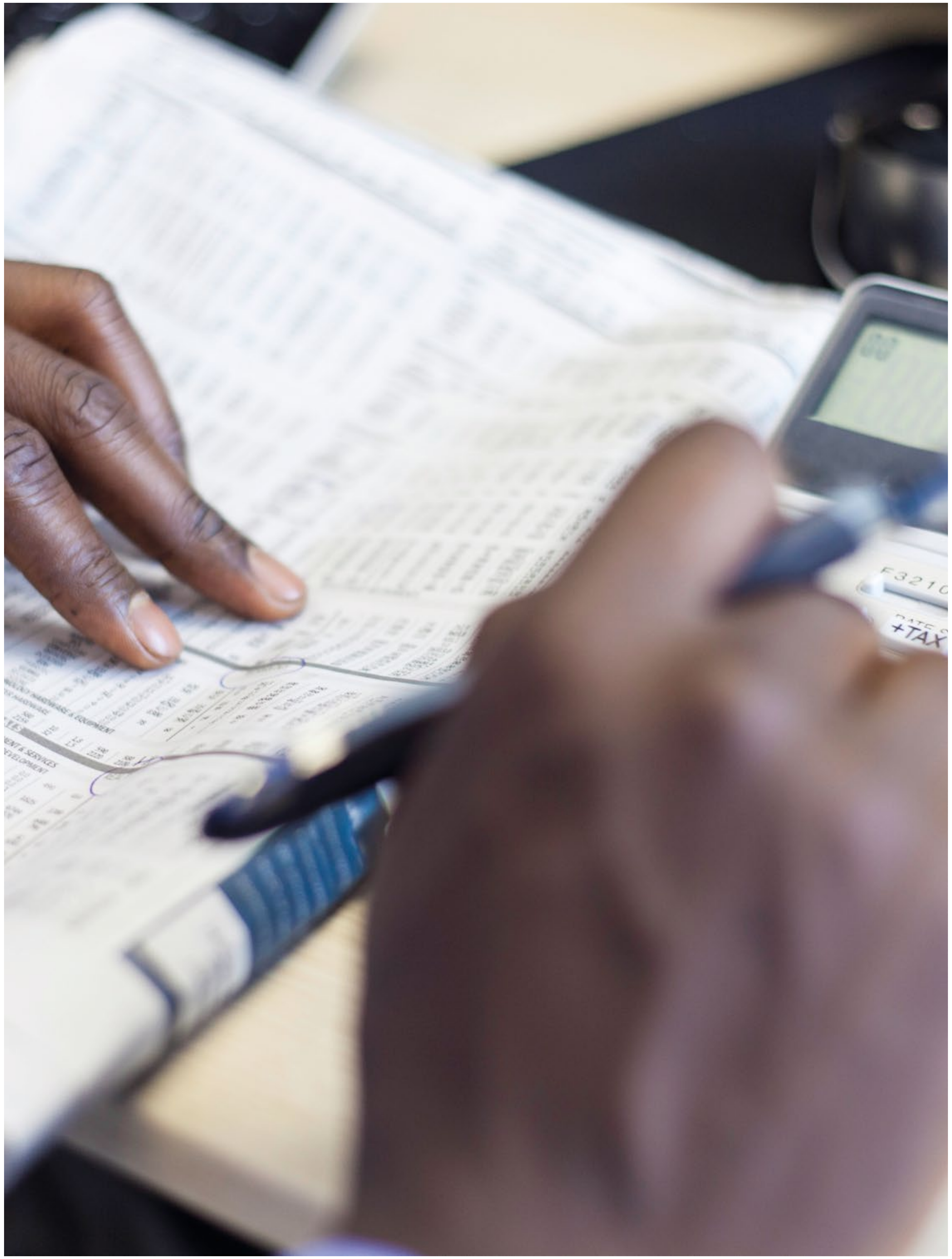
Stanbic IBTC's business sustainability and international best practices continue to attract commendations, recognitions and revalidation through various awards and certifications.

Stanbic IBTC Bank PLC and its holding company, Stanbic IBTC Holdings PLC, both recorded AAA(nga) national long-term ratings by Fitch Ratings, which provide a relative measure of creditworthiness for rated institutions. According to Fitch Ratings, "AAA is the highest credit quality. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events." Fitch said triple A "denotes the lowest expectation of default risk" while the F1+ "indicates the strongest intrinsic capacity for timely payment of financial commitments." Such regular ratings provide an idea of the credit worthiness of the institutions so rated.

The Stanbic IBTC Blue Academy was accredited by the banking industry umbrella body, the Chartered Institute of Bankers of Nigeria, and certification issued to validate its training standard.

Awards

The stockbroking arm of the Group, Stanbic IBTC Stockbrokers Limited, received The Nigerian Stock Exchange CEO award as the best dealing member firm in 2017, for a high-performance culture, the sixth consecutive time it would win the award.



Enterprise risk review

Overview

Risk Management's objective continues to align with the group's strategic focus "to be the leading end-to-end financial solutions provider in Nigeria through innovative and customer-focused people". Effective risk management is fundamental and essential to the achievement of the group's strategic objectives. It is also one of the pillars of the institution's strategic value drivers, which entails supporting our clients by doing the right business the right way and maintaining the highest possible standards of responsible business practice using the right frameworks that align with regulatory expectations and standard business practices as well as procedures.

The Group Risk function continues its oversight and advisory responsibilities by deploying a consistent, comprehensive and strategic approach to the identification, measurement, management and reporting of enterprise-wide risks across the group. This is executed through proactive risk management practices which ensure that the business maintains the right balance in terms of the risk-return trade off whilst limiting the negative variations that could impact the group's capital, earnings, risk assets and appetite levels in a constantly changing and dynamic operating environment. Furthermore, Group Risk continues to shape, drive and monitor the activities relating to risk and conduct in the institution through various measures, including strengthening the risk and control environment, monitoring risk appetite and governance standards across the institution and elevating risk awareness by deploying requisite compliance training programme for all Stanbic IBTC employees with a standard process of monitoring and escalating deficiencies in meeting the required standards. This is also in line with the established code of conduct and ethics that all members of staff must adhere and attest to on an annual basis.

The Board sets the tone and risk appetite for the organisation, including the tolerance levels for key risks. These risks are however managed in accordance with a set of governance standards, frameworks and policies which align with the global best practices.

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

Risk management framework

Approach and structure

The group's approach to risk management is based on governance processes that rely on both individual responsibility and collective oversight that is supported by a tailored Management Information System ("MIS"). This approach balances corporate oversight at senior management level with independent risk management structures in the business where the business unit heads, as part of the first line of defense, are specifically responsible for the management of risk within their businesses using appropriate risk management frameworks that meet the required group minimum standards.

An important element that underpins the group's approach to the management of all risk is independence and appropriate segregation of responsibilities between Business and Risk. Risk officers report separately to the Head of Risk who reports to the Chief Executive of Stanbic IBTC Bank and also through a matrix reporting line to the Standard Bank Group ("SBG").

All principal risks are supported by the Risk Management department.

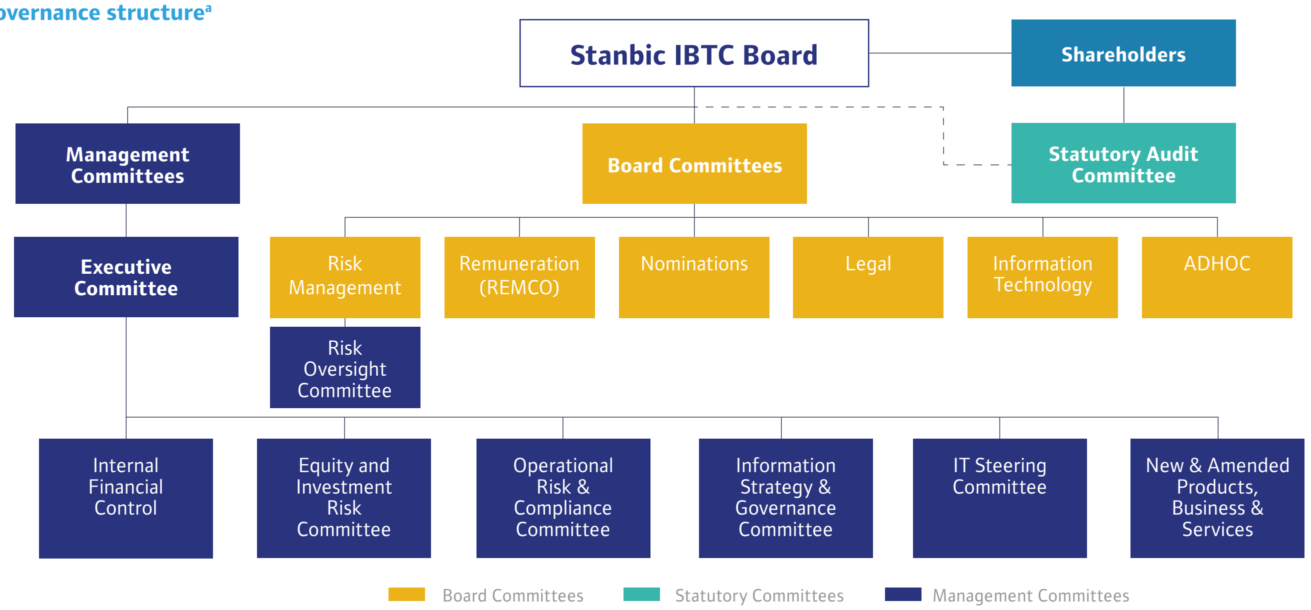
Enterprise risk review (continued)

Governance structure

The risk governance structure provides a platform for the board, executive and senior management through the various committees to evaluate and debate material existential and emerging risks which the group is exposed to, and assess the effectiveness of risk responses through the risk profiles of the underlying business units and functional areas (please refer to the pictorial representation of the group risk governance structure below).

The risk-focused board committees include the statutory audit committee, board credit committee, board IT committee, board legal committee, and board risk management committee, while executive management oversight at the subsidiary and group levels is achieved through management committees that focus on specific risks. Each of the board and management committees is governed by mandates that set out the expected committee's terms of reference.

Governance structure[a]



[a]This is continuously evolving to meet changing needs and requirements.

Risk governance standards, policies and procedures

The group has developed a set of risk governance standards for each principal risk, including credit, market, liquidity, operational, IT, legal, environmental & social risk and compliance risks. The standards define the acceptable conditions for the assumption of the major risks and ensure alignment and consistency in the manner in which these risks are identified, measured, managed, controlled and reported across the group.

All standards are supported by either policies and/or procedural documents. They are applied consistently across the group and are approved by the Board. It is the responsibility of the business unit executive management to ensure that the requirements of the risk governance standards, policies and procedures are implemented within and across the business units.

Risk appetite

Risk appetite is an expression of the amount, type and tenure of risk that the group is prepared to accept in order to deliver its business objectives. It is the balance of risk and return as the group implements business plans, whilst recognising a range of possible outcomes.

The Board establishes the group's parameters for risk appetite by:

- providing strategic leadership and guidance;
- reviewing and approving annual budgets and forecasts for the group and each subsidiary;
- reviewing and monitoring the group's performance in relation to set risk appetite.

Risk appetite is defined by core metrics which are carefully calibrated and converted into limits, thresholds and triggers across the relevant risk types, at both entity and business line levels, through an analysis of the risks that impact those metrics.

Stress testing

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

Management reviews the outcome of stress tests and selects appropriate mitigating actions to minimise and manage the impact of the risks to the group.

Residual risk is then evaluated against the risk appetite.

Risk categories

The group's enterprise risk management framework is designed to govern, identify, measure, manage, control and report on the principal risks to which the group is exposed. The principal financial risks are defined as follows:

Credit risk

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

Credit risk comprises counterparty risk, wrong-way risk, settlement risk, country risk and concentration risk.

Counterparty risk

Counterparty risk is the risk of loss to the group as a result of failure by a counterparty to meet its financial and/or contractual obligations to the group. It has three components:

- primary credit risk, which is the exposure at default ("EAD") arising from lending and related banking product activities, including their underwriting;
- pre-settlement credit risk, which is the EAD arising from unsettled forward and derivative transactions, arising from the default of the counterparty to the transaction and measured as the cost of replacing the transaction at current market rates;
- issuer risk, which is the EAD arising from traded credit and equity products, and including their underwriting.

Wrong-way risk

Wrong-way risk is the risk that arises when default risk and credit exposure increase together. There are two types of wrong-way risk: specific wrong way risk (which arises through poorly structured transactions, for example, those collateralised by own or related party shares) and general wrong way risk (which arises where the credit quality of the counterparty may for non-specific reasons be correlated with a macroeconomic factor which also affects the credit quality of the counterparty).

Settlement risk

Settlement risk is the risk of loss to the group from a transaction settlement, where value is exchanged and the counter value is not received in whole or part.

Country and cross border risk

Country and cross border risk is the risk of loss arising from political or economical conditions or events in a particular country which reduce the ability of counterparties in that particular country to fulfill their obligations to the group.

Cross border risk is the risk of restriction on the transfer and convertibility of local currency funds, into foreign currency funds thereby limiting payment by offshore counterparties to the group.

Concentration risk

Concentration risk refers to any single exposure or group of exposures large enough to cause credit losses which threaten the group's capital adequacy or ability to maintain its core operations. It is the risk that common factors within a risk type or across risk types cause credit losses or an event occurs within a risk type which results to credit losses.

Market risk

Market risk is defined as the risk of a change in the actual or effective market value or earnings of a portfolio of financial instruments caused by adverse movements in market variables such as equity, bond and commodity prices, foreign exchange rates, interest rates, credit spreads, recovery rates, correlations and implied volatilities in the market variables. Market risk covers both the impact of these risk factors on the market value of traded instruments as well as the impact on the group's net interest margin as a consequence of interest rate risk on banking book assets and liabilities.

Liquidity risk

Liquidity risk is defined as the risk that the group, although balance-sheet solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due or can only do so at materially disadvantageous terms.

There are two major sources of liquidity risk, which are funding liquidity risk and 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, on the other hand, refers to the risk of a generalised disruption in asset markets that makes normal liquid assets illiquid and the potential loss through the forced-sale of assets resulting in proceeds being below their fair market value.

Credit risk

Principal credit standard and policies

The group's Governance Standard, as reviewed regularly, sets out the broad overall principles to be applied in credit risk decisions and sets out the overall framework for the consistent and unified governance, identification, measurement, management and reporting of credit risk in the group.

The Corporate and Investment Banking ("CIB") and the Personal and Business Banking ("PBB") Global Credit Policies have been designed to expand the Group Credit Risk Governance Standard requirements by embodying the core principles for identifying, measuring, approving, and managing credit risk. These policies provide a comprehensive framework within which all credit risk emanating from the operations of the bank are legally executed, properly monitored and controlled in order to minimise 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 and CIB and PBB Global Credit Policies, a number of related credit policies and documents have been developed, with contents that are relevant to the full implementation and understanding of the credit policies.

Methodology for risk rating

Internal counterparty ratings and default estimates that are updated and enhanced from time-to-time play an essential role in the credit risk management and decision-making process, credit approvals, internal capital allocation, and corporate governance functions. Ratings are used for the following purposes:

- Credit assessment and evaluation
- Credit monitoring
- Credit approval and delegated authority
- Economic capital calculation, portfolio and management reporting
- Regulatory capital calculation
- RARORC (Risk-Adjusted Return on Regulatory Capital) calculation
- Pricing: Probability of Default ("PD"), Exposure at Default ("EAD") and Loss given Default ("LGD") may be used to assess and compare relative pricing of assets/facilities, in conjunction with strategic, relationship, market practice and competitive factors.

The primary method for credit risk assessment and evaluation lies in the counterparty risk grading. This is quantified and calculated in compliance with the group's credit rating policy leveraging Basel II compliant models (currently in use) which are updated or enhanced on a periodic basis as required.

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 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.
- 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 is also important in the risk consideration and rating methodology.

Framework and governance

Credit risk remains a key component of financial risks faced by any bank given the very nature of its business. The importance of credit risk management cannot be over emphasised as consequences can be severe when neglected. The group has established governance principles to ensure that credit risk is managed effectively within a comprehensive risk management and control framework.

In reaching credit decisions and taking credit risk, both the credit and business functions must consistently and responsibly balance risk and return, as return is not the sole prerogative of business neither is credit risk the sole prerogative of credit. Credit (and the other risk functions, as applicable) and business must work in partnership to understand the risk and apply appropriate risk pricing, with the overall aim of optimising the bank's risk adjusted performance.

The reporting lines, responsibilities and authority for managing credit risk in the group are clear and independent. However, ultimate responsibility for credit risk rests with the board.

Credit risk mitigation

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

Guarantees, collateral and the transaction structures are used by the group to mitigate credit risks both identified and inherent though the amount and type of credit risk is determined on a case by case basis. The group's credit policy and guidelines are used in a consistent manner while security is valued appropriately and reviewed regularly for enforceability and to meet changing business needs.

The credit policy establishes and defines the principles of risk transfer, transformation and reduction. The processes and procedures for accepting, verifying, maintaining, and releasing collateral are well documented in order to ensure appropriate application of the collateral management techniques.

Credit risk measurement

A key element in the measurement of credit risk is the assignment of credit ratings, which are used to determine expected defaults across asset portfolios and risk bands. The risk ratings attributed to counterparties are based on a combination of factors which cover business and financial risks:

The group uses the PD Master Scale rating concept with a single scale to measure the credit riskiness of all counterparty types. The grading system is a 25-point scale, with three additional default grades.

Enterprise risk review (continued)

Group's rating	Grade description	Standard & Poor's	Fitch
SB01 – SB12/SB13	Investment grades	AAA to BBB-	AAA to BBB-
SB14 – SB21	Sub Investment grades	BB+ to CCC+	BB+ to CCC+
SB22 – SB25	Cautionary grade	CCC to C	CCC to C

IFRS 7

The tables that follow analyse the credit quality of loans and advances measured in terms of IFRS.

Maximum exposure to credit risk

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

Performing loans

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

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

Non-performing loans

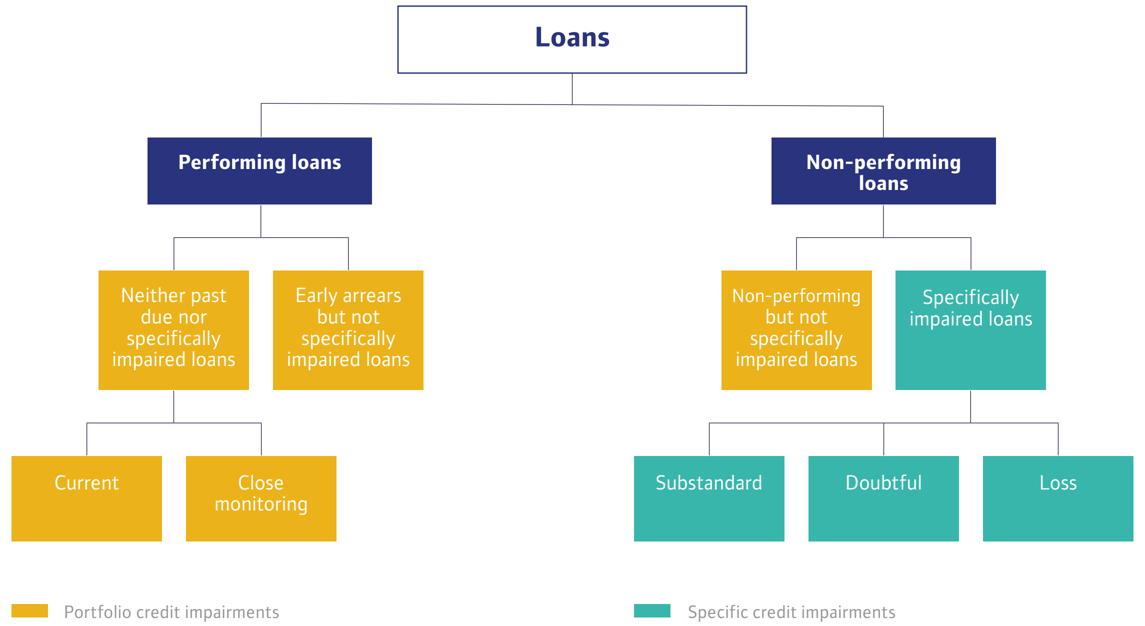
Non-performing loans are those loans for which:

- the group has identified objective evidence of default, such as a breach of a material loan covenant or condition; or

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

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

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



Enterprise risk review (continued)

Maximum exposure to credit risk by credit quality

				Performing loans		Non-performing loans										
				Neither past due nor specifically impaired		Not specifically impaired	Specifically impaired loans									
							Non-performing loans									
December 2017	Note	Total loans and advances to customers ₦million	Balance sheet impairments for performing loans ₦million	Normal monitoring ₦million	Close monitoring ₦million	Early arrears ₦million	Sub-standard ₦million	Doubtful ₦million	Lost ₦million	Total ₦million	Securities and expected recoveries on specifically impaired loans ₦million	Net after securities and expected recoveries on specifically impaired loans ₦million	Balance sheet impairments for non-performing specifically impaired loans ₦million	Gross specific impairment coverage %	Total non-performing loans ₦million	Non-performing loans %
Personal and Business Banking		149,324	2,775	106,656	12,186	13,526	4,426	6,301	6,228	16,955	6,142	10,813	10,813	64	16,955	11.4
Mortgage loans		7,426	76	4,365	724	889	1,113	156	179	1,448	793	655	655	45	1,448	19.5
Instalment sale and finance leases		12,167	162	4,555	2,596	772	65	3,663	516	4,244	1,694	2,550	2,550	60	4,244	34.9
Card debtors		1,451	20	923	6	210	28	68	216	312	24	288	288	92	312	21.5
Other loans and advances		128,280	2,517	96,813	8,860	11,655	3,220	2,414	5,317	10,951	3,631	7,320	7,320	67	10,951	8.5
Corporate and Investment Banking		254,528	8,072	219,326	8,366	12,079	13,027	1,730	-	14,757	4,654	10,103	10,103	68	14,757	5.8
Corporate loans		254,528	8,072	219,326	8,366	12,079	13,027	1,730	-	14,757	4,654	10,103	10,103	68	14,757	5.8
Gross loans and advances to customers		403,852	10,847	325,982	20,552	25,605	17,453	8,031	6,228	31,712	10,796	20,916	20,916	66	31,712	7.9
Less:																
Impairment for loans and advances		(31,764)														
Net loans and advances	12	372,088														
Add the following other banking activities exposures:																
Cash and cash equivalents	7	401,348														
Derivatives	10.6	11,052														
Financial investments (excluding equity)	11	314,367														
Loans and advances to banks	12	9,623														
Trading assets	9.1	151,479														
Pledged assets	8	43,240														
Other financial assets		41,427														
Total on-balance sheet exposure		1,344,624														
Unrecognised financial assets:																
Letters of credit	30.1	118,054														
Guarantees	30.1	35,323														
Loan commitments		56,108														
Total exposure to credit risk		1,554,109														

Additional disclosures on loans and advances is set out in note 12.

Enterprise risk review (continued)

Maximum exposure to credit risk by credit quality

				Performing loans				Non-performing loans									
				Neither past due nor specifically impaired		Not specifically impaired		Specifically impaired loans									
								Non-performing loans									
December 2016	Note	Total loans and advances to customers ₦million	Balance sheet impairments for performing loans ₦million	Normal monitoring ₦million	Close monitoring ₦million	Early arrears ₦million	Non-performing ₦million	Sub-standard ₦million	Doubtful ₦million	Lost ₦million	Total ₦million	Securities and expected recoveries on specifically impaired loans ₦million	Net after securities and expected recoveries on specifically impaired loans ₦million	Balance sheet impairments for non-performing specifically impaired loans ₦million	Gross specific impairment coverage %	Total non-performing loans ₦million	Non-performing loans %
Personal and Business Banking		152,360	3,509	86,222	25,092	22,372	-	8,035	4,803	5,837	18,675	7,426	11,249	11,249	60	18,675	12.3
Mortgage loans		8,924	51	5,396	1,472	1,798	-	189	27	42	258	94	164	164	64	258	2.9
Instalment sale and finance leases		16,532	275	6,141	5,277	3,417	-	1,111	68	518	1,697	916	781	781	46	1,697	10.3
Card debtors		1,793	48	1,185	-	380	-	68	92	68	228	14	214	214	94	228	12.7
Other loans and advances		125,111	3,135	73,500	18,343	16,777	-	6,667	4,616	5,209	16,492	6,402	10,090	10,090	61	16,492	13.2
Corporate and Investment Banking		222,956	7,591	194,856	5,995	22,104	-	-	-	-	-	-	-	-	-	-	-
Corporate loans		222,956	7,591	194,856	5,995	22,104	-	-	-	-	-	-		-	-	-	-
Gross loans and advances		375,316	11,100	281,078	31,087	44,476	-	8,035	4,803	5,837	18,675	7,426	11,249	11,249	60	18,675	5.0
Less:																	
Impairment for loans and advances		(22,351)															
Net loans and advances	12	352,965															
Add the following other banking activities exposures:																	
Cash and cash equivalents	7	301,351															
Derivatives	10.6	14,317															
Financial investments (excluding equity)	11	251,233															
Loans and advances to banks	12	15,264															
Trading assets	9.1	16,855															
Pledged assets	8	28,303															
Other financial assets		31,897															
Total on-balance sheet exposure		1,012,185															
Unrecognised financial assets:																	
Letters of credit	30.1	15,620															
Guarantees	30.1	38,523															
Loan commitments		30,193															
Total exposure to credit risk		1,096,521															

Additional disclosures on loans and advances is set out in note 12.

Enterprise risk review (continued)

Ageing of loans and advances past due but not specifically impaired

	Less than 31 days ₦million	31-60 days ₦million	61-89 days ₦million	90-180 days ₦million	More than 180 days ₦million	Total ₦million
December 2017						
Personal and Business Banking	10,172	1,923	1,432	-	-	13,526
Mortgage loans	501	272	117	-	-	889
Instalment sales and finance lease	490	272	11	-	-	772
Card debtors	144	48	17	-	-	210
Other loans and advances	9,038	1,331	1,287	-	-	11,655
Corporate and Investment Banking	3,261	582	8,236	-	-	12,079
Corporate loans	3,261	582	8,236	-	-	12,079
Total	13,432	2,506	9,668	-	-	25,605
December 2016						
Personal and Business Banking	16,824	3,923	1,624	-	-	22,372
Mortgage loans	1,579	142	77	-	-	1,798
Instalment sales and finance lease	1,801	1,054	562	-	-	3,417
Card debtors	200	131	49	-	-	380
Other loans and advances	13,244	2,596	936	-	-	16,777
Corporate and Investment Banking	-	8,675	13,430	-	-	22,105
Corporate loans	-	8,675	13,430	-	-	22,105
Total	16,824	12,598	15,054	-	-	44,477

Renegotiated loans and advances

Renegotiated loans and advances are exposures which have been refinanced, rescheduled, rolled over or otherwise modified due to weaknesses in the counterparty's financial position, and where it has been judged that normal repayment will likely continue after the restructure. Renegotiated loans that would otherwise be past due or impaired amounted to ₦13.5 billion as at 31 Dec 2017 (Dec 2016: ₦34.8 billion).

Collateral

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

Collateral includes:

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

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

In the retail portfolio, 52% (Dec 2016: 69%) is collateralised. Of the group's total exposure, 85% (Dec 2016: 67%) is unsecured and mainly reflects exposures to well-rated corporate counterparties, bank counterparties and sovereign entities.

Collateral

	Note	Total exposure ₦million	Unsecured ₦million	Secured ₦million	Netting agreements ₦million	Secured exposure after netting ₦million	Total collateral coverage: 1%-50% ₦million	50%-100% ₦million	Greater than 100% ₦million
December 2017									
Corporate		396,023	273,744	122,279	-	-	41,061	81,218	-
Sovereign		677,220	677,220	-	-	-	-	-	-
Bank		223,600	223,600	-	-	-	-	-	-
Retail		196,068	94,153	101,915	-	-	26,014	68,220	7,681
Retail mortgage		7,426	-	7,426	-	-	-	-	7,426
Other retail		188,642	94,153	94,489	-	-	26,014	68,220	255
Total		1,492,911	1,268,717	224,194	-	-	67,075	149,438	7,681
Add: Financial assets not exposed to credit risk		36,853							
Less: Impairments for loans and advances		(31,763)							
Less: Unrecognised off balance sheet items		(153,377)							
Total exposure		1,344,624							
Reconciliation to statement of financial position:									
Cash and cash equivalents	7	401,348							
Derivatives	10.6	11,052							
Financial investments (excluding equity)	11	314,367							
Loans and advances	12	381,711							
Trading assets	9	151,479							
Pledged assets	8	43,240							
Other financial assets		41,427							
Total		1,344,624							

Enterprise risk review (continued)

Collateral

	Note	Total exposure ₦million	Unsecured ₦million	Secured ₦million	Netting agreements ₦million	Secured exposure after netting ₦million	Total collateral coverage 1%-50% ₦million	50%-100% ₦million	Greater than 100% ₦million
December 2016									
Corporate		302,251	79,295	222,956	-	-	46,763	88,940	87,254
Sovereign		415,361	415,361		-	-			
Bank		134,739	134,739		-	-	-	-	-
Retail		170,029	52,354	117,675	-	-	41,972	41,710	33,994
Retail mortgage		8,924	-	8,924	-	-	-	-	8,924
Other retail		161,105	52,354	108,751	-	-	41,972	41,710	25,070
Total		1,022,380	681,749	340,631	-	-	88,735	130,650	121,248
Add: Financial assets not exposed to credit risk		66,299							
Less: Impairments for loans and advances		(22,351)							
Less: Unrecognised off balance sheet items		(54,143)							
Total exposure		1,012,185							

Reconciliation to statement of financial position:

	Note	₦million
Cash and cash equivalents	7	301,351
Derivatives	10.6	14,317
Financial investments (excluding equity)	11	251,233
Loans and advances	12	368,229
Trading assets	9.1	16,855
Pledged assets	8.1	28,303
Other financial assets		31,897
Total		1,012,185

Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

The following table breaks down the group's main credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2017. For this table, the group has allocated exposures to regions based on the region of domicile of our counterparties.

31 December 2017	Trading assets ₦million	Derivative assets ₦million	Pledged assets ₦million	Financial investments (excluding equity) ₦million	Loans and advances to customers ₦million	Loans and advances to banks ₦million	Total ₦million
South South	-	-	-	-	14,896	-	14,896
South West	8,284	800	-	12,860	319,839	-	341,783
South East	-	-	-	-	7,273	-	7,273
North West	-	-	-	-	16,623	-	16,623
North Central	143,195	8,521	43,240	301,507	12,466	-	508,929
North East	-	-	-	-	991	-	991
Outside Nigeria	-	1,731	-	-	-	9,623	11,354
Carrying amount	151,479	11,052	43,240	314,367	372,088	9,623	901,849

31 December 2016	Trading assets ₦million	Derivative assets ₦million	Pledged assets ₦million	Financial investments (excluding equity) ₦million	Loans and advances to customers ₦million	Loans and advances to banks ₦million	Total ₦million
South South	1,198	-	-	-	13,445	-	14,643
South West	5,001	1,208	-	10,131	293,196	-	309,536
South East	-	-	-	-	6,575	-	6,575
North West	-	-	-	-	22,837	-	22,837
North Central	10,656	12,529	28,303	241,102	15,171	7,504	315,265
North East	-	-	-	-	1,741	-	1,741
Outside Nigeria	-	580	-	-	-	7,760	8,340
Carrying amount	16,855	14,317	28,303	251,233	352,965	15,264	678,937

Enterprise risk review (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

b. Industry sectors

31 December 2017	Trading assets ₦million	Derivative assets ₦million	Pledged assets ₦million	Financial investments (excluding equity) ₦million	Loans and advances to customers ₦million	Loans and advances to banks ₦million	Total ₦million
Agriculture	-	621	-	-	23,208	-	23,829
Business services	-	22	-	-	3,967	-	3,989
Communication	-	1	-	553	13,673	-	14,227
Community, social & personal services	-	-	-	-	-	-	-
Construction and real estate	-	3	-	-	41,526	-	41,529
Electricity	-	-	-	-	-	-	-
Financial intermediaries & insurance	8,284	1,752	-	11,326	600	9,623	31,585
Government (including Central Bank)	143,195	8,521	43,240	301,409	21,930	-	518,295
Hotels, restaurants and tourism	-	-	-	-	22	-	22
Manufacturing	-	26	-	-	124,539	-	124,565
Mining	-	1	-	-	61,285	-	61,286
Private households	-	1	-	-	45,364	-	45,365
Transport, storage and distribution	-	-	-	-	6,038	-	6,038
Wholesale & retail trade	-	104	-	1,079	29,936	-	31,119
Carrying amount	151,479	11,052	43,240	314,367	372,088	9,623	901,849

31 December 2016	Trading assets ₦million	Derivative assets ₦million	Pledged assets ₦million	Financial investments (excluding equity) ₦million	Loans and advances to customers ₦million	Loans and advances to banks ₦million	Total ₦million
Agriculture	-	1	-	-	26,205	-	26,206
Business services	-	-	-	-	3,741	-	3,741
Communication	-	-	-	470	21,015	-	21,485
Community, social & personal services	-	-	-	-	2	-	2
Construction and real estate	-	26	-	-	37,546	-	37,572
Electricity	-	-	-	-	-	-	-
Financial intermediaries & insurance	5,001	582	-	9,248	1,538	7,760	24,129
Government (including Central Bank)	11,854	12,529	28,303	241,515	14,421	7,504	316,126
Hotels, restaurants and tourism	-	-	-	-	21	-	21
Manufacturing	-	1,097	-	-	99,510	-	100,607
Mining	-	-	-	-	58,244	-	58,244
Private households	-	-	-	-	48,215	-	48,215
Transport, storage and distribution	-	-	-	-	11,331	-	11,331
Wholesale & retail trade	-	82	-	-	31,176	-	31,258
Carrying amount	16,855	14,317	28,303	251,233	352,965	15,264	678,937

c. Analysis of financial assets disclosed above by portfolio distribution and risk rating

	AAA to A- ₦million	BBB+ to BBB- ₦million	Below BBB- ₦million	Unrated ₦million	Total ₦million
At 31 December 2017	5	687,201	213,889	754	901,849
At 31 December 2016	7,666	18,923	604,205	49,845	680,639

Enterprise risk review (continued)

Concentration of risks of off-balance sheet engagements

a. Geographical sectors

31 December 2017	Bonds and guarantees ₦million	Letters of credit* ₦million	Total ₦million
South South	379	-	379
South West	34,044	118,054	152,098
South East	30	-	30
North West	120	-	120
North Central	750	-	750
North East	-	-	-
Outside Nigeria	-	-	-
Total	35,323	118,054	153,377

31 December 2016	Bonds and guarantees ₦million	Letters of credit* ₦million	Total ₦million
South South	850	-	850
South West	35,177	15,620	50,797
South East	18	-	18
North West	90	-	90
North Central	2,388	-	2,388
North East	-	-	-
Outside Nigeria	-	-	-
Total	38,523	15,620	54,143

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

b. Industry sectors

	31 December 2017			31 December 2016		
	Bonds and guarantees ₦million	Letters of credit ₦million	2017 Total ₦million	Bonds and guarantees ₦million	Letters of credit ₦million	2016 Total ₦million
Agriculture	247	-	247	-	1	1
Business services	4,033	6,626	10,659	437	253	690
Communication	-	-	-	155	118	273
Construction and real estate	49	-	49	19,248	-	19,248
Financial intermediaries & insurance	17,912	-	17,912	154	31	185
Hotels, Restaurants and Tourism	-	45,159	45,159	-	-	-
Manufacturing	3,981	27,019	31,000	10,698	10,462	21,160
Mining/oil and gas	2,393	26,851	29,244	2,845	1,366	4,211
Private households	-	-	-	486	-	486
Transport, storage and distribution	168	1,728	1,896	22	-	22
Wholesale & retail trade	6,540	10,671	17,211	4,478	3,389	7,867
Carrying amount	35,323	118,054	153,377	38,523	15,620	54,143

Credit provisioning based on prudential guidelines

In accordance with the Prudential Guidelines issued by the Central Bank of Nigeria, provision against credit risk is as follows;

Non performing accounts

Interest and/or principal outstanding for over:	Classification	Minimum provision
90 days but less than 180 days	Substandard	10%
180 days but less than 360 days	Doubtful	50%
Over 360 days	Lost	100%

When a loan is deemed uncollectible, it is written off against the related provision for impairments. Subsequent recoveries are credited to the provision for loan losses in the profit and loss account. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited as a reduction of the provision for impairment in the statement of profit or loss.

Performing accounts

A minimum of 2% general provision on performing loans is made in accordance with the Prudential Guidelines.

Enterprise risk review (continued)

Prudential guidelines disclosures

Had the Prudential Guidelines been employed in the preparation of these financial statements, the impairments for loans and advances to customers as well as related disclosures, would have been made as follows:

	Group	
	31 Dec 2017 ₦million	31 Dec 2016 ₦million
Prudential disclosure of loan and advances to customers		
Customer exposure for loans and advances	403,852	375,316
Mortgage loans	7,426	8,924
Instalment sale and finance leases	12,167	17,272
Card debtors	1,451	1,501
Overdrafts and other demand loans	128,281	45,970
Other term loans	254,527	301,649
Credit impairments for loans and advances	(22,333)	(25,569)
Specific provision	(14,995)	(14,467)
General provision	(7,338)	(11,102)
Net loans and advances to customers	381,519	349,747
Prudential disclosure of loan classification		
Performing loans	373,334	355,466
Non-performing loans	35,322	24,022
- substandard	17,732	5,685
- doubtful	8,736	5,828
- lost	8,854	12,509
Total performing and non performing loans	408,656	379,488
Adjustment for Interest in suspense and below-market interest staff loans	(4,804)	(4,172)
Customer exposure for loans and advances	408,656	379,488
Non-performing loan ratio (regulatory)	8.64%	6.33%

Liquidity risk

Framework and governance

The nature of banking and trading activities results in a continuous exposure to liquidity risk. Liquidity problems can have an adverse impact on a group's earnings and capital and, in extreme circumstances, may even lead to the collapse of a group which is otherwise solvent.

The group's liquidity risk management framework is designed to measure and manage the liquidity position at various levels of consolidation such that payment obligations can be met at all times, under both normal and considerably stressed conditions. Under the delegated authority of the board of directors, the Asset and Liability Committee ("ALCO") sets liquidity risk policies in accordance with regulatory requirements, international best practice and SBG stated risk appetite.

Tolerance limits, appetite thresholds and monitoring items are prudently set and reflect the group's conservative appetite for liquidity risk. ALCO is charged with ensuring ongoing compliance with liquidity risk standards and policies. The Group must, at all times, comply with the more stringent Standard Bank imposed tolerance limits or regulatory limits.

Liquidity and funding management

A sound and robust liquidity process is required to measure, monitor and manage liquidity exposures. The group has incorporated the following liquidity principles as part of a cohesive liquidity management process:

- structural liquidity mismatch management;
- long-term funding ratio;
- maintaining minimum levels of liquid and marketable assets;
- depositor restrictions;
- local currency loan to deposit ratio;
- foreign currency loan to deposit ratio;
- interbank reliance limit;
- intra-day liquidity management;
- collateral management;
- daily cash flow management;
- liquidity stress and scenario testing;
- funding plans;
- liquidity contingency planning.

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

The group ensures that the banking entity (Stanbic IBTC Bank PLC) is within the regulatory liquidity ratio of 30% at all times.

Liquidity ratio	2017	2016
Minimum	83.91%	56.24%
Average	106.72%	78.05%
Maximum	119.64%	101.95%

Structural liquidity mismatch management

The mismatch principle measures the group's liquidity by assessing the mismatch between its inflow and outflow of funds within different time bands on a maturity ladder. The structural liquidity mismatch is based on behaviourally-adjusted cash flows which factors a probability of maturity into the various time bands. As expected, cash flows vary significantly from the contractual position, behavioural profiling is applied to assets, liabilities and off-balance sheet items with an indeterminable maturity or drawdown period.

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

Maintaining minimum levels of liquid and marketable assets

Minimum levels of prudential liquid assets are held in accordance with all prudential requirements as specified by the regulatory authorities. The group needs to hold additional unencumbered marketable assets, in excess of any minimum prudential liquid asset requirement, to cater for volatile depositor withdrawals, draw-downs under committed facilities, collateral calls, etc.

The following criteria apply to readily marketable securities:

- prices must be quoted by a range of counterparties;
- the asset class must be regularly traded;
- the asset may be sold or repurchased in a liquid market, for payment in cash; and settlement must be according to a prescribed, rather than a negotiated, timetable.

Depositor concentration

To ensure that the group does not place undue reliance on any single entity as a funding source, restrictions are imposed on the short dated (0 – 3 months term) deposits accepted from any entity. These include:

- the sum of 0 – 3 month deposits and standby facilities provided by any single deposit counterparty must not, at any time, exceed 10% of total funding related liabilities to the public; and
- the aggregate of 0 – 3 month deposits and standby facilities from the 10 largest single deposit counterparties must not, at any time, exceed 20% of total funding related liabilities to the public.

Concentration risk limits are used to ensure that funding diversification is maintained across products, sectors, and counterparties. Primary sources of funding are in the form of deposits across a spectrum of retail and wholesale clients. As mitigants, the group maintains marketable securities in excess of regulatory requirements in order to create a buffer for occasional breaches of concentration limits.

Enterprise risk review (continued)

Loan to deposit limit

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

Intra-day liquidity management

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

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

Daily cash flow management

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

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

Interbank reliance

Interbank funding traditionally is seen as the most volatile and least stable source of funding, easily influenced by market sentiment and prone to flight under stress situations. Consequently, to ensure prudent liquidity management is enforced, the group restricts the local currency interbank funding as a proportion of the local currency funding base to a maximum of 15% of the total currency funding base.

Liquidity stress testing and scenario testing

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

Maturity analysis of financial liabilities by contractual maturity

The tables on the next page 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 with the balances disclosed in the consolidated statement of financial position.

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

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

Maturity analysis of financial liabilities by contractual maturity

	Redeemable on demand ₦million	Maturing within 1 month ₦million	Maturing between 1-6 months ₦million	Maturing between 6-12 months ₦million	Maturing after 12 months ₦million	Total ₦million
December 2017						
Financial liabilities						
Derivative financial instruments	134	449	1,678	331	-	2,592
Trading liabilities	-	28,385	27,170	6,239	658	62,452
Deposits and current accounts	577,551	138,719	107,192	18,332	4	841,798
Subordinated debt	-	-	-	-	45,687	45,687
Other borrowings	10,615	-	5,661	7,885	58,269	82,431
Total	588,300	167,553	141,701	32,787	104,618	1,034,959
Unrecognised financial instruments						
Letters of credit	-	30,128	87,096	8,128	-	125,352
Guarantees	-	332	20,365	7,650	6,977	35,324
Loan commitments	-	18,339	22,355	13,918	1,496	56,108
Total	-	48,799	129,816	29,696	8,473	216,784
December 2016						
Financial liabilities						
Derivative financial instruments	-	1,177	8,466	2,110	35	11,788
Trading liabilities	-	99	4,489	82	655	5,325
Deposits and current accounts	455,715	97,185	72,885	12,102	5	637,892
Subordinated debt	-	-	1,337	1,338	46,767	49,442
Other borrowings	214	2,579	4,858	30,870	76,034	114,555
Total	455,929	101,040	92,035	46,502	123,496	819,002
Unrecognised financial instruments						
Letters of credit	1,020	2,625	12,449	546	-	16,640
Guarantees	1,178	367	11,107	20,818	5,053	38,523
Loan commitments	-	18,463	7,775	1,099	2,856	30,193
Total	2,198	21,455	31,331	22,463	7,909	85,356

Liquidity contingency plans

The group recognises that it is not possible to hold sufficiently large enough quantity of readily available liquidity to cover the least likely liquidity events. However, as such events can have devastating consequences, it is imperative to bridge the gap between the liquidity the group chooses to hold and the maximum liquidity the group might need.

The group's liquidity contingency plan is designed to, as far as possible, protect stakeholder interests and maintain market confidence in order to ensure a positive outcome in the event of a liquidity crisis. The plan incorporates an extensive early warning indicator methodology supported by a clear and decisive crisis response strategy. Early warning indicators span group specific crises, systemic crises, contingency planning, and liquidity risk management governance and are monitored based on assigned frequencies and tolerance levels. The crisis response strategy is formulated around the relevant crisis management structures and addresses internal and external communications, liquidity generation, operations, as well as heightened and supplementary information requirements.

To ensure adherence to international best practices for prudent liquidity risk management and in line with the Central Bank of Nigeria's guideline for the development of liquidity contingency funding plans by way of a binding standby funding agreement contracts between banks, Stanbic IBTC Bank PLC (a subsidiary of the group) has entered into the following funding agreements:

(i) A local currency contingency standby funding agreement with Zenith Bank PLC up to a limit of ₦10 billion effective 09 February 2017. See note 12.1 on page 179.

(ii) A foreign currency revolving facility from Standard Bank of South Africa (Isle of Man Branch) of US$50 million. The facility is effective from 18 July 2017 and renewable annually. See note 36.5

The group did not draw on any of the commitments during the period.

Foreign currency liquidity management

A number of indicators are observed to monitor changes in either market liquidity or exchange rates. Foreign currency loans and advances are restricted to the availability of foreign currency deposits.

Funding strategy

Funding markets are evaluated on an ongoing basis to ensure appropriate group funding strategies are executed depending on the market, competitive and regulatory environment. The group employs a diversified funding strategy, sourcing liquidity in both domestic and offshore markets, and incorporates a coordinated approach to accessing capital and loan markets across the group.

Concentration risk limits are used within the group to ensure that funding diversification is maintained across products, sectors, geographic regions and counterparties.

Primary funding sources are in the form of deposits across a spectrum of retail and wholesale clients, as well as long-term capital and loan markets. The group remains committed to increasing its core deposits and accessing domestic and foreign capital markets when appropriate to meet its anticipated funding requirements.

Depositor concentrations

	2017 %	2016 %
Single depositor	7	4
Top 10 depositors	27	16

Market risk

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

Trading market risk
These risks arise in trading activities where the bank acts as a principal with clients in the market. The group's policy is that all trading activities are contained within the bank's Corporate and Investment Banking trading operations.

Banking book interest rate risk
These risks arise from the structural interest rate risk caused by the differing re-pricing characteristics of banking assets and liabilities.

Foreign currency risk
These risks arise as a result of changes in the fair value or future cash flows of financial exposures due to changes in foreign exchange rates.

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

Framework and governance

The board approves the market risk appetite and standards for all types of market risk. The board grants general authority to take on market risk exposure to the asset and liability committee ("ALCO"). ALCO sets market risk policies to ensure that the measurement, reporting, monitoring and management of market risk associated with operations of the bank follow a common governance framework. The bank's ALCO reports to EXCO and also to the board risk management committee.

The in-country risk management is subject to SBG oversight for compliance with group standards and minimum requirements.

The market risk management unit, which is independent of trading operations and accountable to ALCO, monitors market risk exposures due to trading and banking activities. This unit monitors exposures and respective excesses daily, report monthly to ALCO and quarterly to the board risk management committee.

Market risk measurement

The techniques used to measure and control market risk include:

- daily net open position
- daily VaR;
- back-testing;
- PV01;
- annual net interest income at risk;

Daily net open position

The board, on the input of ALCO, sets limits on the level of exposure by currency and in aggregate for overnight positions. The latter is also aligned to the net open position limit as specified by the regulators, which is usually a proportion of the groups' capital.

Daily value-at-risk (VaR)

VaR is a technique that estimates the potential losses that may occur as a result of market movements over a specified time period at a predetermined probability.

VaR limits and exposure measurements are in place for all market risks the trading desk is exposed to. The bank generally uses the historical VaR approach to derive quantitative measures, specifically for market risk under normal market conditions. Normal VaR is based on a holding period of one day and a confidence level of 95%. Daily losses exceeding the VaR are likely to occur, on average, 13 times in every 250 days.

The use of historic VaR has limitations as it is based on historical correlations and volatilities in market prices and assumes that future prices will follow the observed historical distribution. Hence, there is a need to back-test the VaR model regularly.

VaR back-testing

The group and the banking business back-test its foreign currency, interest rate and credit trading exposure VaR model to verify the predictive ability of the VaR calculations thereby ensuring the appropriateness of the model. Back-testing exercise is an ex-post comparison of the daily hypothetical profit and loss under the one-day buy and hold assumption to the prior day VaR. Profit or loss for back-testing is based on the theoretical profits or losses derived purely from market moves both interest rate and foreign currency spot moves and it is calculated over 250 cumulative trading-days at 95% confidence level.

Stress tests

Stress testing provides an indication of the potential losses that could occur in extreme market conditions.

The stress tests carried out include individual market risk factor testing and combinations of market factors on individual asset classes and across different asset classes. Stress tests include a combination of historical and hypothetical simulations.

PV01

PV01 is a risk measure used to assess the effect of a change of rate of one basis point on the price of an asset. This limit is set for the fixed income, money market trading, credit trading, derivatives and foreign exchange trading portfolios.

Other market risk measures

Other market risk measures specific to individual business units include permissible instruments, concentration of exposures, gap limits, maximum tenure and stop loss triggers. In addition, only approved products that can be independently priced and properly processed are permitted to be traded.

Pricing models and risk metrics used in production systems, whether these systems are off-the-shelf or in-house developed, are independently validated by the market risk unit before their use and periodically thereafter to confirm the continued applicability of the models. In addition, the market risk unit assesses the daily liquid closing price inputs used to value instruments and performs a review of less liquid prices from a reasonableness perspective at least fortnightly. Where differences are significant, mark-to-market adjustments are made.

Annual net interest income at risk

A dynamic forward-looking annual net interest income forecast is used to quantify the banks' anticipated interest rate exposure. This approach involves the forecasting of both changing balance sheet structures and interest rate scenarios, to determine the effect these changes may have on future earnings. The analysis is completed under both normal market conditions as well as stressed market conditions.

Enterprise risk review (continued)

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

The table below highlights the historical diversified normal VaR across the various trading desks. The minimum and maximum trading diversified normal VaR stood at NGN10 million and NGN396 million, respectively, with an annual average of NGN188 million which translates to a conservative VaR base limit utilisation of 16.2% on average.

	Diversified Normal Var Exposures (₦'million)					
Desk	Maximum	Minimum	Average	30-Dec-17	31-Dec-16	Limit
Bankwide	396	10	188	135	41	1,057
FX Trading	243	5	91	75	35	246
Money Markets Trading	257	6	142	124	9	379
Fixed Income Trading	47	1	13	10	4	303
Credit Trading	-	-	-	-	-	118
Derivatives	-	-	-	-	-	40

Analysis of PV01

The table to the right shows the PV01 of the money markets banking and the individual trading books as at year end. The money markets trading book PV01 exposure increased to ₦1.2 million from that of the previous year as a result of T-bills purchase of ₦101 billion, the money markets banking book PV01 exposure stood at ₦10.1 million; higher than that of the previous year as a result of T-bills purchase of ₦27.4 billion, while the fixed income trading book PV01 exposure was ₦939,000. Overall trading PV01 exposure was ₦2.2 million against a limit of ₦9.3 million thus reflecting a very conservative exposure utilisation.

PVO1 (NGN'000)	31-Dec-17	31-Dec-16	Limit
Money market trading book	1,213	218	2,998
Fixed income trading book	939	104	2,755
Credit trading book	-	-	1,032
Derivatives trading book	-	-	405
Total trading book	2,151	322	9,300
Money market banking book	10,057	8,430	11,800

Interest rate risk in the banking book

Interest rate risk in the banking book ("IRRBB") can be defined as the reduction in banking book net interest income due to changes in interest rates arising from the different re-pricing characteristics of banking book assets and liabilities. IRRBB is further divided into the following sub-risk types:

- Repricing risk referring to the timing differences in the maturity (fixed rate) and repricing (floating rate) of assets and liabilities.
- Yield curve risk arising when unanticipated shifts in the yield curve have adverse effects on the group's income.
- Basis risk arising from the imperfect correlation in the adjustment of the rates earned and paid on different instruments with otherwise similar repricing characteristics.
- Optionality risk arising from the options embedded in bank asset and liability portfolios, providing the holder with the right, but not the obligation, to buy, sell, or in some manner alter the cash flow of an instrument or financial contract.
- Endowment risk referring to the interest rate risk exposure arising from the net differential between interest rate insensitive assets such as non-earning assets and interest rate insensitive liabilities such as non-paying liabilities and equity.

Approach to managing interest rate risk on positions in the banking book

Banking-related market risk exposure principally involves the management of the potential adverse effect of interest movements on banking book earnings (net interest income and banking book mark-to-market profit or loss).

The group's approach to managing IRRBB is governed by prudence and is in accordance with the applicable laws and regulations, best international practice and the competitive situation within which it operates in financial markets. Interest rate risk is transferred to and managed within the bank's treasury operations under supervision of ALCO.

Measurement of IRRBB

The analytical technique used to quantify IRRBB is an earnings based approach. A dynamic, forward-looking net interest income forecast is used to quantify the bank's anticipated interest rate exposure. Desired changes to a particular interest rate risk profile are achieved through the restructuring of on-balance sheet repricing or maturity profiles. All assets and liabilities are allocated to gap intervals based on either their repricing or maturity characteristics. However, assets and liabilities for which no identifiable contractual repricing or maturity dates exist are allocated to gap intervals based on behavioural profiling.

The impact on net interest income due to interest rate changes cover 12 months of forecasting and allows for the dynamic interaction of payments, new business and interest rates. The analyses are done under stressed market conditions in which the banking book is subjected to an upward 300 basis points (2016: 400 basis points) and downward 350 basis points (2016: 200 basis points) parallel rate shocks for local currency and 100 basis points (2016: 100 basis points) upward and downward parallel rate shocks for foreign currency positions. The table below shows the sensitivity of the bank's net interest income in response to standardised parallel rate shocks.

31 December 2017		NGN	USD	Other	Total
Increase in basis points		300	100	100	
Sensitivity of annual net interest income	NGNm	4,808	264	(56)	5 016
Decrease in basis points		350	100	100	
Sensitivity of annual net interest income	NGNm	(6,644)	(832)	56	(7,420)
31 December 2016					
Increase in basis points		400	100	100	
Sensitivity of annual net interest income	NGNm	3,827	601	(65)	4,363
Decrease in basis points		200	100	100	
Sensitivity of annual net interest income	NGNm	(2,556)	(546)	65	(3,037)

Enterprise risk review (continued)

Hedging of endowment risk

IRRBB is predominantly the consequence of endowment exposures, being the net exposure of non-rate sensitive liabilities and equity less non-rate sensitive assets. The endowment risk is hedged using marketable liquid instruments in the same currency as the exposure as and when it is considered opportune. Hedge decisions are made by ALCO following careful consideration of the interest rate views to be hedged against, including magnitude, direction, timing and probability, and the exposure to be hedged.

Market risk on equity investment

The group's equity and investment risk committee ("GEIRC") has governance and oversight of all investment decisions.

The committee is tasked with the formulation of risk appetite and oversight of investment performance. In this regard, a loss trigger is in place for the non-strategic portion.

Exposure to currency risks

The group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The board sets limits on the level of exposure by currency and in aggregate for both overnight and intra day positions, which are monitored daily. The table below summarises the group's exposure to foreign currency exchange risk as at 31 December 2017.

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

At 31 December 2017	Naira ₦million	USD ₦million	GBP ₦million	Euro ₦million	Others ₦million	Total ₦million
Financial assets						
Cash and balances with central bank	196,431	187,599	4,424	11,741	1,153	401,348
Pledged asset	43,240	-	-	-	-	43,240
Derivative assets	11,044	8	-	-	-	11,052
Trading securities	143,195	8,284	-	-	-	151,479
Financial investments	316,266	375	-	-	-	316,641
Asset held for sale	114	-	-	-	-	114
Loans and advances to customers	194,715	168,990	198	8,173	12	372,088
Loans and advances to banks	8,086	1,509	28	-	-	9,623
Other assets	47,523	1,895	10	14	-	49,442
	960,614	368,660	4,660	19,928	1,165	1,355,027
Financial liabilities						
Derivative liabilities	2,584	8	-	-	-	2,592
Trading liabilities	62,449	-	-	-	-	62,449
Deposits and current accounts from banks	23,556	33,223	2	4,860	80	61,721
Deposits and current accounts from customers	438,537	301,476	4,029	9,489	111	753,642
Subordinated debt	15,784	13,262	-	-	-	29,046
Other liabilities	133,900	50,698	549	5,408	743	191,298
Other borrowings	15,581	59,311	-	-	-	74,892
	692,391	457,978	4,580	19,757	934	1,175,640
Net on-balance sheet financial position	268,223	(89,318)	80	171	231	179,387
Off balance sheet	13,904	108,762	1,170	29,542	-	153,378

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

At 31 December 2016	Naira ₦million	USD ₦million	GBP ₦million	Euro ₦million	Others ₦million	Total ₦million
Financial assets						
Cash and balances with central bank	140,417	149,899	3,172	7,144	719	301,351
Trading assets	16,855	-	-	-	-	16,855
Pledged assets	28,303	-	-	-	-	28,303
Derivative assets	14,282	35	-	-	-	14,317
Financial investments	252,822	1	-	-	-	252,823
Asset held for sale	112	-	-	-	-	112
Loans and advances to banks	12,917	2,347	-	-	-	15,264
Loans and advances to customers	195,786	156,475	72	631	1	352,965
Other financial assets	31,155	683	58	2	(1)	31,897
	692,649	309,440	3,302	7,777	719	1,013,887
Financial liabilities						
Trading liabilities	5,325	-	-	-	-	5,325
Derivative liabilities	11,754	34	-	-	-	11,788
Deposits and current accounts from banks	53,692	-	-	74	-	53,766
Deposits and current accounts from customers	399,968	156,981	2,308	1,363	349	560,969
Other borrowings	37,253	58,784	-	-	-	96,037
Subordinated debt	15,713	12,251	-	-	-	27,964
Other financial liabilitiies (restated)	56,745	75,360	881	3,251	172	136,409
	580,450	303,410	3,189	4,688	521	892,258
Net on-balance sheet financial position	112,199	6,030	113	3,089	198	121,629
Off balance sheet	25,009	26,944	228	2,220	742	55,143

Exchange rates applied

Year-end spot rate*	2017	2016
US Dollar	331.16	305
GBP	447.70	377.33
Euro	397.26	321.62

* Some foreign currency borrowings were valued at a rate different from interbank rate due to volatile exchange regime. See note 22 (viii).

Enterprise risk review (continued)

Sensitivity analysis

A reasonably possible strengthening or weakening of the US dollar, GBP or Euro against the Naira at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss		Equity, net of tax	
Effect in ₦million	Strengthening	Weakening	Strengthening	Weakening
At 31 December 2017				
USD (20% movement)	(17,864)	17,864	(12,505)	12,505
GBP (10% movement)	8	(8)	6	(6)
EUR (5% movement)	9	(9)	6	(6)
At 31 December 2016				
USD (5% movement)	1,206	(1,206)	844	(844)
GBP (2% movement)	11	(11)	8	(8)
EUR (1% movement)	154	(154)	108	(108)

Basel II framework

The Basel II framework stipulates a minimum level of capital that banks must maintain to ensure that they can meet their obligations, cover unexpected losses; and can, very importantly, promote public confidence. It also specifies comprehensive disclosure requirements for banks operating under the framework.

The Basel II framework is based on three pillars:

- Pillar I - Minimum Capital Requirements. This details various approaches to measure and quantify capital required for the three major risk components that a bank faces: credit risk, market risk and operational risk. Stanbic IBTC has adopted the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk.
- Pillar II - Supervisory Review. This is structured along two separate but complementary stages: the Internal Capital Adequacy Assessment Process ("ICAAP"), and the Supervisory Review and Evaluation process ("SREP"). The bank conducts a self-assessment of its internal capital requirements via the ICAAP whilst the Central Bank of Nigeria ("CBN") conducts its assessment of the bank via the SREP.
- Pillar III – Market Discipline allows market participants access information on risk exposure and risk management policies and procedures through disclosures. The bank through this Pillar III Disclosures report provides an overview of its risk management practices in line with the CBN Guidance Notes on Pillar III Disclosures.

The Pillar III Disclosures Report will be published on a bi-annual basis and will be made available through the company's website at www.stanbicibtcbank.com.

Capital management

Capital adequacy

The group manages its capital base to achieve a prudent balance between maintaining capital ratios to support business growth and depositor confidence, and providing competitive returns to shareholders. The capital management process ensures that each group entity maintains sufficient capital levels for support of our clients, our business strategy, and regulatory compliance purposes including stress testing. The group ensures that its actions do not compromise sound governance and appropriate business practices and it eliminates any negative effect on payment capacity, liquidity and profitability. A sound capital management is the center of the overall performance landscape, to ensure delivery on its objective of maximising the shareholder's value.

The Central Bank of Nigeria adopted the Basel II capital framework with effect from 1 October 2014 and revised the framework in June 2015. Stanbic IBTC Group has been compliant with the requirements of Basel II capital framework since it was adopted.

Regulatory capital

The group's regulatory capital is divided into two tiers:

- Tier 1 capital which comprises share capital, share premium, retained earnings and reserves created by appropriations of retained earnings. The closing balance on deferred tax assets is deducted in arriving at Tier 1 capital;
- Tier 2 capital which includes subordinated debts and other comprehensive income. Subordinated debt at the end of the period totalled ₦28 billion and is broken down as follows:
  - Naira denominated subordinated debt totalling ₦15.6 billion issued on 30 September 2014 at an interest rate of 13.25% per annum;
  - ₦100 million Naira denominated subordinated debt issued on 30 September 2014. Interest is payable semi-annually at 6-month Nigerian Treasury Bills yield plus 1.20%. It has a tenure of 10 periods and is callable after 5 periods from the issue date. The debt is unsecured;
  - USD denominated term subordinated non-collaterised facility of USD40 million obtained from Standard Bank of South Africa effective 31 May 2013. The facility expires on 31 May 2025 and is repayable at maturity. Interest on the facility is payable semi-annually at LIBOR (London Inter Bank Offered Rate) plus 3.60%.

Total eligible Tier 2 Capital as at 31 December 2017 was ₦34 billion (2016: ₦29 billion).

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

Capital adequacy

Regulatory capital adequacy is measured based on Pillar 1 of the Basel II capital framework. Capital adequacy ratio is calculated by dividing the capital held by total risk-weighted assets. Risk weighted assets comprise computed risk weights from credit, operational and market risks associated with the business of the bank. Notional risk weighted assets for market risk is calculated using the standardised approach while operational risk is determined using the basic indicator approach. Management monitors the capital adequacy ratio on a proactive basis.

Throughout the period under review, Stanbic IBTC Group operated above its targeted capitalisation range and well over the minimum regulatory capital adequacy ratio of 10% (for banks) as mandated by CBN.

The main movements in regulatory capital in 2017 include the increase in capital adequacy ratio to 23.5% due to a ₦46 billion increase in total regulatory capital. The increase in total regulatory capital was as a result of the following factors:

- Tier 1 capital increased by ₦40 billion largely as a result of an increase in retained earnings of ₦35 billion
- Tier 2 capital increased by ₦5 billion
- Risk Weighted Assets ("RWA") increased by ₦172 billion as a result of increases in credit and operational RWA

Enterprise risk review (continued)

Capital management – BASEL II regulatory capital Stanbic IBTC Group	B II 31 Dec 2017 ₦million	B II 31 Dec 2016 ₦million
Tier 1	179,270	138,831
Paid-up Share capital	5,025	5,000
Share premium	66,945	65,450
General reserve (retained profit)	85,227	50,157
SMEEIS reserve	1,039	1,039
AGSMEIS reserve	749	-
Statutory reserve	16,863	32,576
Other reserves	264	(19,087)
Non controlling interests	3,159	3,696
Less: regulatory deduction	9,506	9,351
Goodwill	-	-
Deferred tax assets	8,901	8,638
Other intangible assets	605	713
Current year losses		-
Under impairment	-	-
Reciprocal cross-holdings in ordinary shares of financial institutions	-	-
Investment in the capital of banking and financial institutions	-	-
Excess exposure(s) over single obligor without CBN approval	-	-
Exposures to own financial holding company	-	-
Unsecured lending to subsidiaries within the same group	-	-
Eligible Tier I capital	169,763	129,480
Tier II	34,239	28,906
Hybrid (debt/equity) capital instruments	-	-
Subordinated term debt	29,046	27,964
Other comprehensive income (OCI)	5,193	942
Less: regulatory deduction	-	-
Reciprocal cross-holdings in ordinary shares of financial institutions	-	-
Investment in the capital of banking and financial institutions	-	-
Investment in the capital of financial subsidiaries	-	-
Exposures to own financial holding company	-	-
Unsecured lending to subsidiaries within the same group	-	-
Eligible Tier II capital	34,239	28,906
Total regulatory capital	204,002	158,386
Risk weighted assets:		
Credit risk	604,262	486,430
Operational risk	249,669	207,092
Market risk	13,270	1,917
Total risk weight	867,200	695,439
Total capital adequacy ratio	23.5%	22.8%
Tier I capital adequacy ratio	19.6%	18.6%

Capital management – BASEL II regulatory capital Stanbic IBTC Bank PLC	B II 31 Dec 2017 ₦million	B II 31 Dec 2016 ₦million
Tier 1	133,317	108,228
Paid-up share capital	1,875	1,875
Share premium	42,469	42,469
General reserve (retained profit)	65,767	40,664
SMEEIS reserve	1,039	1,039
AGSMEIS reserve	749	-
Statutory reserve	21,405	22,153
Other reserves	13	28
Non controlling interests	-	-
Less: regulatory deduction	8,976	9,084
Deferred Tax Assets	8,321	8,321
Other intangible assets	605	713
Investment in the capital of financial subsidiaries	50	50
Excess exposure(s) over single obligor without CBN approval		-
Exposures to own financial holding company	-	-
Unsecured lending to subsidiaries within the same group	-	-
Eligible Tier I capital	124,341	99,144
Tier II	32,787	28,149
Hybrid (debt/equity) capital instruments	-	-
Subordinated term debt	29,046	27,964
Other comprehensive income (OCI)	3,741	185
Less: regulatory deduction	50	50
Reciprocal cross-holdings in ordinary shares of financial institutions	-	-
Investment in the capital of banking and financial institutions	-	-
Investment in the capital of financial subsidiaries	50	50
Exposures to own financial holding company	-	-
Unsecured lending to subsidiaries within the same group	-	-
	32,737	28,099
Eligible Tier II capital	157,078	127,243
Risk weighted assets:		
Credit risk	574,948	458,266
Operational risk	179,605	146,986
Market risk	13,270	1,917
Total risk weight	767,823	607,169
Total capital adequacy ratio	20.5%	21.0%
Tier I capital adequacy ratio	16.2%	16.3%

Foundations designed for GROWTH

in our people, skills and strengths

We know the soundest investment is one that is based in people, for people. Which is why we invest in everyone in different ways, because we believe that knowledge and its empowerment is pivotal to our success.

Be it through our Assets management experts, our Youth Leadership Series, the schools we have donated to for the betterment of young Nigerians or even podcasts for our customers on how they can save, invest or simply learn more about how banking works, we want everyone to grow with us.

This is what drives us at Stanbic IBTC

Annual report & financial statements

Board of Directors

Basil Omiyi (CON)
Chairman
BSc, PGD
Appointed: 2015

Directorships: David Michaels Nigeria Limited, SEPLAT Petroleum Development Company, Taf Nigerian Homes Limited, RivTaf Nigeria Limited

Yinka Sanni
Chief Executive, *BSc, MBA, AMP (Harvard Business School)*
Appointed: 2017

Directorships: The Nigeria Economic Summit Group; Stanbic IBTC Bank PLC; Stanbic IBTC Pension Managers Limited; Stanbic IBTC Asset Management Limited; Stanbic IBTC Insurance Brokers Limited, Stanbic IBTC Trustees Limited; Stanbic IBTC Capital Limited; Stanbic IBTC Ventures Limited; Stanbic IBTC Investments Limited; Stanbic IBTC Stockbrokers Limited
Committee member: Board Risk Management Committee; Board Legal Committee; Board IT Committee; Board Nominations Committee

Dominic Bruynseels
Non-executive
BA Hons, MBA, Associate of Institute of Bankers, UK, Diploma in Financial Studies
Appointed: 2012

Directorships: Standard Bank de Angola, S.A, Stanbic Bank Ghana Limited, Standard Bank RDC SARL, Stanbic IBTC Pension Managers Limited
Committee member: Board Remunerations Committee, Board Risk Management Committee, Board Nominations Committee, Board Legal Committee, Board IT Committee

Prof. Fabian Ajogwu (SAN)
Independent non-executive
LL.B, B.L, LL.M, MBA, Ph.D.
Appointed: 2017

Directorships: Urshday Limited, Nep Mall Limited, Elysium Dem Nigeria Limited, Gray-Bar Alliance Limited, Kenna Partners
Committee member: Board Remunerations Committee, Board Legal Committee, Board Risk Management Committee

Ngozi Edozien
Independent non-executive
BA, MBA
Appointed: 2015

Directorships: Barloworld, Vlisco Group, PZ Cussons PLC, African Leadership Network Advisory Board, Guinness Nigeria Plc
Committee member: Board IT Committee, Board Risk Management Committee, Ad-hoc Head Office Property Sub-Committee.

Salamatu. H. Suleiman
Independent Non-executive
LLB, BL, LLM
Appointed: 2016

Directorships: Forte Oil Limited; Flour Mills of Nigeria PLC; Primechoice Investments Limited; S & M Investments Limited
Committee member: Board Remunerations Committee; Board Legal Committee

Lilian Ifeoma Esiri
Non-executive
LLB, BL, LLM
Appointed: 2012

Directorships: Stanbic IBTC Asset Management Limited, Podini International Limited, Veritas Geophysical Nigeria Limited, Ashbert Leisures Limited, Ashbert Beverages Limited, Ashbert Oil and Gas Limited
Committee member: Board Risk Management Committee, Audit Committee, Board Legal Committee

Ballama Manu
Non-executive
BSc, MSc
Appointed: 2015

Directorships: Sicom Capital Services Limited, Alpine Investments Limited, Modibo Adamu University of Technology, Shell Nigeria Closed Pension Fund Administrator Limited
Committee member: Board Risk Management Committee, Board IT Committee

Simpiwe Tshabalala
Non-executive
BA; LLB; LLM
Appointed: August 2013

Directorships: Stanbic IBTC Bank PLC; Standard Bank of South Africa; Standard Bank Group; Banking Association of South Africa.
Committee: Board Remunerations Committee; Board Nominations Committee

Ratan Mahtani
Non-executive
Appointed: 2012

Directorships: Aegean Investments Limited, Churchgate Nigeria Limited, First Century International Limited, First Continental Properties Ltd, T F Kuboye and Co, International Seafoods Limited
Committee member: Audit Committee

Directors' report

For the year ended 31 December 2017

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

a. Legal form

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

b. Principal activity and business review

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

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

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

c. Operating results and dividends

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

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

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

d. Directors' shareholding

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

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

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

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

In accordance with the provisions of Company's Articles of Association and the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria, the Directors to retire by rotation at this Annual General Meeting (AGM) are Messrs. Dominic Bruynseels, Yinka Sanni and Ms. Ngozi Edozien. With the exception of Mr. Dominic Bruynseels, who will not be seeking a re-election, the other two retiring Directors, being eligible, are offering themselves for re-election.

e. Directors' interest in contracts

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

One of the Bank's branches located on the Ground Floor at Churchgate Towers, PC 30, Churchgate Street, Victoria Island, Lagos, which is owned by First Continental Properties Limited, and Mr. Ratan Mahtani is a Director on the Board of this Company. The lease was renewed in March 2015, for a period of three years at a cost of ₦146 million.

Stanbic IBTC Bank (a subsidiary of the Company) has a security equipment maintenance contract with Allegiance Technologies Limited whose director is a close family member of Mr. Moses Adedoyin who is a former non-executive director of Stanbic IBTC Bank (a subsidiary of the Company). The contract covers provision of maintenance services for CCTV and electronic access control systems to the bank. Payment made within the year was ₦24.74million.

f. Property and equipment

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

Directors' report (continued)

g. Shareholding analysis

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

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

h. Substantial interest in shares

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

	2017		2016	
Shareholder	No. of shares held	Percentage shareholding	No of shares held	Percentage shareholding
Stanbic Africa Holdings Limited (SAHL)	5,333,569,874	53.07%	5,318,957,354	53.20%
First Century International Limited	760,504,089	7.57%	747,089,076	7.47%

i. Share capital history

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

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

Year end	Dividend type	Total dividend amount declared ₦	Dividend per share	Net dividend amount unclaimed as at 31 Dec 2017 ₦	Percentage unclaimed %
2005	Final	2,170,298,271	20 kobo	3,696,332	0.17
2006	Final	2,170,297,800	20 kobo	48,156,001	2.22
2007	Interim	3,375,000,000	30 kobo	612,484	0.02
2007	Final	4,218,750,000	25 kobo	3,151,000	0.07
2008	Final	6,750,000,000	40 kobo	236,322,519	3.50
2009	Final	5,062,500,000	30 kobo	247,713,548	4.89
2010	Final	3,240,215,108	39 kobo	187,731,036	5.79
2011	Interim	1,687,500,000	10 kobo	28,470,451	1.69
2012	Final	900,570,889	10 kobo	18,250,450	2.03
2013	Interim	6,304,041,033	70 kobo	154,180,646	2.45
2013	Final	901,992,337	10 kobo	24,360,890	2.70
2014	Interim	9,920,077,516	110 kobo	249,315,618	2.51
2014	Final	1,352,701,559	15 kobo	34,296,830	2.54
2015	Interim	8,235,882,607	90 kobo	221,620,659	2.69
2015	Final	210,646,919	5 kobo	17,000,500	8.07
2016	Final	488,001,035	5 kobo	-	-
2017	Interim	5,603,519,759	60 kobo	-	-
Total				**1,474,878,964**	

As at date, the outstanding dividend for 2016 and 2017 had not fallen due as unclaimed dividend

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

The total unclaimed dividend fund as at 31 December 2017 amounted to ₦1,475 million (Dec. 2016: ₦1,540 million) – see note 26.1. A sum of ₦1,301 million of the fund balance is held in an investment account (money market mutual fund) managed by Stanbic IBTC Asset Management Limited (Dec. 2016: ₦723 million), while the balance is held in demand deposits maintained with Stanbic IBTC Bank PLC. Total income earned on the investment account and recognised by the company for the year ended 31 December 2017 was ₦141 million (Dec 2016: ₦61 million) – see notes 31.1 and 31.5.

Directors' report (continued)

l. Donations and Charitable Gifts

The group and company made contributions to charitable and non – political organisations amounting to ₦436.63 million and ₦142.81 million respectively (Dec 2016: Group – ₦121.75 million; Company – ₦83.97 million) during the year.

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

Continued:	Group ₦'000	Company ₦'000
Lagos Cheshire Home for the Disabled	80	80
Royal Diamond Orphanage, Ikeja, Lagos	75	75
Bales of Mercy Orphanage, Gbagada, Lagos	75	75
Sickle Cell Foundation Nigeria	50	50
Companionate Orphanage Home	43	43
Total	436,629	142,812

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

m. Events after the reporting date

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

n. Human resources

Employment of physically challenged

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

Health safety and welfare at work

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

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

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

o. Employee involvement and training

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

p. Auditors

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

By order of the Board

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

Statement of directors' responsibilities in relation to the financial statements

For the year ended 31 December 2017

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

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

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

Signed on behalf of the directors by:

Basil Omiyi

Chairman
FRC/2016/IODN/00000014093
01 February 2018

Yinka Sanni

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

Corporate governance report

Introduction

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

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

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

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

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

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

Codes and regulations

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

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

Shareholders' responsibilities

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

Developments during the year ended 31 December 2017

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

- The Board conducted an annual review of its Mandates and the Mandates of the Board and Executive Committees and approved the revised Mandates.
- There was a continued focus on directors training via attendance at various courses such as Effective Corporate Governance & the Role of Company Secretaries in building Progressive Boards, London School of Bank Risk Management, 2017 Global CEO Conference – Module II in addition, and as with prior years, the Board held its annual Board Strategy Session in order to review the overall Group Strategy.
- The Chairman of the Board, Mr Atedo Peterside, CON, resigned on 31 March 2017 and was replaced by Mr. Basil Omiyi, CON.
- Prof. Fabian Ajogwu, SAN, was appointed as an Independent Non-Executive Director following receipt of all required regulatory approvals.
- Mr. Yinka Sanni was appointed Chief Executive of the Company following the resignation of Mrs. Sola David-Borha, who assumed a new role as Chief Executive, Africa Regions at Standard Bank. All regulatory and shareholders' approvals for Mr. Sanni's appointment have been obtained.
- The Company listed additional 49,465,731 ordinary shares of 50 kobo each via two scrip dividend issues, which increased the total issued and paid up shares of the Company to 10,049,465,731 ordinary shares

Focus areas for 2018

The group intends during 2018 to:

- continue the focus on directors' training via formal training sessions and information bulletins on issues that are relevant;
- continue to enhance the level of information provided to and interaction with shareholders, investors and stakeholders generally.

Corporate governance report (continued)

Board and directors

Board structure and composition

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

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

Strategy

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

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

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

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

Skills, knowledge, experience and attributes of directors

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

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

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

Appointment philosophy

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

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

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

Board responsibilities

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

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

Delegation of authority

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

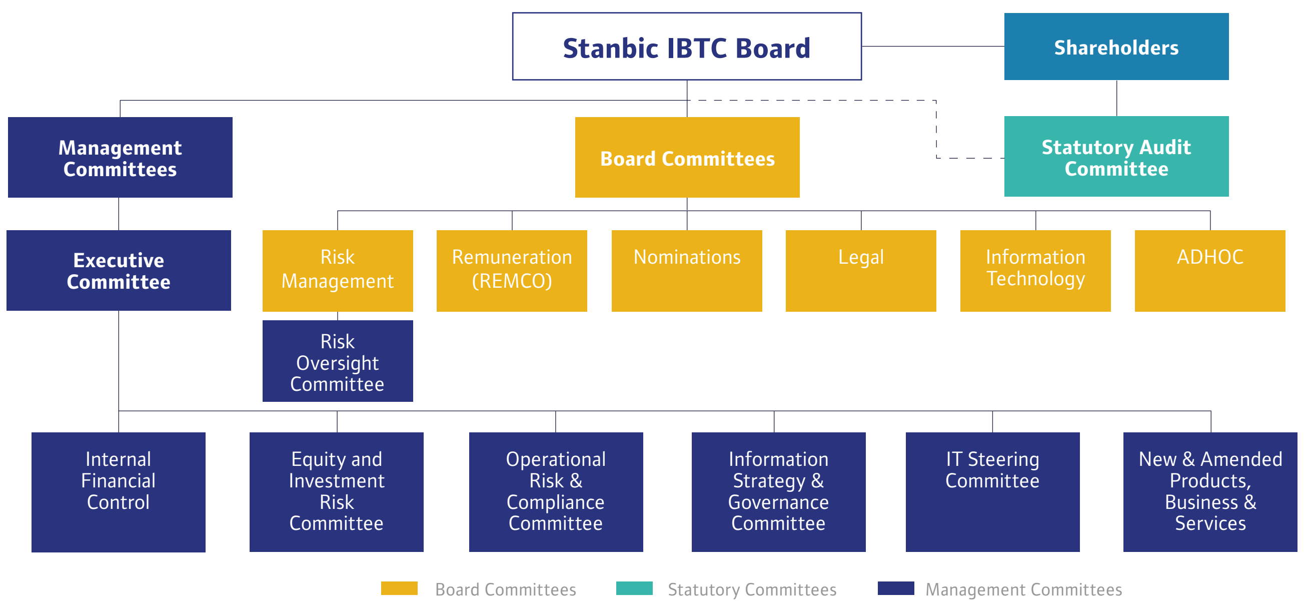
The board delegates authority to the chief executive to manage the business and affairs of the company. The executive committee assists the chief executive when the board is not in session, subject to specified parameters and any limits on the board's delegation of authority to the chief executive.

Membership of the executive committee is set out on page 111.

In addition, a governance framework for executive management assists the chief executive in his task. Board-delegated authorities are regularly monitored by the company secretary's office.

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

Stanbic IBTC HoldCo governance structure



*This is continuously evolving to meet changing needs and requirements.

Report of the external consultants on board effectiveness and evaluation

10 April 2018

The Chairman
Stanbic IBTC Holdings PLC
The Head Office, IBTC Place
Walter Carrington Crescent
Victoria Island, Lagos.

Dear Sir,

Report to the Directors of Stanbic IBTC Holdings PLC on the outcome of the 2017 Board Performance Assessment

PricewaterhouseCoopers Limited ("PWC") was engaged to carry out an evaluation of the Board of Directors of Stanbic IBTC Holdings PLC. ("the Company") as required by Section 15.1 of the Securities and Exchange Commission ("SEC") Code of Corporate Governance for Public Companies in Nigeria ("the Code or "SEC Code"). The evaluation covers the Board's structure, composition, responsibilities, processes, relationships and performance of the committees for the year ended 31 December 2017.

The Board is responsible for the preparation and presentation of information relevant to its performance. Our responsibility is to reach a conclusion on the Board's performance based on work carried out within the scope of our engagement as contained in our letter of engagement. In carrying out the assessment, we have relied on representations made by the Directors and on the documents provided for our review.

The Board has complied to a large extent with the provisions of the Code. Areas of compliance include establishment of an Audit Committee, participation at Board training, adequate oversight of the audit plan, robust succession planning and implementation of the succession plan. Also, the Board has adequate oversight of the Company's risk exposures.

We have identified some areas for improvement. The Chairmen of the Company's Board Committees should ensure they attend the Annual General Meeting. Further details of our findings are contained in the full report.

We also facilitated a Self and Peer-assessment of each Director's performance in the year under review. This assessment covered the Director's time commitment to the business of the Company, commitment to continuous learning and development and a self & peer assessment. Each individual Director's Assessment report was prepared and made available to them respectively while a consolidated report of the performance of all Directors was also submitted to the Board Chairman.

Yours faithfully

For: PricewaterhouseCoopers Limited

Femi Osinubi
FRC/2017/ICAN/00000016659

PricewaterhouseCoopers Limited
Landmark Towers, 5B Water Corporation Road, Victoria Island, PO Box 2419, Lagos, Nigeria

T: +234 (1) 271 1700, www.pwc.com/ng
TIN: 00290010-0001 RC 39418

Corporate governance report (continued)

Induction and training

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

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

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

Executive committee members

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

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

Corporate governance report (continued)

Board meetings

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

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

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

✓ = Attendance A = Apology - = Not a member of the Committee at the relevant time * Independent Director

Board committees

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

Risk management committee

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

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

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

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

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

A more in-depth risk management section which provides details of the overall framework for risk management in the group commences on page 65 of this annual report.

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

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

Name	Feb	April	July	Oct
Ifeoma Esiri (Chairman)	✓	✓	✓	✓
Yinka Sanni	✓	✓	✓	✓
Dominic Bruynseels	✓	✓	✓	✓
Ngozi Edozien	✓	✓	A	✓
Ballama Manu	✓	✓	✓	✓
Fabian Ajogwu	-	-	-	✓

✓ = Attendance A = Apology - = Not a member of the Committee at the relevant time * Independent Director

Remuneration committee

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

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

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

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

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

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

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

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

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

✓ = Attendance A = Apology - = Not a member of the Committee at the relevant time

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.

Corporate governance report (continued)

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 re-election is to occur.

Fees

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

REMCO reviews the non-executive directors' fees annually and makes recommendations on same to the board for consideration. Based on these recommendations, the board in turn recommends a gross fee to shareholders for approval at the annual general meeting.

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

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

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

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

Retirement benefits

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

Executive directors

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

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

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

Management and general staff

Total remuneration packages for employees comprises the following:

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

Terms of service

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

Fixed remuneration

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

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

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

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

Short-term incentives

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

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

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

Long-term incentives

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

Post-retirement benefits

Pension

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

Remuneration as at 31 December 2017

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

	2017 ₦million	2016 ₦million
Fees & sitting allowance	401	334
Executive compensation	373	373
Total	774	707

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

Corporate governance report (continued)

The board nominations committee

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

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

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

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

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

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

Composition

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

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

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

✓ = Attendance

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

The audit committee

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

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

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

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

Composition

The committee is made up of six members, three of whom are non-executive directors while the remaining three members are shareholders elected at the annual general meeting. The committee, whose membership is stated below, is chaired by a shareholder representative.

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

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

* = Shareholders representative

** = Non Executive Director

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

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

✓ = Attendance A = Apology - = Not a member at the relevant time

The board Information Technology ("IT") committee

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

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

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

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

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

Members' attendance at the Board IT Committee meetings for the period 01 Jan to 31 December 2017 is stated below:

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

✓ = Attendance A = Apology

The board legal committee

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

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

1. Reviewing the legal risks and other legal issues facing Stanbic IBTC and its subsidiaries and for discussing appropriate strategies to address the risk arising from the litigation portfolios of Stanbic IBTC and its subsidiaries (the Litigation Portfolio)
2. Review and assess the likely success of the individual matters included in the Litigation Portfolio and of any threatened litigation and where necessary shall recommend that Management seek appropriate out-of-court settlement of specific matters

Corporate governance report (continued)

Composition

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

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

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

✓ = Attendance A = Apology - = Not a member at the relevant time

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

Company secretary

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

Going concern

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

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

Management committees

The group has the following management committees:

- Executive Committee (Exco)
- Equity Investment Committee
- Information Strategy & Data Governance Committee
- Operational Risk and Compliance Committee
- New & Amended Products Committee
- Risk Oversight Committee
- Internal Financial Control Committee

Relationship with shareholders

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

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

Dealing in securities

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

Sustainability

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

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

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

Social responsibility

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

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

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

Ethics and organisational integrity

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

Compliance with The Nigerian Stock Exchange's listing rule

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

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

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

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

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

Compliance with the Central Bank of Nigeria code of corporate governance

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

Compliance with the Central Bank of Nigeria Whistleblowing Guidelines

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

Complaints Management Policy

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

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

Disclosure on diversity in employment

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

i) Physically challenged persons:

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

ii) Gender diversity within the group

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

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

Report of the audit committee

For the year ended 31 December 2017

To the members of Stanbic IBTC Holdings PLC

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

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

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

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

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

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

We are satisfied that the company has complied with the provisions of Central Bank of Nigeria circular BSD/1/2004 dated 18 February 2004 on "Disclosure of insider related credits in the financial statements of banks", and hereby confirm that an aggregate amount of ₦55,430,844,445 (31 December 2016: ₦40,857,634,282) was outstanding as at 31 December 2017. The perfomance status of insider related credits is as disclosed in note 37.

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

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

Members of the audit committee are:

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

* = Shareholders representative
** = Non Executive Director

Audit committee

Samuel Ayininuola
Chairman/Shareholders' Representative

Ibhade George
Shareholders' Representative

Olatunji Bamidele
Shareholders' Representative

Ratan Mahtani
Non-Executive Director

Dominic Bruynseels
Non-Executive Director

Lilian Ifeoma Esiri
Non-Executive Director

Independent auditors report

To the Shareholders of Stanbic IBTC Holdings Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Stanbic IBTC Holdings Plc ("the Company") and its subsidiaries (together, "the group"), which comprise the consolidated and separate statement of financial position as at 31 December, 2017, and the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 128 to 247.

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

Basis for Opinion

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

Key Audit Matters

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

Credit impairment of loans and advances to customers

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

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

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

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

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

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

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

Provisions for legal and tax matters

In the normal course of business, the Group is exposed to the risk of litigation and claims from third parties. Management makes significant estimates in determining the provisions to be recorded in the financial statements with respect to claims and judgments against the Group.

We focused on this area due to the range of potential outcomes, number and amount claimed against the Group as well as the considerable uncertainties around timing and probability of various litigations and claims against the Group.

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

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

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

With respect to provision for legal claims:

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

With respect to tax provisions:

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

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

Recoverability of deferred tax assets

The Group had recognised deferred tax assets of ₦8.9 billion (2016: ₦8.6 billion) which arose from historic tax losses, unutilised capital allowances and other deductible temporary differences. An assessment is required as to when and whether sufficient future taxable profits are likely to be generated to support the recoverability of the deferred tax assets recognised.

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

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

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

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

Valuation of derivatives

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

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

Independent auditors report (continued)

KPMG

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

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

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

Information Other than the Financial Statements and Audit Report thereon

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

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

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

i. The Group paid penalties in respect of contravention of the Central Bank of Nigeria guidelines during the year ended 31 December 2017. Details of penalties paid are disclosed in note 40 to the financial statements.

ii. Related party transactions and balances are disclosed in note 36 to the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Kabir O. Okunlola

FRC/2012/ ICAN/00000000428

For: KPMG Professional Services
Chartered Accountants
12 February 2018.
Lagos, Nigeria

Consolidated and separate statement of financial position

	Note	Group 31 Dec 2017 ₦million	Group 31 Dec 2016 ₦million	Company 31 Dec 2017 ₦million	Company 31 Dec 2016 ₦million
Assets					
Cash and cash equivalents	7	401,348	301,351	7,545	1,768
Pledged assets	8.1	43,240	28,303	-	-
Trading assets	9.1	151,479	16,855	-	-
Derivative assets	10.6	11,052	14,317	-	-
Financial investments	11	316,641	252,823	1,625	920
Asset held for sale	11.4	114	112	-	-
Loans and advances	12	381,711	368,229	-	-
Loans and advances to banks	12	9,623	15,264	-	-
Loans and advances to customers	12	372,088	352,965	-	-
Other assets	15	49,442	39,220	2,148	2,226
Equity investment in subsidiaries	13	-	-	85,539	85,539
Property and equipment	17	21,883	22,962	517	2,404
Intangible assets	18	605	713	-	-
Deferred tax assets	16	8,901	8,638	-	-
Total assets		1,386,416	1,053,523	97,374	92,857

	Note	Group 31 Dec 2017 ₦million	Group 31 Dec 2016 ₦million	Company 31 Dec 2017 ₦million	Company 31 Dec 2016 ₦million
Equity and liabilities					
Equity		185,218	140,798	92,654	72,970
Equity attributable to ordinary shareholders		182,060	137,102	92,654	72,970
Ordinary share capital	19.2	5,025	5,000	5,025	5,000
Share premium	19.2	66,945	65,450	66,945	65,450
Reserves	19.3	110,090	66,652	20,684	2,520
Non-controlling interest		3,158	3,696		
Liabilities		1,201,198	912,725	4,720	19,887
Trading liabilities	9.2	62,449	5,325	-	-
Derivative liabilities	10.6	2,592	11,788	-	-
Current tax liabilities	24	12,240	9,508	157	68
Deposit and current accounts	21	815,363	614,735	-	-
Deposits from banks	21	61,721	53,766	-	-
Deposits from customers	21	753,642	560,969	-	-
Other borrowings	22	74,892	96,037	-	16,404
Subordinated debt	23	29,046	27,964	-	-
Provisions	25	12,979	10,581	-	-
Other liabilities	26	191,517	136,740	4,563	3,406
Deferred tax liabilities	16.1	120	47	-	9
Total equity and liabilities		1,386,416	1,053,523	97,374	92,857

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

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

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

The accompanying notes from page 137 to 243 form an integral part of these financial statements

Consolidated and separate statement of profit or loss

For the year ended 31 December 2017

	Note	Group		Company	
		31 Dec 2017 ₦million	31 Dec 2016 ₦million	31 Dec 2017 ₦million	31 Dec 2016 ₦million
Gross earnings		212,434	156,425	29,922	2,528
Net interest income		83,587	57,859	(1,050)	(80)
Interest income	31.1	122,911	87,467	45	17
Interest expense	31.2	(39,324)	(29,608)	(1,095)	(97)
Non-interest revenue		89,182	68,194	29,877	2,511
Net fee and commission revenue	31.3	59,089	52,154	1,491	852
Fee and commission revenue	31.3	59,430	52,918	1,491	852
Fee and commission expense	31.3	(341)	(764)	-	-
Trading revenue	31.4	29,148	15,326	-	-
Other revenue	31.5	945	714	28,386	1,659
Income before credit impairment charges		172,769	126,053	28,827	2,431
Credit impairment charges	31.6	(25,577)	(19,803)	-	-
Income after credit impairment charges		147,192	106,250	28,827	2,431
Operating expenses		(86,026)	(69,041)	(1,282)	(930)
Staff costs	31.7	(36,282)	(30,173)	(590)	(500)
Other operating expenses	31.8	(49,744)	(38,868)	(692)	(430)
Profit before tax		61,166	37,209	27,545	1,501
Income tax	33.1	(12,785)	(8,689)	(2,380)	(892)
Profit for the year		48,381	28,520	25,165	609
Profit attributable to:					
Non-controlling interests	13.3	2,186	3,878	-	-
Equity holders of the parent		46,195	24,642	25,165	609
Profit for the year		48,381	28,520	25,165	609
Earnings per share					
Basic earnings per ordinary share (kobo)	34	460	246	250	6
Diluted earnings per ordinary share (kobo)	34	460	246	250	6

Consolidated and separate statement of profit or loss and other comprehensive income

For the year ended 31 December 2017

	Group		Company	
	31 Dec 2017 ₦million	31 Dec 2016 ₦million	31 Dec 2017 ₦million	31 Dec 2016 ₦million
Profit for the year	48,381	28,520	25,165	609
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Net change in fair value of available-for-sale financial assets	4,294	(333)	-	-
Realised fair value adjustments on available-for-sale financial assets reclassified to income statement	(63)	76	-	-
Income tax on other comprehensive income	83	(76)	-	-
	4,314	(333)	-	-
Other comprehensive income for the year net of tax	4,314	(333)	-	-
Total comprehensive income for the year	52,695	28,187	25,165	609
Total comprehensive income attributable to:				
Non-controlling interests	2,250	3,829	-	-
Equity holders of the parent	50,445	24,358	25,165	609
	52,695	28,187	25,165	609

Consolidated and separate statement of changes in equity

For the year ended 31 December 2017

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

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

The accompanying notes from page 137 to 243 form an integral part of these financial statements

Consolidated and separate statement of changes in equity

For the year ended 31 December 2017

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

Consolidated and separate statement of cash flows

For the year ended 31 December 2017

	Note	Group		Company	
		31 Dec. 2017 ₦million	31 Dec. 2016 ₦million	31 Dec. 2017 ₦million	31 Dec. 2016 ₦million
Net cash flows from operating activities		131,786	201,215	26,668	2,105
Cash flows from operations		57,651	161,739	1,926	1,004
Profit before tax		61,166	37,209	27,545	1,501
Adjusted for:		(57,915)	5,640	(26,854)	(1,191)
Credit impairment charges on loans and advances		25,577	19,803	-	-
Depreciation of property and equipment	31.8	4,129	4,204	308	229
Amortisation of intangible asset	31.8	46	33	-	-
Dividend income	31.5	(112)	(225)	(28,092)	(1,501)
Equity-settled share-based payments		(7)	(8)	(1)	1
Unobservable Valuation difference in derivatives	10.7	(9,598)	(3,460)	-	-
Fair value adjustment for derivatives	35.5	3,667	1,459	-	-
Non-cash flow movements in other borrowings	22	1,035	37,484	-	-
Non-cash flow movements in subordinated debt	23	1,082	4,265	-	-
Impairment of intangible asset	18	62	-	-	-
Interest expense	31.2	39,324	29,608	1,095	97
Interest income	31.1	(122,911)	(87,467)	(45)	(17)
Loss/(gain) on sale of property and equipment	31.5	(209)	(56)	(119)	-
(Increase)/decrease in income-earning assets	35.1	(258,873)	60,607	78	770
Increase/(decrease) in deposits and other liabilities	35.2	313,273	58,283	1,157	(76)
Dividends received		101	203	28,092	1,501
Interest paid		(36,855)	(30,328)	(1,095)	(97)
Interest received		121,193	77,505	45	17
Direct taxation paid	24.1	(10,304)	(7,904)	(2,300)	(320)
Net cash flows from/ (used in) investing activities		(62,345)	(109,204)	993	(16,749)
Capital expenditure on					
- property	17	(1,820)	(168)	-	-
- equipment, furniture and vehicles	17	(3,318)	(2,061)	(110)	(139)
Proceeds from sale of property, equipment, furniture and vehicles		2,297	430	1,808	-
(Purchase)/sale of financial investments		(59,504)	(90,311)	(705)	(262)
Investment in subsidiaries		-	(16,348)	-	(16,348)
Net cash flows (used in)/from financing activities		(30,448)	(22,554)	(21,884)	16,404
Proceeds from addition to other borrowings	22	25,278	22,054	-	16,404
Repayment of other borrowings	22	(47,458)	(44,608)	(16,404)	-
Proceed from script issue		1,520	-	1,520	-
Dividends paid		(9,788)	-	(7,000)	-
Net increase in cash and cash equivalents		38,993	69,457	5,777	1,760
Effect of exchange rate changes on cash and cash equivalents	35.4	(745)	14,906	-	-
Cash and cash equivalents at beginning of the year		191,761	107,398	1,768	8
Cash and cash equivalents at end of the year	35.3	230,009	191,761	7,545	1,768

The accompanying notes from page 137 to 243 form an integral part of these financial statements

Notes to the consolidated and separate financial statements

For the year ended 31 December 2017

1 Reporting entity

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

2 Basis of preparation

(a) Statement of compliance

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

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

(b) Basis of measurement

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

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

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

(c) Going concern assumption

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

(d) Functional and presentation currency

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

(e) Use of estimates and judgement

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

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

i) Judgement

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

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

ii) Assumptions and estimation uncertainties

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

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

3 Changes in accounting policies

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

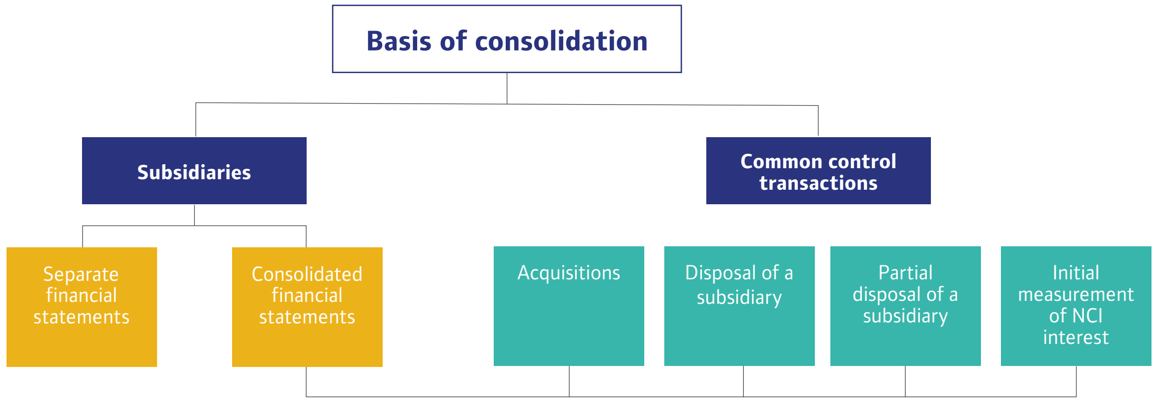
4 Statement of significant accounting policies

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

Notes to the consolidated and separate financial statements

For the year ended 31 December 2017

4.1 Basis of consolidation



Subsidiaries

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

Separate financial statements

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

Consolidated financial statements

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

Acquisitions	Subsidiaries are consolidated from the date on which the group acquires control up to the date that control is lost. The group controls an entity if it is exposed to, or has the rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Control is assessed on a continuous basis. For mutual funds the group further assesses its control by considering the existence of either voting rights or significant economic power. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the group. The consideration transferred is measured as the sum of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. The consideration includes any asset, liability or equity resulting from a contingent consideration arrangement. The obligation to pay contingent consideration is classified as either a liability or equity based on the terms of the arrangement. The right to a return of previously transferred consideration is classified as an asset. Transaction costs are recognised within profit or loss as and when they are incurred. Where the initial accounting is incomplete by the end of the reporting period in which the business combination occurs (but no later than 12 months since the acquisition date), the group reports provisional amounts. Where applicable, the group adjusts retrospectively the provisional amounts to reflect new information obtained about facts and circumstances that existed at the acquisition date and affected the measurement of the provisional amounts. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any NCI. The excess (shortage) of the sum of the consideration transferred (including contingent consideration), the value of NCI recognised and the acquisition date fair value of any previously held equity interest in the subsidiary over the fair value of identifiable net assets acquired is recorded as goodwill in the statement of financial position (gain on bargain purchase, which is recognised directly in profit or loss). When a business combination occurs in stages, the previously held equity interest is remeasured to fair value at the acquisition date and any resulting gain or loss is recognised in profit or loss. Increases in the group's interest in a subsidiary, when the group already has control, are accounted for as transactions with equity holders of the group. The difference between the purchase consideration and the group's proportionate share of the subsidiary's additional net asset value acquired is accounted for directly in equity.
Disposal of a subsidiary	A disposal arises where the group loses control of a subsidiary. When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between the fair value of the consideration received (including the fair value of any retained interest in the underlying investee) and the carrying amount of the assets and liabilities and any non-controlling interest. Any gains or losses in OCI that relate to the subsidiary are reclassified to profit or loss at the time of the disposal. On disposal of a subsidiary that includes a foreign operation, the relevant amount in the FCTR is reclassified to profit or loss at the time at which the profit or loss on disposal of the foreign operation is recognised.
Partial disposal of a subsidiary	A partial disposal arises as a result of a reduction in the group's ownership interest in an investee that is not a disposal (i.e. a reduction in the group's interest in a subsidiary whilst retaining control). Decreases in the group's interest in a subsidiary, where the group retains control, are accounted for as transactions with equity holders of the group. Gains or losses on the partial disposal of the group's interest in a subsidiary are computed as the difference between the sales consideration and the group's proportionate share of the investee's net asset value disposed of, and are accounted for directly in equity.
Initial measurement of NCI	The group elects on each acquisition to initially measure NCI on the acquisition date at either fair value or at the NCI's proportionate share of the investees' identifiable net assets.

Common control transactions

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

Foreign currency translations

Foreign currency transactions are translated into the respective group entities' functional currencies at exchange rates prevailing at the date of the transactions. In accordance with IAS 21.26, the group concluded that it has to apply a different exchange rate for the measurement of some of its liabilities, as this rate represents the rate at which the liabilities could have been settled if the transaction occurred at balance sheet date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are recognised in profit or loss.

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

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

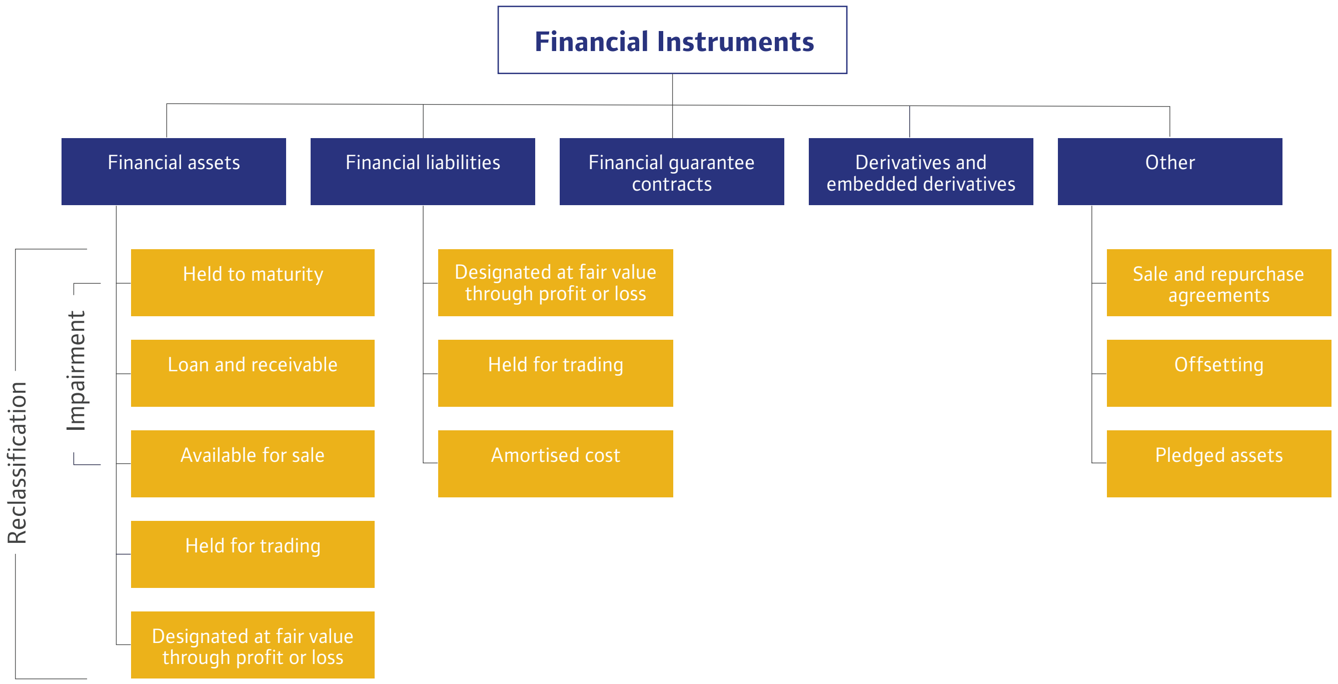
Foreign currency gains and losses on intragroup loans are recognised in profit or loss except where the settlement of the loan is neither planned nor likely to occur in the foreseeable future.

4.2 Cash and cash equivalents

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

4.3 Financial instruments

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



Recognition and initial measurement – financial instruments

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

Financial assets

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

Subsequent measurement

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

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

Notes to the consolidated and separate financial statements

For the year ended 31 December 2017

Impairment

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

Held to maturity and Loans and receivables	The following criteria are used by the group in determining whether there is objective evidence of impairment for loans or groups of loans include: • known cash flow difficulties experienced by the borrower; • a breach of contract, such as default or delinquency in interest and/or principal payments; • breaches of loan covenants or conditions; • it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and • where the group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the group would not otherwise consider. The group first assesses whether there is objective evidence of impairment individually for loans that are individually significant, and individually or collectively for loans that are not individually significant. Non-performing loans include those loans for which the group has identified objective evidence of default, such as a breach of a material loan covenant or condition as well as those loans for which instalments are due and unpaid for 90 days or more. The impairment of non-performing loans takes into account past loss experience adjusted for changes in economic conditions and the nature and level of risk exposure since the recording of the historic losses. When a loan carried at amortised cost has been identified as specifically impaired, the carrying amount of the loan is reduced to an amount equal to the present value of its estimated future cash flows, including the recoverable amount of any collateral, discounted at the financial asset's original effective interest rate. The carrying amount of the loan is reduced through the use of a specific credit impairment account and the loss is recognised as a credit impairment charge in profit or loss. Increases in loan impairments and any subsequent reversals thereof, or recoveries of amounts previously impaired (including loans that have been written off), are reflected within credit impairment charges in profit or loss. Subsequent to impairment, the effects of discounting unwind over time as interest income. The calculation of the present value of the estimated future cash flows of collateralised financial assets recognised on an amortised cost basis includes cash flows that may result from foreclosure less costs of obtaining and selling the collateral, whether or not foreclosure is probable. If the group determines that no objective evidence of impairment exists for an individually assessed loan, whether significant or not, it includes the loan in a group of financial loans with similar credit risk characteristics and collectively assesses for impairment. Loans that are individually assessed for impairment and for which an impairment loss is recognised are not included in a collective assessment for impairment. Impairment of groups of loans that are assessed collectively is recognised where there is objective evidence that a loss event has occurred after the initial recognition of the group of loans but before the reporting date. In order to provide for latent losses in a group of loans that have not yet been identified as specifically impaired, a credit impairment for incurred but not reported losses is recognised based on historic loss patterns and estimated emergence periods (time period between the loss trigger events and the date on which the group identifies the losses). Groups of loans are also impaired when adverse economic conditions develop after initial recognition, which may impact future cash flows. The carrying amount of groups of loans is reduced through the use of a portfolio credit impairment account and the loss is recognised as a credit impairment charge in profit or loss. Previously impaired loans are written off once all reasonable attempts at collection have been made and there is no realistic prospect of recovering outstanding amounts.
Available for sale	Available-for-sale debt instruments are impaired when there has been an adverse effect in fair value of the instrument below its cost and for equity instruments where there is information about significant or prolonged changes with an adverse effect on the environment in which the issuer operates that indicates that the cost of the investment in the equity instrument may not be recovered. When an available for sale asset has been identified as impaired, the cumulative loss, measured as the difference between the acquisition price and the current fair value, less any previously recognised impairment losses on that financial asset, is reclassified from OCI to profit or loss. If, in a subsequent period, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, where the instrument is a debt instrument, the impairment loss is reversed through profit or loss. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through profit or loss but accounted for directly in OCI.

Reclassification

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

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

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

Financial Liabilities

Nature

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

Notes to the consolidated and separate financial statements

For the year ended 31 December 2017

Subsequent measurement

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

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

Derecognition of financial assets and liabilities

Financial assets and liabilities are derecognised in the following instances:

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

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

Financial guarantee contracts

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

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

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

Derivatives and embedded derivatives

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

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

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

Other

Pledged assets

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

Sale and repurchase agreements

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

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

Offsetting

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

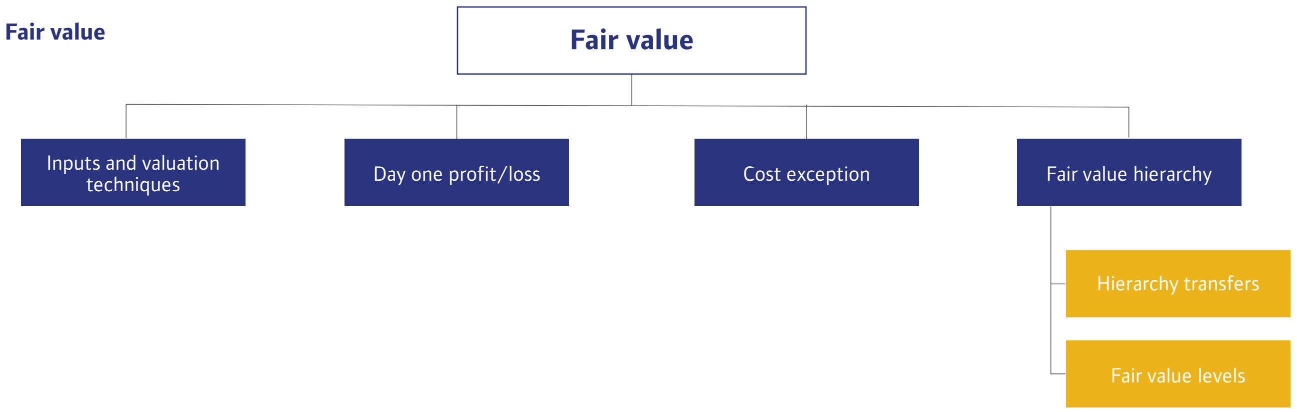
4.4 Rules issued by the Financial Reporting Council of Nigeria

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

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

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

4.5 Fair value



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

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

Notes to the consolidated and separate financial statements

For the year ended 31 December 2017

Inputs and valuation techniques

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

Fair value measurements are categorised into level 1, 2 or 3 within the fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.

Where discounted cash flow analyses are used, estimated future cash flows are based on management's best estimates and a market related discount rate at the reporting date for an asset or liability with similar terms and conditions.

If an asset or a liability measured at fair value has both a bid and an ask price, the price within the bid-ask spread that is most representative of fair value is used to measure fair value.

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

Item	Description	Valuation technique	Main inputs and assumptions (Level 2 and 3 fair value hierarchy items)
Derivative financial instruments	Derivative financial instruments comprise foreign exchange, and interest rate.	Standard derivative contracts are valued using market accepted models and quoted parameter inputs. More complex derivative contracts are modelled using more sophisticated modelling techniques applicable to the instrument. Techniques include: • Discounted cash flow model • Black-Scholes model	• Discount rate* • Spot prices of the underlying assets • Correlation factors • Volatilities • Dividend yields • Earnings yield • Valuation multiples
Trading assets and Trading liabilities	Trading assets and liabilities comprise instruments which are part of the group's underlying trading activities. These instruments primarily include sovereign and corporate debt, and collateral.	Where there are no recent market transactions in the specific instrument, fair value is derived from the last available market price adjusted for changes in risks and information since that date.	
Pledged assets	Pledged assets comprise instruments that may be sold or repledged by the group's counterparty in the absence of default by the group. Pledged assets include sovereign debt (government treasury bills and bonds) pledged in terms of repurchase agreements.	Where a proxy instrument is quoted in an active market, the fair value is determined by adjusting the proxy fair value for differences between the proxy instrument and the financial investment being fair valued. Where proxies are not available, the fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks. Combination techniques are used to value unlisted equity securities and include inputs such as earnings and dividend yields of the underlying entity.	• Discount rate* • Spot prices of the underlying • Correlation factors • Volatilities • Dividend yields • Earnings yield • Valuation multiples
Financial investments	Financial investments are non-trading financial assets and primarily comprise of sovereign and corporate debt, unlisted equity instruments, investments in mutual fund investments and unit-linked investments.		

Item	Description	Valuation technique	Main inputs and assumptions (Level 2 and 3 fair value hierarchy items)
Loans and advances to banks and customers	Loans and advances comprise: • Loans and advances to banks: call loans, loans granted under resale agreements and balances held with other banks. • Loans and advances to customers: mortgage loans (home loans and commercial mortgages), other asset-based loans, including collateralised debt obligations (instalment sale and finance leases), and other secured and unsecured loans (card debtors, overdrafts, other demand lending, term lending and loans granted under resale agreements).	For certain loans fair value may be determined from the market price of a recently occurring transaction adjusted for changes in risks and information between the transaction and valuation dates. Loans and advances are reviewed for observed and verified changes in credit risk and the credit spread is adjusted at subsequent dates if there has been an observable change in credit risk relating to a particular loan or advance. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value. Discounted cash flow models incorporate parameter inputs for interest rate risk, foreign exchange risk, liquidity and credit risk, as appropriate. For credit risk, probability of default and loss given default parameters are determined using the relevant terms of the loan and loan counterparty such as the industry classification and subordination of the loan.	• Discount rate • Probability of default • Loss given default
Deposits from bank and customers	Deposits from banks and customers comprise amounts owed to banks and customers, deposits under repurchase agreements, negotiable certificates of deposit, credit-linked deposits and other deposits.	For certain deposits, fair value may be determined from the market price on a recently occurring transaction adjusted for all changes in risks and information between the transaction and valuation dates. In the absence of an observable market for these instruments discounted cash flow models are used to determine fair value based on the contractual cash flows related to the instrument. The fair value measurement incorporates all market risk factors including a measure of the group's credit risk relevant for that financial liability. The market risk parameters are valued consistently to similar instruments held as assets stated in the section above. For collateralised deposits that are designated to be measured at fair value through profit or loss, such as securities repurchase agreements, the credit enhancement is incorporated into the fair valuation of the liability.	• Discount rate • Probability of default • Loss given default

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

Notes to the consolidated and separate financial statements

For the year ended 31 December 2017

Day one profit or loss

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

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

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

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

Cost exception

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

Fair value hierarchy

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

Hierarchy levels

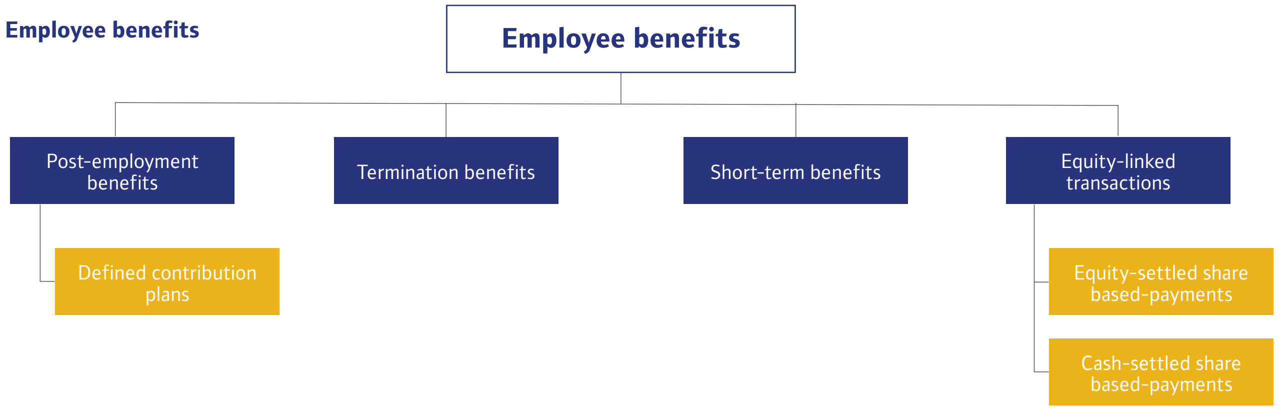
The levels have been defined as follows:

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

Hierarchy transfer policy

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

4.6 Employee benefits



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

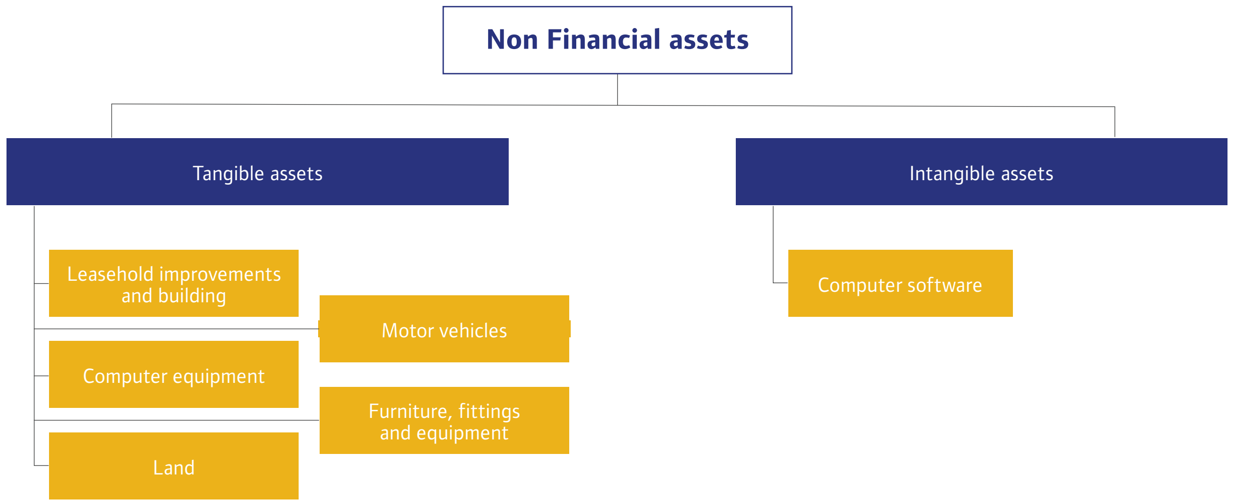
Notes to the consolidated and separate financial statements

For the year ended 31 December 2017

Equity-linked transactions

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

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



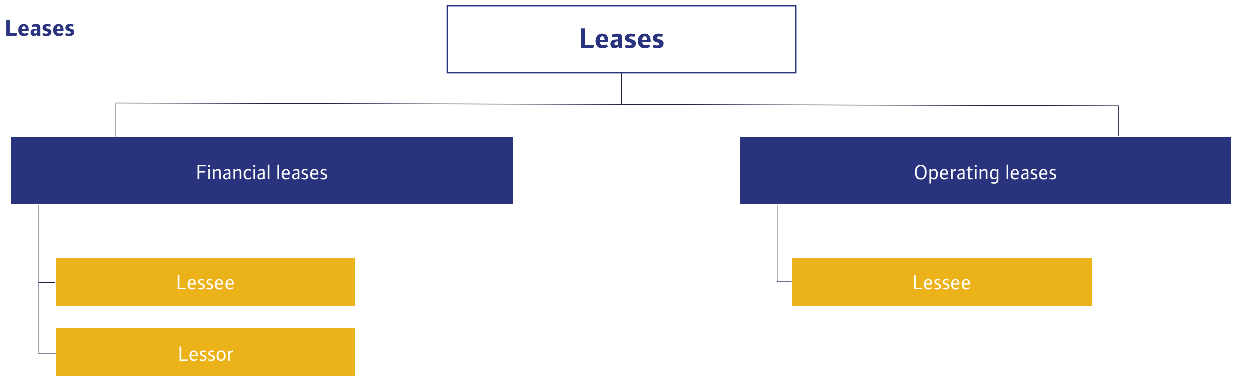
Type	Initial and subsequent measurement	Useful lives, depreciation/ amortisation method or fair value basis	Impairment	Derecognition
Tangible assets	Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly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

Notes to the consolidated and separate financial statements

For the year ended 31 December 2017

Type	Initial and subsequent measurement	Useful lives, depreciation/ amortisation method or fair value basis	Impairment	Derecognition
Intangible assets/ computer software	Costs associated with developing or maintaining computer software programmes and the acquisition of software licences are generally recognised as an expense as incurred. However, direct computer software development costs that are clearly associated with an identifiable and unique system, which will be controlled by the group and have a probable future economic benefit beyond one period, are recognised as intangible assets. Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses from the date that the assets are available for use. Expenditure subsequently incurred on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.	Amortisation is recognised in profit or loss on a straight-line basis at rates appropriate to the expected lives of the assets (2 to 15 years) from the date that the asset is available for use. Amortisation methods, useful lives and residual values are reviewed at each financial period end and adjusted, if necessary.		

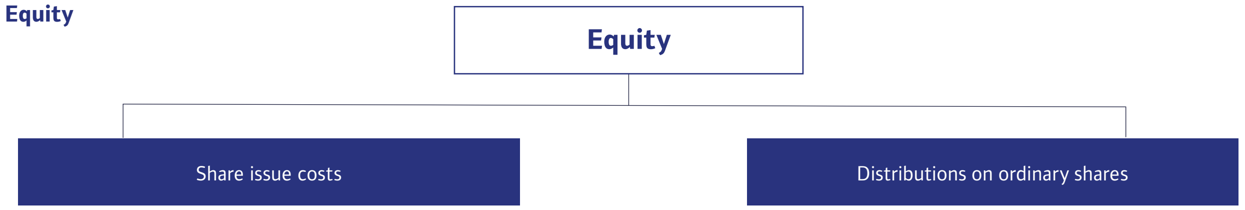
4.8 Leases



Type	Description	Statement of financial position	Income statement
Finance lease -lessee	Leases, where the group assumes substantially all the risks and rewards incidental to ownership, are classified as finance leases.	The leased asset is capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments together with an associated liability to the lessor. Lease payments less the interest component, which is calculated using the interest rate implicit in the lease or the group's incremental borrowing rate, are recognised as a capital repayment which reduces the liability to the lessor.	A lease finance cost, determined with reference to the interest rate implicit in the lease or the group's incremental borrowing rate, is recognised within interest expense over the lease period

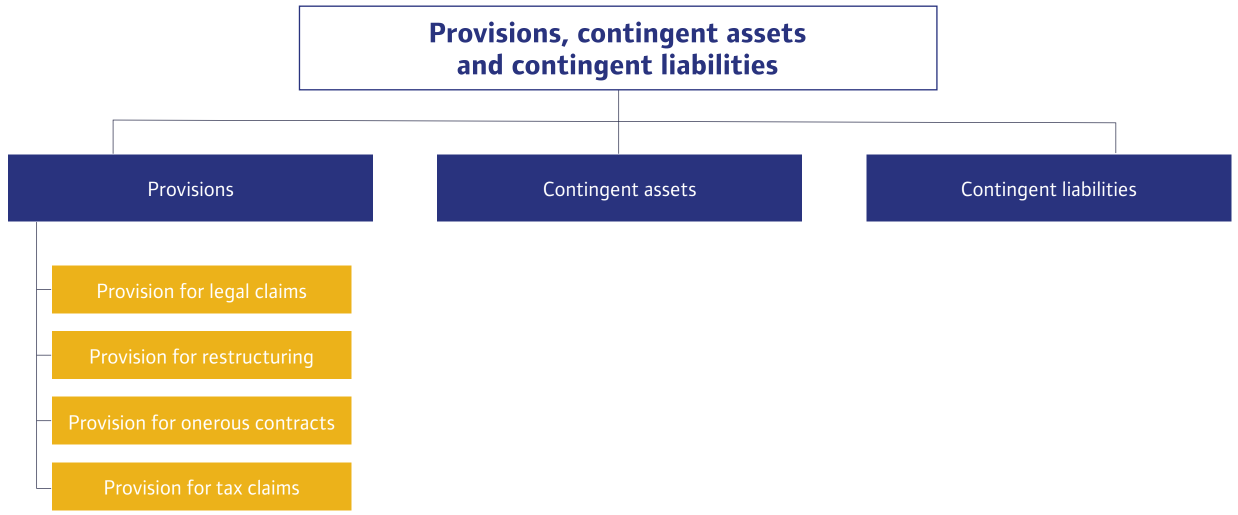
Type	Description	Statement of financial position	Income statement
Finance lease -lessor	Leases, where the group transfers substantially all the risks and rewards incidental to ownership, are classified as finance leases.	Finance lease receivable, including initial direct costs and fees, are primarily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

4.9 Equity



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

4.10 Provisions, contingent assets and contingent liabilities

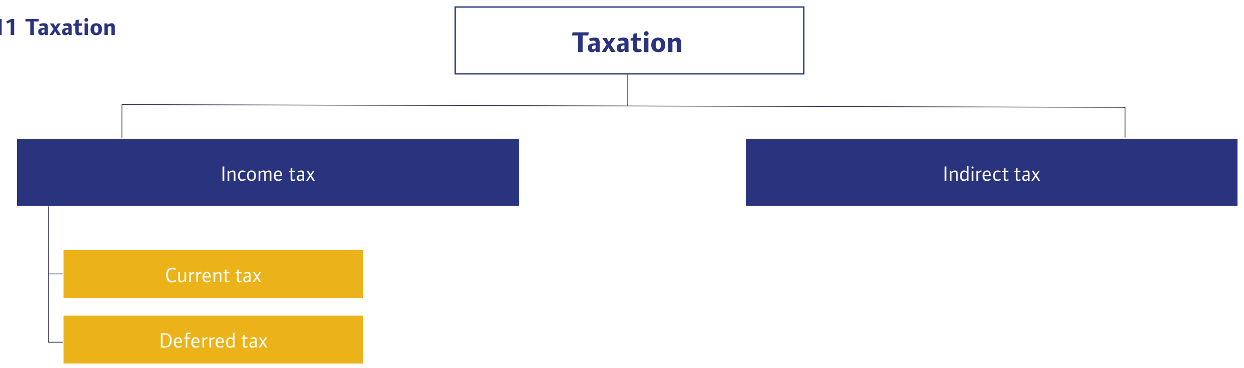


Notes to the consolidated and separate financial statements

For the year ended 31 December 2017

Provisions	Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The group's provisions typically (when applicable) include the following: Provisions for legal claims Provisions for legal claims are recognised on a prudent basis for the estimated cost for all legal claims that have not been settled or reached conclusion at the reporting date. In determining the provision management considers the probability and likely settlement (if any). Reimbursements of expenditure to settle the provision are recognised when and only when it is virtually certain that the reimbursement will be received. Provision for restructuring A provision for restructuring is recognised when the group has approved a detailed formal plan, and the restructuring either has commenced or has been announced publicly. Future operating costs or losses are not provided for. Provision for onerous contracts A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the group recognises any impairment loss on the assets associated with that contract. Provision for tax claims Provisions for taxes claims relates to additional assessment on taxes, including withholding tax, value added tax, PAYE tax.
Contingent assets	Contingent assets are not recognised in the annual financial statements but are disclosed when, as a result of past events, it is probable that economic benefits will flow to the group, but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the group's control.
Contingent liabilities	Contingent liabilities include certain guarantees (other than financial guarantees) and letters of credit and are not recognised in the annual financial statements but are disclosed in the notes to the annual financial statements.

4.11 Taxation

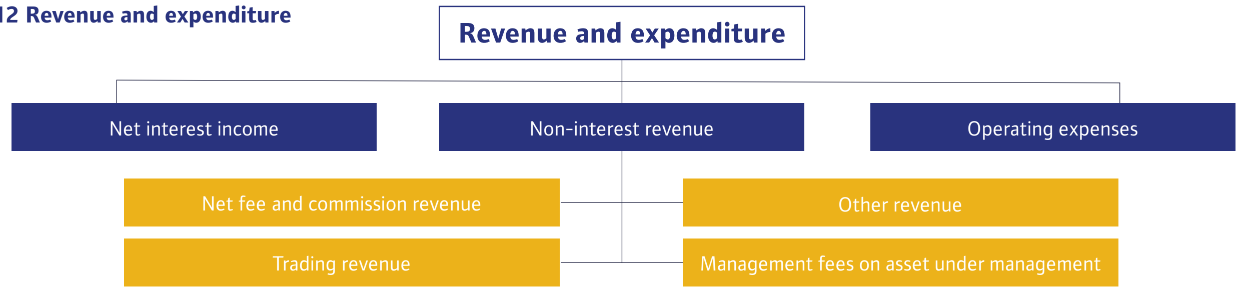


Type	Description, recognition and measurement	Offsetting
Current tax-determined for current period transactions and events	Current tax represents the expected tax payable on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous periods. Current tax also includes any tax arising from dividend. Current tax is recognised as an expense for the period and adjustments to past periods except to the extent that current tax related to items that are charged or credited in OCI or directly to equity. Nigerian tax laws mandates a minimum tax assessment for companies having no taxable profits for the period or where the tax on profits is below the minimum tax. Minimum tax is computed as 0.125% of turnover in excess of N500,000 plus the highest of: (i) 0.5% of gross profits; (ii) 0.5% of net assets; (iii) 0.25% of paid-up capital; or (iv) 0.25% of turnover. Further, the Nigerian tax laws mandates that where a dividend is paid out of profit on which no tax is payable due to either: (a) no total profit; or (b) the total profit is less than the amount of dividend paid, the company paying the dividend will be subjected to tax at 30% of the dividends paid, as if the dividend is the total profits of the company for the period of assessment to which the accounts, out of which the dividends paid relates. When applicable, minimum tax is recorded under current income tax in profit or loss. The company has also not been subject to minimum tax, (in line with the provisions of the Nigerian tax laws - Section 33 of Companies Income Tax Act CAP C21 LFN 2007 (as amended) as it has more than 25% of imported capital.	
Deferred tax-determined for future tax consequences	Deferred tax is recognised in profit or loss except to the extent that it relates to a business combination (relating to a measurement period adjustment where the carrying amount of the goodwill is greater than zero), or items recognised directly as part of OCI. Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax is not recognised for the following temporary differences: · the initial recognition of goodwill; · the initial recognition of assets and liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits or losses; and · investments in subsidiaries, associates and jointly controlled arrangements (excluding mutual funds) where the group controls the timing of the reversal of temporary differences and it is probable that these differences will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.	Current tax assets and liabilities, deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.
Indirect taxation	Indirect taxes are recognised in profit or loss, as part of other operating expenses.	N/A
Dividend tax	Taxes on dividends declared by the group are recognised as part of the dividends paid within equity as dividend tax represents a tax on the shareholder and not the group.	N/A

Notes to the consolidated and separate financial statements

For the year ended 31 December 2017

4.12 Revenue and expenditure



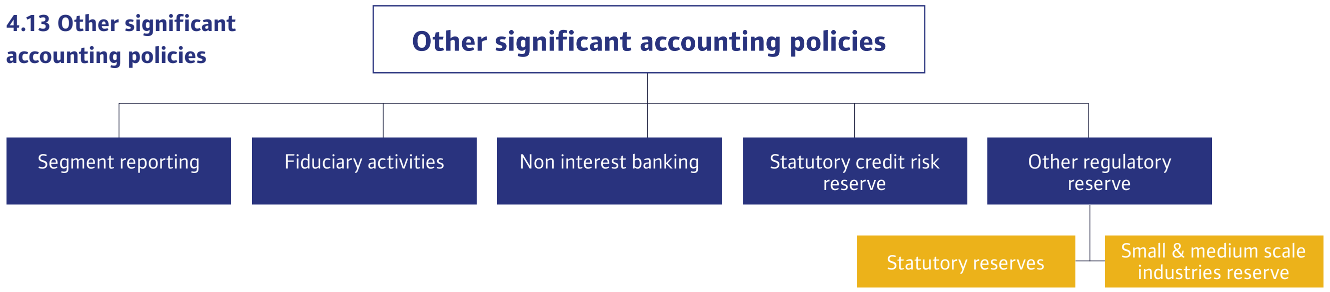
Description	Recognition and measurement
Net interest income	Interest income and expense (with the exception of borrowing costs that are capitalised on qualifying assets, that is assets that necessarily take a substantial period of time to get ready for their intended use or sale and which are not measured at fair value) are recognised in profit or loss using the effective interest method for all interest-bearing financial instruments. In terms of the effective interest method, interest is recognised at a rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. Direct incremental transaction costs incurred and origination fees received, including loan commitment fees, as a result of bringing margin-yielding assets or liabilities into the statement of financial position, are capitalised to the carrying amount of financial instruments that are not at fair value through profit or loss and amortised as interest income or expense over the life of the asset or liability as part of the effective interest rate. Where the estimates of payments or receipts on financial assets (except those that have been reclassified from held for trading) or financial liabilities are subsequently revised, the carrying amount of the financial asset or financial liability is adjusted to reflect actual and revised estimated cash flows. The carrying amount is calculated by computing the present value of the adjusted cash flows at the financial asset or financial liability's original effective interest rate. Any adjustment to the carrying value is recognised in net interest income. Where financial assets have been impaired, interest income continues to be recognised on the impaired value (gross carrying value less specific impairment) based on the original effective interest rate. Fair value gains and losses on realised debt financial instruments, including amounts reclassified from OCI in respect of available-for-sale debt financial assets are included in net interest income.
Net fee and commission revenue	Fee and commission revenue, including transactional fees, account servicing fees, investment management fees, sales commissions and placement fees are recognised as the related services are performed. Loan commitment fees for loans that are not expected to be drawn down are recognised on a straight-line basis over the commitment period. Loan syndication fees, where the group does not participate in the syndication or participates at the same effective interest rate for comparable risk as other participants, are recognised as revenue when the syndication has been completed. Syndication fees that do not meet these criteria are capitalised as origination fees and amortised as interest income. The fair value of issued financial guarantee contracts on initial recognition is amortised as income over the term of the contract. Fee and commission expenses, included in net fee and commission revenue, are mainly transaction and service fees relating to financial instruments, which are expensed as the services are received. Expenditure is recognised as fee and commission expenses where the expenditure is linked to the production of fee and commission revenue.
Trading revenue	Trading revenue comprises all gains and losses from changes in the fair value of trading assets and liabilities, together with related interest income, expense and dividends.
Other revenue	Other revenue includes dividends on equity investments. Gains and losses on equity available-for-sale financial assets are reclassified from OCI to profit or loss on derecognition or impairment of the investments. Dividends on these instruments are recognised in profit or loss.

Dividend income	Dividends are recognised in profit or loss when the right to receipt is established. Scrip dividends are recognised as dividends received where the dividend declaration allows for a cash alternative.
Management fees on assets under management	Fee income includes management fees on assets under management and administration fees. Management fees on assets under management are recognised over the period for which the services are rendered, in accordance with the substance of the relevant agreements.
Operating expenses	Expenses are recognised on an accrual bases regardless of the time of cash outflows. Expenses are recognised in the income statement when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. Expenses are recognised in the same reporting period when they are incurred in cases when it is not probable to directly relate them to particular income earned during the current reporting period and when they are not expected to generate any income during the coming periods. Expenses that are not related to the income earned during the reporting period, but expected to generate future economic benefits, are recorded in the financial statements as assets.

Offsetting

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

4.13 Other significant accounting policies



Notes to the consolidated and separate financial statements

For the year ended 31 December 2017

Segment reporting	An operating segment is a component of the group engaged in business activities, whose operating results are reviewed regularly by management in order to make decisions about resources to be allocated to segments and assessing segment performance. The group's identification of segments and the measurement of segment results is based on the group's internal reporting to management. Transactions between segments are priced at market-related rates.
Fiduciary activities	The group commonly engages in trust or other fiduciary activities that result in the holding or placing of assets on behalf of individuals, trusts, post-employment benefit plans and other institutions. These assets and the income arising directly thereon are excluded from these annual financial statements as they are not assets of the group. However, fee income earned and fee expenses incurred by the group relating to the group's responsibilities from fiduciary activities are recognised in profit or loss.
Non interest banking	The banking subsidiary operates a non-interest banking window. The window provides non-interest banking products and services (based on Islamic commercial jurisprudence) to its customers through existing infrastructure of the bank. The products and the accounting treatments are as follows: Deposit liabilities: Deposits liabilities generated by the non interest banking window are classified as financial liabilities at amortised cost. The non-interest banking deposits include Imaan Current account and Imaan Transact Plus. Murabaha Financing: The bank finances assets under its Imaan Local Purchase and Contract Finance Product. This is operated under the Murabaha mode of finance and its main purpose is to provide the avenue for contractors to obtain financial assistance required to execute supply contracts. Murabaha receivables from customers are stated net of deferred profits, impairment allowance, and any amounts written off. Income and expenses: Income from account transactions are included in fee and commission income, while income from murabaha financing is included in other income and is recognised on a time apportioned basis over the period of the contract based on the principal amounts outstanding. Administrative expenses of the window are included under staff costs and other operating expenses. The banking subsidiary on 11 December 2017 obtained the approval of the Central Bank of Nigeria to cease its operation of the products and services currently offered under the Non Interest Banking (NIB) Window. The Bank is therefore in the process of closing the Window and accordingly: 1. The Bank will not be taking on any new customers for NIB Business. 2. The Bank intends to provide customers who are currently enjoying the Window's products and services with the opportunity to subscribe for alternative products and services offered by the Stanbic IBTC group that will meet their specific needs. 3. It is envisaged that existing customers of the Window will remain as NIB customers for a period. During this period the NIB Relationship Managers will engage with and sensitise them on other products within the Stanbic IBTC bouquet of products and services that could provide a viable alternative to their current products and services. NIB Window is not a major line of business for the group and as such the closure of the NIB Window was not accounted under IFRS 5 Non current assets held for sale and discontinued operations.
Statutory credit risk reserve	The statutory credit risk reserve represents a reserve component created when credit impairment on loans and advances as accounted for under IFRS using the incurred loss model differ from the Prudential Guidelines set by the Central Bank of Nigeria.
Statutory reserve	Nigerian banking and pension industry regulations require the banking and pension subsidiaries to make an annual appropriation to a statutory reserve. For the banking subsidiary, an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. The pension subsidiary is required to transfer 12.5% of its profit after tax to a statutory reserve. Statutory reserve is not available for distribution to shareholders. See note 19.3 (b)(i).

4.14 Non-current assets held for sale and disposal groups

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

4.15 Equity linked transactions

The group's equity compensation plans

Equity-settled share based-payments

Cash-settled share based-payments

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

Notes to the consolidated and separate financial statements

For the year ended 31 December 2017

4.16 New standards and interpretations not yet effective

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

Pronouncement

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

Pronouncement

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

Notes to the consolidated and separate financial statements

For the year ended 31 December 2017

Pronouncement	
Title	IFRS 9 Financial Instruments (continued)

Impact on reserves

The IFRS 9's requirements noted above are expected to reduce the group's reserves at 1 January 2018 by approximately ₦10,857 million.

Estimated impact on adoption of IFRS 9

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

- a decrease of ₦118 million related to classification and measurement requirements, other than impairments
- a decrease of approximately ₦10,739 million related to impairment requirements

The following table details the key drivers of this estimate:

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

Pronouncement	
Title	IFRS 9 Financial Instruments (continued)

Hedge accounting

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

Capital Implications

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

Effective date	1 January 2018
Title	IFRS 9 Financial Instruments amendment
	On 12 October 2017, IASB issued an amendment to IFRS 9 (the amendment). This allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortised cost or at fair value through other comprehensive income. The amendment is required to be applied retrospectively. The amendment is not expected to have a material impact on the group.
Effective date	1 January 2019 earlier application permitted
Title	IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
	The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments will be applied prospectively and are not expected to have a material impact on the group's financial statements.
Effective date	1 January 2019
Title	IFRS 15 Revenue from Contracts with Customers
	This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration which the entity expects to be entitled to in exchange for those goods and services. The standard incorporates a five step analysis to determine the amount and timing of revenue recognition.

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Pronouncement	
Title	IFRS 15 Revenue from Contracts with Customers (continued)
	The group has analysed the nature of its fees as follows: i) Bank transaction fees: This includes electronic banking charges, account transaction fee, custody fees among others. There will be no changes to the current account treatment of these fees. ii) Asset management fee: Fee is based on daily net asset of the fund or performance of the fund at the end of the quarter. There will be no changes to the current account treatment of these fees. iii) Insurance fees and commission: This includes administrative and brokerages fees charges on insurance related products. There will be no changes to the current account treatment of these fees. Based on the analysis done to date, the impact on the annual financial statements is not expected to be significant.
Effective date	1 January 2018
Title	IAS 40 Investment Property amendment
	The amendments clarify the requirements on transfers to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. The standard is not expected to have a significant impact on the group as the group does not have investment property.
Effective date	1 January 2018
Title	IFRIC 22 Foreign Currency Transactions and Advance Consideration
	The IFRIC provides guidance on how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. The IFRIC will be applied retrospectively or prospectively. The group has identified and reviewed the contracts and transaction that are within the scope of this interpretation which indicate that this IFRIC will not materially impact the annual financial statements.
Effective date	1 January 2018
Title	IFRS 17 Insurance Contracts
	This standard replaces the existing accounting standard IFRS 4 Insurance Contracts which gave entities dispensation to account for insurance contracts (particularly measurement) using local actuarial practice, resulting in a multitude of different approaches. The overall objective of IFRS 17 is to provide a more useful and consistent accounting model for insurance contracts among entities issuing insurance contracts globally. The standard requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. A general measurement model (GMM) will be applied to long-term insurance contracts, and is based on a fulfilment objective (risk-adjusted present value of best estimate future cash flows) and uses current estimates, informed by actual trends and investment markets. IFRS 17 establishes what is called a contractual service margin (CSM) in the initial measurement of the liability which represents the unearned profit on the contract and results in no gain on initial recognition. The CSM is released over the life of the contract, but interest on the CSM is locked in at inception rates. The CSM will be utilised as a "shock absorber" in the event of changes to best estimate cash flows. On loss making (onerous) contracts, no CSM is set up and the full loss is recognised at the point of contract inception. The GMM is modified for contracts which have participation features.

Pronouncement	
Title	IFRS 17 Insurance Contracts (continued)
	An optional simplified premium allocation approach (PAA) is available for all contracts that are less than 12 months at inception. The PAA is similar to the current unearned premium reserve profile over time. The requirement to eliminate all treasury shares has been amended such that treasury shares held as underlying items for a group of direct participating contracts or investment funds are not required to be eliminated and can be accounted for as financial assets. These requirement will provide transparent reporting about an entities' financial position and risk and will provide metrics that can be used to evaluate the performance of insurers and how that performance changes over time. An entity may re-assess its classification and designation of financial instruments under IFRS 9, on adoption of IFRS 17. The standard will be applied retrospectively. The impact on the annual financial statements has not yet been fully determined.
Effective date	1 January 2021 earlier application permitted
Title	IFRIC 23 Uncertainty over Income Tax Treatments
	This Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation. This Interpretation addresses: whether an entity considers uncertain tax treatments separately; the assumptions an entity makes about the examination of tax treatments by taxation authorities; how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and how an entity considers changes in facts and circumstances. The IFRIC will be applied retrospectively. The impact on the annual financial statements has not yet been fully determined.
Effective date	1 January 2019 earlier application permitted
Title	IFRS 2 Share-based Payment amendment
	The amendments are intended to eliminate diversity in practice in three main areas of the classification and measurement of share based payment transactions are: the effects of vesting conditions on the measurement of a cash-settled share based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments will be applied prospectively. The impact on the annual financial statements is not expected to be significant.
Effective date	1 January 2018
Title	IAS 28 Interest in Associates and Joint Ventures (amendment)
	This amendment clarifies that an entity should apply IFRS 9, including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture only when the equity method is not applied. The amendments will be applied retrospectively. The impact on the annual financial statements is not expected to have a significant impact on the annual financial statements.
Effective date	1 January 2019 earlier application permitted

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

5. Segment reporting

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

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

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

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

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6. Key management assumptions

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

6.1 Credit impairment losses on loans and advances

Portfolio loan impairments

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

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

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

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

Specific loan impairments

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

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

Corporate & Investment Banking

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

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

Determination of statutory credit risk reserves

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

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

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

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

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

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

6.2 Fair value of financial instruments

The fair value of financial instruments, such as unlisted equity investments and certain derivatives, that are not quoted in active markets is determined using valuation techniques. Wherever possible, models use only observable market data. Where required, these models incorporate assumptions that are not supported by prices from observable current market transactions in the same instrument and are not based on available observable market data. Such assumptions include risk premiums, liquidity discount rates, credit risk, volatilities and correlations. Changes in these assumptions could affect the reported fair values of financial instruments.Additional disclosures on fair value measurements of financial instruments are set out in notes 28.

6.3 Impairment of available-for-sale investments

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

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Nil (Dec 2016: ₦12 million) in its financial statements, being the transfer of the negative revaluations within the available-for-sale reserve to profit or loss.

6.4 Intangible assets

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

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

6.5 Investment funds

The group acts as fund manager to a number of investment funds. Determination of whether the group controls such an investment fund usually focuses on the assessment of the aggregate economic interest of the group in the fund and the investors' rights to remove the fund manager. For all the investment funds managed by the group, the trust deed empowers the investors to vote for the removal of the fund manager without cause, but subject to approval of a vast majority of all unitholders, and the group's aggregate economic interest in each case is less than 25%. As a result, the group has concluded that it acts as agent for the investors in all cases, and therefore has not consolidated these funds.Further disclosure in respect of investment funds in which the group has an interest is contained in note 14.

6.6 Recognition of deferred tax assets:

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

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

6.7 Share-based payment

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

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

6.8 Depreciation and useful life of property and equipment

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

6.9 Provisions

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

6.10 Foreign currency obligations valued at different rates

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

Refer to note 22 (viii)

7. Cash and cash equivalents

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

Balances with central bank include cash reserves of ₦150,523 million (Dec. 2016: ₦88,773 million) and special intervention fund of ₦20,817 million (Dec. 2016: ₦20,817) that are not available for use by the group on a day to day basis. These restricted cash balances are held with Central Bank of Nigeria ("CBN").

Included in current balances with banks outside Nigeria is ₦19,602 million (Dec. 2016: ₦41,420 million) which represents Naira value of foreign currency bank balances held on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities (See note 26.1).

Included in current balances with banks outside Nigeria is ₦19,641 million (Dec. 2016: ₦15,151 million) due from Standard Bank Group. See note 36.3 for details.

8. Pledged assets

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

8.2 Total assets pledged

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

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

Financial assets pledged as collateral for liabilities

The carrying amount of total financial assets that have been pledged as collateral for liabilities (included in amounts reflected in 8.1 above) at 31 Dec 2017 was ₦13,699 million (Dec. 2016: ₦2,716 million). The transactions in respect of which the collaterals were pledged are as follows:

(i) ₦2,931 million (Dec. 2016: ₦2,716 million) pledged in respect of on-lending facility obtained from Bank of Industry as disclosed under note 22(iii).

(ii) ₦10,768 million (Dec. 2016: ₦0 million) pledged in respect of repurchase lending agreements. These transactions are conducted under terms that are usual and customary to standard lending, and securities borrowing and lending activities.

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9. Trading assets and trading liabilities

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

9.1 Trading assets	Group		Company	
	31 Dec 2017 ₦million	31 Dec 2016 ₦million	31 Dec 2017 ₦million	31 Dec 2016 ₦million
Classification				
Listed	143,195	11,854	-	-
Unlisted	8,284	5,001	-	-
	151,479	16,855	-	-
Comprising:				
Government bonds	2,930	2,185	-	-
Treasury bills	140,265	9,669	-	-
Placements	8,284	5,001	-	-
	151,479	16,855	-	-
Dated assets	151,479	16,855	-	-
	151,479	16,855	-	

Maturity analysis

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

Redeemable on demand	-	-	-	-
Maturing within 1 month	8,284	5,017	-	-
Maturing after 1 month but within 6 months	82,768	8,262	-	-
Maturing after 6 months but within 12 months	57,513	2,645	-	-
Maturing after 12 months	2,914	931	-	-
Undated assets	-	-	-	-
	151,479	16,855	-	-

Redemption value

Trading assets had a redemption value at 31 December 2017 of ₦151,479 million (Dec. 2016: ₦16,956 million).

9.2 Trading liabilities	Group		Company	
	31 Dec 2017 ₦million	31 Dec 2016 ₦million	31 Dec 2017 ₦million	31 Dec 2016 ₦million
Classification				
Listed	52,451	5,325	-	-
Unlisted	9,998	-	-	-
	62,449	5,325	-	-
Comprising:				
Government bonds (short positions)	657	655	-	-
Deposits	9,998	-	-	-
Treasury bills (short positions)	51,794	4,670	-	-
	62,449	5,325	-	-
Maturity analysis				
The maturity analysis is based on the remaining periods to contractual maturity from period end.				
Repayable on demand	-	-	-	-
Maturing within 1 month	28,383	99	-	-
Maturing after 1 month but within 6 months	27,170	4,489	-	-
Maturing after 6 months but within 12 months	6,239	82	-	-
Maturing after 12 months	657	655	-	-
	62,449	5,325	-	-

10. Derivative instruments

All derivatives are classified as derivatives held for trading purposes.

10.1 Use and measurement of derivative instruments

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

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

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

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

10.2 Derivatives held-for-trading

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

10.2.1 Foreign exchange derivatives

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

10.2.2 Non-deliverable foreign exchange derivatives contract

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

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10.2.3 Interest rate derivatives

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

10.3 Unobservable valuation differences on initial recognition

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

10.4 Fair values

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

10.5 Notional amount

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

10.6 Derivative assets and liabilities

	Maturity analysis of net fair value						
31 December 2017	Within 1 year ₦million	After 1 year but within 5 years ₦million	After 5 years ₦million	Net fair value ₦million	Fair value of assets ₦million	Fair value of liabilities ₦million	Contract/ notional amount ₦million
Derivatives held-for-trading							
Forwards	1,455			1,455	4,038	(2,583)	482,364
Swaps	7,005	-		7,005	7,014	(9)	115,140
Total derivative assets/(liabilities)	8,460	-	-	8,460	11,052	(2,592)	597,504
31 December 2016							
Derivatives held-for-trading							
Forwards	1,981			1,981	13,713	(11,732)	121,445
Swaps	548	-		548	604	(56)	23,352
Total derivative assets/(liabilities)	2,529	-	-	2,529	14,317	(11,788)	144,797

Included in derivative assets is ₦973 million (Dec. 2016: ₦265 million) due from related parties. See note 36.3 for details.
Included in derivative liabilities is ₦186 million (Dec. 2016: ₦5,336 million) due from related parties. See note 36.3 for details.

10.7 Unobservable valuation differences on initial recognition

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

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

11. Financial investments

Financial investments comprise assets held for liquidity requirement purposes.

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

Mutual funds and unit-linked investments include ₦1.3 billion (Dec 2016: ₦723 million) held against unclaimed dividend liability as disclosed in note 26.

Maturity analysis

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

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

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

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

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

11.3 Impairment on unlisted equity investments

At start of the year	137	1,072	-	-
Additions	-	-	-	-
Write back	-	(15)		
Write off	-	(920)		
	137	137	-	-

11.4 Asset classified as held for sale

Unquoted equity investment	114	112	-	-
	114	112	-	-

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

12. Loans and advances

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

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

Included in loans and advances to banks is ₦9,234 million (Dec. 2016: ₦7,760 million) due from Standard Bank Group. See note 36.3 for details. Of this amount, ₦7,027 million (Dec 2016: ₦5,413 million) relates to proceeds received from SBSA from the sale of Finacle software. The proceeds are placed in an escrow account and are not available for use by the group on a day to day basis

Included in gross loans and advances to customers is an amount of ₦13,520 million (2016: ₦17,272 million) relating to both PBB and CIB instalmental sale and finance leases. See note 12.2 for analysis of finance lease receivable.

Stanbic IBTC Bank has in place a reciprocal standby contingency funding agreement, of ₦10 billion with Zenith Bank PLC. Under this contingency funding agreement, both institutions have warranted to provide each other with local currency contingency funding of up to ₦10 billion. The agreement, renewable annually, became effective from 09 February 2017. During the year, both institutions did not draw on the available liquidity contingency funding. See page 86 under "Liquidity Contingency" for further details.

Analysis of gross loans and advances by performance

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

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12.1 Loans and advances net of impairments (continued)

Maturity analysis

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

	Group		Company	
	31 Dec 2017 ₦million	31 Dec 2016 ₦million	31 Dec 2017 ₦million	31 Dec 2016 ₦million
Redeemable on demand	26,217	76,174	-	-
Maturing within 1 month	62,244	54,594	-	-
Maturing after 1 month but within 6 months	79,076	83,324	-	-
Maturing after 6 months but within 12 months	25,004	20,283	-	-
Maturing after 12 months	220,934	156,205	-	-
Gross loans and advances	413,475	390,580	-	-
Segmental analysis - industry				
Agriculture	24,760	29,424	-	-
Business services	4,213	4,548	-	-
Communication	20,494	22,500	-	-
Community, social & personal services	-	2	-	-
Construction & real estate	42,737	38,066	-	-
Financial intermediaries & insurance	10,235	16,870	-	-
Government	22,285	14,631	-	-
Hotels, restaurants and tourism	36	35	-	-
Manufacturing	125,979	101,242	-	-
Oil & Gas	71,226	65,578	-	-
Private households	50,607	52,511	-	-
Transport, storage & distribution	8,601	12,140	-	-
Wholesale & retail trade	32,302	33,033	-	-
Gross loans and advances	413,475	390,580	-	-

Segmental analysis – geographic area

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

South South	16,673	15,021	-	-
South West	346,409	308,662	-	-
South East	8,289	7,153	-	-
North West	17,762	25,605	-	-
North Central	13,629	24,560	-	-
North East	1,090	1,819	-	-
Outside Nigeria	9,623	7,760	-	-
Gross loans and advances	413,475	390,580	-	-

12.2 Instalment sale and finance leases

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

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

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

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12.3 Credit impairments for loans and advances

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

Group 31 December 2017	Mortgage lending ₦million	Instalment sale and finance leases ₦million	Card debtors ₦million	Other loans and advances ₦million	Corporate loans ₦million	Total ₦million
Specific impairments						
Balance at beginning of the year	164	784	211	10,090	-	11,249
Net impairments raised	507	3,079	114	14,408	10,127	28,235
Impaired accounts written off	(6)	(1,306)	(36)	(17,091)	-	(18,439)
Discount element recognised in interest income	(9)	(6)	(2)	(88)	(24)	(129)
Balance at end of the year	656	2,551	287	7,319	10,103	20,916
Portfolio impairments						
Balance at beginning of the year	51	275	49	3,136	7,591	11,102
Net impairments raised/(released)	23	(99)	(27)	(633)	482	(254)
Balance at end of the year	74	176	22	2,503	8,073	10,848
Total	730	2,727	309	9,822	18,176	31,764
31 December 2016						
Specific impairments						
Balance at beginning of the year	429	3,447	138	7,089	7,588	18,691
Net impairments raised/(released)	222	340	215	8,068	7,549	16,394
Discount element recognised in interest income	(3)	(4)	(1)	(72)	-	(80)
Impaired accounts written off	(484)	(2,999)	(141)	(4,995)	(15,137)	(23,756)
Balance at end of the year	164	784	211	10,090	-	11,249
Portfolio impairments						
Balance at beginning of the year	112	496	19	1,761	4,836	7,224
Net impairments (released)/raised	(61)	(221)	30	1,375	2,755	3,878
Balance at end of the year	51	275	49	3,136	7,591	11,102
Total	215	1,059	260	13,226	7,591	22,351

Segmental analysis of non-performing loans and specific impairments – industry

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

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

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

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

South South	1,917	1,756	1,488	1,315
South West	26,377	9,523	16,918	5,652
South East	1,365	487	872	375
North West	1,009	3,664	793	2,273
North Central	965	3,191	780	1,588
North East	80	54	65	46
	31,713	18,675	20,916	11,249

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13. Equity investment in subsidiaries

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

13.1 List of significant subsidiaries

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

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

Note: Indirect holdings have been duly consolidated

13.2 Significant restrictions

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

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

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

13.3 Non-controlling interests (NCI) in subsidiaries

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

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

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

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13.4 Summarised financial information of the consolidated entities

	Stanbic IBTC Holdings PLC Company ₦million	Stanbic IBTC Bank PLC ₦million	Stanbic IBTC Capital Ltd ₦million	Stanbic IBTC Pension Mgrs Ltd ₦million	Stanbic IBTC Asset Mgt Ltd ₦million	Stanbic IBTC Ventures Ltd ₦million	Stanbic IBTC Trustees Ltd ₦million	Stanbic IBTC Insurance Brokers Limited ₦million	Stanbic IBTC Investments Limited ₦million	Stanbic IBTC Stockbrokers Ltd ₦million	Consolidations/ Eliminations ₦million	Stanbic IBTC Holdings PLC Group ₦million
Income statement												
Net interest income	(1,050)	78,009	729	5,026	307	144	90	47	-	285		83,587
Non interest revenue	29,877	49,658	3,718	30,302	4,098	117	309	379	-	1,112	(30,388)	89,182
Total income	28,827	127,667	4,447	35,328	4,405	261	399	426	-	1,397	(30,388)	172,769
Staff costs	(590)	(28,296)	(1,506)	(3,811)	(1,378)	-	(157)	(168)	-	(376)		(36,282)
Operating expenses	(692)	(43,449)	(669)	(5,563)	(949)	(69)	(95)	(116)	(13)	(210)	2,081	(49,744)
Credit impairment charges	-	(25,577)	-	-	-	-	-	-	-	-	-	(25,577)
Total expenses	(1,282)	(97,322)	(2,175)	(9,374)	(2,327)	(69)	(252)	(284)	(13)	(586)	2,081	(111,603)
Profit before tax	27,545	30,345	2,272	25,954	2,078	192	147	142	(13)	811	(28,307)	61,166
Tax	(2,380)	(1,503)	(585)	(7,365)	(631)	(194)	(29)	(43)	-	(55)		(12,785)
Profit for the year (2017)	25,165	28,842	1,687	18,589	1,447	(2)	118	99	(13)	756	(28,307)	48,381
Profit for the year ended 31 December 2016	609	15,030	(935)	13,890	1,096	494	110	110	-	123	(2,007)	28,520
Assets												
Cash and cash equivalents	7,545	400,838	5,777	510	566	79	50	25	19	7,435	(21,496)	401,348
Derivative assets	-	11,052	-	-	-	-	-	-	-	-	-	11,052
Trading assets	-	151,479	-	-	-	-	-	-	-	-	-	151,479
Pledged assets	-	43,240	-	-	-	-	-	-	-	-	-	43,240
Financial investments	1,625	276,530	2,238	29,600	2,305	1,967	453	206	-	1,902	(185)	316,641
Asset held for sale	-	-	-	-	-	-	-	-	114	-	-	114
Loans and advances to banks	-	9,234	-	324	-	-	-	-	-	-	65	9,623
Loans and advances to customers	-	372,088	-	-	-	-	-	-	-	-	-	372,088
Deferred tax asset	-	8,346	183	213	111	-	12	13	-	23	-	8,901
Equity investment in group companies	85,539	-	-	-	-	-	-	-	-	-	(85,539)	-
Other assets	2,148	40,655	1,959	4,649	1,677	-	171	102	-	75	(1,994)	49,442
Property and equipment	517	18,602	10	2,848	103	-	2	8	-	2	(209)	21,883
Intangible assets	-	605	-	-	-	-	-	-	-	-	-	605
Total assets (2017)	97,374	1,332,669	10,167	38,144	4,762	2,046	688	354	133	9,437	(109,358)	1,386,416
Total assets at 31 December 2016	92,857	993,759	8,483	41,210	5,057	2,872	743	306	132	2,497	(94,393)	1,053,523

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13.4 Summarised financial information of the consolidated entities (continued)

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

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14. Involvement with unconsolidated investment funds

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

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

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

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

The interest held by the group is presented under financial investments in the statement of financial position and no losses were incurred by the group during the year. Income earned by the group from this investment was ₦2,204 million (December 2016: ₦2,179 million)

15. Other assets

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

(i) Account receivable includes an amount of ₦2.5 billion representing a judgment sum held with Access Bank PLC pursuant to a garnishee order granted by the Federal high court. It also includes fee receivables and short term receivables in respect of electronic payment transactions.

Account receivable also includes an amount of ₦2.7 billion representing cash collateral placed with the Central Bank of Nigeria in respect of foreign exchange forward trasactions executed on behalf of clients.

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

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

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

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16. Deferred tax assets

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

The directors have determined that based on the group's profit forecast, it is probable that there will be future taxable profits against which the temporary differrence, from which a deferred tax asset has been recognised, can be utilised. Deferred tax asset amounting to ₦9,437 million (Dec 2016: ₦9,141 million) (Company ₦229 million,Dec 2016: Nil) arising from unutilised tax losses and capital allowances has not been recognised as at 31 December 2017. Unutilised tax losses arise mainly from tax exempt income from government instruments.

Analysis of unrecognised deferred tax

Unutilised tax losses	9,590	8,587	382	-
Capital allowances	(153)	554	(153)	-
	9,437	9,141	229	-

16.1 Deferred tax analysis

	Group		Company	
	31 Dec 2017 ₦million	31 Dec 2016 ₦million	31 Dec 2017 ₦million	31 Dec 2016 ₦million
Deferred tax liabilities	(120)	(47)	-	(9)
Deferred tax asset	8,901	8,638	-	-
Deferred tax closing balance	8,781	8,591	-	(9)

16.2 (i) Deferred tax assets by source

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

(ii) Deferred tax liabilities by source

	₦million	₦million	₦million	₦million
Fair value adjustments on financial instruments	(120)	(47)	-	-
Deferred tax liabilities closing balance	(120)	(47)	-	-
Deferred tax at end of the year	8,781	8,591	-	(9)

16.3 Deferred tax reconciliation

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

17. Property and equipment

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

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

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

18. Intangible asset

Reconciliation of carrying amount

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

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

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

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

There was no increase in authorised share capital during the year. All issued shares are fully paid up. Details of directors' interest in shares, the shareholder spread and major shareholders are given in the directors' report on pages 100 to 102 of this annual report.

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

19.3 Reserves

a) Merger reserve

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

b) Other regulatory reserves

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

(i) Statutory reserves

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

As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. The bank (a subsidiary) transferred 15% of its profit after tax to statutory reserves as at year end.

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

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

The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria ("CBN") requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (approved by the Bankers' Committee on 9 February 2017), participating banks shall set aside 5% of their profit after tax ("PAT") annually. A transfer of ₦749 million (2016: nil) was made into the AGSMEEIS reserve, which represents 5% of prior year PAT. See note 15 (iii))

c) Available for sale reserve

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

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 recognised.

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

e) Share based payment reserve

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

20. Dividend

The directors recommended the payment of a final dividend of 50 kobo per share for the year ended 31 December 2017 (Dec 2016: 5 kobo per share). Withholding tax is deducted at the time of payment. During the year, the company paid a total dividend of ₦7 billion with the details below:

	₦million
2015 Final Dividend	500
2016 Final Dividend	500
2017 Interim Dividend	6,000
Total	7,000

21. Deposit and current accounts

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

Included in deposits from banks is ₦38,843 million (Dec 2016: ₦605 million) due to Standard Bank Group. See note 36.3.

Maturity analysis

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

	Group		Company	
	31 Dec 2017 ₦million	31 Dec 2016 ₦million	31 Dec 2017 ₦million	31 Dec 2016 ₦million
Repayable on demand	524,029	446,724	-	-
Maturing within 1 month	162,281	89,925	-	-
Maturing after 1 month but within 6 months	112,485	67,108	-	-
Maturing after 6 months but within 12 months	16,564	10,973	-	-
Maturing after 12 months	4	5	-	-
Total deposits and current accounts	815,363	614,735	-	-

Segmental analysis – geographic area

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

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

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22. Other borrowings

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

The terms and conditions of other borrowings are as follows:

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

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

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

(iii) The bank obtained a Central Bank of Nigeria ("CBN") initiated on-lending naira facility from Bank of Industry in September 2010 at a fixed rate of 1% per annum on a tenor based on agreement with individual beneficiary customer. The facility was granted under the Power and Aviation Intervention Fund scheme and Restructuring and Refinancing Facilities scheme. Disbursement of these funds are represented in loans and advances to customers. Based on the structure of the facility, the bank assumes default risk of amount lent to its customers. The facility was secured with treasury bills amounting to ₦2,931 million (Dec. 2016: ₦2,716 million). See note 8.2.

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

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

(vi) Other debt funding of ₦16.4 billion represents a loan facility obtained from Zenith Bank effective 21 December 2016. The facility was repaid during the period.

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

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

In determining the applicable rate, the group made an analysis of applicable transactions in the market and based on that analysis assessed the rate at which the relevant USD deposits and other borrowing could have been settled if the cash flows occurred at balance sheet date. The different rate applied was ₦366/$ and the impact was ₦489 million (Dec 2016: ₦3,765 million)

Maturity Analysis	Group		Company	
The maturity analysis is based on the remaining periods to contractual maturity from period end.	31 Dec 2017 ₦million	31 Dec 2016 ₦million	31 Dec 2017 ₦million	31 Dec 2016 ₦million
Repayable on demand	160	203	-	-
Maturing within 1 month	18,014	2,559	-	-
Maturing after 1 month but within 6 months	27,293	4,318	-	-
Maturing after 6 months but within 12 months	7,157	25,956	-	-
Maturing after 12 months	22,268	63,001	-	16,404
	74,892	96,037	-	16,404
Movement in other borrowings				
At start of the year	96,037	81,107	16,404	-
Additions	25,278	22,054	-	16,404
Accrued interest	55	2,102	1,095	-
Effect of exchange rate changes [loss/(profit)]	980	35,382	-	-
Payments made	(47,458)	(44,608)	(17,499)	-
At end of the year	74,892	96,037	-	16,404

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23. Subordinated debt

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

The terms and conditions of subordinated debt are as follows:

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

(ii) This represents ₦100 million Naira denominated subordinated debt issued on 30 September 2014. Interest is payable semi-annually at 6-month Nigerian Treasury Bills yield plus 1.20%. It has a tenor of 10 years and is callable after 5 years from the issue date. The debt is unsecured.

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

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

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

24. Current tax liabilities

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

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

25.Provisions

31 December 2017	Legal ₦million	Taxes & levies ₦million	Interest cost on judgment debt ₦million	Penalties & fines ₦million	Total ₦million
Balance at 1 January 2017	8,040	1,541	1,000	-	10,581
Provisions made during the year	250	5,189		-	5,439
Provisions used during the year	(96)	(1,044)	-		(1,140)
Provisions reversed during the year	(901)	-	(1,000)	-	(1,901)
Balance at 31 December 2017	7,293	5,686	-	-	12,979
Current	-	-	-	-	-
Non-current	7,293	5,686	-	-	12,979
	7,293	5,686	-	-	12,979
31 December 2016					
Balance at 1 January 2016	8,043	984	-	1,000	10,027
Provisions made during the year	1,272	610	1,000	-	2,882
Provisions used during the year	(371)	(53)	-	(1,000)	(1,424)
Provisions reversed during the year	(904)	-	-	-	(904)
Balance at 31 December 2016	8,040	1,541	1,000	-	10,581
Current	-	-	-	-	-
Non-current	8,040	1,541	1,000	-	10,581
	8,040	1,541	1,000	-	10,581

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

(b) Taxes & levies
Provisions for taxes and levies relate to additional assessment on taxes, including withholding tax, value added tax, PAYE tax.

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

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26. Other Liabilities

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

(i) Collections and remittance payable includes ₦19.6bn (31 Dec 2016: ₦69.3bn) relating to balance held in respect of clearing and settlement activities for over-the-counter foreign exchange transactions.

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

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

27. Classification of group financial instruments

Accounting classifications and fair values

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

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

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

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

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

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

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

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

28. Fair values of financial instruments

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

28.1 Valuation models

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

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

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

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

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

Specific valuation techniques used to value financial instruments include:

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

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

28.2 Valuation framework

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

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

Significant valuation issues are reported to the audit committee.

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28.3 Financial instruments measured at fair value - fair value hierarchy

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

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

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

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

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

28.4 Level 3 fair value measurement

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

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

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

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

(ii) Unobservable inputs used in measuring fair value

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

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

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

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

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

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

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

Group	Fair value ₦million	Level 1 ₦million	Level 2 ₦million	Level 3 ₦million	Total ₦million
31 December 2017					
Assets					
Cash and cash equivalents	401,348	-	401,348	-	401,348
Loans and advances to banks	9,623	-	-	9,623	9,623
Loans and advances to customers	353,431	-	-	353,431	353,431
Other financial assets	41,427	-	41,427	-	41,427
	805,829	-	442,775	363,054	805,829
Liabilities					
Deposits from banks	61,721	-	61,721	-	61,721
Deposits from customers	771,152	-	771,152	-	771,152
Other borrowings	69,984	-	69,984	-	69,984
Subordinated debt	27,611	-	27,611	-	27,611
Other financial liabilities	186,827	-	186,827	-	186,827
	1,117,295	-	1,117,295	-	1,117,295
31 December 2016					
Assets					
Cash and cash equivalents	301,351	-	301,351	-	301,351
Loans and advances to banks	15,265	-	-	15,265	15,265
Loans and advances to customers	352,965	-	-	341,941	341,941
Other financial assets	31,897	-	31,897	-	31,897
	701,477	-	333,248	357,205	690,454
Liabilities					
Deposits from banks	53,766	-	53,766	-	53,766
Deposits from customers	560,969	-	574,310	-	574,310
Other borrowings	96,037	-	91,555	-	91,555
Subordinated debt	27,964	-	25,423	-	25,423
Other financial liabilities	136,409	-	136,409	-	136,409
	875,145	-	881,463	-	881,463

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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30. Contingent liabilities and commitments

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

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

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

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

30.3 Loan commitments

As at 31 December 2017, the group had irrevocable loan commitments amounting to ₦56.1 billion (Dec 2016: ₦30.2 billion) in respect of various loan contracts.

30.4 Legal proceedings

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

There were a total of 297 legal proceedings outstanding as at 31 December 2017 (Dec. 2016: 282 cases). 198 of these were against the group with claims amounting to ₦159.6 billion (31 December 2016: ₦158 billion), while 99 other cases (Dec 2016: 103 cases) were instituted by the group with claims amounting to ₦18.4 billion (31 December 2016: ₦13 billion).

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

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

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

30.6 Finacle Core Banking software

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

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

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

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

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

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

30.7 Obligations not recognised on transactions with pending regulatory registration

In compliance with the rules of the Financial Reporting Council of Nigeria, the group has not recognised in these financial statements its obligations under some agreements where regulatory registration was yet to be received as at the end of the reporting year.

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

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

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Third party funds under management and funds under administration

Members of the group provide discretionary and non-discretionary investment management services to institutional and private investors.

Commissions and fees earned in respect of trust and management activities performed are included in profit or loss.

Assets managed and funds administrated on behalf of third parties include:

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

31. Income statement information

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

All interest income reported above relates to financial assets not carried at fair value through profit or loss. Interest income for the year ended 31 December 2017 includes ₦129 million (December 2016: ₦80 million) relating to the unwinding of discount element of credit impairments.

Included in interest income is ₦438 million (2016: ₦184 million) earned from related party transactions. See note 36.3.

Interest on investments of ₦45 million (2016: ₦17 million) reported by the company relates to interest earned on money market mutual funds held by the company.

31.2 Interest expense	Group		Company	
	31 Dec 2017 ₦million	31 Dec 2016 ₦million	31 Dec 2017 ₦million	31 Dec 2016 ₦million
Savings accounts	1,150	821	-	-
Current accounts	4,694	701	-	-
Call deposits	1,525	1,744	-	-
Term deposits	21,679	18,294	-	97
Interbank deposits	4,450	2,790	-	-
Borrowed funds	5,826	5,258	1,095	-
	39,324	29,608	1,095	97

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

Included in interest expense reported above is ₦2,710 million (2016: ₦2,224 million) from related party transactions. See note 36.3.

31.3 Net fee and commission revenue

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

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

Other fee and commission income for the Company of ₦1,477 million (2016: ₦835 million) represents fee income earned by the company from technical and management service provided to subsidiaries.

31.4 Trading revenue

Foreign exchange	11,085	6,218	-	-
Fixed income	18,849	5,548	-	-
Interest rates	(786)	3,563	-	-
Equities	0	(3)	-	-
	29,148	15,326	-	-

Included in trading revenue reported above is a trading loss amount of ₦4,143m (2016: ₦5,136m) from related party transactions. See note 36.3 for details.

Trading revenue reported above includes trading income of ₦5,749 million (2016: trading income of ₦2,778 million) relating to derivative transactions. Included in trading income / loss from derivatives is ₦9,598 million (2016: Nil) relating to unobservable valuation difference recognised during the year. As at year end, unobservable valuation difference yet to be recognised amounted to ₦4,500 million (see note 10.7).

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

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

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

Included in staff costs is ₦344 million (2016: ₦333 million) representing salaries and allowances paid to executive directors for the year. See note 32.

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

(i) AMCON expenses

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

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(ii) Non audit services

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

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

31.9 Transactions requiring regulatory approval

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

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

				Amounts recognised in financial statements	
Transaction involved	Registration certificate number	Approved basis and amount	Certificate validity	31 Dec 2017 ₦million	31 Dec 2016 ₦million
(i) The Master agreement between Wizzit International and Stanbic IBTC Bank PLC	NOTAP/AG/ FI/1280/16/208	$54,570	30 April 2016 to 30 April 2017	18	9
(ii) Microsoft Volume Licensing Agreement between Microsoft and Stanbic IBTC Bank PLC	NOTAP/AG/ FI/1280/15/64	Bulk remittance of $3,396,240.00	01 March 2015 to 28 February 2018	1,125	385
(iii) Amendment to the Master Software Licence Agreement between Edgverve Systems Limited India and Stanbic IBTC Bank PLC	NOTAP/AG/ FI/1280/23/150	$665,622	1 year expiring on 31 December 2017	220	201
(iv) Software Licence and Support Agreement between Intellinx Limited and Stanbic IBTC Bank PLC	NOTAP/AG/ FI/1280/17/528	Bulk remittance of $306,497	02 May 2017 to 02 November 2017	101	85
(v) Affiliate Agreement between Nucleus Software Exports Limited and Stanbic IBTC Bank PLC	NOTAP/AG/ FI/1280/13/440	Bulk remittance of $41,452	02 May 2014 to 01 May 2017	14	-
				1,478	680

31.9 Transactions requiring regulatory approval (continued)

(i) NOTAP approved the transfer of technology agreement with Wizzit International, South Africa for a year and expired in April 2017. During the year, a total amount of ₦18 million was paid to Wizzit International.

(ii) The software licence agreement payment to Microsoft Ireland Operations Limited was approved by NOTAP in 2015 for a validity period of 3 years. During the year, a total payment of ₦1,125 million was made.

(iii) NOTAP issued approval for a year and expired for payment of Annual Technical Supports ("ATS") services for Finacle software expiring in December 2017. During this year, a total payment of ₦220 million was made.

(iv) An addendum NOTAP approval was received for a year, effective May 2017, to the software licence agreement with Intellinx Limited. During the year, a total amount of ₦101 million was paid to Intellinx Limited.

(v) NOTAP approved the software licence agreement payment to Nucleus Software Exports Limited for a year expiring March 2018. During the year under review, a total payment of ₦14 million was made.

31.10 Operating leases

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

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

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

31.11 Share-based payment transactions

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

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

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

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

(c) Deferred bonus scheme.

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

Expenses recognised in staff costs	31 Dec 2017 ₦million	31 Dec 2016 ₦million
Stanbic IBTC Equity Growth Scheme (credit)/charge	1,520	129
Parent company share incentive schemes**	(7)	(9)
Deferred bonus scheme (DBS)	1,412	854
	2,925	974
Liabilities recognised in other liabilities		
Stanbic IBTC Equity Growth Scheme	1,265	421
Deferred bonus scheme	1,043	825
	2,308	1,246

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

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31.11 Share-based payment transactions (continued)

a) Stanbic IBTC Equity Growth Scheme

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

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

The provision in respect of liabilities under the scheme amounts to ₦1,265 million at 31 Dec 2017 (Dec 2016: ₦421 million).

The terms and conditions of the grants are as follows.

Vesting category	Year	% vesting	Expiry
Type A	3, 4, 5	50, 75, 100	10 Years

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

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

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

31.11 Share-based payment transactions (continued)

b. Parent company share incentive schemes

Share options and appreciation rights

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

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

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

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

b(i) Group share incentive scheme – share options

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

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

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

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

There were no options outstanding at 31 December 2016.

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b(ii) Equity Growth Scheme - Appreciation rights

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

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

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

There were no options outstanding at 31 December 2016.

(c) Deferred bonus scheme ("DBS")

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

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

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

31.11 Share-based payment transactions (continued)

Deferred bonus scheme 2012 (DBS 2012)

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

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

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

d. Performance reward plan ("PRP")

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

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

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

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e. Quanto stock scheme

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

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

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

Quanto stock units granted not yet exercised at year end:

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

32. Emoluments of directors

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

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

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

33. Taxation

	Group		Company	
	31 Dec 2017 ₦million	31 Dec 2016 ₦million	31 Dec 2017 ₦million	31 Dec 2016 ₦million
Income tax (note 33.1)	12,785	8,689	2,380	892
	12,785	8,689	2,380	892

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

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

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33.2 Rate reconciliation

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

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

33.3 Income tax recognised in other comprehensive income

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

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

34. Earnings per ordinary share

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

Diluted earnings per ordinary share

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

35. Statement of cash flows notes

	Group		Company	
35.1 (Increase)/decrease in assets	31 Dec 2017 ₦million	31 Dec 2016 ₦million	31 Dec 2017 ₦million	31 Dec 2016 ₦million
Trading assets	(134,624)	21,101	-	-
Pledged assets	(14,937)	58,267	-	-
Loans and advances	(37,341)	2,225	-	-
Other assets	(10,222)	(15,479)	78	770
Restricted balance with the Central Bank	(61,749)	(5,507)	-	-
	(258,873)	60,607	78	770
35.2 Increase/(decrease) in deposits and other liabilities				
Deposit and current accounts	198,159	26,496	-	-
Trading liabilities	57,124	(18,776)	-	-
Other liabilities and provisions	57,990	50,563	1,157	(76)
	313,273	58,283	1,157	(76)
35.3 Cash and cash equivalents - Statement of cash flows				
Cash and cash equivalents (note 7)	401,348	301,351	7,545	1,768
Less: restricted balance with the Central Bank of Nigeria	(171,339)	(109,590)	-	-
Cash and cash equivalents at end of the year	230,009	191,761	7,545	1,768

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35.4 Effect of exchange rate changes on cash and cash equivalents	Group		Company	
	31 Dec 2017 ₦million	31 Dec 2016 ₦million	31 Dec 2017 ₦million	31 Dec 2016 ₦million
Currency				
USD	(1,068)	13,912	-	-
EUR	221	741	-	-
GBP	106	147	-	-
Other currency	(4)	106	-	-
Effect of exhange rate	(745)	14,906	-	-

35.5 Net derivative assets

Movement in derivative assets	3,265	(13,406)	-	-
Movement in derivative liabilities	(9,196)	11,405	-	-
Unobservable valuation difference	9,598	3,460	-	-
	3,667	1,459	-	-

36. Related party transactions

36.1 Parent and ultimate controlling party

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

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

36.2 Subsidiaries

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

	% holding
Direct subsidiaries	
Stanbic IBTC Bank PLC	100%
Stanbic IBTC Ventures Limited ("SIVL")	100%
Stanbic IBTC Capital Limited ("SICL")	100%
Stanbic IBTC Asset Managers Limited ("SIAML")	100%
Stanbic IBTC Pension Managers Limited ("SIPML")	88.24%
Stanbic IBTC Investments Limited ("SIIL")	100%
Stanbic IBTC Stockbrokers Limited ("SISL")	100%
Stanbic IBTC Trustees Limited ("SITL")	100%
Stanbic IBTC Insurance Brokers Limited ("SIIBL")	100%
Indirect subsidiaries	
Stanbic IBTC Bureau De Change Limited	
Stanbic IBTC Nominees Limited	

36. Related party transactions (continued)

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

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

The relevant balances are shown below:

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

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

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

(i) Included in the balance with SBSA is ₦7,027 million (2016: ₦5,413 million) representing amount received from SBSA under the Sale, Purchase Agreement for Finacle banking software. The fund is placed in an escrow account and is not available for use by the group on a day to day basis. Interest rate applicable on the balance as at year end was 7.32%.

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

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

c. Derivatives: These represent fair value of currency swap and foreign exchange forward transactions with related parties. The transaction includes EUR/ USD swap, USD/ ZAR swap, GBP/USD swap and USD/ CNH swap with a combined notional principal of ₦52.69 billion (2016: ₦9.06 billion). The contracts maturity ranges from one month to 2 years.

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

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

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

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

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

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

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

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

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

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

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

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

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

Profit or loss impact of transactions with Standard Bank of South Africa and other related parties		Group		Company	
	Note	31 Dec 2017 ₦million	31 Dec 2016 ₦million	31 Dec 2017 ₦million	31 Dec 2016 ₦million
Interest income earned	31.1	436	184	-	-
Interest expense	31.2	(2,715)	(2,224)	-	-
Trading revenue/(loss)	31.4	(4,143)	(5,136)	-	-
Fee and commission income	31.3	-	-	1,491	835
Dividend income	31.5	-	-	28,092	1,501
Operating expense incurred	31.8	-	-	-	-

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

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

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

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

n. Dividend income: represents dividend received from subsidiaries.

36.4 Balances with key management personnel

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

(i) Key management compensation	Group	
	31 Dec 2017 ₦million	31 Dec 2016 ₦million
Salaries and other short-term benefits	1,089	474
Post-employment benefits	50	25
Value of share options and rights expensed	154	16
	1,294	515
(ii) Loans and deposit transactions with key management personnel		
Loans and advances		
Loans outstanding at the beginning of the year	214	330
Net movement during the year	(23)	(116)
Loans outstanding at the end of the year	191	214
Net interest earned	13	19

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

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	Group	
	31 Dec 2017 ₦million	31 Dec 2016 ₦million
Deposit and current accounts		
Deposits outstanding at beginning of the year	247	373
Net movement during the year	30	(126)
Deposits outstanding at end of the year	277	247
Net interest expense	1	3

Deposits include cheque, current and savings accounts.

(iii) Investments

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

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

(iv) Shares and share options held

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

(v) Other transactions with key management personnel

Directors interests in contracts

One of the Bank's branch located on the Ground Floor at Churchgate Towers, PC 30, Churchgate Street, Victoria Island, Lagos is owned by First Continental Properties Limited, and Mr. Ratan Mahtani is a Director on the Board of this Company. The lease was renewed in March 2015, is for a period of three years at a cost of ₦146 million.

Stanbic IBTC Bank (a subsidiary of the Company) has a security equipment maintenance contract with Allegiance Technologies Limited whose director is a close family member of Mr Moses Adedoyin who is a former non-executive director of the Stanbic IBTC Bank (a subsidiary of the group). The contract covers provision of maintenance services for CCTV and electronic access control systems to the bank. Payment made within the year was ₦24.74mn.

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

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

36.5 Other related party transactions

Shared service arrangement with subsidiaries

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

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

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

Foreign currency revolving facility from Standard Bank of South Africa

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

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

Staff health insurance scheme

The group's employees are covered under a comprehensive health insurance scheme provided by Total Health Trust Limited, a subsidiary of Liberty Holdings Limited. Liberty Holdings Limited is a subsidiary of Standard Bank Group Limited. Expenses incurred by the group in respect of the scheme for the year amounted to ₦311 million (2016: ₦305 million).

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37. Director and staff related exposures

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

Schedule of directors and staff related credits

Name of Company/Individual	Relationship	Name of related interest	Facility type	Currency	Date granted	Expiry date	Approved credit limit ₦	Outstanding plus accrued interest ₦	Status	Interest rate %	Security nature
Unilever Nigeria Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	USD	10-Nov-17	9-Jan-18	52,179,855	52,657,831	Performing	6	Unsecured
Unilever Nigeria Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	USD	15-Nov-17	14-Jan-18	56,230,968	56,697,579	Performing	6	Unsecured
Unilever Nigeria Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	USD	29-Nov-17	27-Feb-18	39,906,704	40,141,268	Performing	6	Unsecured
Unilever Nigeria Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	EUR	6-Dec-17	6-Mar-18	11,743,800	11,788,969	Performing	5	Unsecured
Unilever Nigeria Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	EUR	8-Dec-17	8-Mar-18	11,743,800	11,785,520	Performing	5	Unsecured
Unilever Nigeria Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	USD	8-Dec-17	13-Feb-18	24,986,022	25,092,682	Performing	6	Unsecured
Unilever Nigeria Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	EUR	12-Dec-17	12-Mar-18	11,717,549	11,758,928	Performing	6	Unsecured
Unilever Nigeria Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	EUR	12-Dec-17	12-Mar-18	36,319,563	36,447,814	Performing	6	Unsecured
Unilever Nigeria Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	EUR	15-Dec-17	15-Mar-18	8,153,205	8,173,855	Performing	5	Unsecured
Unilever Nigeria Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	USD	15-Dec-17	15-Mar-18	12,998,030	13,037,756	Performing	6	Unsecured
Unilever Nigeria Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	USD	28-Dec-17	26-Feb-18	5,282,002	5,312,730	Performing	6	Unsecured
Seplat Petroleum Development Company Plc	Chairman (Holdco)	Basil Omiyi	Term Loan	USD	30-Sep-16	30-Sep-21	381,780,270	363,682,899	Performing	10	All Asset Debenture And Borrower Personal Guarantee
Seplat Petroleum Development Company Plc	Chairman (Holdco)	Basil Omiyi	Term Loan	USD	13-May-15	31-Dec-18	7,451,100,000	3,281,130,021	Performing	8	All Asset Debenture And Borrower Personal Guarantee
Seplat Petroleum Development Company Plc	Chairman (Holdco)	Basil Omiyi	Term Loan	USD	30-Jun-15	30-Sep-21	8,433,099,786	5,791,523,471	Performing	10	All Asset Debenture And Borrower Personal Guarantee
Seplat Petroleum Development Company Plc	Chairman (Holdco)	Basil Omiyi	Term Loan	USD	29-Jun-17	30-Sep-21	6,165,749,770	6,021,435,156	Performing	10	All Asset Debenture And Borrower Personal Guarantee
Seplat Petroleum Development Company Plc	Chairman (Holdco)	Basil Omiyi	Term Loan	USD	18-Dec-17	11-Jan-18	1,043,814,793	571,178,890	Performing	6	All Asset Debenture And Borrower Personal Guarantee
Presco Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	NGN	26-Jul-17	30-Jun-22	10,000,000	9,979,287	Performing	20	Negative Pledge
Presco Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	NGN	8-Nov-13	12-Nov-20	1,066,070,000	538,044,069	Performing	7	Negative Pledge
Presco Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	NGN	17-Jul-17	30-Jun-22	1,700,000,000	1,702,820,109	Performing	20	Negative Pledge
Presco Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	NGN	22-Jun-17	30-Jun-22	2,000,000,000	2,003,317,775	Performing	20	Negative Pledge
Presco Plc	Former Chairman (Holdco)	Atedo Peterside	Overdraft	NGN	7-Dec-17	31-May-18	1,000,000,000	763,360,805	Performing	24	Negative Pledge
Presco Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	NGN	23-Nov-17	30-Jun-22	1,290,000,000	1,292,139,965	Performing	20	Negative Pledge
Presco Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	EUR	29-Dec-17	4-Feb-18	76,121,432	76,868,714	Performing	6	Negative Pledge
Presco Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	EUR	10-Nov-17	9-Jan-18	87,324,104	77,609,139	Performing	5	Negative Pledge
Presco Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	EUR	23-Oct-17	21-Jan-18	104,166,172	105,240,399	Performing	5	Negative Pledge
Nigerian Breweries Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	NGN	31-Jul-17	28-Jan-18	8,000,000,000	3,025,753,425	Performing	20	Negative Pledge
Nigerian Breweries Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	EUR	10-Oct-17	8-Jan-18	23,387,093	23,673,021	Performing	5	Negative Pledge
Nigerian Breweries Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	EUR	28-Dec-17	12-Jan-18	33,276,087	33,880,180	Performing	5	Negative Pledge
Nigerian Breweries Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	EUR	3-Nov-17	1-Feb-18	33,905,744	34,201,190	Performing	5	Negative Pledge
Nigerian Breweries Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	EUR	10-Oct-17	8-Jan-18	33,846,552	34,260,354	Performing	5	Negative Pledge
Nigerian Breweries Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	EUR	3-Nov-17	1-Feb-18	34,807,921	35,111,229	Performing	5	Negative Pledge
Nigerian Breweries Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	EUR	8-Nov-17	6-Feb-18	52,113,361	52,527,990	Performing	5	Negative Pledge
Nigerian Breweries Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	EUR	3-Nov-17	12-Feb-18	93,163,826	93,975,631	Performing	5	Negative Pledge

Notes to the consolidated and separate financial statements

For the year ended 31 December 2017

Schedule of directors and staff related credits (continued)

Name of Company/Individual	Relationship	Name of related interest	Facility type	Currency	Date granted	Expiry date	Approved credit limit ₦	Outstanding plus accrued interest ₦	Status	Interest rate %	Security nature
Nigerian Breweries Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	EUR	6-Dec-17	6-Mar-18	106,596,776	107,005,548	Performing	5	Negative Pledge
Nigerian Breweries Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	EUR	10-Oct-17	8-Jan-18	332,764,442	336,832,769	Performing	5	Negative Pledge
Nigerian Breweries Plc	Former Chairman (Holdco)	Atedo Peterside	Term Loan	EUR	13-Dec-17	13-Mar-18	651,957,290	653,785,310	Performing	5	Negative Pledge
Nigerian Bottling Co Plc (Coca-Cola Hellenic Bottling Company)	Former Chief Executive (Holdco)	Olusola David-Borha	Term Loan	EUR	13-Dec-17	13-Mar-18	7,327,461	7,348,007	Performing	5	Unsecured
Nigerian Bottling Co Plc (Coca-Cola Hellenic Bottling Company)	Former Chief Executive (Holdco)	Olusola David-Borha	Term Loan	USD	8-Nov-17	7-Jan-18	14,330,012	8,816,413	Performing	6	Unsecured
Nigerian Bottling Co Plc (Coca-Cola Hellenic Bottling Company)	Former Chief Executive (Holdco)	Olusola David-Borha	Term Loan	EUR	5-Dec-17	2-Mar-18	13,878,433	13,933,700	Performing	5	Unsecured
Nigerian Bottling Co Plc (Coca-Cola Hellenic Bottling Company)	Former Chief Executive (Holdco)	Olusola David-Borha	Term Loan	EUR	8-Dec-17	16-Jan-18	14,043,141	14,092,818	Performing	5	Unsecured
Nigerian Bottling Co Plc (Coca-Cola Hellenic Bottling Company)	Former Chief Executive (Holdco)	Olusola David-Borha	Term Loan	EUR	29-Nov-17	27-Feb-18	23,995,835	24,133,525	Performing	6	Unsecured
Nigerian Bottling Co Plc (Coca-Cola Hellenic Bottling Company)	Former Chief Executive (Holdco)	Olusola David-Borha	Term Loan	EUR	28-Nov-17	26-Feb-18	26,987,485	27,122,954	Performing	5	Unsecured
Nigerian Bottling Co Plc (Coca-Cola Hellenic Bottling Company)	Former Chief Executive (Holdco)	Olusola David-Borha	Term Loan	EUR	29-Dec-17	11-Jan-18	45,508,902	45,529,055	Performing	5	Unsecured
Nigerian Bottling Co Plc (Coca-Cola Hellenic Bottling Company)	Former Chief Executive (Holdco)	Olusola David-Borha	Term Loan	EUR	14-Dec-17	14-Jan-18	235,738,978	169,623,775	Performing	5	Unsecured
Nigerian Bottling Co Plc (Coca-Cola Hellenic Bottling Company)	Former Chief Executive (Holdco)	Olusola David-Borha	Term Loan	USD	29-Dec-17	11-Jan-18	306,383,967	306,543,781	Performing	6	Unsecured
MTN Nigeria Communications Ltd	Ex-Non Executive Director	Ahmed I Dasuki	Term Loan	NGN	31-Mar-14	29-Nov-19	7,500,000,000	3,339,206,320	Performing	21	Deed Of Security Over Shares And Shareholders Loans, Negative Pledge, Charge Over Security And Memoradum Of Deposit
MTN Nigeria Communications Ltd	Ex-Non Executive Director	Ahmed I Dasuki	Term Loan	NGN	30-Nov-15	29-Nov-19	2,592,947,314	742,045,849	Performing	21	Deed Of Security Over Shares And Shareholders Loans, Negative Pledge, Charge Over Security And Memoradum Of Deposit
MTN Nigeria Communications Ltd	Ex-Non Executive Director	Ahmed I Dasuki	Term Loan	USD	26-Oct-17	24-Jan-18	172,329,041	174,372,255	Performing	6	Deed Of Security Over Shares And Shareholders Loans, Negative Pledge, Charge Over Security And Memoradum Of Deposit
MTN Nigeria Communications Ltd	Ex-Non Executive Director	Ahmed I Dasuki	Term Loan	USD	30-Nov-17	28-Feb-18	1,097,143,670	1,103,333,273	Performing	6	Deed Of Security Over Shares And Shareholders Loans, Negative Pledge, Charge Over Security And Memoradum Of Deposit
Int Towers Limited	Ex-Non Executive Director	Ahmed I Dasuki	Term Loan	USD	23-Dec-14	13-Dec-21	3,912,655,400	3,963,781,679	Performing	6	Negative Pledge
Golden Sugar Company Limited (A Subsidiary Of Flour Mills)	Former Chairman (Holdco)	Atedo Peterside	Term Loan	NGN	13-Jul-12	14-Jun-22	1,854,000,000	984,865,417	Performing	7	Debenture On Fixed And Floating Assets
Golden Sugar Company Limited (A Subsidiary Of Flour Mills)	Former Chairman (Holdco)	Atedo Peterside	Overdraft	NGN	29-Dec-17	29-Jan-18	890,000,000	246,233	Performing	-	Debenture On Fixed And Floating Assets
Aptics Nigeria Ltd (Subsidiary Of Novare Africa Fund Pcc)	Non-Executive (Holdco)	Fabian Ajogwu San	Term Loan	USD	27-Mar-14	29-Mar-19	4,305,080,000	3,024,880,635	Performing	10	All Asset Mortgage Debenture

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For the year ended 31 December 2017

Schedule of directors and staff related credits (continued)

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

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Schedule of directors and staff related credits (continued)

Name of Company/Individual	Relationship	Name of related interest	Facility type	Currency	Date granted	Expiry date	Approved credit limit ₦	Outstanding plus accrued interest ₦	Status	Interest rate %	Security nature
Guinness Nigeria Plc	Non-Executive (Holdco)	Ngozi Edozien	Term Loan	EUR	23-Nov-17	21-Feb-18	9,098,049	9,150,435	Performing	5	Unsecured
Guinness Nigeria Plc	Non-Executive (Holdco)	Ngozi Edozien	Term Loan	EUR	27-Nov-17	26-Jan-18	25,966,018	26,100,197	Performing	5	Unsecured
Guinness Nigeria Plc	Non-Executive (Holdco)	Ngozi Edozien	Term Loan	EUR	12-Dec-17	16-Jan-18	32,141,321	32,724,348	Performing	5	Unsecured
Guinness Nigeria Plc	Non-Executive (Holdco)	Ngozi Edozien	Term Loan	EUR	27-Nov-17	26-Jan-18	36,093,463	36,279,972	Performing	5	Unsecured
Guinness Nigeria Plc	Non-Executive (Holdco)	Ngozi Edozien	Term Loan	EUR	28-Dec-17	28-Mar-18	919,667,626	920,210,327	Performing	5	Unsecured
Adeniyi Oluwole	Director (Bank)	Adeniyi Oluwole	Home Loans	NGN	26-Mar-10	20-May-22	51,000,000	24,228,790	Performing	9	Legal Mortgage
Atedo N.A. Peterside	Former Chairman (Holdco)	Atedo Peterside	Card	NGN	10-Feb-15	31-Oct-19	20,000,000	490,628	Performing	30	Shares
Dr AAE And Mrs JAO Sogunle	Director (Bank)	Demola Sogunle	Term Loan	NGN	28-Nov-17	20-Nov-22	60,000,000	59,477,258	Performing	18	Legal Mortgage
Dr AAE And Mrs JAO Sogunle	Director (Bank)	Demola Sogunle	Card	USD	21-Nov-16	30-Nov-19	8,279,000	1,386,077	Performing	30	Cash
Various Staff	Staff	Various Staff	Staff Loan	NGN			9,191,683,238	5,869,343,455	Performing	11	
		Total - Insider Related Credits					80,951,138,441	55,430,844,445			

Off balance sheet engagements

Name of Company	Name of related interest	Relationship	Facility type	Currency	Outstanding ₦'000	Status
Golden Sugar Company Limited (A Subsidiary Of Flour Mills)	Atedo Peterside	Ex-Chairman (Holdco)	Letter Of Credit	USD	8,600	Performing
Nigerian Breweries Group (Heineken Intl.)	Atedo Peterside	Ex-Chairman (Holdco)	Letter Of Credit	EUR	2,941	Performing
Nigerian Bottling Co Plc (Coca-Cola Hellenic Bottling Company)	Olusola David-Borha	Ex - Chief Executive (Holdco)	Letter Of Credit	EUR	22,709	Performing
Nigerian Bottling Co Plc (Coca-Cola Hellenic Bottling Company)	Olusola David-Borha	Ex - Chief Executive (Holdco)	Bonds And Guarantees	EUR	173,864	Performing
Guinness Nigeria Plc	Ngozi Edozien	Non-Executive (Holdco)	Letter Of Credit	USD	6,601	Performing
Flour Mills Of Nigeria Plc	Atedo Peterside	Ex-Chairman (Holdco)	Letter Of Credit	USD	27,435	Performing
Pz Cussons Nigeria Plc	Ngozi Edozien	Non-Executive (Holdco)	Letter Of Credit	USD	2,828	Performing
Unilever Nigeria Plc	Atedo Peterside	Ex-Chairman (Holdco)	Letter Of Credit	USD	7,572	Performing
Mtn Nigeria Communications Ltd	Ahmed I Dasuki	Ex-Non Executive Director	Letter Of Credit	USD	7,324	Performing
Presco Plc	Atedo Peterside	Ex-Chairman (Holdco)	Letter Of Credit	EUR	2,502	Performing
					262,376	

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For the year ended 31 December 2017

38. Retirement benefit obligations

The group operates a defined contribution pension scheme in line with the provisions of the Pension Reform Act 2014, with contributions based on the sum of employees' basic salary, housing and transport allowances in the ratio 8% by the employee and 10% by the employer. The amount contributed by the group and remitted to the Pension Fund Administrators during the year was ₦1,085 million (2016: ₦1,888 million).

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

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

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

39. Employees and directors

a. Employees

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

	Group	
	31 Dec 2017 Number	31 Dec 2016 Number
Executive directors	5	5
Management	518	505
Non-management	2,508	2,416
	3,031	2,926
Below ₦1,000,001	-	-
₦1,000,001-₦2,000,000	311	486
₦2,000,001-₦3,000,000	513	468
₦3,000,001-₦4,000,000	306	202
₦4,000,001-₦5,000,000	212	232
₦5,000,001-₦6,000,000	174	166
₦6,000,001 and above	1,515	1,372
	3,031	2,926

40. Compliance with banking regulation

The group was penalised by the Central Bank of Nigeria ("CBN"), the Securities and Exchange Commission ("SEC") and The Nigerian Stock Exchange ("The NSE") during the year as follows:

- CBN imposed a penalty of ₦200,000 for the late rendition of its daily FinA returns for 01 February 2017, 03 February 2017, 13 February 2017, 13 June, 14 June, 30 June, 18 July and 05 September 2017.
- CBN imposed a penalty of ₦10million for the following breaches: (a) Deployment of an offsite ATM without CBN approval – E-business; (b) The returns for ATM cards sent to CBN on FinA were different from the returns provided for the examiners review at the bank- E-business; (c) Not fully complying with Section 3.8 of the Prudential Guidelines as it relates to the information requirement of the Credit print out-Credit; (d) CBN declined the clearance of a staff member who had been blacklisted, the staff member was still in the employment of the Bank as at the time of the examination.
- CBN imposed a penalty of ₦2 million for contravening the CBN circular which is in respect to the repatriation of exports proceeds.
- CBN imposed a penalty of ₦4 million for the following breaches: (a) Late reporting of twenty-nine (29) suspicious transactions in a timely manner to the relevant authorities; (b) Untimely reporting of Currency Transaction Reports ("CTRs") to the relevant authorities.
- CBN imposed a penalty of ₦4 million for consummating a transaction of ₦16.35 billion without obtaining CBN approval and for contravening CBN circular.
- The CBN imposed a fine of ₦2 million for the breach of section 4.1 of the revised Guidance Notes on Regulatory Capital Computation.
- CBN imposed a penalty of ₦14 million for failure to notify the CBN within thirty days of the re-deployment of staff members of Stanbic IBTC to the Bank.
- The NSE imposed a fine of ₦1,984,500 for failure to disclose material information to The Exchange as at when due.
- SEC observed violations of the Section 135 (1) & (2) of the Investment and Securities Act 2007 and imposed a penalty of ₦100,000.
- The SEC imposed a penalty of ₦480,000 for some observed violations of the section 323 (17) & (20) and 279 (2) (6) of the SEC Rules.
- SEC imposed a penalty of ₦4,510,000 for the failure to obtain the approval of SEC to utilise the custodian function of the Bank and to hold securities owned by its clients in a nominee account and accept payment on behalf of its clients from individual issuers of securities in contravention of Rule 61 (2a) of SEC Rules and Regulations.
- Pencom imposed a penalty of ₦500,000 for Incomplete Rendition of Risk Management and Analysis System ("RMAS") Returns for the Month Ended 31 December 2016.

41. Enterprise Risk Review

Kindly refer to page 65 of this annual report

Annexure A: Statement of value added

	Group				Company			
	31 Dec 2017 ₦million	%	31 Dec 2016 ₦million	%	31 Dec 2017 ₦million	%	31 Dec 2016 ₦million	%
Gross earnings	212,434		156,425		29,922		2,528	
Interest paid:								
local	(35,115)		(24,998)		(1,095)		(97)	
foreign	(4,209)		(4,610)		-		-	
	(39,324)		(29,608)		(1,095)		(97)	
Administrative overhead:								
local	(45,176)		(35,058)		(692)		(430)	
foreign	(780)		(370)		-		-	
	(45,956)		(35,428)		(692)		(430)	
Provision for losses	(25,577)		(19,803)		-		-	
Value added	101,577	100	71,586	100	28,135	100	2,001	
Distribution								
Employees & directors								
Salaries and benefits	36,282	36	30,173	42	590	2	500	25
Government								
Taxation	12,785	12	8,689	12	2,380	8	892	45
The future								
Asset replacement (depreciation)	4,129		4,204		-		-	
Expansion (retained in the business)	48,381		28,520		25,165		609	
Total	52,510	52	32,724	46	25,165	90	609	30
	101,577	100	71,586	100	28,135	100	2,001	100

Annexure B: Financial summary

Statement of financial position

	Group					Company				
Assets	31 Dec 2017 ₦million	31 Dec 2016 ₦million	31 Dec 2015 ₦million	31 Dec 2014 ₦million	31 Dec 2013 ₦million	31 Dec 2017 ₦million	31 Dec 2016 ₦million	31 Dec 2015 ₦million	31 Dec 2014 ₦million	31 Dec 2013 ₦million
Cash and cash equivalents	401,348	301,351	211,481	143,171	120,312	7,545	1,768	8	784	2,722
Derivative assets	11,052	14,317	911	4,860	1,526	-	-	-	-	-
Trading assets	151,479	16,855	37,956	96,345	40,711	-	-	-	-	-
Pledged assets	43,240	28,303	86,570	34,172	24,733	-	-	-	-	-
Financial investments	316,641	252,823	162,695	204,502	139,304	1,625	920	658	58	-
Asset held on sale	114	112	262	-	-	-	-	-	-	-
Loans and advances to banks	9,623	15,264	26,782	8,814	94,180	-	-	-	-	-
Loans and advances to customers	372,088	352,965	353,513	398,604	289,747	-	-	-	-	-
Deferred tax assets	8,901	8,638	8,342	5,737	6,059	-	-	555	484	118
Equity Investment in group companies	-	-	-	-	-	85,539	85,539	69,191	69,151	68,951
Other assets	49,442	39,220	23,741	21,710	19,891	2,148	2,226	2,996	2,541	1,038
Intangible assets	605	713	-	-	-	-	-	-	-	-
Property and equipment	21,883	22,962	25,311	24,004	24,988	517	2,404	2,494	2,653	2,572
	1,386,416	1,053,523	937,564	941,919	761,451	97,374	92,857	75,902	75,671	75,401
Equity and liabilities										
Share capital	5,025	5,000	5,000	5,000	5,000	5,025	5,000	5,000	5,000	5,000
Reserves	177,035	132,102	118,726	111,021	92,888	87,629	67,970	67,360	67,990	66,846
Non-controlling interest	3,158	3,696	5,241	4,223	3,321	-	-	-	-	-
Derivative liabilities	2,592	11,788	383	2,677	1,085	-	-	-	-	-
Trading liabilities	62,449	5,325	24,101	85,283	66,960	-	-	-	-	-
Deposits from banks	61,721	53,766	95,446	59,121	51,686	-	-	-	-	-
Deposits from customers	753,642	560,969	493,513	494,935	416,352	-	-	-	-	-
Other borrowings	74,892	96,037	81,107	70,151	48,764	-	16,404	-	-	-
Subordinated debt	29,046	27,964	23,699	22,973	6,399	-	-	-	-	-
Current tax liabilities	12,240	9,508	8,727	9,847	7,681	157	68	60	129	2
Deferred tax liabilities	120	47	120	111	256	-	9			
Provisions & other liabilities	204,496	147,321	81,501	76,577	61,059	4,563	3,406	3,482	2,552	3,553
	1,386,416	1,053,523	937,564	941,919	761,451	97,374	92,857	75,902	75,671	75,401
Acceptances and guarantees	153,377	54,143	49,973	65,563	44,615	-	-	-	-	-

Statement of profit or loss

	Group					Company				
	31 Dec 2017 ₦million	31 Dec 2016 ₦million	31 Dec 2015 ₦million	31 Dec 2014 ₦million	31 Dec 2013 ₦million	31 Dec 2017 ₦million	31 Dec 2016 ₦million	31 Dec 2015 ₦million	31 Dec 2014 ₦million	31 Dec 2013 ₦million
Net operating income	172,769	126,053	100,648	104,645	85,232	28,827	2,431	10,982	14,320	9,137
Operating expenses and provisions	(111,603)	(88,844)	(76,997)	(61,118)	(58,472)	(1,282)	(930)	(1,083)	(1,422)	(921)
Profit before tax	61,166	37,209	23,651	43,527	26,760	27,545	1,501	9,899	12,898	8,216
Taxation	(12,785)	(8,689)	(4,760)	(9,068)	(4,547)	(2,380)	(892)	(28)	238	116
Profit after taxation	48,381	28,520	18,891	34,459	22,213	25,165	609	9,871	13,136	8,332
Profit attributable to:										
Non-controlling interests	2,186	3,878	3,393	2,772	2,163	-	-	-	-	-
Equity holders of the parent	46,195	24,642	15,498	31,687	20,050	25,165	609	9,871	13,136	8,332
Profit for the period	48,381	28,520	18,891	34,459	22,213	25,165	609	9,871	13,136	8,332
Statistical information										
Earnings per share (EPS) - basic	460k	246k	155k	317k	200k	250k	6k	99k	131k	83k

The skills to FOCUS in the face of challenges

Change is inevitable, and often looked at as a negative, when Stanbic IBTC will always see it as an opportunity.

It is during testing times that we can show true leadership, discover new solutions and chart fresh courses of action. It is the problems that we face that produce better practices and directions for our customers.

This is what drives us at Stanbic IBTC

Other information

Management team*

Duke Abanum
Head, Operational Risk

Jumoke Adejumobi
Head, Financial Institutions Coverage

Adeniyi Adeleye
Executive Director, Stanbic IBTC Capital Limited

Emmanuel Aihevba
Head, Lagos Island Zone

Adewale Aina
Head, Human Capital Service

Pat Ajewole
Chief Executive, Stanbic IBTC Bureau de Change Limited

Funso Akere
Chief Executive, Stanbic IBTC Capital Limited

Kunle Akinbowale
Head, Personal & Business Banking Operations

Oyinda Akinyemi
Head, Equity Capital Markets

Inwang Akpan
Head, Transactional Products & Services

*Arranged alphabetically

Shuaib Audu
Chief Executive, Stanbic IBTC Investments Limited

Yomi Balogun
Head, Global Markets Sales

Kobby Bentsi-Enchill
Executive Director, Stanbic IBTC Capital Limited

Sola Carrena
Head, Financial Advisory

Bunmi Dayo-Olagunju
Chief Executive, Stanbic IBTC Asset Management Limited

Olu Delano
Head, Client Coverage

Steve Elusope
Executive Director, Stanbic IBTC Pension Managers Limited

Abiodun Gbadamosi
Head, PBB & IT Audit

Anslem Igbo
Chief Executive, Stanbic IBTC Insurance Brokers Limited

Management team*

Busola Jejelowo
Head, Wealth & Investment Coverage

Iretiola Lawal
Head, Personal & Business Banking Products

Babatunde Majiyagbe
Executive Director, Stanbic IBTC Nominees Limited

Binta Max-Gbinije
Chief Executive, Stanbic IBTC Trustees Limited

Babalola Obilana
Executive Director, Stanbic IBTC Asset Management Limited

Titi Ogungbesan
Chief Executive, Stanbic IBTC Stockbrokers Limited

Nkolika Okoli
Head, Personal Banking

Bunmi Olarinoye
Executive Director, Stanbic IBTC Stockbrokers Limited

Dolu Olugbenjo
Head, Diversified Lending and Leverage Finance

Bayo Olujobi
Head, Corporate & Investment Banking Finance

*Arranged alphabetically

Matthew Onifade
Head, South West Zone

Benjamin Osho
Head, Personal & Business Banking Credit

Remy Osuagwu
Head, Business Banking

Olorundare Otitoju
Head, Global Markets Trading

Adebanjo Otukomaya
Head, Lagos Mainland Zone

Ladi Oyefuga
Head, Market Risk

Akeem Oyewale
Chief Executive, Stanbic IBTC Nominees Limited

Temitope Popoola
Head, Corporate & Investment Banking Human Capital

Oladele Sotubo
Executive Director, Stanbic IBTC Pension Managers Limited

Joyce Uredi
Head, Customer Channels

Stanbic IBTC Bank Branch network

Lagos Island region

1. Idejo
Plot 1712, Adeola Odeku,
Victoria Island, Lagos
2. Awolowo Road Branch 85,
Awolowo Road, Ikoyi Lagos
3. Idumagbo Branch
61a, Idumagbo Avenue, Lagos Island
4. Broad Street Branch
143/145, Broad Street, Lagos
5. Oke Arin Mini Branch
120, Alakoro Street, Marina,
Lagos Island, Lagos
6. Oyingbo Mini Branch
7, Coates Street, Oyingbo, Lagos
7. Herbert Macaulay Branch
220, Herbert Macaulay Way, Yaba
8. Head Office Branch
IBTC Place, Walter Carrington Crescent,
Victoria Island, Lagos
9. Adetokunbo Ademola Branch
76, Adetokunbo Ademola Street,
Victoria Island, Lagos
10. Ajah Mini Branch
4a, Megawaves Plaza, Addo Road,
Ajah Lagos
11. Ajose Adeogun Branch
Plot 290e, Ajose Adeogun Street,
Victoria Island, Lagos
12. Ikota Branch
194 Road 5, Ikota Shopping Complex,
VGC, Lagos
13. Lekki 1 Branch
1, Bis Way, Off Lekki-Epe Expressway,
Lekki, Lagos
14. Lekki 2 Branch
G & M Plaza, Km 18, Lekki–Epe Express
Way, Igbo-Efon, Lekki, Lagos
15. Lekki Admiralty Branch
1, Babatunde Masha Street, Lekki
Admiralty Way, Lekki Phase 1, Lagos
16. Afribank Street Branch
Churchgate Building: Pc 30,
Churchgate Street, Victoria Island,
Lagos
17. Lagos Service Centre
Plot 1321, Karimu Kotun Street,
Victoria Island, Lagos
18. Igando Branch
51, Lasu-Iba Expressway, Igando,
Lagos.
19. Alaba Branch
H48/49, Alaba Intl Mkt, Ojo – Lagos
20. Balogun Business Association Branch
Plaza 3a, Portion C, Opposite Sokoto
Plaza BBA, Trade Fair Complex
21. Festac Branch
Gacoun Plaza, 23 Road,
Opp. K' Close, Festac Town, Lagos
22. Nigerian Ports Authority Branch
Accounts Block, Nig. Ports Authority,
Wharf Road, Apapa, Lagos
23. Tincan Island Branch
8, Apapa Oshodi Express Way,
Coconut B/Stop, Apapa, Lagos.
24. Trade Fair Branch
Hall 2, Olusegun Obasanjo Hall,
Aspamda Plaza, Tradefair Lagos
25. Warehouse Road, Apapa Branch
10/12, Warehouse Road, Apapa, Lagos
26. Yinka Folawiyo Plaza, Apapa Branch
38, Warehouse Road, Apapa, Lagos
27. Satellite Town
Plot 389, Old Ojo Road, Abule Ado,
Satellite Town, Lagos

Lagos Mainland region

1. Oba Akran
20, Oba Akran Avenue, Ikeja
2. Ogba
32, Ijaye Road, Ogba
3. Egbeda
38, Shasha Road, Egba
4. Agege
75, Old Abeokuta Road
5. Oko Oba
327, Old Abeokuta Road
6. Ejigbo
91, Isolo Ikotun Road
7. Ikotun
45, Idimu Road, Ikotun, Lagos State
8. Abule Egba
633, Lagos Abeokuta Road
9. Ipaja
142, Ipaja Road
10. Oshodi
Plot 14, Oshodi Apapa Express way
11. Alausa
IPML Avenue, Alausa, Ikeja
12. Okota
1, Alhaji Adenekan Street
13. Surulere
84, Adeniran Ogunsanya
14. Ojuwoye
214, Agege Motor Road, Ojuwoye
15. Lawanson
35, Lawanson Road, Surulere
16. Tejuosho
77, Ojuelegba Road
17. Orile Coker
104, Market Street, Odunade Market
18. Akoka
100, St. Finbarrs Road, Akoka
19. Aguda
1/3, Enitan Street, Aguda
20. Shomolu
22, Market Street, Shomolu
21. Ladipo Mushin
103, Ladipo Street, Mushin, Lagos
22. Gbagada
15, Diya Street, Ifako, Gbagada
23. Allen Avenue
31, Allen Avenue, Ikeja
24. NAHCO
NAHCO complex, Off MMIA
25. Toyin Street
36A, Toyin Street Ikeja
26. Opebi
43, Opebi Road, Ikeja
27. Ikorodu Town
108, Lagos Road, Ikorodu
28. Ketu
463, Ikorodu Road
29. Maryland
10, Mobolaji Bank Anthony Way, Mary
land
30. Osolo Way
61, Osolo Way
31. Ojodu
102, Isheri Road, Ojodu
32. Ogudu
54, Ogudu Road, Ogudu
33. Ikeja City Mall
Shop L55, Ikeja City Mall

North Central region

1. Grand Tower Mall Branch
Shop 9/10, Apo Mall, Abuja
2. Utako Branch
37, Ekukinam Street, Opp. ABC
Transport, Utako, Abuja
3. Maitama Branch
Plot 2777, Aguiyi Ironsi Way, Maitama
Abuja
4. Abuja Service Centre
75, Ralph Sodeinde Street, CBD, Abuja
5. Abuja NNPC
Hebert Macaulay Way,
Central Business District, Abuja
6. Wuse II, Abuja
Plot 1387, Aminu Kano Crescent,
Wuse 11, Abuja
7. Nigeria Immigration Service
Nigeria Immigrations H/Qtrs, Sauka Air
Port Rd, Abuja
8. Ahmadu Bello Centre
1049 Ahmadu Bello Way Garki Abuja
9. Deidei
Shop W-9, Dei-Dei International
Building Material Market, Dei-Dei,
Abuja
10. Abuja Garki Area 3
Infinity House 11, Kaura Namoda
Street, Off Faskari Crescent, Area 3
11. Garki Model
Plot 2, Ladoke Akintola Boulevard,
Garki II, Abuja
12. Gwagwalada
Plot 415, Teaching Hospital Road,
Gwagwalada, Abuja
13. Kubwa
Plot 71/72, Gado Nasko Way, Kubwa,
Abuja
14. Suleja
Opposite Division 'A' Police Station,
Minna Road, Suleja, Niger State
15. Lokoja
Opp. Kogi State Specialist Hospital,
Lokoja
16. Bauchi
16, Yandoka Road, Bauchi,
Bauchi State
17. Jos
34, Ahmadu Bello Way, Jos
18. Nyanya
Bomma Plaza, Sharp Corner, Opposite
The Young Shall Grow Park, Mararaba,
Abuja-Keffi Road, Nasarawa State.
19. Minna
Beside Central Mosque, Bosso Road,
Minna
20. Kontagora
Opposite Hamson Nig Ltd, Lagos
Kaduna Road, Kontagora, Niger State
21. Mararaba
A1, Kwad Mall, Adjacent Mama Cass
Eatery, Abuja -Keffi Road, Mararaba,
Nasarawa State
22. Makurdi
5, Ogiri Oko Road, Makurdi
23. Lafia
Plot 1, Opposite Fatima House,
Jos Road, Lafia.
24. Jalingo
22, Hammaruwa Way, Jalingo
25. Gboko
37, Captain Downs Street, Adekaa,
Gboko
26. Otukpo
Enugu - Makurdi Road, Otukpo
27. Yola
1, Mohammed Mustapha Way
28. Maiduguri
35, Sir Kashim Ibrahim Way, Maiduguri
29. Damaturu
Plot 591a, Njiwaji Layout, Damaturu,
Yobe State.
30. Gombe
No 22, Biu Road Gombe
31. Mautech
Modibbo Adama University of
Technology Yola

Stanbic IBTC Bank Branch network

North West region

1. Kaduna Main
14, Ahmadu Bello Way, Kaduna
2. Kaduna Central
1, Bayajidda Road
3. Kachia Road
A7, Kachia Road
4. Kaduna Nnpc
Km 16, Kachia Road, Kaduna.
5. Kasuwa Barci
Ah6, Gamagira Road, T/Wada Kaduna
6. Kawo Mando
Jaas Plaza, Zaria Road, Kawo, Kaduna
7. Sabon Tasha
32, Kachia Road, Sabon Tasha Kaduna
8. Samaru
2, Sokoto Road, Samaru, Zaria, Kaduna
9. Sabon Gari Zaria
7a, Aminu Road, Sabon Gari, Zaria
10. Zaria City
90, Angwan Mallam Sule Bakin Kasuwa, Zaria City
11. Katsina
175, Kurfi House, IBB Way, Katsina
12. Gusau
68, Ahmadu Bello Way
13. Sokoto
68, Maiduguri Road
14. Kebbi Branch
68, Ahmadu Bello Way, Birnin Kebbi
15. Zaria Main
9, Kaduna Road, PZ Zaria
16. Bayero University
Gwarzo Road, Bayero University New Campus, Kano
17. Sabon Gari Kano
1, Galadima Road Sabon Gari-Kano, Kano
18. Dutse
14/15 Sani Abacha Way, Dutse
19. Kantin Kwari
No 71a Fagge Takudu Kantin Kwari
20. Bello Road
31/32 Bello Road
21. Kano Service Centre
3 Bank Road
22. Shauchi
Umma Bayero House Shauchi
23. Hotoro
Maiduguri Road Hotoro

South South region

1. Trans Amadi 2
87, Trans Amadi Industrial Layout
2. Trans-Amadi 1
7, Trans-Amadi Road,Port Harcourt
3. Port Harcourt Service Center
133a Olu Obasanjo Road, Port Harcourt.
4. Eleme Branch
Iepcl Eleme, Port Harcourt, Rivers State
5. Aba Road
171, Aba Road, Port Harcourt
6. Port Harcourt Airport
Phc Int'l Airport, Omagwa
7. Artillery
234, Aba Road, Port Harcourt
8. Yenagoa
623, Melford Okilo Road, Yenagoa
9. Oyigbo
Kilometre 37, Aba-Port Harcourt Express Road, Oyigbo, Port Harcourt, Rivers State
10. Calabar
71, Marian Road, Calabar, Cross River State
11. Uyo
65, Nwaniba Road, Uyo
12. Eket Branch
2, Grace Bill Road, Eket Town
13. Whatt Market
45, Bedwell Street, Calabar
14. Airport Road Warri
23, Ogunu Road, Warri
15. Warri Main
98, Effurun/Sapele Road, Effurun, Delta State
16. Olu Obasanjo
58, Olu Obasanjo Road, Port Harcourt

South East region

1. Ariaria
189, Faulks Road, Aba
2. Umuahia
2, Market Road, By Library Avenue, Umuahia
3. Aba Main
7, Factory Road, Aba, Abia State
4. Sapele Road
131a, Sapele Road, Benin City, Edo State
5. New Benin
174, Upper Mission Road, By Constain Junction, Benin City
6. Benin Main
71, Akpapava Street, Benin
7. Uniben
Bank Road, University of Benin, Ugbowo Campus
8. Awka
49, Zik Avenue Awka
9. Onitsha Main
13, Bright Street, Main Market, Onitsha
10. Onitsha Head Bridge
56, Port Harcourt Road, Onitsha
11. Enugu
1 Garden Avenue, Besides EEDC Regional Office, Okpara Avenue, Enugu
12. Abakaliki
10, Old Ogoja Road, Abakaliki
13. Polomall
Shop 56, Polo Park Mall, Abakaliki Road, Enugu
14. Owerri
81, Okigwe Road, Owerri, Imo State.
15. Aba Market
7, Duru Street, Off Cemetery Road, Aba
16. Asaba
206, Nnebisi Road, Asaba

South West region

1. Oyo
Oyo/Ogbomoso Road, Oyo Town
2. Agodi Gate
Inaolaji Business Complex, Agodi Gate, Ibadan
3. UI Road
UI Road, Sayora Building, Opposite UI 2nd Gate, Ibadan
4. Ibadan Main
UCH-Secretariat Road, By Total Garden, Ibadan
5. Iwo Road
Baloon House, Iwo Road, Ibadan
6. Iwo Town
147, Ejigbo Road, Araromi - Sabo, Iwo Town
7. Iyana Church
Ibitola Plaza, Iyana Church, Ibadan, Oyo State
8. Saki
Beside Saki West Local Government Secretariat, Sango - Ajegunle Road Saki, Oyo State
9. New Gbagi
Bashmus and Ayimur Plaza, Opp Texaco Station, Gbagi, Ibadan
10. Aleshinloye
Eleyele Road, Nigerian Army Housing Scheme, Ibadan
11. Mokola
18b, Oyo Road, Mokola, Ibadan
12. Gbagi
Aje House Annexe, Opposite Obisesan Hall, Lebanon Street, Old Gbagi, Ibadan
13. Abeokuta
2a, Lantoro Road, Isale-Ake, Abeokuta
14. Agbara
Agbara Estate Shopping Mall, Agbara Industrial Estate, Agbara
15. Challenge
127, Orita Challenge, Ibadan, Oyo State
16. Sango Otta 2
Km 38, Abeokuta Expressway, Sango Otta, Ogun State
17. Shagamu
167, Akarigbo Road, Shagamu, Ogun State
18. Sapon
2a, Lantoro Road, Isale-Ake, Abeokuta
19. Ring Road
1b, Moshood Abiola Road, Ring Road, Ibadan, Oyo State
20. Sango Otta 1
101, Idi Iroko Otta Road, Sango Otta, Ogun State
21. Ijebu Ode
58, Ibadan Road, Ijebu-Ode, Ogun
22. Ife
5, Obalufon-Lagere Road, Lagere Junction, Lle-Ife
23. Ilesha
1a198, Osogbo Road, Ishokun, Ilesha, Osun State
24. Ilorin
11, Unity Road (Amosu House)
25. Ojatuntun
A171, Abdulazeez Attah Road, Surulere, Ilorin
26. Kwara Mall
11, Unity Road, Ilorin, Kwara State
27. Ogbomoso
Ilorin-Ogbomoso Road, Sabo Area, Ogbomoso Town
28. Ado Ekiti
Ado-Iyin Express Road, Ado Ekiti, Ekiti State
29. Ondo
62, Yaba Road, Ondo Town, Ondo State
30. Akure
GNI Building, Off Old Ado/Owo Road, Akure
31. Oshogbo
201, Gbogan – Ibadan Road, Osogbo, Osun State

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Designed and produced by Creative Interpartners, London
Email: ci@creativeinterpartners.co.uk

Photography: Centaur Photographers

Stanbic IBTC Holdings PLC RC1018051