Stanbic IBTC Bank PLC

Unaudited interim group financial statements
for the nine months ended 30 September

2012

Stanbic IBTC Bank
A member of Standard Bank Group

RC 125097

Building for the future, with our range of products and services at the heart of our strategy

Providing innovative solutions for clients is our core focus. Thinking ahead to design our services for the future is a challenge we embrace.

Looking ahead motivates us to provide a breadth of answers that addresses our customers' and shareholders' financial aspirations – from mobile banking transactions to wholesale corporate investments and wealth management.

Growing from our solid foundation of proven capabilities and experience, our business strategy of providing end-to-end financial solutions keeps us adaptable, innovative and relevant to our clients' demands.

We engineer responsive solutions, planning beyond today to redefine the financial landscape. **We keep you moving forward.**

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These are the third quarter of the group's IFRS interim financial statement for 2012 financial year. These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), its interpretation adopted by International Accounting Standard Board (IASB). As a first time adopter, the group has applied the requirements of IFRS 1 First time Adoption of International Financial Reporting Standards. The principal accounting policies applied in the presentation of the financial statements are set out below.

1. Basis of consolidation

Subsidiaries

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

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

Intra-group transactions, balances and unrealised gains and 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.

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

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

Special purpose entities

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

Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the group. The consideration transferred is measured as the sum of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. Transaction costs for any business combinations prior to 1 January 2010 are capitalised as part of the consideration transferred. Transaction costs on or after 1 January 2010 are recognised within profit or loss as and when they are incurred.

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

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the consideration transferred, the value of noncontrolling interest recognised and the acquisition date fair value of any previously held equity interest in the subsidiary over the subsidiary's fair value of identifiable net assets acquired is recorded as goodwill and accounted for in terms of accounting policy 5 – Intangible assets.

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

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.

Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in the gain or loss of control are accounted for as transactions with equity holders of the group. For purchases of additional interests from non-controlling interests, the difference between the purchase consideration and the group's proportionate share of the subsidiary's additional net asset value acquired is accounted for directly in equity. Gains or losses on the partial disposal (where a change in ownership occurs and control is not lost) of the group's interest in a subsidiary to non-controlling interests are also accounted for directly in equity.

Common control transactions

A common control transaction is defined as a business combination in which all of the combining entities (subsidiaries) are ultimately controlled by the same party both before and after the business combination, and control is not transitory. The cost of an acquisition of a subsidiary under common control is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Any costs directly attributable to the acquisition are written off against reserves. On acquisition the carrying values of assets and liabilities are not restated to fair value. The acquirer incorporates assets and liabilities at their precombination carrying amounts.

Any excess/deficit of the purchase price over the pre-combination carrying amounts is adjusted directly in equity. Any differences to values of the subsidiary's underlying assets and liabilities compared to those presented by the ultimate holding company and adjustments to achieve harmonisation of accounting policies will be adjusted on consolidation. Under this approach comparatives are not restated.

The principles of when control arises are the same as those for interests in subsidiaries where the acquisition method of accounting is applied.

2. Foreign currency translations

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

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

Transactions and balances

Foreign currency transactions are translated into the functional currency of the group at exchange rates prevailing at the date of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the transaction date, and those measured at fair value are translated at the exchange rate at the date that the fair value was determined. Exchange differences on non-monetary items are accounted for based on the classification of the underlying items. Foreign exchange gains and losses on equities (debt) classified as available-for-sale financial assets are recognised in the available-for-sale reserve in OCI (profit or loss) whereas the exchange differences on equities and debt that are classified as held at fair value through profit or loss are reported as part of the fair value gain or loss in profit or loss.

3. Cash and cash equivalents

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

4. Financial instruments

Initial recognition and measurement

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

Subsequent measurement

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

Held-for-trading financial assets and liabilities

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

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

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

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

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

- this designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. Under this criterion, the main classes of financial instruments designated by the group are loans and advances to customers and debt securities in issue. The designation significantly reduces measurement inconsistencies that would have otherwise arisen if the related derivatives were treated as held-for-trading and the underlying financial instruments were carried at amortised cost. This category also includes financial assets used to match investment contracts or insurance contract liabilities;
- groups of financial assets, financial liabilities or both are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy, and reported to the group's key management personnel on a fair value basis. Under this criterion, certain private equity, short-term insurance and other investment portfolios have been designated at fair value through profit or loss; or
- financial instruments contain one or more embedded derivatives that significantly modify the instruments' cash flows.

The fair value designation is made on initial recognition and is irrevocable. Subsequent to initial recognition, the fair values are remeasured at each reporting date. Gains and losses arising from changes in fair value are recognised in interest income (expense) for all debt financial assets (financial liabilities) and in other revenue within non-interest revenue for all equity instruments.

Loans and receivables

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

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

Available-for-sale

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

Available-for-sale financial assets are subsequently measured at fair value. Unrealised gains or losses arising from changes in the fair value of available-for- sale financial assets are recognised directly in the available-for-sale reserve until the financial asset is derecognised or impaired. When debt (equity) available-for-sale financial assets are disposed of, the cumulative fair value adjustments in OCI are reclassified to interest income (other revenue).

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

Reclassification of financial assets

The group may choose to reclassify non-derivative trading assets out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets that would not otherwise have met the definition of loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances. In addition, the group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories 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 and available-for-sale categories are determined at the reclassification date. Subsequent increases in estimates of cash flows 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.

Fair value

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

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

When such valuation models, with only observable market data as inputs, or the comparison with other observable current market transactions in the same instrument, indicate that the fair value differs from the transaction price, the initial difference, commonly referred to as day one profit or loss, is recognised in profit or loss immediately. If non-observable market data is used as part of the input to the valuation models where the fair value of the financial instrument is not able to be evidenced by comparison with other observable current market transactions in the same instrument, the resulting difference between the transaction price and the model value is deferred. The timing of the recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement, depending on the nature of the instrument and availability of market observable inputs.

Subsequent to initial recognition, the fair values of financial assets and liabilities are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. If the market for a financial asset is not active or the instrument is unlisted, the fair value is determined using applicable valuation techniques.

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These include the use of recent arm's-length transactions, discounted cash flow analyses, pricing models and valuation techniques commonly used by market participants.

Where discounted cash flow analyses are used, estimated future cash flows are based on management's best estimates and a market- related discount rate at the reporting date for a financial asset or liability with similar terms and conditions.

Where the fair value of investments in unquoted equity instruments and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are unable to be reliably determined, those instruments are measured at cost less impairment losses. Impairment losses on these financial assets are not reversed.

Impairment of financial assets

Assets carried at amortised cost

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

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

- known cash flow difficulties experienced by the borrower;
- a breach of contract, such as default or delinquency in interest and/or principal payments;
- breaches of loan covenants or conditions;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and
- where the group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the group would not otherwise consider.

The group first assesses whether there is objective evidence of impairment individually for loans that are individually significant, and 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 nonperforming financial loans takes account of past loss experience adjusted for changes in economic conditions and the nature and level of risk exposure since the recording of the historic losses.

When a loan carried at amortised cost has been identified as specifically impaired, the carrying amount of the loan is reduced to an amount equal to the present value of its estimated future cash flows, including the recoverable amount of any collateral, discounted at the financial asset's original effective interest rate. The carrying amount of the loan is reduced through the use of a specific credit impairment account and the loss is recognised as a credit impairment charge in profit or loss.

The calculation of the present value of the estimated future cash flows of collateralised financial assets recognised on an amortised cost basis includes cash flows that may result from foreclosure less costs of obtaining and selling the collateral, whether or not foreclosure is probable.

If the group determines that no objective evidence of impairment exists for an individually assessed loan, whether significant or not, it includes the loan in a group of financial loans with similar credit risk characteristics and collectively assesses for impairment. Loans that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

Impairment of groups of loans that are assessed collectively is recognised where there is objective evidence that a loss event has occurred after the initial recognition of the group of loans but before the reporting date. In order to provide for latent losses in a group of loans that have not yet been identified as specifically impaired, a credit impairment for incurred but not reported losses is recognised based on historic loss patterns and estimated emergence periods. Groups of loans are also impaired when adverse economic conditions develop after initial recognition, which may impact future cash flows. The carrying amount of groups of loans is reduced through the use of a portfolio 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, are reflected within credit impairment charges in profit or loss. Previously impaired loans are written off once all reasonable attempts at collection have been made and there is no realistic prospect of recovering outstanding amounts. Any subsequent reductions in amounts previously impaired are reversed by adjusting the allowance account with the amount of the reversal recognised as a reduction in impairment for credit losses in profit or loss. Subsequent recoveries of previously written off loans are recognised in profit or loss.

Subsequent to impairment, the effects of discounting unwind over time as interest income.

Renegotiated loans

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

Available-for-sale financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have a negative impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is considered to be impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. In that instance, the cumulative loss, measured as the difference between the acquisition price and the current fair value, less any previously recognised impairment losses on that financial asset, is reclassified from OCI to profit or loss.

If, in a subsequent period, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss for available-for-sale debt instruments. Any reversal of an impairment loss in respect of an available-for-sale equity instrument is recognised directly in OCI.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

Derivative financial instruments

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

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

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

All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting are recognised immediately in profit or loss as trading revenue.

Borrowings

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

Financial guarantee contracts

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

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

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or where the group has transferred its contractual rights to receive cash flows on the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability.

The group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or a portion of the risks or rewards of the transferred assets. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with the retention of all or substantially all risks and rewards include securities lending and repurchase agreements.

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

In transfers where control over the asset is retained, the group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

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

Sale and repurchase agreements and lending of securities

Securities sold subject to linked repurchase agreements are reclassified in the statement of financial position as pledged assets when the transferee has the right by contract or custom to sell or 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, at either a fixed price or the purchase price plus a lender's rate of return, are recorded as loans granted under resale agreements and included under trading assets or loans and advances to other banks or customers, as appropriate. The difference between the purchase and sales price is treated as interest and amortised over the life of the reverse repurchase agreement using the effective interest method.

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

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

5. Intangible assets

Computer software

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

Expenditure subsequently incurred on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

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

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

Other intangible assets

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

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

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

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

6. Property and equipment

Equipment and owner-occupied properties

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

Costs that are subsequently incurred are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the group and the cost of the item can be measured reliably. Expenditure which does not meet these criteria is recognised in profit or loss as

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incurred. Depreciation, impairment losses and gains and losses on disposal of assets are included in profit or loss.

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

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

- Property – 25 years
- Computer equipment – 3 to 5 years
- Motor vehicles – 4 years
- Office equipment – 6 years
- Furniture and fittings – 4 years
- Capitalised leased assets – over the shorter of the lease term or its useful life

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

7. Capitalisation of borrowing costs

Borrowing costs that relate to qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale and which are not measured at fair value, are capitalised. All other borrowing costs are recognised in profit or loss.

8. Impairment of non-financial assets

Intangible assets that have an indefinite useful life and goodwill are tested annually for impairment and additionally when an indicator of impairment exists. Intangible assets that are subject to amortisation and other non-financial assets are reviewed for impairment at each reporting date and tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.
An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Fair value less costs to sell is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets that cannot be tested individually are grouped at the lowest levels for which there are separately identifiable cash inflows from continuing use (cash-generating units).

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

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

9. Leases

Group as lessee

Leases, where the group assumes substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are separated using the interest rate implicit in the lease to identify the finance cost, which is recognised in profit or loss over the lease period, and the capital repayment, which reduces the liability to the lessor.
Leases of assets are classified as operating leases if the lessor retains a significant portion of the risks and rewards of ownership. Payments made under operating leases, net of any incentives received from the lessor, are recognised in profit or loss on a straight-line basis over the term of the lease. Contingent rentals are expensed as they are incurred. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Group as lessor

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

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

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

10. Provisions, contingent assets and contingent liabilities

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

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the group recognises any impairment loss on the assets associated with that contract.

Contingent assets are not recognised in the annual financial statements but are disclosed when, as a result of past events, it is highly likely that economic benefits will flow to the group, but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the group's control.

Contingent liabilities include certain guarantees, other than financial guarantees, and letters of credit pledged as collateral security. Contingent liabilities are not recognised in the annual financial statements but are disclosed in the notes to the annual financial statements unless they are remote.

11. Employee benefits

Post-employment benefits

Defined contribution plans

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

Contributions to these plans are recognised as an expense in profit or loss in the periods during which services are rendered by employees.

Termination benefits

Termination benefits are recognised as an expense when the group is committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Short-term benefits

Short-term benefits consist of salaries, accumulated leave payments, profit share, bonuses and any non-monetary benefits such as medical aid contributions.

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

A liability is recognised for the amount expected to be paid under short-term cash bonus plans or accumulated leave if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

12. Tax

Normal tax

Direct taxation includes current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination (relating to a measurement period adjustment where the carrying amount of the goodwill is greater than zero), or items recognised directly in equity or in OCI.

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

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax is not recognised for the following temporary differences:

- the initial recognition of goodwill;
- Federal government bonds;
- the initial recognition of assets and liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits or losses; and
- investments in subsidiaries where the group controls the timing of the reversal of temporary differences and it is probable that these differences will not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current and 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 tax

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

13. Non-current assets held for sale and disposal groups

Non-current assets, or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale rather than continuing use, are classified as held-for-sale. Immediately before classification as held-for-sale, the assets (or components of a disposal group) are remeasured in accordance with the group's accounting policies and tested for impairment (refer to accounting policy 8 – Impairment of non-financial assets). Thereafter, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

14. Equity

Share issue costs

Incremental external costs directly attributable to a transaction that increases or decreases equity are deducted from equity, net of related tax. All other share issue costs are expensed.

Distributions on ordinary shares

Distributions are recognised in equity in the period in which they are declared. Distributions declared after the reporting date are disclosed in the distributions note.

15. Equity-linked transactions

Equity compensation plans

The group operates a cash-settled share-based compensation plan.

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

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

The fair value of equity-settled share options is determined on the grant date and accounted for as staff costs over the vesting period of the share options, with a corresponding increase in the share-based payment reserve. Non-market vesting conditions, such as the resignation of employees and retrenchment of staff, are not considered in the valuation but are included in the estimate of the number of options expected to vest. At each reporting date, the estimate of the number of options expected to vest is reassessed and adjusted against profit or loss and equity over the remaining vesting period.

On vesting of share options, amounts previously credited to the share-based payment reserve are transferred to retained earnings through an equity transfer. On exercise of equity-settled share options, proceeds received are credited to share capital and premium.

16. Revenue and expenditure

Banking activities

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

Net interest income

Interest income and expense (with the exception of those borrowing costs that are capitalised – refer to accounting policy 7 – Capitalisation of borrowing costs) are recognised in profit or loss on an accrual basis using the effective interest method for all interest-bearing financial instruments, except for those classified at fair value through profit or loss. In terms of the effective interest method, interest is recognised at a rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. Direct incremental transaction costs incurred and origination fees received, including loan commitment fees, as a result of bringing margin-yielding assets or liabilities into the statement of financial position, are capitalised to the carrying amount of financial instruments that are not at fair value through profit or loss and amortised as interest income or expense over the life of the asset or liability as part of the effective interest rate.

Where the estimates of payments or receipts on financial assets (except those that have been reclassified – refer to accounting policy 4 – Financial instruments) or financial liabilities are subsequently revised, the carrying amount of the financial asset or financial liability is adjusted to reflect actual and revised estimated cash flows.

The carrying amount is calculated by computing the present value of the estimated cash flows at the financial asset or financial liability's original effective interest rate. Any adjustment to the carrying value is recognised in net interest income.

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

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

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

Non-interest revenue

Net fee and commission revenue

Fee and commission revenue, including transactional fees, account servicing fees, investment management fees, sales commissions and placement fees are recognised as the related services are performed. Loan commitment fees for loans that are not expected to be drawn down are recognised on a straight-line basis over the commitment period. Loan syndication fees, where the group does not participate in the syndication or participates at the same effective interest rate for comparable risk as other participants, are recognised as revenue when the syndication has been completed. Syndication fees that do not meet these criteria are capitalised as origination fees and amortised as interest income.

The fair value of issued financial guarantee contracts on initial recognition is amortised as income over the term of the contract.

Fee and commission expenses included in net fee and commission revenue are mainly transaction and service fees relating to financial instruments, which are expensed as the services are received.

Trading revenue

Trading revenue comprises all gains and losses from changes in the fair value of trading assets and liabilities, together with related interest income, expense and dividends.

Other revenue

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

Gains and losses on equity available-for-sale financial assets are reclassified from OCI to profit or loss on 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.

17. Segment reporting

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

Transactions between segments are priced at market-related rates.

18. Fiduciary activities

The group commonly engages in trust or other fiduciary activities that result in the holding or placing of assets on behalf of individuals, trusts, post-employment benefit plans and other institutions. These assets and the income arising directly thereon are excluded from these annual financial statements as they are not assets of the group. However, fee income earned and fee expenses incurred by the group relating to the group's responsibilities from fiduciary activities are recognised in profit or loss.

Statement of financial position

As at 30 September 2012

	Note	Group 30 Sep 2012 ₦million	Group 31 Dec 2011 ₦million	Bank 30 Sep 2012 ₦million	Bank 31 Dec 2011 ₦million
Assets					
Cash and balances with central banks	3	**44,790**	30,074	**44,790**	30,072
Derivative assets	4	**1,461**	3,081	**1,461**	3,081
Trading assets	5	**157,091**	66,476	**157,091**	66,476
Pledged assets	6	**24,118**	19,501	**24,118**	19,501
Financial investments	7	**64,963**	88,877	**52,992**	79,117
Loans and advances	8	**291,939**	302,771	**290,982**	301,285
Loans and advances to banks	8	**30,872**	46,051	**29,915**	44,565
Loans and advances to customers	8	**261,067**	256,720	**261,067**	256,720
Current tax assets	9	**47**	30	**-**	-
Deferred tax assets	9	**2,858**	2,638	**2,858**	2,700
Equity investment in group companies	10	**-**	-	**1,984**	1,984
Other assets	11	**18,909**	11,299	**18,741**	9,385
Intangible assets	12	**3,791**	5,036	**3,791**	5,033
Property and equipment	13	**24,217**	24,724	**23,812**	24,272
Total assets		**634,184**	554,507	**622,620**	542,906
Equity and liabilities					
Equity		**89,430**	81,778	**77,476**	71,708
Equity attributable to ordinary shareholders		**87,452**	79,867	**77,476**	71,708
Ordinary share capital	14	**9,375**	9,375	**9,375**	9,375
Ordinary share premium	14	**47,469**	47,469	**47,469**	47,469
Reserves		**30,608**	23,023	**20,632**	14,864
Non-controlling interest		**1,978**	1,911	**-**	-
Liabilities		**544,754**	472,729	**545,144**	471,198
Derivative liabilities	4	**220**	749	**220**	749
Trading liabilities	15	**104,675**	63,173	**104,675**	63,173
Deposit and current accounts	16	**341,785**	299,787	**348,024**	303,365
Deposits from banks	16	**25,950**	12,545	**25,950**	12,545
Deposits from customers	16	**315,835**	287,242	**322,074**	290,820
Other borrowings	17	**55,229**	47,618	**55,229**	47,618
Current tax liabilities	18	**2,865**	5,112	**927**	2,670
Deferred tax liabilities	18	**134**	75	**-**	-
Other liabilities	19	**39,846**	56,215	**36,069**	53,623
Total equity and liabilities		**634,184**	554,507	**622,620**	542,906

Atedo N A Peterside CON
Chairman

Sola David-Borha
Chief executive officer

Statement of comprehensive income

For nine months ended 30 September 2012

	Note	Group 9 months period ended 30 Sep 2012 ₦million	Group 9 months period ended 30 Sep 2011 ₦million	Group 12 months period ended 31 Dec 2011 ₦million	Bank 9 months period ended 30 Sep 2012 ₦million	Bank 9 months period ended 30 Sep 2011 ₦million	Bank 12 months period ended 31 Dec 2011 ₦million
Gross income		**64,030**	47,440	63,377	**55,845**	41,117	53,505
Net interest income		**26,601**	21,750	27,642	**25,240**	21,125	26,732
Interest income	23.1	**42,535**	26,419	35,428	**41,437**	25,786	34,523
Interest expense	23.2	**(15,934)**	(4,669)	(7,786)	**(16,197)**	(4,661)	(7,791)
Non-interest revenue		**21,318**	20,758	27,605	**14,231**	15,141	18,732
Net fee and commission revenue	23.3	**17,135**	14,193	18,388	**8,063**	7,383	8,380
Fee and commission revenue	23.3	**17,312**	14,456	18,732	**8,240**	7,573	8,630
Fee and commission expense	23.3	**(177)**	(263)	(344)	**(177)**	(190)	(250)
Trading revenue	23.4	**4,045**	6,271	8,845	**4,045**	6,271	8,845
Other revenue	23.5	**138**	294	372	**2,123**	1,487	1,507
Total income		**47,919**	42,508	55,247	**39,471**	36,266	45,464
Credit impairment charges	23.6	**(3,075)**	(3,340)	(3,349)	**(3,075)**	(3,340)	(3,349)
Income after credit impairment charges		**44,844**	39,168	51,898	**36,396**	32,926	42,115
Operating expenses		**(35,827)**	(31,207)	(41,792)	**(31,425)**	(27,999)	(37,286)
Staff costs	23.7	**(15,177)**	(13,496)	(17,840)	**(13,155)**	(12,041)	(15,809)
Other operating expenses	23.8	**(20,650)**	(17,711)	(23,952)	**(18,270)**	(15,958)	(21,477)
Net income before indirect taxation		**9,017**	7,961	10,106	**4,971**	4,927	4,829
Indirect taxation	25.1	**(277)**	(89)	(130)	**(277)**	(220)	(260)
Profit before direct taxation		**8,740**	7,872	9,976	**4,694**	4,707	4,569
Direct taxation	25.2	**(1,743)**	(2,169)	(3,333)	**(132)**	(613)	(1,337)
Profit for the period		**6,997**	5,703	6,643	**4,562**	4,094	3,232
Profit attributable to:							
Non-controlling interests		**971**	707	976	**-**	-	-
Equity holders of the parent		**6,026**	4,996	5,667	**4,562**	4,094	3,232
Profit for the period		**6,997**	5,703	6,643	**4,562**	4,094	3,232
Earnings per share							
Basic earnings per ordinary share (kobo)	26	**43**	36	30	**32**	29	17
Diluted earnings per ordinary share (kobo)	26	**43**	36	30	**32**	29	17

Statement of other comprehensive income

For nine months ended 30 September 2012

		Group			Bank		
	Note	**9 months period ended 30 Sep 2012 ₦million**	9 months period ended 30 Sep 2011 ₦million	12 months period ended 31 Dec 2011 ₦million	**9 months period ended 30 Sep 2012 ₦million**	9 months period ended 30 Sep 2011 ₦million	12 months period ended 31 Dec 2011 ₦million
Profit for the period		**6,997**	5,703	6,643	**4,562**	4,094	3,232
Other comprehensive income		**3,319**	(1,345)	(3,903)	**3,014**	(1,085)	(3,563)
Other comprehensive income for the period, net of income tax		**3,319**	(1,345)	(3,903)	**3,014**	(1,085)	(3,563)
Net change in fair value of available-for-sale financial assets		**3,062**	(1,546)	(3,801)	**2,757**	(1,286)	(3,481)
Realised fair value adjustments on available-for-sale financial assets		**257**	201	(48)	**257**	201	(48)
Income tax on other comprehensive income		**-**	-	(54)	**-**	-	(34)
Total comprehensive income for the period		**10,316**	4,358	2,740	**7,576**	3,009	(331)
Attributable to:							
Non-controlling interests		**923**	686	881	**-**	-	-
Equity holders of the parent		**9,393**	3,672	1,859	**7,576**	3,009	(331)

Statement of changes in equity

For nine months ended 30 September 2012

Group	Ordinary share capital & premium ₦million	Statutory credit risk reserve ₦million	Avaliable-for-sale revaluation reserve ₦million	Share based payment reserve ₦million	Other regulatory reserve ₦million	Retained earnings ₦million	Ordinary shareholders' equity ₦million	Non-controlling interest ₦million	Total equity ₦million
Balance at 1 January 2011	56,844	527	107	166	14,055	13,903	85,602	1,376	86,978
Total comprehensive (loss)/income for the year	-	-	(4,089)	-	-	5,667	1,578	976	2,554
Profit for the year	-	-	-	-	-	5,667	5,667	976	6,643
Other comprehensive (loss)/income after tax for the year	-	-	(4,089)	-	-	-	(4,089)	-	(4,089)
Net change in fair value on available-for-sale financial assets	-	-	(4,137)	-	-	-	(4,137)	-	(4,137)
Realised fair value adjustments on available-for-sale financial assets	-	-	48	-	-	-	48	-	48
Equity-settled share-based payment transactions	-	-	-	129	-	(129)	-	-	-
Statutory credit risk reserve	-	(527)	-	-	-	527	-	-	-
Transactions with shareholders, recorded directly in equity	-	-	-	-	-	(7,313)	(7,313)	(441)	(7,754)
Dividends paid to equity holders	-	-	-	-	-	(7,313)	(7,313)	(441)	(7,754)
Balance at 31 December 2011	56,844	-	(3,982)	295	14,055	12,655	79,867	1,911	81,778
Balance at 1 January 2012	**56,844**	-	**(3,982)**	**295**	**14,055**	**12,655**	**79,867**	**1,911**	**81,778**
Total comprehensive income/(loss) for the year	-	-	**3,367**	-	-	**6,026**	**9,393**	**923**	**10,316**
Profit for the period	-	-	-	-	-	**6,026**	**6,026**	**971**	**6,997**
Other comprehensive income/(loss) after tax for the year	-	-	**3,367**	-	-	-	**3,367**	**(48)**	**3,319**
Net change in fair value on available-for-sale financial assets	-	-	**3,110**	-	-	-	**3,110**	**(48)**	**3,062**
Realised fair value adjustments on available-for-sale financial assets	-	-	**257**	-	-	-	**257**	-	**257**
Others	-	-	-	-	-	-	-	-	-
Statutory credit risk reserve	-	-	-	-	-	-	-	-	-
Transactions with shareholders, recorded directly in equity	-	-	-	**67**	-	**(1,875)**	**(1,808)**	**(856)**	**(2,664)**
Equity-settled share-based payment transactions	-	-	-	**67**	-	-	**67**	-	**67**
Dividends paid to equity holders	-	-	-	-	-	**(1,875)**	**(1,875)**	**(856)**	**(2,731)**
Balance at 30 September 2012	**56,844**	-	**(615)**	**362**	**14,055**	**16,806**	**87,452**	**1,978**	**89,430**

Statement of changes in equity (continued)

For nine months ended 30 September 2012

Bank	Ordinary share capital & premium ₦million	Statutory credit risk reserve ₦million	Avaliable-for-sale revaluation reserve ₦million	Share based payment reserve ₦million	Other regulatory reserve ₦million	Retained earnings ₦million	Ordinary shareholders' equity ₦million
Balance at 1 January 2011	56,844	527	(38)	166	13,185	8,668	79,352
Total comprehensive (loss)/income for the year	-	-	(3,563)	-	-	3,232	(331)
Profit for the year	-	-	-	-	-	3,232	3,232
Other comprehensive (loss)/income after tax for the year	-	-	(3,563)	-	-	-	(3,563)
Net change in fair value on available-for-sale financial assets	-	-	(3,611)	-	-	-	(3,611)
Realised fair value adjustments on available-for-sale financial assets	-	-	48	-	-	-	48
Equity-settled share-based payment transactions	-	-	-	129	-	(129)	-
Statutory credit risk reserve	-	(527)	-	-	-	527	-
Transactions with shareholders, recorded directly in equity	-	-	-	-		(7,313)	(7,313)
Dividends paid to equity holders	-	-	-	-	-	(7,313)	(7,313)
Balance at 31 December 2011	56,844	-	(3,601)	295	13,185	4,985	71,708
Balance at 1 January 2012	**56,844**	**-**	**(3,601)**	**295**	**13,185**	**4,985**	**71,708**
Total comprehensive income/(loss) for the year	**-**	**-**	**3,014**	**-**	**-**	**4,562**	**7,576**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**4,562**	**4,562**
Other comprehensive income/(loss) after tax for the year	**-**	**-**	**3,014**	**-**	**-**	**-**	**3,014**
Net change in fair value on available-for-sale financial assets	**-**	**-**	**2,757**	**-**	**-**	**-**	**2,757**
Realised fair value adjustments on available-for-sale financial assets	**-**	**-**	**257**	**-**	**-**	**-**	**257**
Others	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Statutory credit risk reserve	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transactions with shareholders, recorded directly in equity	**-**	**-**	**-**	**67**	**-**	**(1,875)**	**(1,808)**
Equity-settled share-based payment transactions	**-**	**-**	**-**	**67**	**-**	**-**	**67**
Dividends paid to equity holders	**-**	**-**	**-**	**-**	**-**	**(1,875)**	**(1,875)**
Balance at 30 September 2012	**56,844**	**-**	**(587)**	**362**	**13,185**	**7,672**	**77,476**

Statement of cash flows - Group

For nine months ended 30 September 2012

	Note	30 Sep 2012 ₦million	30 Sep 2011 ₦million	31 Dec 2011 ₦million
Net cash flows from operating activities		**10,758**	8,183	1,697
Cash flows used in operations		**(11,417)**	(11,081)	(22,597)
Net income before indirect taxes		**9,017**	7,961	10,106
Adjusted for:		**(21,167)**	(14,877)	(21,109)
Amortisation of intangible assets		**-**	-	72
Credit impairment charges on loans and advances		**3,075**	3,340	3,349
Depreciation of property and equipment		**2,671**	3,771	3,427
Dividends included in trading revenue and investment income		**(73)**	(106)	(183)
Equity-settled share-based payments		**67**	80	142
Indirect taxation		**(277)**	(89)	(130)
Interest expense		**15,934**	4,669	7,786
Interest income		**(42,535)**	(26,419)	(35,428)
Loss/(profit) on sale of property and equipment		**(29)**	(123)	(144)
Increase in income-earning assets	27.1	**(66,761)**	(97,450)	(153,272)
Increase in deposits and other liabilities	27.2	**67,494**	93,285	141,678
Dividends received		**73**	106	183
Interest paid		**(15,934)**	(4,669)	(7,786)
Interest received		**42,535**	26,419	35,428
Direct taxation paid		**(4,499)**	(2,592)	(3,531)
Net cash flows used in investing activities		**(891)**	(2,490)	(3,474)
Capital expenditure on				
- property		**(76)**	(117)	(667)
- equipment, furniture and vehicles		**(1,085)**	(5,035)	(3,175)
- intangible assets		**-**	(1,762)	(612)
Proceeds from sale of property, equipment, furniture and vehicles		**270**	4,424	980
Increase in investment in existing subsidiary		**-**	-	-
Net cash flows used in financing activities		**4,880**	(2,707)	21,682
Net increase/(decrease) in other borrowings		**7,611**	5,047	29,436
Net dividends paid		**(2,731)**	(7,754)	(7,754)
Effect of exchange rate changes on cash and cash equivalents		**(31)**	93	121
Net increase in cash and cash equivalents		**14,716**	3,079	20,026
Cash and cash equivalents at beginning of the period		**30,074**	10,048	10,048
Cash and cash equivalents at end of the period	27.3	**44,790**	13,127	30,074

Statement of cash flows - Bank

	Note	30 Sep 2012 ₦million	30 Sep 2011 ₦million	31 Dec 2011 ₦million
Net cash flows from operating activities		**9,814**	7,399	906
Cash flows used in operations		**(15,398)**	(13,646)	(25,354)
Net income before indirect taxes		**4,971**	4,927	4,829
Adjusted for:		**(21,955)**	(15,810)	(21,754)
Amortisation of intangible assets		**-**	38	50
Credit impairment charges on loans and advances		**3,075**	3,340	3,349
Depreciation of property and equipment		**2,536**	3,538	3,221
Dividends included in trading revenue and investment income		**(2,085)**	(1,338)	(1,368)
Equity-settled share-based payments		**67**	80	123
Indirect taxation		**(277)**	(220)	(260)
Interest expense		**16,197**	4,661	7,791
Interest income		**(41,437)**	(25,786)	(34,523)
Loss/(profit) on sale of property and equipment		**(31)**	(123)	(137)
Increase in income-earning assets	27.1	**(67,130)**	(88,323)	(147,153)
Increase in deposits and other liabilities	27.2	**68,716**	85,560	138,724
Dividends received		**2,085**	1,338	1,368
Interest paid		**(16,197)**	(4,661)	(7,791)
Interest received		**41,437**	25,786	34,523
Direct taxation paid		**(2,113)**	(1,418)	(1,840)
Net cash flows used in investing activities		**(801)**	(2,147)	(3 126)
Capital expenditure on				
- property		**(76)**	(120)	(667)
- equipment, furniture and vehicles		**(975)**	(3,517)	(2,736)
- intangible assets		**-**	(1,762)	(612)
Proceeds from sale of property, equipment, furniture and vehicles		**250**	3,252	949
Increase in investment in existing subsidiary		**-**	-	(60)
Net cash flows used in financing activities		**5,736**	(2,266)	22,123
Net increase/ (decrease) in other borrowings		**7,611**	5,047	29,436
Net dividends paid		**(1,875)**	(7,313)	(7,313)
Effect of exchange rate changes on cash and cash equivalents		**(31)**	93	121
Net increase in cash and cash equivalents		**14,718**	3,079	20,024
Cash and cash equivalents at beginning of the period		**30,072**	10,048	10,048
Cash and cash equivalents at end of the period	27.3	**44,790**	13,127	30,072

Notes to the interim financial statements

For nine months ended 30 September 2012

1. Segment reporting

Operating segments

	Personal & Business Banking		Corporate & Investment Banking		Wealth		Eliminations		Group	
	30 Sep 2012 ₦million	30 Sep 2011 ₦million	30 Sep 2012 ₦million	30 Sep 2011 ₦million	30 Sep 2012 ₦million	30 Sep 2011 ₦million	30 Sep 2012 ₦million	30 Sep 2011 ₦million	30 Sep 2012 ₦million	30 Sep 2011 ₦million
Income from banking activities	**17,062**	13,242	**21,670**	22,476	**9,899**	7,343	**(712)**	(553)	**47,919**	42,508
Net interest income	**13,275**	10,167	**7,789**	11,007	**1,173**	576	**4,364**	-	**26,601**	21,750
Interest income	**17,124**	11,160	**25,694**	14,683	**1,173**	576	**(1,456)**	-	**42,535**	26,419
Interest expense	**(3,849)**	(993)	**(17,905)**	(3,676)	**-**	-	**5,820**	-	**(15,934)**	(4,669)
Non-interest revenue	**3,787**	3,075	**13,881**	11,469	**8,726**	6,767	**(5,076)**	(553)	**21,318**	20,758
Net fee and commission revenue	**3,779**	3,073	**5,357**	4,939	**8,711**	6,734	**(712)**	(553)	**17,135**	14,193
Fee and commission revenue	**3,868**	3,189	**5,445**	5,086	**8,711**	6,734	**(712)**	(553)	**17,312**	14,456
Fee and commission expense	**(89)**	(116)	**(88)**	(147)	**-**	-	**-**	-	**(177)**	(263)
Trading revenue	**-**	-	**8,409**	6,271	**-**	-	**(4,364)**	-	**4,045**	6,271
Other revenue	**8**	2	**115**	259	**15**	33		-	**138**	294
Total income	**17,062**	13,242	**21,670**	22,476	**9,899**	7,343	**(712)**	(553)	**47,919**	42,508
Credit impairment charges	**(2,351)**	(2,114)	**(724)**	(1,226)	**-**	-	**-**	-	**(3,075)**	(3,340)
Income after credit impairment charges	**14,711**	11,128	**20,946**	21,250	**9,899**	7,343	**(712)**	(553)	**44,844**	39,168
Operating expenses in banking activities	**(18,829)**	(17,310)	**(13,275)**	(11,317)	**(4,435)**	(3,133)	**712**	553	**(35,826)**	(31,207)
Staff costs	**(9,859)**	(8,763)	**(3,457)**	(3,435)	**(1,861)**	(1,298)	**-**	-	**(15,177)**	(13,496)
Other operating expenses	**(8,970)**	(8,547)	**(9,818)**	(7,882)	**(2,574)**	(1,835)	**712**	553	**(20,650)**	(17,711)
Net income before indirect taxation	**(4,118)**	(6,182)	**7,671**	9,933	**5,464**	4,210	**-**	-	**9,017**	7,961
Indirect taxation	**(48)**	(69)	**(229)**	(20)	**-**	-	**-**	-	**(277)**	(89)
Profit before direct taxation	**(4,166)**	(6,251)	**7,442**	9,913	**5,464**	4,210	**-**	-	**8,740**	7,872
Direct taxation	**566**	1,913	**(1,000)**	(2,715)	**(1,309)**	(1,367)		-	**(1,743)**	(2,169)
Profit for the period	**(3,600)**	(4,338)	**6,442**	7,198	**4,155**	2,843	**-**	-	**6,997**	5,703
ROE (%)	**(26.6)**	(27.5)	**24.9**	31.4	**86.7**	71.9	**-**	-	**15.8**	13.4
Net interest margin (%)	**13.2**	12.5	**3.7**	5.8	**13.8**	9.6	**-**	-	**8.4**	7.8
Credit loss ratio (%)	**4.9**	5.2	**0.7**	1.4	**-**	-	**-**	-	**2.1**	2.6
Cost-to-income ratio (%)	**128**	155.6	**63**	53.3	**45**	42.7	**-**	-	**79.9**	79.7
Total assets	**200,977**	162,279	**416,250**	380,200	**16,957**	12,028	**-**	-	**634,184**	554,507
Average loans and advances (gross)	**96,730**	81,954	**193,971**	175,741	**-**	-	**-**	-	**290,701**	257,695
Total liabilities	**173,894**	130,761	**363,491**	337,853	**7,369**	4,115	**-**	-	**544,754**	472,729
Average ordinary shareholder's equity	**27,083**	31,518	**51,709**	45,829	**9,588**	7,913	**-**	-	**88,380**	85,260
Depreciation and amortisation	**2,221**	3,251	**319**	301	**131**	219	**-**	-	**2,671**	3,771
Number of employees	**1,415**	1,549	**468**	505	**339**	337	**-**	-	**2,222**	2,391

For nine months ended 30 September 2012

1. Segment reporting continued

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 units

Personal & 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 & 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 banking and investors services. - Transactional products and services – Includes corporate lending and transactional banking businesses, custodial services, trade finance business and property-related lending. - Investment banking – includes project finance, structured finance, equity investments, advisory, corporate lending, primary markets acquisition and leverage finance and structured trade finance.
Wealth	- The wealth group is made up of the bank's subsidiaries, whose activities involve investment management, portfolio management, unit trust/funds management, trusteeship, and pension fund management and administration.

2. Key management assumptions

In preparing the financial statements, estimates and assumptions are made that could materially affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on factors such as historical experience and current best estimates of uncertain future events that are believed to be reasonable under the circumstances. No material changes to assumptions have occurred during the period.

2.1 Credit impairment losses on loans and advances

Portfolio loan impairments

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

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

	Average loss emergence period		Sensitivity[1]	
	2012 Months	2011 Months	**2012 ₦million**	2011 ₦million
Personal & Business Banking	**-**	-	**58**	-
Mortgage lending	**3**	3	**3**	6
Instalment sale and finance leases	**3**	3	**10**	2
Card debtors	**3**	3	**-**	1
Other lending	**3**	3	**45**	80
Corporate & Investment Banking (total loan portfolio)	**12**	12	**146**	157

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

Specific loan impairments

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

	Expected time to recovery		Expected recoveries as a percentage of impaired loans		Impairment loss Sensitivity[1]	
	2012 Months	2011 Months	2012 %	2011 %	2012 ₦million	2011 ₦million
Personal & Business Banking	-	-	-	-	15	22
Mortgage lending	12	12	40	40	4	2
Instalment sale and finance leases	6	6	41	41	6	8
Card debtors	8	8	26	26	-	5
Other lending	8	8	19	19	5	7

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.

2.2 Fair value of financial instruments

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

Additional disclosures on fair value measurements of financial instruments are set out in note 20.

2.3 Impairment of available-for-sale equity investments

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

Had the declines of financial instruments with fair values below cost been considered significant or prolonged, the group would have suffered an additional loss attributable to ordinary shareholders of ₦43 million (31 Dec. 2011: ₦3,441 million) in its financial statements, being the transfer of the negative revaluations within the available-for-sale reserve to profit or loss.

2.4 Securitisations and special purpose entities (SPEs)

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

2.5 Intangible assets

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

Computer software intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. The assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The determination of the recoverable amount of each asset requires judgement. The recoverable amount is based on the value in use and calculated by estimating future cash benefits that will result from each asset and discounting these cash benefits at an appropriate pre-tax discount rate. Additional disclosure on intangible assets is set out in note 12.

2.6 Other

The nature of the assumptions or other estimation uncertainty for group share incentive schemes are disclosed in Annexure A.

3 Cash and balances with central banks

	Group		Bank	
	30 Sep 2012 ₦million	31 Dec 2011 ₦million	30 Sep 2012 ₦million	31 Dec 2011 ₦million
Coins and bank notes	13,967	13,058	13,967	13,056
Balances with central banks	30,823	17,016	30,823	17,016
	44,790	30,074	44,790	30,072

Cash and balances with central bank include ₦32.80 billion (2011:₦14.88 billion) that is not available for use by the group. These balances comprise primarily reserving requirements held with central bank.

Notes to the interim financial statements (continued)

For nine months ended 30 September 2012

4. Derivative instruments

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

4.1 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 hedging purposes. Derivative financial instruments are entered into for trading purposes and for hedging foreign exchange and interest rate exposures. Derivative instruments used by the group in both trading and hedging activities include swaps, forwards and other similar types of instruments based on foreign exchange rates and interest rates.

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

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

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

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

(i) Foreign exchange swaps are contractual obligations between two parties to swap a pair of currencies. Foreign exchange swaps are tailor-made agreements that are transacted between counterparties in the Overt-the-counter (OTC) market.

(ii) Forwards are contractual obligations to buy or sell financial instruments or commodities on a future date at a specified price. Forward contracts are tailor-made agreements that are transacted between counterparties in the OTC market.

4.2 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:

4.2.1 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.

4.2.2 Interest rate derivatives

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

4.3 Day one profit or loss

Where the fair value of an instrument differs from the transaction price and the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation model whose variables include only data from observable markets the difference, commonly referred to as day one profit or loss, is recognised in profit or loss immediately. If not, any resulting difference between the transaction price and the valuation model is deferred and subsequently recognised in accordance with the group's acocunting policies (refer to accounting policy 4 - Financial Instruments).

4.4 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.

4.5 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.

4.6 Derivative assets and liabilities

Maturity analysis of net fair value	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
30 September 2012							
Derivatives held-for-trading							
Foreign exchange derivatives	254	-	-	(58)	12	(70)	12 970
Forwards	254	-	-	(58)	12	(70)	12,970
Interest rate derivatives	(150)	1,137	-	1,299	1,449	(150)	61,245
Forwards	-	-	-	-	-	-	-
Swaps	(150)	1,137	-	1,299	1,449	(150)	61,245
Total derivative (liabilities)/assets held-for-trading	104	1,137	-	1,241	1,461	(220)	74,215
Total derivative assets/(liabilities)	104	1,137	-	1,241	1,461	(220)	74,215
31 December 2011							
Derivatives held-for-trading							
Foreign exchange derivatives	(151)	-	-	(151)	261	(412)	-
Forwards	(151)	-	-	(151)	261	(412)	-
Options	-	-	-	-	-	-	-
Interest rate derivatives	813	1,670		2,483	2,820	(337)	-
Forwards	-	-	-	-	-	-	-
Swaps	813	1,670	-	2,483	2,820	(337)	-
Total derivative assets/(liabilities) held-for-trading	662	1,670	-	2,332	3,081	(749)	-
Total derivative assets/(liabilities)	662	1,670	-	2,332	3,081	(749)	-

For nine months ended 30 September 2012

4.7 Day one profit and loss

The table below sets out the aggregate day one profits yet to be recognised in profit or loss at the beginning and end of the period with a reconciliation of changes in the balance during the period:

	Group	
	30 Sep 2012 ₦million	31 Dec 2011 ₦million
Unrecognised profit at beginning of the period	780	-
Additional profit on new transactions	4	780
Recognised in profit or loss during the period	(507)	-
Unrecognised profit at end of the period	277	780

5 Trading assets

5.1 Classification	Group		Bank	
	30 Sep 2012 ₦million	31 Dec 2011 ₦million	30 Sep 2012 ₦million	31 Dec 2011 ₦million
Listed	157,091	66,476	157,091	66,476
Unlisted	-	-	-	-
	157,091	66,476	157,091	66,476
Comprising:				
Government, municipality, utility bonds and treasury bills	61,348	14,219	61,348	14,219
Corporate bonds	-	5,030	-	5,030
Reverse repurchase agreements	-	16,005	-	16,005
Other instruments	95,743	31,222	95,743	31,222
	157,091	66,476	157,091	66,476
Dated assets	157,091	66,476	157,091	66,476
Undated assets	-	-	-	-
	157,091	66,476	157,091	66,476

Maturity analysis

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

Redeemable on demand	-	-	-	-
Maturing within 1 month	113,551	47,469	113,551	47,469
Maturing after 1 month but within 6 months	11,246	12,885	11,246	12,885
Maturing after 6 months but within 12 months	8,356	1,394	8,356	1,394
Maturing after 12 months	23,938	4,728	23,938	4,728
	157,091	66,476	157,091	66,476

Redemption value

Dated trading assets had a redemption value at 30 September 2012 of ₦157.38 billion (2011: ₦62.81 billion).

6 Pledged assets and assets not derecognised

6.1 Pledged assets	Group		Bank	
	30 Sep 2012 ₦million	31 Dec 2011 ₦million	30 Sep 2012 ₦million	31 Dec 2011 ₦million
Financial assets that may be repledged or resold by counterparties				
Government, municipality and utility bonds	8,399	9,848	8,399	9,848
Treasury bills	15,719	9,653	15,719	9,653
	24,118	19,501	24,118	19,501

Maturity analysis

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

Redeemable on demand	-	-	-	-
Maturing within 1 month	3,637	-	3,637	-
Maturing after 1 month but within 6 months	17,870	12,485	17,870	12,485
Maturing after 6 months but within 12 months	528	2,830	528	2,830
Maturing after 12 months	2,083	4,186	2,083	4,186
	24,118	19,501	24,118	19,501

6.2 Total assets pledged

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

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

The carrying amount of total financial assets that have been pledged as collateral for liabilities (including amounts reflected in 5.1 above) at 30 September 2012 was ₦2,381 million (31 December 2011: ₦1,591 million).

For nine months ended 30 September 2012

7 Financial investments

	Group 30 Sep 2012 ₦million	Group 31 Dec 2011 ₦million	Bank 30 Sep 2012 ₦million	Bank 31 Dec2011 ₦million
Short - term negotiable securities	**19,285**	44,342	**17,930**	41,192
Listed	**19,285**	44,342	**17,930**	41,192
Unlisted	**-**	-	**-**	-
Other financial investments	**45,678**	44,535	**35,062**	37,925
Listed	**37,304**	39,045	**32,043**	34,678
Unlisted	**8,374**	5,490	**3,019**	3,247
	64,963	88,877	**52,992**	79,117
Comprising:				
Government, municipality, utility bonds & treasury bills	**55,116**	82,245	**49,973**	75,870
Corporate bonds	**2,557**	2,742	**2,557**	2,742
Unlisted equities	**886**	921	**462**	505
Mutual funds and unit-linked investments	**1,473**	1,142	**-**	-
Other instruments	**4,931**	1,827	**-**	-
	64,963	88,877	**52,992**	79,117

Maturity analysis

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

	Group 30 Sep 2012 ₦million	Group 31 Dec 2011 ₦million	Bank 30 Sep 2012 ₦million	Bank 31 Dec2011 ₦million
Redeemable on demand	**-**	-	**-**	-
Maturing within 1 month	**6,454**	1,141	**3,328**	376
Maturing after 1 month but within 6 months	**20,107**	40,301	**17,013**	36,756
Maturing after 6 months but within 12 months	**7,977**	6,425	**7,435**	5,758
Maturing after 12 months	**28,053**	38,947	**24,754**	35,722
Undated investments	**2,372**	2,063	**462**	505
	64,963	88,877	**52,992**	79,117

8 Loans and advances

8.1 Loans and advances net of impairments

	Group 30 Sep 2012 ₦million	Group 31 Dec 2011 ₦million	Bank 30 Sep 2012 ₦million	Bank 31 Dec 2011 ₦million
Loans and advances to banks	**30,872**	46,051	**29,915**	44,565
Call loans	**10,819**	-	**10,819**	-
Balances with banks	**20,053**	46,051	**19,096**	44,565
Loans and advances to customers	**261,067**	256,720	**261,067**	256,720
Gross loans and advances to customers	**273,909**	266,082	**273,909**	266,082
Mortgage loans	**10,989**	13,582	**10,989**	13,582
Instalment sale and finance leases (note 8.2)	**31,073**	25,614	**31,073**	25,614
Card debtors	**521**	336	**521**	336
Overdrafts and other demand loans	**33,950**	28,159	**33,950**	28,159
Other term loans	**197,376**	198,391	**197,376**	198,391
Credit impairments for loans and advances (note 8.3)	**(12,842)**	(9,362)	**(12,842)**	(9,362)
Specific credit impairments	**(9,071)**	(6,024)	**(9,071)**	(6,024)
Portfolio credit impairments	**(3,771)**	(3,338)	**(3,771)**	(3,338)
Net loans and advances	**291,939**	302,771	**290,982**	301,285
Comprising:				
Gross loans and advances	**304,781**	312,133	**303,824**	310,647
Less: Credit impairments	**(12,842)**	(9,362)	**(12,842)**	(9,362)
Net loans and advances	**291,939**	302,771	**290,982**	301,285

Maturity analysis

The maturity analysis is based on the remaining periods to contractual maturity from the period ended 30 September 2012.

	Group 30 Sep 2012 ₦million	Group 31 Dec 2011 ₦million	Bank 30 Sep 2012 ₦million	Bank 31 Dec 2011 ₦million
Redeemable on demand	**47,155**	68,996	**46,198**	67,510
Maturing within 1 month	**35,896**	25,080	**35,896**	25,080
Maturing after 1 month but within 6 months	**31,590**	75,992	**31,590**	75,992
Maturing after 6 months but within 12 months	**26,282**	12,871	**26,282**	12,871
Maturing after 12 months	**163,858**	129,194	**163,858**	129,194
Gross loans and advances	**304,781**	312,133	**303,824**	310,647

Notes to the interim financial statements (continued)

For nine months ended 30 September 2012

Loans and advances (continued)

Segmental analysis – industry	Group		Bank	
	30 Sep 2012 ₦million	31 Dec 2011 ₦million	30 Sep 2012 ₦million	31 Dec 2011 ₦million
Agriculture	9,294	5,635	9,294	5,635
Construction	8,651	2,003	8,651	2,003
Electricity	2,846	7,301	2,846	7,301
Finance, real estate and other business services	47,303	104,542	46,346	103,056
Individuals	42,350	39,036	42,350	39,036
Manufacturing	62,643	60,151	62,643	60,151
Mining	41,538	39,798	41,538	39,798
Other services	52,228	21,627	52,228	21,627
Transport	8,316	8,534	8,316	8,534
Wholesale	29,612	23,506	29,612	23,506
Gross loans and advances	**304,781**	312,133	**303,824**	310,647

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

Segmental analysis – geographic area

South South	13,769	12,183	13,769	12,183
South West	264,538	276,380	263,581	274,894
South East	3,064	2,270	3,064	2,270
North West	11,659	11,521	11,659	11,521
North Central	10,614	8,558	10,614	8,558
North East	1,137	1,221	1,137	1,221
Gross loans and advances	**304,781**	312,133	**303,824**	310,647

	Group		Bank	
	30 Sep 2012 ₦million	31 Dec 2011 ₦million	30 Sep 2012 ₦million	31 Dec 2011 ₦million
8.2 Instalment sale and finance leases				
Gross investment in instalment sale and finance leases	39,922	31,621	39,922	31,621
Receivable within 1 year	5,606	10,333	5,606	10,333
Receivable after 1 year but within 5 years	34,290	20,676	34,290	20,676
Receivable after 5 years	26	612	26	612
Unearned finance charges deducted	(8,597)	(6,007)	(8,597)	(6,007)
Net investment in instalment sale and finance leases	31,073	25,614	31,073	25,614
Receivable within 1 year	4,364	8,370	4,364	8,370
Receivable after 1 year but within 5 years	26,689	16,749	26,689	16,749
Receivable after 5 years	20	495	20	495

Notes to the interim financial statements (continued)

For nine months ended 30 September 2012

8.3 Credit impairments for loans and advances

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

Group and Bank	Mortgage lending ₦million	Instalment sale and finance leases ₦million	Card debtors ₦million	Other loans and advances ₦million	Corporate lending ₦million	Total ₦million
30 September 2012						
Specific impairments						
Balance at beginning of the year	**452**	**180**	**28**	**1,867**	**3,497**	**6,024**
Net impairments raised and released	**130**	**558**	**3**	**1,532**	**824**	**3,047**
Portfolio impairments						
Balance at end of the period	**582**	**738**	**31**	**3,399**	**4,321**	**9,071**
Balance at beginning of the year	**184**	**80**	**17**	**1,176**	**1,881**	**3,338**
Net impairments raised and released	**16**	**387**	**(3)**	**133**	**(100)**	**433**
Balance at end of the period	**200**	**467**	**14**	**1,309**	**1,781**	**3,771**
Total	**782**	**1,205**	**45**	**4,708**	**6,102**	**12,842**

Group and Bank	Mortgage lending ₦million	Instalment sale and finance leases ₦million	Card debtors ₦million	Other loans and advances ₦million	Corporate lending ₦million	Total ₦million
31 December 2011						
Specific impairments						
Balance at beginning of the year	468	454	1	1,874	700	3,497
Net impairments raised and released	283	83	27	1,781	3,752	5,926
Impaired accounts written off	(299)	(357)	-	(1,788)	(955)	(3,399)
Balance at end of the year	452	180	28	1,867	3,497	6,024
Portfolio impairments						
Balance at beginning of the year	58	67	2	359	1,886	2,372
Net impairments raised and released	126	13	15	817	(5)	966
Balance at end of the year	184	80	17	1,176	1,881	3,338
Total	636	260	45	3,043	5,378	9,362

For nine months ended 30 September 2012

Segmental analysis of specific impairments - industry

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

	Group		Bank	
Group and Bank	30 Sep 2012 ₦million	31 Dec 2011 ₦million	30 Sep 2012 ₦million	31 Dec 2011 ₦million
Agriculture	147	17	147	17
Electricity	27	-	27	-
Finance, real estate and other business services	387	848	387	848
Individuals	1,467	852	1,467	852
Manufacturing	1,219	893	1,219	893
Mining	2,617	2,560	2,617	2,560
Other services	613	230	613	230
Transport	963	169	963	169
Wholesale	1,631	455	1,631	455
	9,071	6,024	9,071	6,024

Segmental analysis of specific impairments - geographic areas

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

	Group		Bank	
	30 Sep 2012 ₦million	31 Dec 2011 ₦million	30 Sep 2012 ₦million	31 Dec 2011 ₦million
South South	173	45	173	45
South West	8,113	5,653	8,113	5,653
South East	103	58	103	58
North West	180	218	180	218
North Central	489	49	489	49
North East	13	1	13	1
	9,071	6,024	9,071	6,024

	Group		Bank	
	30 Sep 2012 ₦million	31 Dec 2011 ₦million	30 Sep 2012 ₦million	31 Dec 2011 ₦million
9 Current and deferred tax assets				
Current tax assets	47	30	-	-
Deferred tax assets	2,858	2,638	2,858	2,700
	2,905	2,668	2,858	2,700

	Group		Bank	
	30 Sep 2012 ₦million	31 Dec 2011 ₦million	30 Sep 2012 ₦million	31 Dec 2011 ₦million
10 Equity Investment in group companies				
Stanbic IBTC Ventures Limited ("SIVL")	-	-	500	500
Stanbic IBTC Asset Management Limited ("SIAML")	-	-	710	710
Stanbic IBTC Pension Managers Limited ("SIPML")	-	-	565	565
Stanbic IBTC Trustees Limited ("SITL")	-	-	100	100
Stanbic Nominees Nigeria Limited ("SNNL")	-	-	-	-
Stanbic IBTC Stockbrokers Limited ("SISL")	-	-	109	109
	-	-	1,984	1,984

	Group		Bank	
	30 Sep 2012 ₦million	31 Dec 2011 ₦million	30 Sep 2012 ₦million	31 Dec 2011 ₦million
11 Other assets				
Trading settlement assets	6,898	3,022	6,897	3,022
Items in the course of collection	-	-	-	-
Accounts Receivable	1,681	1,484	1,260	914
Prepayments	6,557	5,285	5,980	4,773
Other debtors	3,773	1,508	4,604	676
	18,909	11,299	18,741	9,385

12 Intangible assets

The group's intangible assets consist of direct computer software development costs that are clearly as identifiable and unique system, which will be controlled by the group and have a probable future economic benefit beyond one year.

Computer software	Group ₦million	Bank ₦million
12.1 Cost		
Balance at 1 January 2012	5,363	5,160
Additions	30	30
Disposals	(358)	(155)
Impairments	-	-
Transfers/reclassifications	(1,244)	(1,244)
Balance at 30 September 2012	3,791	3,791
Balance at 1 January 2011	4,923	4,720
Additions	612	612
Disposals	(172)	(172)
Impairments	-	-
Balance at 31 December 2011	5,363	5,160

Notes to the interim financial statements (continued)

For nine months ended 30 September 2012

		Group ₦million	Bank ₦million
	Computer software		
12.2	**Amortisation:**		
	Balance at 1 January 2012	**327**	**127**
	Amortisation	**-**	**-**
	Disposals	**(327)**	**(127)**
	Impairments	**-**	**-**
	Balance at 30 September 2012	**-**	**-**
	Balance at 1 January 2011	364	243
	Amortisation	72	50
	Disposals	(166)	(166)
	Impairments	-	-
	Transfers/reclassifications	57	-
	Balance at 31 December 2011	327	127
	Net book value:		
	30 September 2012	**3,791**	**3,791**
	31 December 2011	5,036	5,033

13 Property and equipment

	Group	Leasehold land and building ₦million	Motor vehicles ₦million	Furniture, fittings & equipment ₦million	Computer equipment ₦million	Work in progress ₦million	Total ₦million
13.1	**Cost**						
	Balance at 1 January 2012	**18,867**	**643**	**8,083**	**5,472**	**2,337**	**35,402**
	Additions	**76**	**9**	**137**	**446**	**493**	**1,161**
	Disposals	**-**	**(109)**	**(120)**	**(268)**	**(91)**	**(588)**
	Transfers/ reclassifications	**245**	**6**	**250**	**1,592**	**(849)**	**1,244**
	Balance at 30 September 2012	**19,188**	**549**	**8,350**	**7,242**	**1,890**	**37,219**
	Balance at 1 January 2011	15,891	960	6,484	5,088	5,291	33,714
	Additions	667	201	1,271	669	302	3,110
	Disposals	(170)	(536)	(288)	(410)	(18)	(1,422)
	Transfers/ reclassifications	2,479	18	616	125	(3,238)	-
	Balance at 31 December 2011	18,867	643	8,083	5,472	2,337	35,402
13.2	**Accumulated depreciation**						
	Balance at 1 January 2012	**3,304**	**289**	**3,776**	**3,309**	**-**	**10,678**
	Charge for the period	**611**	**84**	**1,131**	**845**	**-**	**2,671**
	Disposals	**(1)**	**(35)**	**(79)**	**(232)**	**-**	**(347)**
	Transfers/ reclassifications	**20**	**(20)**	**15**	**(15)**	**-**	**-**
	Balance at 30 September 2012	**3,934**	**318**	**4,843**	**3,907**	**-**	**13,002**
	Balance at 1 January 2011	2,394	547	2,404	2,666	-	8,011
	Charge for the year	921	230	1,416	861	-	3,428
	Disposals	(12)	(488)	(44)	(217)	-	(761)
	Transfers/ reclassifications	1	-	-	(1)	-	-
	Balance at 31 December 2011	3,304	289	3,776	3,309	-	10,678
	Net book value:						
	30 September 2012	**15,254**	**231**	**3,507**	**3,335**	**1,890**	**24,217**
	31 December 2011	15,563	354	4,307	2,163	2,337	24,724

13 Property and equipment (continued)

	Bank	Leasehold land and building	Motor vehicles ₦million	Furniture, fittings & equipment ₦million	Computer equipment ₦million	Work in progress ₦million	Total ₦million
13.1	**Cost**						
	Balance at 1 January 2012	**18,866**	**387**	**7,659**	**5,024**	**2,337**	**34,273**
	Additions	**76**	**-**	**98**	**384**	**493**	**1,051**
	Disposals	**-**	**(109)**	**(105)**	**(264)**	**(91)**	**(569)**
	Transfers/ reclassifications	**245**	**10**	**250**	**1,588**	**(849)**	**1,244**
	Balance at 30 September 2012	**19,187**	**288**	**7,902**	**6,732**	**1,890**	**35,999**
	Balance at 1 January 2011	15,890	759	6,170	4,661	5,291	32,771
	Additions	667	55	1,155	626	302	2,805
	Disposals	(170)	(445)	(282)	(388)	(18)	(1,303)
	Transfers/ reclassifications	2,479	18	616	125	(3,238)	-
	Balance at 31 December 2011	18,666	387	7,659	5,024	2,337	34,273
13.2	**Accumulated depreciation**						
	Balance at 1 January 2012	**3,304**	**289**	**3,543**	**2,945**	**-**	**10,001**
	Charge for the period	**611**	**51**	**1,072**	**802**	**-**	**2,536**
	Disposals	**(1)**	**(58)**	**(73)**	**(218)**	**-**	**(350)**
	Transfers/ reclassifications	**20**	**5**	**-**	**(25)**	**-**	**-**
	Balance at 30 September 2012	**3,934**	**207**	**4,542**	**3,504**	**-**	**12,187**
	Balance at 1 January 2011	2,394	446	2,230	2,365	-	7,435
	Charge for the year	921	174	1,351	776	-	3,222
	Disposals	(12)	(411)	(38)	(195)	-	(656)
	Transfers/ reclassifications	1	-	-	(1)	-	-
	Balance at 31 December 2011	3,304	209	3,543	2,945	-	10,001
	Net book value:						
	30 September 2012	**15,253**	**81**	**3,360**	**3,228**	**1,890**	**23,812**
	31 December 2011	15,562	178	4,116	2,079	2,337	24,272

		Group		Bank	
		30 Sep 2012 ₦million	31 Dec 2011 ₦million	**30 Sep 2012 ₦million**	31 Dec 2011 ₦million
14	**Share capital**				
14.1	**Authorised**				
	20,000,000,000 Ordinary shares of 50k each (2011: 20,000,000,000 Ordinary shares of 50k each)	**10,000**	10,000	**10,000**	10,000
14.2	**Issued and fully paid-up**				
	18,750,000,000 Ordinary shares of 50k each (2011: 18,750,000,000 Ordinary shares of 50k each)	**9,375**	9,375	**9,375**	9,375
	Ordinary share premium	**47,469**	47,469	**47,469**	47,469

		Group		Bank	
15	**Trading liabilities**	**30 Sep 2012 Nmillion**	31 Dec 2011 ₦million	**30 Sep 2012 ₦million**	31 Dec 2011 Nmillion
	Classification				
	Listed	**104,675**	63,173	**104,675**	63,173
	Unlisted	**-**	-	**-**	-
		104,675	63,173	**104,675**	63,173
	Comprising:				
	Government, state and utility bonds	**14,540**	-	**14,540**	-
	Repurchase agreements	**1,001**	-	**1,001**	-
	Deposits	**62,401**	63,173	**62,401**	63,173
	Other instruments	**26,733**	-	**26,733**	-
		104,675	63,173	**104,675**	63,173

Maturity analysis

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

	Group 30 Sep 2012	Group 31 Dec 2011	Bank 30 Sep 2012	Bank 31 Dec 2011
Maturing within 1 month	**52,805**	36,292	**52,805**	36,292
Maturing after 1 month but within 6 months	**10,451**	-	**10,451**	-
Maturing after 6 months but within 12 months	**2,500**	-	**2,500**	-
Maturing after 12 months	**38,919**	26,881	**38,919**	26,881
	104,675	63,173	**104,675**	63,173

Notes to the interim financial statements (continued)

For nine months ended 30 September 2012

		Group		Bank	
16	**Deposit and current accounts**	**30 Sep 2012 ₦million**	31 Dec 2011 ₦million	**30 Sep 2012 ₦million**	31 Dec 2011 ₦million
	Deposits from banks	**25,950**	12,545	**25,950**	12,545
	Deposits from banks	**25,950**	12,545	**25,950**	12,545
	Deposits from customers	**315,835**	287,242	**322,074**	290,820
	Current accounts	**104,166**	103,262	**104,629**	106,840
	Call deposits	**25,131**	28,547	**25,131**	28,547
	Savings accounts	**13,934**	12,315	**13,934**	12,315
	Term deposits	**162,085**	143,118	**167,861**	143,118
	Other funding	**10,519**	-	**10,519**	-
	Total deposits and current accounts	**341,785**	299,787	**348,024**	303,365

Maturity analysis

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

	Group		Bank	
	30 Sep 2012 ₦million	31 Dec 2011 ₦million	**30 Sep 2012 ₦million**	31 Dec 2011 ₦million
Repayable on demand	**161,861**	145,270	**162,324**	148,848
Maturing within 1 month	**54,534**	62,334	**57,308**	62,334
Maturing after 1 month but within 6 months	**101,714**	25,419	**104,716**	25,419
Maturing after 6 months but within 12 months	**23,660**	43,827	**23,660**	43,827
Maturing after 12 months	**16**	22,937	**16**	22,937
Total deposits and current accounts	**341,785**	299,787	**348,024**	303,365

Segmental analysis - geographic area

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

	30 Sep 2012		31 Dec 2011	
	%	**₦million**	%	₦million
South South	**5**	**17,285**	4	13,414
South West	**79**	**269,426**	77	228,206
South East	**1**	**4,953**	1	3,789
North West	**3**	**10,366**	3	8,604
North Central	**7**	**24,803**	7	22,260
North East	**1**	**2,396**	1	1,971
Outside Nigeria	**4**	**12,556**	7	21,543
Total deposits and current accounts	**100**	**341,785**	100	299,787

		Group		Bank	
		30 Sep 2012 ₦million	31 Dec 2011 ₦million	**30 Sep 2012 ₦million**	31 Dec 2011 ₦million
17	**Other borrowings**				
	FMO - Netherland Development Finance Company	**5,911**	8,233	**5,911**	8,233
	International Finance Corporation (IFC)	**208**	422	**208**	422
	European Investment Bank	**2,915**	3,212	**2,915**	3,212
	Bank of Industry	**5,944**	4,930	**5,944**	4,930
	Standard Bank Isle of Man	**28,505**	21,489	**28,505**	21,489
	CBN Commercial Agricultural Credit Scheme (CACS)	**11,746**	9,332	**11,746**	9,332
		55,229	47,618	**55,229**	47,618

i. The bank's dollar denominated on-lending credit obtained from the IFC expires on or after 15 December 2012 and has a rate of 3% above 3 month's LIBOR.

ii. The current dollar denominated facility from European Investment Bank expires on or after 14 December 2018 and has a rate of 2.5% above 3 month's LIBOR.

iii. The on-lending dollar denominated loan obtained from Netherland Development Finance Company (FMO) expires on or after 15 January 2015, and has a rate of 2.0% above 6 month's LIBOR.

iv. The bank obtained a Central Bank of Nigeria (CBN) initiated on-lending naira facility from Bank of Industry in September 2010 at a fixed rate of 1% per annum on a tenor based on agreement with individual customer and beneficiary.

v. The bank obtained dollar denominated long term LIBOR related on-lending facilities from Standard Bank Isle of Man with average tenor of 5 years.

vi. The bank obtained interest free bearing 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 customer and beneficiary. Disbursement of these funds are represented in loans and advances to customers.

Maturity analysis

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

	Group		Bank	
	30 Sep 2012 ₦million	31 Dec 2011 ₦million	**30 Sep 2012 ₦million**	31 Dec 2011 ₦million
Repayable on demand	**-**	-	**-**	-
Maturing within 1 month	**-**	1,240	**-**	1,240
Maturing after 1 month but within 6 months	**1,693**	226	**1,693**	226
Maturing after 6 months but within 12 months	**299**	3,447	**299**	3,447
Maturing after 12 months	**53,237**	42,705	**53,237**	42,705
	55,229	47,618	**55,229**	47,618

Notes to the interim financial statements (continued)

For nine months ended 30 September 2012

		Group		Bank	
		30 Sep 2012 ₦million	31 Dec 2011 ₦million	30 Sep 2012 ₦million	31 Dec 2011 ₦million
18	**Current and deferred tax liabilities**				
	Current tax liabilities	2,865	5,112	927	2,670
	Deferred tax liabilities	134	75	-	-
		2,999	5,187	927	2,670
18.1	**Deferred tax analysis**				
	Credit impairment charges	1,131	1,436	1,131	1,436
	Property and equipment	1,653	777	1,787	881
	Fair value adjustments on financial instruments	(342)	341	(342)	341
	Unutilised losses	204	-	204	-
	Other differences	78	9	78	42
	Deferred tax closing balance	2,724	2,563	2,858	2,700
	Deferred tax liabilities	(134)	(75)	-	-
	Deferred tax assets (note 8)	2,858	2,638	2,858	2,700
		2,724	2,563	2,858	2,700
18.2	**Deferred tax reconciliation**				
	Deferred tax at beginning of the year	2,563	1,603	2,700	1,769
	Originating/(reversing) temporary differences for the year:	161	960	158	931
	Credit impairment charges	(305)	136	(305)	136
	Property and equipment	876	373	906	476
	Fair value adjustments on financial instruments	(683)	341	(683)	342
	Unutilised losses	204	-	204	-
	Other differences	69	110	36	(23)
	Deferred tax at end of the year	2,724	2,563	2,858	2,700

		Group		Bank	
		30 Sep 2012 ₦million	31 Dec 2011 ₦million	30 Sep 2012 ₦million	31 Dec 2011 ₦million
19	**Other liabilities**				
19.1	**Summary**				
	Trading settlement liabilities	1,728	447	1,728	447
	Items in the course of transmission	7,508	31,179	7,508	31,179
	Cash-settled share-based payment liability (Annexure A)	408	313	377	282
	Staff-related accruals	502	477	457	441
	Deferred revenue liability	804	1,175	804	1,175
	Accounts payable	13,111	10,027	10,545	8,182
	Other liabilities	15,785	12,597	14,650	11,917
		39,846	56,215	36,069	53,623

Notes to the interim financial statements (continued)

For nine months ended 30 September 2012

20 Classification of assets and liabilities

Accounting classifications and fair values

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

2012	Note	Held-for-trading ₦million	Designated at fair value ₦million	Loans and receivables ₦million	Available-for-sale ₦million	Other amortised cost ₦million	Other non-financial assets/ liabilities ₦million	Total carrying amount ₦million	Fair value[1] ₦million
Assets									
Cash and balances with central banks	3	-	-	-	-	44,790		44,790	44,790
Derivative assets	4	1,461	-	-	-	-	-	1,461	1,461
Trading assets	5	157,091	-	-	-	-	-	157,091	157,091
Pledged assets	6	-	-	-	24,118	-	-	24,118	24,118
Financial investments	7	-	-	-	64,963	-	-	64,963	64,963
Loans and advances to banks	8	-	-	30,872	-	-	-	30,872	30,872
Loans and advances to customers	8	-	-	261,067	-	-	-	261,067	261,067
Other financial assets		-	-	-	-	12,352	-	12,352	12,352
Other non-financial assets		-	-	-	-	-	37,470	37,470	37,470
		158,552	-	291,939	89,081	57,142	37,470	634,184	634,184
Liabilities									
Derivative liabilities	4	220	-	-	-	-	-	220	220
Trading liabilities	15	104,675	-	-	-	-	-	104,675	104,675
Deposits from banks	16	-	-	-	-	25,950	-	25,950	25,950
Deposits from customers	16	-	-	-	-	315,835	-	315,835	315,835
Other financial liabilities		-	-	-	-	95,075	-	95,075	95,075
Other non-financial liabilities		-		-	-	-	2,999	2,999	2,999
		104,895	-	-	-	436,860	2,999	544,754	544,754

Notes to the interim financial statements (continued)

For nine months ended 30 September 2012

20 Classification of assets and liabilities (continued)

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

2011	Note	Held-for-trading ₦million	Designated at fair value ₦million	Loans and receivables ₦million	Available-for-sale ₦million	Other amortised cost ₦million	Other non-financial assets/ liabilities ₦million	Total carrying amount ₦million	Fair value[1] ₦million
Assets									
Cash and balances with central banks	3	-	-	-	-	30,074	-	30,074	30,074
Derivative assets	4	3,081	-	-	-	-	-	3,081	3,081
Trading assets	5	66,476	-	-	-	-	-	66,476	66,476
Pledged assets	6	-	-	-	19,501	-	-	19,501	19,501
Financial investments	7	-	-	-	88,877	-	-	88,877	88,877
Loans and advances to banks	8	-	-	46,051	-	-	-	46,051	46,051
Loans and advances to customers	8	-	-	256,720	-	-	-	256,720	256,720
Other financial assets		-	-		-	-	6,014	6,014	6,014
Other non-financial assets		-	-	-	-	-	37,713	37,713	37,713
		69,557	-	302,771	108,378	30,074	43,727	554,507	554,507
Liabilities									
Derivative liabilities	4	749	-	-	-	-	-	749	749
Trading liabilities	15	63,173	-	-	-	-	-	63,173	63,173
Deposits from banks	16	-	-	-	-	12,545	-	12,545	12,545
Deposits from customers	16	-	-	-	-	287,242	-	287,242	287,242
Other financial liabilities		-	-	-	-	103,833	-	103,833	103,833
Other non-financial liabilities		-		-	-	-	5,187	5,187	5,187
		63,922	-	-	-	403,620	5,187	472,729	472,729

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

All valuation models are validated before they are used as a basis for financial reporting by qualified personnel independent of the area that created the model. Wherever possible, the group compares valuations derived from models with quoted prices of similar financial instruments, and with actual values when realised, in order to further validate and calibrate the models. These techniques involve uncertainties and are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows,future expected loss experiences and other factors. Changes in assumptions could affect these estimates and the resulting fair values.

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

21 Financial instruments measured at fair value

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

Level 1

Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2

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

Level 3

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

Group 30 September 2012	Level 1 ₦million	Level 2 ₦million	Level 3 ₦million	Total ₦million
Assets				
Derivative assets	-	1,461	-	1,461
Trading assets	95,743	61,348	-	157,091
Pledged assets	-	24,118	-	24,118
Financial investments	-	64,963	-	64,963
	95,743	151,890	-	247,633
Comprising:				
Held-for-trading	95,743	62,809	-	158,552
Designated at fair value	-	-	-	-
Available-for-sale	-	89,081	-	89,081
	95,743	151,890	-	247,633
Liabilities				
Derivative liabilities	-	220	-	220
Trading liabilities	63,402	41,273	-	104,675
	63,402	41,493	-	104,895
Comprising:				
Held-for-trading	63,402	41,493	-	104,895
Designated at fair value	-	-	-	-
	63,402	41,493	-	104,895

Group 31 December 2011	Level 1 ₦million	Level 2 ₦million	Level 3 ₦million	Total ₦million
Assets				
Derivative assets	-	3,081	-	3,081
Trading assets	47,227	19,249	-	66,476
Pledged assets	-	19,501	-	19,501
Financial investments	-	88,877	-	88,877
	47,227	130,708	-	177,935
Comprising:				
Held-for-trading	47,227	19,249	-	66,476
Designated at fair value	-	-	-	
Available-for-sale	-	108,378	-	108,378
	47,227	127,627	-	174,854
Liabilities				
Derivative liabilities	-	749	-	749
Trading liabilities	63,173	-	-	63,173
	63,173	749	-	63,922
Comprising:				
Held-for-trading	63,173	-	-	63,173
Designated at fair value	-	-	-	
	63,173	-	-	63,173

Notes to the interim financial statements (continued)

For nine months ended 30 September 2012

22 Contingent liabilities and commitments

	Group		Bank	
	30 Sep 2012 ₦million	31 Dec 2011 ₦million	**30 Sep 2012 ₦million**	31 Dec 2011 ₦million
22.1 Contingent liabilities				
Letters of credit	**8,346**	24,596	**8,346**	24,596
Guarantees	**13,733**	13,156	**13,733**	13,156
	22,079	37,752	**22,079**	37,752
22.2 Capital commitments				
Contracted capital expenditure	**201**	-	**201**	-
Capital expenditure authorised but not yet contracted	**4,558**	-	**4,558**	-
	4,759	-	**4,759**	-

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

22.3 Legal proceedings

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

There were 76 legal proceedings outstanding at 30 September 2012 with claims amounting to ₦86 billion (31 December 2011: ₦60 billion). The claims are considered without merit, and the bank is defending them vigorously. It is not expected that the ultimate resolution of any of the proceedings will have a significantly adverse effect on the financial position of the bank.

On 6 December 2010 a judgement of ₦2.5billion was delivered in favour of one of the claimants noted above. The bank has lodged an appeal against the judgement, and intends to vigorously defend its position in the appeal court. Furthermore legal advice was obtained from independent Senior Advocates of Nigeria (SANs) to assess the merits of the appeal. Their respective advice indicates that it is unlikely that any significant loss will arise in the ultimate resolution of this matter.

23 Supplementary income statement information

	Group			Bank		
	30 Sep 2012 ₦million	30 Sep 2011 ₦million	31 Dec 2011 ₦million	**30 Sep 2012 ₦million**	30 Sep 2011 ₦million	31 Dec 2011 ₦million
23.1 Interest income						
Interest on loans and advances	**33,597**	20,842	29,382	**33,580**	20,774	29,265
Interest on investments	**8,938**	5,577	6,046	**7,857**	5,012	5,258
	42,535	26,419	35,428	**41,437**	25,786	34,523
23.2 Interest expense						
Current accounts	**320**	463	575	**325**	467	580
Savings and deposit accounts	**11,639**	2,219	4,348	**11,897**	2,219	4,348
Other interest-bearing liabilities	**3,975**	1,987	2,863	**3,975**	1,975	2,863
	15,934	4,669	7,786	**16,197**	4,661	7,791
23.3 Net fee and commission revenue						
Fee and commission revenue	**17,312**	14,456	18,732	**8,240**	7,573	8,630
Fee and commission expense	**(177)**	(263)	(344)	**(177)**	(190)	(250)
	17,135	14,193	18,388	**8,063**	7,383	8,380
23.4 Trading revenue						
Foreign exchange	**3,284**	4,042	4,273	**3,284**	4,042	4,273
Credit	**1,137**	4,856	3,572	**1,137**	4,856	3,572
Interest rates	**(376)**	(2,627)	1,000	**(376)**	(2,627)	1,000
	4,045	6,271	8,845	**4,045**	6,271	8,845
23.5 Other revenue						
Dividend income	**73**	194	226	**2,085**	1,474	1,474
Other	**65**	100	146	**38**	13	33
	138	294	372	**2,123**	1,487	1,507
23.6 Credit impairment charges						
Net credit impairments raised and released for loans and advances	**3,480**	3,497	4,394	**3,480**	3,497	4,394
Recoveries on loans and advances previously written off	**(405)**	(157)	(1,045)	**(405)**	(157)	(1,045)
	3,075	3,340	3,349	**3,075**	3,340	3,349
Comprising:						
Net specific credit impairment charges	**2,642**	2,280	2,381	**2,642**	2,280	2,381
Specific credit impairment charges (note 8.3)	**3,047**	2,437	3,426	**3,047**	2,437	3,426
Recoveries on loans and advances previously written off	**(405)**	(157)	(1,045)	**(405)**	(157)	(1,045)
Portfolio credit impairment charges/(reversal) (note 8.3)	**433**	1,060	968	**433**	1,060	968
	3,075	3,340	3,349	**3,075**	3,340	3,349

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23 Supplementary income statement information (continued)

	Group			Bank		
	30 Sep 2012 ₦million	30 Sep 2011 ₦million	31 Dec 2011 ₦million	30 Sep 2012 ₦million	30 Sep 2011 ₦million	31 Dec 2011 ₦million
23.7 Staff costs - banking activities						
Salaries and allowances	15,025	13,241	17,437	12,994	11,803	15,438
Equity-linked transactions (Annexure A)	152	255	403	161	238	371
	15,177	13,496	17,840	13,155	12,041	15,809
23.8 Other operating expenses						
Information technology	1,824	1,074	1,861	1,615	888	1,587
Communication	513	517	686	416	411	545
Premises	2,767	2,878	3,992	2,524	2,636	3,637
Other	15,546	13,242	17,413	13,715	12,023	15,708
	20,650	17,711	23,952	18,270	15,958	21,477
The following disclosable items are included in other operating expenses:						
Amortisation - intangible assets (note 12.2)	-	61	72	-	38	50
Auditors' remuneration	-	-	135	-	-	103
Audit fees	-	-	135	-	-	103
Current year	-	-	135	-	-	103
Fees for other services	-	-	-	-	-	-
Depreciation	2,671	3,771	3,427	2,536	3,538	3,221
Property	611	922	922	611	922	922
- Freehold	22	118	30	22	118	30
- Leasehold	589	804	892	589	804	892
Equipment	2,060	2,849	2,505	1,925	2,616	2,299
- Computer equipment	840	1,101	855	802	1,041	776
- Motor vehicles	84	551	229	51	466	173
- Office equipment	83	139	91	49	81	55
- Furniture and fittings	1,053	1,058	1,330	1,023	1,028	1,295
Operating lease charges	816	798	1,090	671	666	913
Properties	816	798	1,090	671	666	913
Equipment	-	-	-	-	-	-
Premises - other expenses	1,951	1,921	2,903	1,852	1,811	2,543
Professional fees	3,554	3,490	3,859	3,479	3,268	3,572
Managerial	1,159	1,455	841	1,159	1,455	841
Technical and other	2,395	2,035	3,018	2,320	1,813	2,731
Loss/(profit) on sale of property and equipment	(29)	(123)	(144)	(31)	(123)	(137)

24 Emoluments of Stanbic IBTC Bank PLC directors

	30 Sep 2012 ₦million	30 Sep 2011 ₦million
Executive directors		
Emoluments of directors in respect of services rendered[1]:		
While directors of Stanbic IBTC Bank PLC		
- as directors of the bank and/ or subsidiary companies	154	431
- otherwise in connection with the affairs of Stanbic IBTC Bank PLC or its subsidiaries	-	-
Non-executive directors		
Emoluments of directors in respect of services rendered:		
As directors of Stanbic IBTC Bank PLC	110	89
While directors of Stanbic IBTC Bank PLC	-	-
- as directors of the bank and/or subsidiary companies	-	-
- otherwise in connection with the affairs of Stanbic IBTC Bank PLC or its subsidiaries	-	-
Pensions of directors and past directors	-	-
	264	520

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

Notes to the interim financial statements (continued)

For nine months ended 30 September 2012

		Group			Bank		
		30 Sep 2012 ₦million	30 Sep 2011 ₦million	31 Dec 2011 ₦million	**30 Sep 2012 ₦million**	30 Sep 2011 ₦million	31 Dec 2011 ₦million
25	**Taxation**						
	Indirect taxation (note 25.1)	**277**	89	130	**277**	220	260
	Direct taxation (note 25.2)	**1,743**	2,169	3,333	**132**	613	1,337
		2,020	2,258	3,463	**409**	833	1,597
25.1	**Indirect taxation**						
	Value added tax	**72**	89	130	**72**	90	125
	Witholding tax	**205**	-	-	**205**	130	135
		277	89	130	**277**	220	260
25.2	**Direct taxation**						
	Current year	**1,743**	2,169	3,179	**132**	613	1,183
	Normal tax	**1,861**	3,364	4,199	**255**	1,811	2,159
	Deferred tax	**(118)**	(1,195)	(1,020)	**(123)**	(1,198)	(976)
	Income tax recognised in other comprehensive income	**-**	-	154	**-**	-	154
	Deferred tax	**-**	-	-	**-**	-	-
	Current tax	**-**	-	154	**-**	-	154
	Direct taxation per the income statement	**1,743**	2,169	3,333	**132**	613	1,337

		Group			Bank		
25.3	**Rate reconciliation**	**30 Sep 2012 %**	30 Sep 2011 %	31 Dec 2011 %	**30 Sep 2012 %**	30 Sep 2011 %	31 Dec 2011 %
	Rate reconciliation including indirect and direct tax						
	The total tax charge for the year as a percentage of net income before indirect tax	**22**	28	34	**8**	17	33
	Value added tax	**(1)**	(1)	(1)	**(1)**	(2)	(3)
	Information technology levy	**(1)**	(1)	(1)	**(1)**	(1)	(2)
	Education tax	**(1)**	(2)	(2)	**-**	(1)	(4)
	Withholding tax	**(2)**	-	-	**(4)**	(3)	-
	The corporate tax charge for the year as a percentage of profit after indirect tax	**17**	24	30	**2**	10	24
	Tax relating to prior years	**6**	-	-	**4**	-	-
	Net tax charge	**23**	24	30	**6**	10	24
	The charge for the year has been reduced/(increased) as a consequence of:						
	Dividend received	**-**	-	-	**10**	5	-
	Income from government bonds	**6**	6	-	**15**	18	-
	Other non-taxable income		-	-	**-**	-	-
	Other permanent differences	**1**	-	-	**(1)**	(3)	6
	Standard rate of tax	**30**	30	30	**30**	30	30

For nine months ended 30 September 2012

25 Taxation (continued)

25.4 Income tax recognised in other comprehensive income

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

Group	Before tax ₦million	Tax (expense) /benefit ₦million	Net of tax ₦million
30 Sep 2012			
Net change in fair value of available-for-sale financial assets	**3,062**	**-**	**3,062**
Realised fair value adjustments on available-for-sale financial assets transferred to profit or loss	**257**	**-**	**257**
	3,319	**-**	**3,319**
30 Sep 2011			
Net change in fair value of available-for-sale financial assets	(1,546)	576	(970)
Realised fair value adjustments on available-for-sale financial assets transferred to profit or loss	-	-	-
	(1,546)	576	(970)
31 Dec 2011			
Net change in fair value of available-for-sale financial assets	(3,800)	100	(3,700)
Realised fair value adjustments on available-for-sale financial assets transferred to profit or loss	(48)	(154)	(202)
Government bonds	464	-	464
Treasury bills	(512)	(154)	(666)
	(3,848)	(54)	(3,902)

Bank	Before tax ₦million	Tax (expense) /benefit ₦million	Net of tax ₦million
30 Sep 2012			
Net change in fair value of available-for-sale financial assets	**2,757**	**34**	**2,791**
Realised fair value adjustments on available-for-sale financial assets transferred to profit or loss	**257**	**-**	**257**
	3,014	**34**	**3,048**
30 Sep 2011			
Net change in fair value of available-for-sale financial assets	(1,286)	465	(821)
Realised fair value adjustments on available-for-sale financial assets transferred to profit or loss	-	-	-
	(1,286)	465	(821)
31 Dec 2011			
Net change in fair value of available-for-sale financial assets	(1,451)	435	(1,016)
Realised fair value adjustments on available-for-sale financial assets transferred to profit or loss	-	-	-
	(1,451)	435	(1,016)

26 Earnings per ordinary share

	Group			Bank		
	30 Sep 2012 ₦million	30 Sep 2011 ₦million	31 Dec 2011 ₦million	**30 Sep 2012 ₦million**	30 Sep 2011 ₦million	31 Dec 2011 ₦million
The calculations of basic earnings and headline earnings per ordinary share and diluted earnings and diluted headline earnings per ordinary share are as follows:						
Earnings based on weighted average shares in issue						
Earnings attributable to ordinary shareholders (₦million)	**6,026**	4,996	5,667	**4,562**	4,094	3,232
Weighted average number of ordinary shares in issue (number of shares)						
Weighted average number of ordinary shares in issue	**18,750**	18,750	18,750	**18,750**	18,750	18,750
Basic earnings per ordinary share (kobo)	**43**	36	30	**32**	29	17

Diluted earnings per ordinary share

The group has no dilutive instruments

For nine months ended 30 September 2012

27 Statement of cash flows (notes)

	Group			Bank		
	30 Sep 2012 ₦million	30 Sep 2011 ₦million	31 Dec 2011 ₦million	**30 Sep 2012 ₦million**	30 Sep 2011 ₦million	31 Dec 2011 ₦million
27.1 Decrease/(increase) in income earning assets						
Net derivative assets	**1,091**	(2,083)	(2,069)	**1,091**	(2,083)	(2,069)
Trading assets	**(90,615)**	(28,377)	4,410	**(90,615)**	(28,377)	4,410
Pledged assets	**(4,617)**	(1,899)	(928)	**(4,617)**	(1,899)	(928)
Financial investments	**27,233**	(14,385)	(64,053)	**29,139**	(10,901)	(61,690)
Loans and advances	**7,757**	(50,140)	(96,150)	**7,228**	(50,207)	(96,230)
Other assets	**(7,610)**	(566)	5,518	**(9,356)**	5,144	9,354
	(66,761)	(97,450)	(153,272)	**(67,130)**	(88,323)	(147,153)
27.2 Increase/(decrease) in deposits and other liabilities						
Deposit and current accounts	**41,998**	84,787	125,619	**44,659**	82,427	126,578
Trading liabilities	**41,502**	24,513	13,057	**41,502**	24,513	13,057
Other liabilities and provisions	**(16,006)**	(16,015)	3,002	**(17,445)**	(21,380)	(911)
	67,494	93,285	141,678	**68,716**	85,560	138,724
27.3 Cash and cash equivalents						
Cash and balances with central banks	**44,790**	13,127	30,074	**44,790**	13,127	30,072
Cash and cash equivalents at end of the period	**44,790**	13,127	30,074	**44,790**	13,127	30,072

28 Related party transactions

28.1 Parent

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

28.2 Subsidiaries

Details of effective interest in subsidiaries are disclosed below:

Stanbic IBTC Ventures Limited ("SIVL")	100%
Stanbic IBTC Asset Management Limited ("SIAML")	100%
Stanbic IBTC Pension Managers Limited ("SIPML")	70.59%
Stanbic Nominees Nigeria Limited ("SNNL")	100%
Stanbic IBTC Stockbrokers Limited ("SISL")	100%
Stanbic IBTC Trustees Limited ("SITL")	100%

28.3 Key management personnel

Key management personnel includes: members of the Stanbic IBTC Bank PLC board of directors and Stanbic IBTC Bank PLC executive committee. Non-executive directors are included in the definition of key management personnel as required by IAS 24 Related Party Disclosure. The definition of key management includes the close members of family of key management personnel and any entity over which key management exercise control, joint control or significant influence. Close members of family are those family members who may be expected to influence, or be influenced by that person in their dealings with Stanbic IBTC Bank PLC. They include the person's domestic partner and children, the children of the person's domestic partner, and dependents of the person or the person's domestic partner.

	30 Sep 2012 ₦million	31 Dec 2011 ₦million
Key management compensation		
Salaries and other short-term benefits	**423**	399
Post-employment benefits	**3**	2
IFRS 2 value of share options and rights expensed	**73**	86
	499	487
The transactions below are entered into in the normal course of business.		
Loans and advances		
Loans outstanding at the beginning of the period	**207**	193
Net movement during the period	**(25)**	14
Loans outstanding at the end of the period	**182**	207

Loans include mortgage loans, instalment sale and finance leases and credit cards. No specific impairments have been recognised in respect of loans granted to key management (2011: nil). The mortgage loans and instalment sale and finance leases are secured by the underlying assets. All other loans are unsecured.

	30 Sep 2012 ₦million	31 Dec 2011 ₦million
Deposit and current accounts		
Deposits outstanding at beginning of the period	1,161	180
Net movement during the period	217	981
Deposits outstanding at end of the period	1,378	1,161

Deposits include cheque, current and savings accounts.

Investments

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

	30 Sep 2012 ₦million	31 Dec 2011 ₦million
Investment products		
Balance at the beginning of the period	62	15
Net movement during the period	(13)	47
Balance at end of the period	49	62
Net investment return		

29 Related party transactions (continued)

Shares and share options held

Aggregate number of Stanbic IBTC share options in issue and holding company share options issued to Stanbic IBTC key management personnel.

	30 Sep 2012	31 Dec 2011
Share options held (Stanbic IBTC Bank PLC scheme)	410,832,980	410,832,980
Share options held (holding company schemes)	1,237,087	1,658,537

Transactions with other related parties

	30 Sep 2012 ₦million	31 Dec 2011 ₦million
Revenue		
Trading revenue	569	67
Net interest income	44	(565)
Total revenue earned	613	(498)
Loans		
Loans outstanding at the beginning of the period	11,021	35,221
Net loans received/(repaid) during the period	77,641	(24,200)
Loans outstanding at the end of the period	88,662	11,021
Deposits		
Deposits outstanding at the beginning of the period	79,755	19,522
Net deposits received/(repaid) during the period	(24,539)	60,233
Deposits outstanding at the end of the period	55,216	79,755

30 Retirement benefit obligations

The group operates a defined contribution pension scheme in line with the provisions of the Pension Reform Act 2004, with contributions based on the sum of employees' basic salary, housing and transport allowance in the ratio 7.5% by the employee and 7.5% by the employer. The amount contributed by the group, and remitted to the Pension Fund Administrators, during the period was ₦542 million (31 Dec. 2011: ₦607 million). The group expects to pay ₦722 million in contributions to the Stanbic IBTC retirement funds in 2012.

The group's contributions to this scheme is charged to the income statement in the period to which they relate. 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.

Annexure

Annexure A: Group share incentive schemes

For nine months ended 30 September 2012

Share-based payments

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

	30 Sep 2012 ₦million	30 Sep 2011 ₦million
Expenses recognised in staff costs		
Group		
Share options and appreciation rights	67	80
Stanbic IBTC Equity Growth Scheme	-	43
Deferred bonus scheme (DBS)	85	132
	152	255
Liabilities recognised in other liabilities		
Stanbic IBTC Equity Growth Scheme	303	303
Deferred bonus scheme	105	8
	408	311

Stanbic IBTC Equity Growth Scheme

The provision in respect of liabilities under the scheme amounts to NGN 303 million at 30 June 2012.

	Units	
	30 Sep 2012	31 Dec 2011
Reconciliation		
Units outstanding at beginning of the period	410,832,980	128,326,501
Granted	-	282,506,479
Exercised	-	-
Lapsed	-	-
Units outstanding at end of the period	410,832,980	410,832,980
Weighted average fair value at grant date (₦)	10.70	10.70
Expected life (years)	5.07	5.07
Expected volatility (%)	47.00	47.00
Risk-free interest rate (%)	16.00	20.60
Dividend yield (%)	4.00	1.50

Holding company share incentive schemes

Share options and appreciation rights

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

The two schemes have four 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

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

Group share incentive scheme	Option price range (ZAR)	Option range (NGN)	Number of options	
	Sept 2012		Jun 2012	Dec 2011
Options outstanding at beginning of the period	-		1,100,000	906,250
Transfers in	62,39 - 111,94	1,190.40 - 2,135.82	97,000	-
Transfers out	27,90 - 111,94	532.33 - 2,135.82	(677,950)	-
Granted	-	-	-	257,500
Exercised	62,39 - 111,94	1,190.40 - 2,135.82	(37,500)	(23,300)
Lapsed	62,39 - 111,94	1,190.40 - 2,135.82	(10,950)	(40,450)
Options outstanding at end of the period			470,600	1,100,000

The weighted average SBG share price for the September 2012 financial period was ZAR110,70 NGN2,112.16 (December 2011: ZAR98,66; NGN1,882.43).

Annexure A: Group share incentive schemes (continued)

For nine months ended 30 September 2012

The following options granted to employees had not been exercised at 30 Sept 2012:

Number of ordinary shares	Option price range (ZAR)	Option price range (NGN)	Weighted average price (ZAR)	Weighted average price (NGN)	Option expiry period
4,500	79,50	1,516.86	79,50	1,516.86	Year to 31 Dec 2016
13,200	98,00	1,869.84	98,00	1,869.84	Year to 31 Dec 2017
123,900	92,00	1,755.36	92,00	1,755.36	Year to 31 Dec 2018
64,000	62,39 - 97,15	1,190.40 - 1,853.62	67,46	1,287.14	Year to 31 Dec 2019
192,500	104,53 - 111,94	1,994.43 - 2,135.82	108,44	2,069.04	Year to 31 Dec 2020
72,500	98,80 - 103,03	1,885.10 - 1,965.81	99,30	1,894.64	Year to 31 Dec 2021
470,600					

The following options granted to employees had not been exercised at 31 Decemeber 2011:

Number of ordinary shares	Option price range (ZAR)	Option price range (NGN)	Weighted average price (ZAR)	Weighted average price (NGN)	Option expiry period
25,000	29,45	582,83	29,45	582,23	Year to 31 Dec 2012
60,000	27,90	551,58	27,90	551,58	Year to 31 Dec 2013
75,000	40,65	803,65	40,65	803,65	Year to 31 Dec 2014
6,100	79,50	1,571	79,50	1,516.86	Year to 31 Dec 2016
13,500	98,00	1,870	98,00	1,869.84	Year to 31 Dec 2017
170,000	92,00	1,755	92,00	1,755.36	Year to 31 Dec 2018
177,900	62,39 - 97,15	1,190.40 - 1,853.62	65,32	1,289.59	Year to 31 Dec 2019
315,000	104,53 - 111,94	1,994.43 - 2,135.82	109,00	2,154.93	Year to 31 Dec 2020
257,500	98,80 - 103,03	1,885.10 - 1,965,81	99,21	1,961.38	Year to 31 Dec 2021
1,100,000					

Annexure A: Group share incentive schemes (continued)

For nine months ended 30 September 2012

Equity growth scheme	Appreciation right price range (ZAR) Sep 2011	(Naira) Sep 2012	Number of rights Sep 2012	Dec 2011
Rights outstanding at beginning of the period			492,875	480,375
Transfers in	62,39 - 111,94	1,190.40 - 2,135.82	51,025	-
Transfers out	62,39 - 98,00	1,190.40 - 1,945.30	(359,925)	-
Granted	-	-	-	12,500
Exercised[1]	65,60 - 98,00	1,251.65 - 1,945,30	(5,000)	-
Lapsed			-	-
Rights outstanding at end of the period[2]			178,975	492,875

[1] During the year 1209 SBG (Dec 2011: Nil) shares were issued to settle the appreciated rights value.

[2] At the end of September 2012 the group would need to issue 31,722 (Dec 2011 : 82,355) SBG shares to settle the outstanding appreciated rights value.

The following rights granted to employees had not been exercised at 30 September 2012:

Number of rights	Price range (ZAR)	Price range (NGN)	Weighted average price (ZAR)	Weighted average price (NGN)	Expiry period
7,000	65,60	1,251.6 480	65,60	1,251.6 480	Year to 31 Dec 2015
10,625	79,50	1,561.8 60	79,50	1,561.8 60	Year to 31 Dec 2016
19,400	98,00	1,869.8 40	98,00	1,869.8 40	Year to 31 Dec 2017
25,200	92,00	1,755.3 60	92,00	1,755.3 60	Year to 31 Dec 2018
58,000	62,39	1,190.4 012	62,39	1,190.4 012	Year to 31 Dec 2019
46,250	111,94	2,135.8 152	111,94	2,135.8 152	Year to 31 Dec 2020
12,500	98,80	1,855.1 040	98,80	1,855.1 040	Year to 31 Dec 2021
178,975					

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

Number of rights	Price range (ZAR)	Price range (NGN)	Weighted average price (ZAR)	Weighted average price (NGN)	Expiry period
62,750	65,60	1,251.6 480	65,60	1,251.6 480	Year to 31 Dec 2015
58,375	79,50	1,561.8 60	79,50	1,561.8 60	Year to 31 Dec 2016
60,800	98,00	1,869.8 40	98,00	1,869.8 40	Year to 31 Dec 2017
163,200	92,00	1,755.3 60	92,00	1,755.3 60	Year to 31 Dec 2018
104,000	62,39	1,190.4 012	62,39	1,190.4 012	Year to 31 Dec 2019
31,250	111,94	2,135.8 152	111,94	2,135.8 152	Year to 31 Dec 2020
12,500	98,80	1,855.1 040	98,80	1,855.1 040	Year to 31 Dec 2021
492,875					

Annexure A: Group share incentive schemes (continued)

For nine months ended 30 September 2012

Deferred bonus scheme (DBS)

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

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

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

The provision in respect of liabilities under the scheme amounts to NGN 35 million (31 December 2011: NGN 18 Million) and the amount charged for the period was NGN 17 million (31 December 2011: NGN 18 Million).

	Units	
	30 Sep 2012	31 Dec 2011
Reconciliation		
Units outstanding at beginning of the year	35,612	-
Granted	-	35,612
Exercised	-	-
Lapsed	-	-
Units outstanding at end of the year	**35,612**	35,612

Weighted average fair value at grant date (R)	87.93
Expected life (years)	3.00
Expected volatility (%)	-
Risk-free interest rate (%)	4.92
Dividend yield (%)	3.91

2012 New Deferred Bonus scheme (NDBS)

The provision in respect of liabilities under the scheme amounts to NGN 70 million at 30 September 2012 and the amount charged for the year was NGN 70 million.

	Units
	30 Sep 2012
Reconciliation	
Units outstanding at beginning of the year	-
Granted	157,945
Exercised	-
Lapsed	-
Units outstanding at end of the year	**157,945**

Weighted average fair value at grant date (R)	108.90
Expected life (years)	2.51
Expected volatility (%)	-
Risk-free interest rate (%)	14.67
Dividend yield (%)	2.00

Annexure B: Risk management

For nine months ended 30 September 2012

Introduction

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

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

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

Subsidiary entities within the group are guided by the group enterprise risk management (ERM) framework in establishing their respective risk management frameworks.

The major subsidiaries of the bank; Stanbic IBTC Asset Management Limited, Stanbic IBTC Stockbroking Limited and Stanbic IBTC Pension Managers Limited are commited to aligning their respective risk management practices to that of the group and adopting accepatble risk tolerance parameters in line with the group.

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

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

Risk management framework

Governance structure

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

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

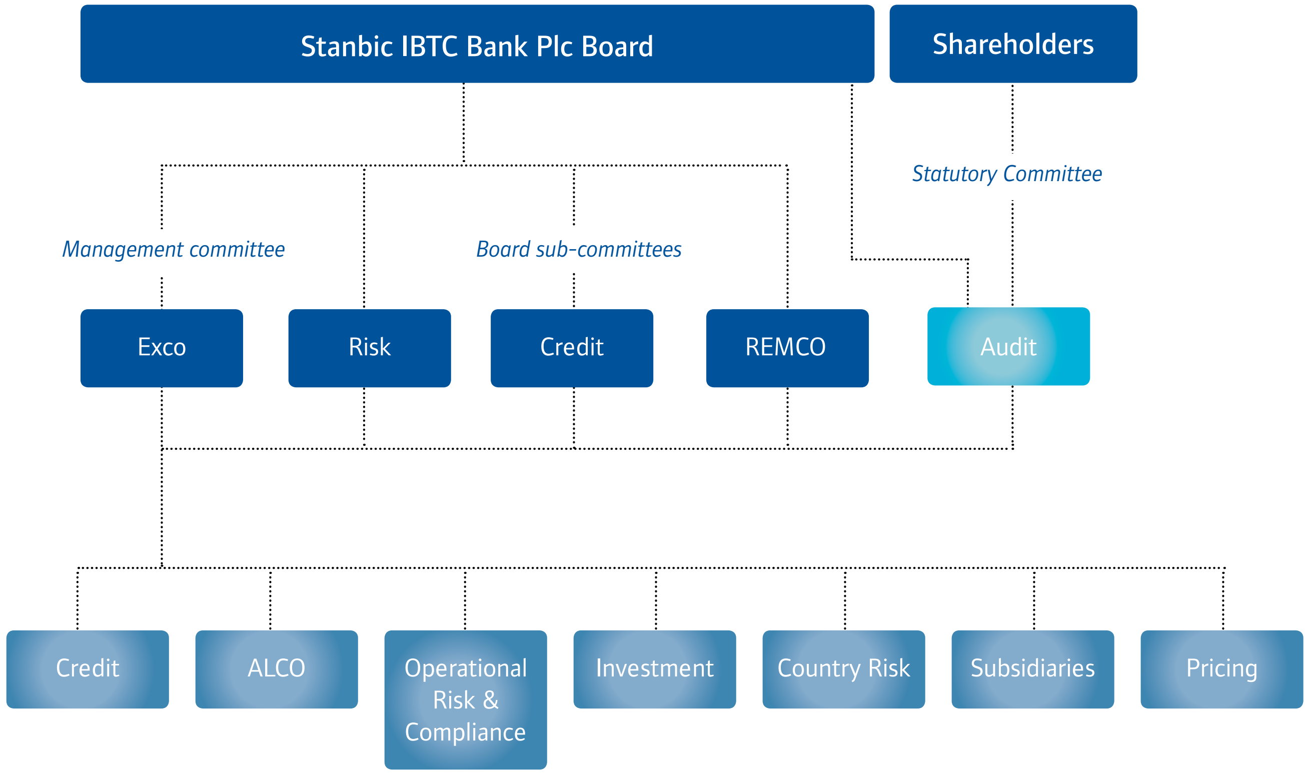
Approach and structure

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

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

An important element that underpins the group's approach to the management of all risk is independence and appropriate segregation of responsibilities between business and risk. Risk officers report separately to the head of group risk who reports to the chief executive officer of Stanbic IBTC and also through a matrix reporting line to the Standard Bank Group (SBG). All key risks are supported by the risk department.

Risk management framework



For nine months ended 30 September 2012

Risk governance standards, policies and procedures

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

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

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

Risk categories

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

Credit risk

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

Credit risk comprises counterparty risk, settlement risk, country risk and concentration risk.

Counterparty risk

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

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

Settlement risk

Settlement risk is the risk of loss to Stanbic IBTC from a transaction settlement, where value is exchanged, failing such that the counter value is not received in whole or part.

Country and cross border risk

Country and cross border risk is the risk of loss arising from political or economical conditions or events in a particular country which reduce the ability of counterparties (including the relevant sovereign and other members of the Standard Bank Group internationally) in that particular country to fulfil their obligations to Stanbic IBTC. Cross border risks is the risk of restriction on the transfer and convertibility of local currency funds, into foreign currency funds thereby limiting payment by offshore counterparties to the bank.

Concentration risk

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

Market risk

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

Liquidity risk

Liquidity risk is defined as the risk that the bank, although balance-sheet solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due (as a result of funding liquidity risk), or can only do so at materially disadvantageous terms (as a result of market liquidity risk). Funding liquidity risk refers to the risk that the counterparties, who provide the bank with funding, will withdraw or not roll-over that funding. Market liquidity risk refers to the risk of a generalised disruption in asset markets that makes normal liquid assets illiquid and the potential loss through the forced-sale of assets resulting in proceeds being below their fair market value.

Operational risk

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

The definition of operational risk also includes:

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

Business risk

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

For nine months ended 30 September 2012

Credit risk

Principal credit policies

The Standard Bank Group's Credit Risk 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 Stanbic IBTC.

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 Stanbic IBTC are legally executed, properly monitored and controlled in order to minimize the risk of financial loss; and assure consistency of approach in the treatment of regulatory compliance requirements.

In addition to the Credit Risk Governance Standard, CIB and PBB Global Credit Policies, a number of related credit policies and documents have been developed, with contents that are relevant to the full implementation and understanding of the credit policies.

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 emphasized as consequences can be severe when neglected. Stanbic IBTC has established sound governance principles to ensure that credit risk is managed effectively within a comprehensive risk management control framework.

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

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

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

Annexure B: Risk management (continued)

For nine months ended 30 September 2012

Loans and advances performance

30 September 2012		Performing loans				Non-performing loans									
			Neither past due nor specifically impaired		Not specifically impaired		Specifically impaired loans								
	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[1] ₦million	Sub-standard ₦million	Doubtful ₦million	Loss ₦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 impairment for non-performing specifically impaired loans ₦million	Gross specific impairment coverage %	Total non-performing loans ₦million	Non-performing loans %
Personal & Business Banking	102,769	1,991	68,404	-	28,659	-	2,455	1,716	1,536	5,706	957	4,749	4,749	83	5,706	5
Mortgage loans	10,989	200	6,717		3,397	-	351	204	320	874	258	617	617	71	874	7
Instalment sale and finance leases	17,319	468	10,967		5,300	-	268	552	231	1,051	314	738	738	70	1,051	6
Card debtors	521	14	444		45	-	-	-	31	31	1	31	31	98	31	6
Other loans and advances	73,941	1,310	50,275		19,917	-	1,836	960	953	3,749	385	3,364	3,364	90	3,749	5
Corporate & Investment Banking	171,140	1,782	152,706		-	-	6,410	10,544	1,479	18,433	14,139	4,294	4,294	23	18,433	11
Corporate loans	171,140	1,782	152,706		-	-	6,410	10,544	1,479	18,433	14,139	4,294	4,294	23	18,433	11
Central and other	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-
Gross loans and advances	273,909	3,773	221,110		28,659	-	8,865	12,260	3,015	24,140	15,096	9,044	9,044	37	24,140	9
Percentage of total book (%)	100.00	1.4	81.0	-	10.4	-	3.1	4.4	1.1	8.6	5.5	3.3	3.3	0.0	7.0	0.0

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

Ageing of loans and advances past due but not specifically impaired

30 September 2012	Performing (Early arrears)			Non-performing			
	Less than 31 days ₦million	31-60 days ₦million	61 - 90 days ₦million	91 - 180 days ₦million	More than 180 days ₦million	Total ₦million	Non-performing ₦million
Personal & Business Banking	19,179	5,855	3,625	-	-	28,659	-
Mortgage loans	2,386	724	287	-	-	3,397	-
Instalment sale and finance leases	1,801	1,260	2,239	-	-	5,300	-
Card debtors	-	38	7	-	-	45	-
Other loans and advances	14,992	3,833	1,092	-	-	19,917	-
Corporate & Investment Banking	-	1	-	-	-	-	-
Corporate loans	-	-	-	-	-	-	-
Total	19,179	5,855	3,625	-	-	28,659	-

Criteria for the classification of loans and advances

Non-performing loans	Those loans for which: - the group has identified objective evidence of default, such as a breach of a material loan covenant or condition; or - instalments are due and unpaid for 90 days or more.
Neither past due nor specifically impaired loans	Neither past due nor specifically impaired loans are loans that are current and fully compliant with all contractual terms and conditions. Normal monitoring loans within this category are generally rated 1 to 21 and close monitoring loans are generally rated 22 to 25 using the group's master rating scale.
Early arrears but not specifically impaired loans	Loans where the counterparty has failed to make contractual payments and 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 but not specifically impaired loans	Non-performing loans but not specifically impaired loans include loans where the counterparty has failed to make contractual payments and is 90 days or more past due, as well as those loans for which the group has identified objective evidence of default, such as a breach of a material loan covenant or condition. These loans are not specifically impaired due to the expected recoverability of the full carrying value when considering future cash flows, including collateral.
Non-performing loans specifically impaired loans	Non-performing loans 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 furthre analysed into the following categories: - sub-standard 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 items; and - loss items that are considered to be uncollectable in whole or in part. The group provides fully for its anticipated loss, after taking securities into account.

Additional disclosures on loans and advances is set out in note 8.

For nine months ended 30 September 2012

Loans and advances performance

31 December 2011	Performing loans						Non-performing loans									
			Neither past due nor specifically impaired		Not specifically impaired		Specifically impaired									
	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[1] ₦million	Sub-standard ₦million	Doubtful ₦million	Loss ₦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 impairment for non-performing specifically impaired loans ₦million	Gross specific impairment coverage %	Total non-performing loans ₦million	Non-performing loans %
Personal & Business Banking	93,067	1,458	68,623	-	21,867	-	895	1,124	558	2,577	51	2,526	2,526	98	2,577	2.8
Mortgage loans	13,582	184	9,031	-	3,932	-	78	483	58	619	132	487	487	79	619	4.6
Instalment sale and finance leases	14,443	81	10,719	-	3,438	-	142	65	79	285	105	180	180	63	285	2.0
Card debtors	336	17	268	-	38	-	-	-	30	30	3	27	27	90	30	9.1
Other loans and advances	64,707	1,177	48,605	-	14,460	-	675	576	391	1,643	(189)	1,832	1,832	112	1,643	2.5
Corporate & Investment Banking	173,015	1,880	154,758	-	3,126	-	13,527	1,591	13	15,131	11,634	3,497	3,497	23	15,131	8.7
Corporate loans	173,015	1,880	154,758	-	3,126	-	13,527	1,591	13	15,131	11,634	3,497	3,497	23	15,131	8.7
Central and other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross loans and advances	266,082	3,338	223,381	-	24,994	-	14,422	2,715	571	17,708	11,684	6,024	6,024	34	17,708	6.7
Percentage of total book (%)	100.0	1.3	84.1	0.0	9.4	0.0	5.3	1.0	0.2	6.7	4.4	2.3	2.3	0.0	6.7	-

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

Ageing of loans and advances past due but not specifically impaired

31 December 2011	Performing (Early arrears)			Non-performing			
	Less than 31 days ₦million	31 - 60 days ₦million	61 - 90 days ₦million	91 - 180 days ₦million	More than 180 days ₦million	Total ₦million	Non-performing ₦million
Personal & Business Banking	17,676	2,486	1,706	-	-	21,867	-
Mortgage loans	2,646	862	424	-	-	3,932	
Instalment sale and finance leases	2,441	831	166	-	-	3,438	
Card debtors	24	14	-	-	-	38	
Other loans and advances	12,565	779	1,116	-	-	14,460	
Corporate & Investment Banking	3,126	-	-	-	-	3,126	-
Corporate loans	3,126	-	-	-	-	3,126	
Total	20,802	2,486	1,706	-	-	24,994	-

For nine months ended 30 September 2012

Criteria for the classification of loans and advances

Non-performing loans	Those loans for which: - the group has identified objective evidence of default, such as a breach of a material loan covenant or condition; or - instalments are due and unpaid for 90 days or more.
Neither past due nor specifically impaired loans	Neither past due nor specifically impaired loans are loans that are current and fully compliant with all contractual terms and conditions. Normal monitoring loans within this category are generally rated 1 to 21 and close monitoring loans are generally rated 22 to 25 using the group's master rating scale.
Early arrears but not specifically impaired loans	Loans where the counterparty has failed to make contractual payments and 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 but not specifically impaired loans	Non-performing loans but not specifically impaired loans include loans where the counterparty has failed to make contractual payments and is 90 days or more past due, as well as those loans for which the group has identified objective evidence of default, such as a breach of a material loan covenant or condition. These loans are not specifically impaired due to the expected recoverability of the full carrying value when considering future cash flows, including collateral.
Non-performing loans specifically impaired loans	Non-performing loans 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 furthre analysed into the following categories: - sub-standard 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 items; and - loss items that are considered to be uncollectable in whole or in part. The group provides fully for its anticipated loss, after taking securities into account.

Additional disclosures on loans and advances is set out in note 8.

Market risk

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

Banking book interest rate risk

These risks arise from the structural interest rate risk caused by the differing repricing 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 as a result of changes in foreign exchange rates other than those included in the Value at Risk (VaR) analysis for CIB's trading positions.

Equity investment risk

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

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 board risk committee.

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

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

The techniques used to measure and control market risk include:

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

For nine months ended 30 September 2012

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 bank's earnings and capital and, in extreme circumstances, may even lead to the collapse of a bank which is otherwise solvent. Hence, sound liquidity risk management is pivotal to the viability of every bank and the maintenance of overall banking stability.

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

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

Liquidity and funding management

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

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

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

Operational risk

Approach to managing operational risk

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

Governance

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

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

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 maintain sufficient capital levels for legal and regulatory compliance purposes. The group ensures that its actions do not compromise sound governance and appropriate business practices and it eliminates any negative effect on payment capacity, liquidity and profitability.

The regulators require each bank to hold a minimum regulatory capital of N25 billion and maintain a minimum of 10% capital adequacy ratio. The required information is filed monthly with the Central Bank of Nigeria (CBN) while the group's auditors are also required to render an annual certificate to the Nigerian Deposit Insurance Corporation (NDIC).

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

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

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

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

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

For nine months ended 30 September 2012

Capital management

The table below summarises the composition of regulatory capital and the ratios of the group for the period ended 30 September 2012. During those two periods, the individual entities within the group and the group complied with all of the externally imposed capital requirements to which they are subject.

	Group 30 Sep 2012 ₦million	Group 31 Dec 2011 ₦million
Tier 1 capital:		
Share capital	9,375	9,375
Share premium	47,469	47,469
Available-for-sale reserve	(615)	(3,982)
Statutory credit reserve	-	-
Retained earnings	10,780	12,655
Other reserves	14,417	14,350
Deferred tax asset and intangible assets	(6,649)	(7,674)
Total qualifying Tier 1 capital	75,392	76,195
Tier 2 capital:		
Non-controlling interest	1,978	1,911
Available-for-sale reserve	(615)	(3,982)
General provision	3,771	3,338
Total qualifying Tier 2 capital	5,134	1,267
Total regulatory capital	80,526	77,442
Risk-weighted assets:		
On-balance sheet	345,886	340,270
Off-balance sheet	15,213	31,174
Total risk-weighted assets	361,099	371,444
Capital Adequacy Ratio	22.30%	20.85%

With capital adequacy at 22%, the group's capitalisation improved within the period, a result of well managed risk amidst consistent growth in risk asset.

Regulatory capital compliance

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

Annexure C: Explanation of transition to IFRS

Explanation of transition to IFRS

These are the Group's first consolidated interim financial statements prepared in accordance with International Finanacial Reporting Standards (IFRSs).

The IFRS accounting policies approved by the board of directors have been applied in preparing the interim financial statements for the nine months ended 30 September 2012, the comparative information for both the nine months ended 30 September 2011 and year ended 31 December 2011, and in preparation of an opening IFRS statement of financial position at 1 January 2011 (the Group's date of transition).

In preparing its opening IFRS statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with Nigerian GAAP (its previous GAAP). An explanation of how the transition from previous GAAP to IFRSs has affected the Group's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Annexure C: Explanation of transition to IFRS (continued)

For nine months ended 30 September 2012

Reconciliation of equity- Group

	Note	1 Jan 2011			30 Sep 2011			31 Dec 2011		
		Previous GAAP ₦million	Effect of transition to IFRSs ₦million	IFRSs ₦million	Previous GAAP ₦million	Effect of transition to IFRSs ₦million	IFRSs ₦million	Previous GAAP ₦million	Effect of transition to IFRSs ₦million	IFRSs ₦million
Assets										
Cash and balances with central banks		10,048	-	10,048	13,127	-	13,127	30,074	-	30,074
Derivative assets	a	-	263	263	-	3,054	3,054	-	3,081	3,081
Trading assets	b	-	70,886	70,886	-	99,263	99,263	-	66,476	66,476
Pledged assets	c	-	18,573	18,573	-	20,472	20,472	-	19,501	19,501
Financial investments	d	60,013	(30,810)	29,203	103,085	(60,248)	42,837	131,195	(42,318)	88,877
Loans and advances	e	266,112	(56,142)	209,970	324,862	(68,092)	256,770	332,867	(30,096)	302,771
Loans and advances to banks		88,658	(55,367)	33,291	86,910	(67,529)	19,381	77,282	(31,231)	46,051
Loans and advances to customers		177,454	(775)	176,679	237,952	(563)	237,389	255,585	1,135	256,720
Current and deferred tax assets		939	757	1,696	1,232	1,662	2,894	1,566	1,102	2,668
Other assets	f	16,177	198	16,375	16,657	(812)	15,844	27,648	(16,348)	11,299
Intangible assets	g	-	4,559	4,559	-	4,969	4,969	5,036	-	5,036
Property and equipment	h	31,251	(5,606)	25,645	29,787	(6,175)	23,612	25,839	(1,115)	24,724
Total assets		384,540	2,678	387,218	488,750	(5,907)	482,842	554,225	283	554,507
Equity and liabilities										
Equity		85,126	1,852	86,978	85,160	(1,354)	83,805	84,720	(2,941)	81,778
Equity attributable to ordinary shareholders		83,750	1,852	85,602	83,518	(1,354)	82,164	82,806	(2,939)	79,867
Ordinary share capital		9,375	-	9,375	9,375	-	9,375	9,375	-	9,375
Ordinary share premium		47,469	-	47,469	47,469	-	47,469	47,469	-	47,469
Reserves	s	26,906	1,852	28,758	26,674	(1,354)	25,320	25,962	(2,939)	23,023
Non-controlling interest		1,376	-	1,376	1,642	-	1,642	1,913	(2)	1,911
Liabilities		299,415	826	300,240	403,590	(4,553)	399,037	469,505	(44,394)	472,729
Derivative liabilities	i	-	-	-	-	708	708	-	749	749
Trading liabilities	j	-	50,116	50,116	-	74,629	74,629	-	63,173	63,173
Deposit and current accounts	k	242,618	(50,268)	192,350	314,454	(37,316)	277,138	360,914	(61,127)	299,787
Deposits from banks		56,152	(49,920)	6,232	86,438	(27,071)	59,367	68,541	(55,996)	12,545
Deposits from customers		186,466	(348)	186,118	228,016	(10,245)	217,771	292,373	(5,131)	287,242
Current and deferred tax liabilities		4,305	398	4,703	4,991	(626)	4,365	5,039	148	5,187
Other liabilities	l	52,492	579	53,071	84,146	(41,948)	42,198	103,552	(47,337)	56,215
Total equity and liabilities		384,540	2,678	387,218	488,750	(5,907)	482,842	554,225	(47,335)	554,507

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Annexure C: Explanation of transition to IFRS (continued)

For nine months ended 30 September 2012

Reconciliation of comprehensive income for the nine months ended 30 September 2011

	Note	Previous GAAP ₦million	Effect of transition to IFRSs ₦million	IFRSs ₦million
Income from banking activities				
Net interest income	m	22,732	(982)	21,750
Interest income		29,107	(2,688)	26,419
Interest expense		(6,375)	1,706	(4,669)
Non-interest revenue		20,103	655	20,758
Net fee and commission revenue	n	15,636	(1,443)	14,193
Trading revenue	o	4,173	2,098	6,271
Other revenue		294	-	294
Total income		42,835	(327)	42,508
Credit impairment charges		(1,151)	(2,189)	(3,340)
Provision for credit losses	p	(668)	(2,672)	(3,340)
Diminution in other assets value		(483)	483	-
Income after credit impairment charges		41,684	(2,516)	39,168
Operating expenses	q	(30,711)	(496)	(31,207)
Staff costs		(13,296)	(200)	(13,496)
Other operating expenses		(17,415)	(296)	(17,711)
Profit before direct taxation		10,973	(3,012)	7,961
Taxation		(3,093)	835	(2,258)
Profit after taxation		7,880	(2,177)	5,703
Profit for the year		7,880	(2,177)	5,703
Other comprehensive income				
Other comprehensive income for the period, net of income tax		-	(1,345)	(1,345)
Net change in fair value of available-for-sale financial assets		-	(1,546)	(1,546)
Realised fair value adjustments on available-for-sale financial assets transferred to profit or loss		-	201	201
Income tax on other comprehensive income		-	-	-
Total comprehensive income for the period		7,880	(3,522)	4,358

Reconciliation of comprehensive income for the year ended 31 December 2011

	Note	Previous GAAP ₦million	Effect of transition to IFRSs ₦million	IFRSs ₦million
Income from banking activities				
Net interest income	m	29,765	(2,123)	27,642
Interest income		40,343	(4,915)	35,428
Interest expense		(10,579)	2,793	(7,786)
Non-interest revenue		26,741	864	27,605
Net fee and commission revenue	n	20,709	(2,321)	18,388
Trading revenue	o	5,660	3,185	8,845
Other revenue		372		372
Total income		56,505	(1,259)	55,247
Credit impairment charges		(4,705)	1,356	(3,349)
Provision for credit losses	p	(3,571)	222	(3,349)
Diminution in other assets value		(1,134)	1,134	-
Income after credit impairment charges		51,801	97	51,898
Operating expenses	q	(40,557)	(1,235)	(41,792)
Staff costs		(16,570)	(1,270)	(17,840)
Other operating expenses		(23,987)	35	(23, 952)
Profit before taxation		11,244	(1,138)	10,106
Taxation	r	(3,804)	341	(3,463)
Profit after taxation		7,439	(797)	6,643
Profit for the year		7,439	(797)	6,643
Other comprehensive income				
Total other comprehensive income for the period		-	(3,903)	(3,903)
Net change in fair value of available-for-sale financial assets		-	(3,801)	(3,801)
Realised fair value adjustments on available-for-sale financial assets transferred to profit or loss		-	(48)	(48)
Income tax on other comprehensive income		-	(54)	(54)
Total comprehensive income for the period		7,439	(4,700)	2,740

Annexure C: Explanation of transition to IFRS (continued)

For nine months ended 30 September 2012

Index to notes to the reconciliations

a. Derivative assets

IFRS requires derivatives instruments to be classified as financial instruments held for trading. The direct external transaction costs are recognised in profit or loss. Subsequent to initial recognition, derivatives are measured at fair value with the change in value recognised in profit or loss as they arise.

Under Nigerian GAAP, derivatives are not defined. The only reference to derivative financial instruments is in relation to forward exchange contract. In practice, derivatives are only recognised at any initial consideration paid, if any. Derivatives are accounted for upon settlement through profit or loss.

The impact of the change in accounting treatment is as follows:

	1 Jan 2011 ₦million	30 Sep 2011 ₦million	31 Dec 2011 ₦million
Consolidated statement of financial position			
Derivative assets recognised under IFRS	263	3,054	3,081
Consolidated statement of comprehensive income			
Fair value gains/(losses) on derivative assets	n/a	3,054	3,081

b. Trading assets

IFRS defines held-for-trading financial assets and liabilities to include those financial assets and liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term and those forming part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Subsequent to initial recognition, the financial instruments' fair values are remeasured at each reporting date. All gains and losses arising from changes in fair value are recognised in profit or loss.

Under Nigerian GAAP, investments are classified as either short term or long term. Short term investments being defined as investments which are readily realisable and intended to be held for not more than one year. Short term investments are measured at the lower of cost or market value. Long term investments are defined as investments other than short-term investments. Long term investments are carried at cost or revalued amount; this policy needs to be clear and consistently applied. Where there is a permanent decrease in value the amount should be taken to profit or loss. Reversals of these increases are first taken to profit or loss, up to the original write-down, any excess is taken to equity. Permanent increases in value are taken to equity. Reversals of these increases first reduce equity and then are taken to profit or loss.

The impact of the change in accounting treatment is as follows:

	1 Jan 2011 ₦million	30 Sep 2011 ₦million	31 Dec 2011 ₦million
Consolidated statement of financial position			
Trading assets recognised under IFRS	70,886	99,263	66,476
Impact of reclassification	69,175	102,898	66,598
Impact of fair value adjustments	1,711	(3,635)	(122)

Refer below for impact on statement of comprehensive income

c. Pledged assets

Stanbic IBTC Bank PLC reclassifies securities sold subject to linked repurchase agreements as pledged assets in the statement of financial position, when the transferee has the right by contract or custom to sell or repledge the collateral.

There is no such classification of pledged assets under Nigerian GAAP; pledged asset are not classified separately from other investments.

	1 Jan 2011 ₦million	30 Sep 2011 ₦million	31 Dec 2011 ₦million
Consolidated statement of financial position			
Financial assets reclassified & recognised as pledged assets	18,573	20,472	19,501
Impact of reclassification	19,983	20,534	20,033
Impact of fair value adjustments	(1,410)	(62)	(532)

Note that the fair value adjustment for pledged assets is recognised in the available for sale reserve as these instruments are calssified as financial investments

For nine months ended 30 September 2012

d. Financial investments

Financial assets are classified as available for sale under IFRS, if they are designated as available-for-sale or have not classified into one of the other financial asset categories. The group classifies investments as available for sale if they are generally strategic capital investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices, or are non-derivative financial assets that are not classified within another category of financial assets. Available-for-sale financial assets are measured at fair value. Unrealised gains or losses arising from changes in the fair value of available-for- sale financial assets are recognised directly in the available-for-sale reserve until the financial asset is derecognised or impaired. Available for sale financial assets are recognised in the statement of financial position as financial investments.

Under Nigerian GAAP, investments are classified as either short term or long term. Short term investments being defined as investments which are readily realisable and intended to be held for not more than one year. Short term investments are measured at the lower of cost or market value. Long term investments are defined as investments other than short-term investments. Long term investments are carried at cost or revalued amount; this policy needs to be clear and consistently applied. Where there is a permanent decrease in value the amount should be taken to profit or loss. Reversals of these increases are first taken to profit or loss, up to the original write-down, any excess is taken to equity. Permanent increases in value are taken to equity. Reversals of these increases first reduce equity and then are taken to profit or loss.

The impact of the change in accounting treatment is as follows:

	1 Jan 2011 ₦million	30 Sep 2011 ₦million	31 Dec 2011 ₦million
Consolidated statement of financial position			
Financial investments recognised under IFRS	29,203	42,837	88,877
Impact of reclassification	33,196	44,218	91,861
Impact of movement in fair value	(3,993)	(1,381)	(2,984)

Refer below for impact on statement of comprehensive income.

e. Loans and advances

IFRS defines loans and receivables as non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those designated by the group as at fair value through profit or loss or available-for-sale. Loans and receivables are measured at amortised cost using the effective interest (EIR) method, less any impairment losses. IFRS requires impairment losses for amortised cost financial assets to be recognised using an incurred loss methodology based on objective evidence of impairment.

Under Nigerian GAAP, banking institutions carry their loans and receivables at amortised cost, less any impairment losses. Interest income is recognised using a constant yield on the outstanding principal over the life of the credit at the interest rate applicable to the loan. Impairment losses for loans are based on the Prudential Guidelines issued by the Central Bank of Nigeria. The impairment methodology is an expected loss methodology. Prudential guidelines (Prudential Guideline 12) requires the following classification for loans and advances, (Substandard if loan interest and principal outstanding 3 to 6months, Doubtful if outstanding for 6 to 9 months, Lost if outstanding for 12 or more months).

The impact of the change in accounting treatment is as follows:

	1 Jan 2011 ₦million	30 Sep 2011 ₦million	31 Dec 2011 ₦million
Consolidated statement of comprehensive position			
Impact of impairment loss recognition using IFRS incurred loss methodology	n/a	(2,190)	222
Consolidated statement of financial position			
Impact of impairment loss recognition using IFRS incurred loss methodology	2,351	(2,994)	4,136
Impact of staff loan adjustment	(626)	553	(472)
Reclassification due to IFRS financial instrument classification	(57,867)	(63,461)	(33,982)
Total impact on loans and advances	(56,142)	(68,092)	(30,096)

For nine months ended 30 September 2012

f. Other assets

Prepayment for staff loans

The group provides loans to staff at reduced tiered rates. IFRS requires all financial instruments to be recognised at fair value upon initial recognition. The initial loan balance should therefore be accounted at fair value, which is the expected future cash flows discounted at a market related interest rate. An adjustment is needed to bring the loan to its fair value on initial recognition. The low staff loan rate is a part of the compensation of the employee and is a prepayment for future services to be rendered. This prepayment unwinds from the statement of financial position to the statement of comprehensive income over the life of the loan; this amortisation is recognised in the staff cost line.

This fair value adjustment upon initial recognition of the loan is not required under Nigerian GAAP. These loans would be recognised at cost under Nigerian GAAP.

The impact of the change in accounting treatment is as follows:

	1 Jan 2011 ₦million	30 Sep 2011 ₦million	31 Dec 2011 ₦million
Consolidated statement of financial position			
Reclassification of loan adjustment from loans and advances to other assets (staff prepayment)	626	553	472

Staff vehicles benefit

The group provides a number of benefits for its employees including an election to receive a vehicle from the group. The group provides this benefit and in return receives the benefit of the employees services. Under IFRS the vehicles are assets of the employee and the benefit is treated as a receivable forming a part of other assets. This receivable unwinds from the statement of financial position to the statement of comprehensive income over the life of the loan; this amortisation is recognised in the staff cost line.

Under Nigerian GAAP the vehicles are treated as a part of the property, plant and equipment of the group.

The impact of the change in accounting treatment is as follows:

	1 Jan 2011 ₦million	30 Sep 2011 ₦million	31 Dec 2011 ₦million
Consolidated statement of financial position			
Reclassification from property, plant and equipment to other receivables	1,047	1,206	1,113

Note the receivable recognised is the same as the net book value of the staff vehicles previously recognised in the statement of financial position. The amortisation recognised in staff costs is the same as the depreciation previously recognised.

Reclassification due to IFRS classification	(1,473)	(2,571)	(17,935)
Total adjustment to other assets	198	(812)	(16,348)
Consolidated statement of comprehensive income			
Amortisation of prepayment	n/a	116	154
Reclassification of amortisation from depreciation to other staff costs	n/a	317	422

g. Intangible assets

During the 2011 financial year the company adopted the new accounting standard - Statement of Accounting Standards 31: On Intangible Assets (NGAAP), which became operative for financial statements covering periods beginning on or after 1 January 2011. As a result, the carrying amount of the cost of its acquired software which does not form part of the related hardware and previously classified as property and equipment was reclassified to intangible assets. Prior to the application of this standard intangible assets meeting the recognition criteria for capitalisation were not separately disclosed as required by IFRS.

The impact of the change in accounting treatment is as follows:

	1 Jan 2011 ₦million	30 Sep 2011 ₦million	31 Dec 2011 ₦million
Consolidated statement of financial position			
Reclassification from property, plant and equipment to intangible assets	4,559	4,696	-

For nine months ended 30 September 2012

h. Property, plant and equipment

IFRS requires the recognition of items of property, plant and equipment that are assets of the group, assets controlled by the group. The staff vehicles do not meet this criteria as in substance they are assets belonging to the employees.

Under Nigerian GAAP the vehicles are treated as a part of the property, plant and equipment of the group.

The impact of the change in accounting treatment is as follows:

	1 Jan 2011 ₦million	30 Sep 2011 ₦million	31 Dec 2011 ₦million
Consolidated statement of financial position			
Reclassification from property, plant and equipment to other receivables	1,048	1,206	1,113
Reclassification from property, plant and equipment to intangible assets	4,559	4,969	-
Total impact of reclassifications	(5,607)	(6,175)	(1,113)
Consolidated statement of comprehensive income			
Reclassification of amortisation from depreciation to other staff costs	n/a	317	422

Note: the receivable recognised is the same as the net book value of the staff vehicles recognised in the statement of financial position. The amortisation recognised in staff costs is the same as the depreciation previously recognised.

i. Derivatives liabilities

IFRS requires derivatives instruments to be classified as financial instrument held-for-trading. The direct external transaction costs are recognised in profit or loss. Subsequent to initial recognition derivatives are measured at fair value with the change in value recognised in profit or loss as they arise.

Under Nigerian GAAP, derivatives are not defined. The only reference to derivative financial instruments is in relation to forward exchange contract. In practice, derivatives are only recognised at any initial consideration paid, if any. Derivatives are accounted for upon settlement through profit or loss.

The impact of the change in accounting treatment is as follows:

	1 Jan 2011 ₦million	30 Sep 2011 ₦million	31 Dec 2011 ₦million
Consolidated statement of financial position			
Derivative liabilities recognised	-	708	749
Consolidated statement of comprehensive income			
Fair value gains/(losses) on derivative liabilities	n/a	708	749

j. Trading liabilities

IFRS defines held-for-trading financial assets and liabilities include those financial assets and liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term; those forming part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Subsequent to initial recognition, the financial instruments' fair values are remeasured at each reporting date. All gains and losses arising from changes in fair value are recognised in profit or loss.

Current practice is to recognise financial liabilities the obligation arises based on the contractual terms and the accrual basis of accounting.

The impact of the change in accounting treatment is as follows:

	1 Jan 2011 ₦million	30 Sep 2011 ₦million	31 Dec 2011 ₦million
Consolidated statement of financial position			
Trading liabilities recognised under IFRS	50,116	74,629	63,173
Impact of reclassification	50,622	71,045	62,548
Impact of movement in fair value	(506)	3,584	626

Refer below for impact on statement of comprehensive income

For nine months ended 30 September 2012

k. Deposits and current accounts

Deposit and current accounts are amortised cost liabilities under IFRS. Any liabilities that are held for trading purposes, are recognised as trading liabilities.

Under Nigerian GAAP financial liabilities are recognised as the obligation arises based on the contractual terms and the accrual basis of accounting. There is no separate classification for liabilities held for trading.

The impact of the change in accounting treatment is as follows:

	1 Jan 2011 ₦million	30 Sep 2011 ₦million	31 Dec 2011 ₦million
Consolidated statement of financial position			
Reclassification due to IFRS financial instrument classification	(50,268)	(37,316)	(61,127)

l. Other liabilities

Share based payment liability

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

There is no guidance under Nigerian GAAP for accounting for share based payment transactions and in practice the liabilty is recognised using accrual accounting.

The impact of the change in accounting treatment is as follows:

	1 Jan 2011 ₦million	30 Sep 2011 ₦million	31 Dec 2011 ₦million
Consolidated statement of financial position			
Impact of change in measurement methodology	(86)	(212)	(273)

EIR adjustment to deferred income

IFRS defines loans and receivables as non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the group as at fair value through profit or loss or available-for-sale. Loans and receivables are measured at amortised cost using the effective interest (EIR) method, less any impairment losses. IFRS requires impairment losses for amortised cost financial assets to be recognised using an incurred loss methodology based on objective evidence of impairment.

In terms of the EIR 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.

Under Nigerian GAAP, banking institutions carry their loans and receivables at amortised cost, less any impairment losses. Interest income is recognised using a constant yield on the outstanding principal over the life of the credit at the interest rate applicable to the loan. Impairment losses for loans are based on the Prudential Guidelines issued by the Central Bank of Nigeria. The methodology is an expected loss methodology. Prudential guidelines (Prudential Guideline 12) requires the following classification for loans and advances, (Substandard if loan interest and principal outstanding 3 to 6months, Doubtful if outstanding for 6 to 9 months, Lost if outstanding for 12 or more months).

The impact of the change in accounting treatment is as follows:

	1 Jan 2011 ₦million	30 Sep 2011 ₦million	31 Dec 2011 ₦million
Consolidated statement of financial position			
Impact of EIR change on deferred income	(910)	(1,096)	(1,175)
Reclassification due to IFRS financial instrument classification	1,575	(40,640)	(45,888)
Total impact for other liabilities	579	(41,948)	(47,337)
Consolidated statement of comprehensive income			
Impact of application of EIR methodology	n/a	(67)	(2,320)
Share based payment expense recognised as part of other staff costs	n/a	(49)	(142)

For nine months ended 30 September 2012

m. Revenue recognition-net interest income

Under IFRS Interest income and interest expense are recognised using the EIR methodology. In terms of the EIR 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.

Under Nigerian GAAP interest income is recognised using a constant yield on the outstanding principal over the life of the credit at the interest rate applicable to the loan. There is no specific guidance on the recognition of interest expense under Nigerian GAAP. In practice interest expense is recognised using the accrual basis.

The impact of the change in accounting treatment is as follows:

	9 months ended 30 Sep 2011 ₦million	12 months ended 31 Dec 2011 ₦million
Consolidated statement of comprehensive income		
Impact of change in net interest income revenue recognition	(982)	(2,123)

n. Revenue recognition-non interest income

Origination fees received, including loan commitment fees, 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 EIR.

Origination fees received, including loan commitment fees are recognised as a part of fee income under Nigerian GAAP.

The impact of the change in accounting treatment is as follows:

	9 months ended 30 Sep 2011 ₦million	12 months ended 31 Dec 2011 ₦million
Consolidated statement of comprehensive income		
Impact of change in non interest income revenue recognition	(1,443)	(2,321)

o. Revenue recognition-trading revenue

Under IFRS Trading revenue comprises all gains and losses from changes in the fair value of trading assets and liabilities.

Under Nigerian GAAP trading revenue relates to foreign exchange and money market trading income.

The impact of the change in accounting treatment is as follows:

	9 months ended 30 Sep 2011 ₦million	12 months ended 31 Dec 2011 ₦million
Consolidated statement of comprehensive income		
Impact of change in trading revenue recognition	2,098	3,185

p. Credit impairment charges

IFRS requires impairment losses for amortised cost financial assets are recognised using an incurred loss methodology based on objective evidence of impairment.

Under Nigerian GAAP impairment losses for loans are based on the Prudential Guidelines issued by the Central Bank of Nigeria. The methodology is an expected loss methodology. Prudential guidelines (Prudential Guideline 12) requires the following classification for loans and advances, (Substandard if loan interest and principal outstanding 3 to 6months, Doubtful if outstanding for 6 to 9 months, Lost if outstanding for 12 or more months).

The impact of the change in accounting treatment is as follows:

	9 months ended 30 Sep 2011 ₦million	12 months ended 31 Dec 2011 ₦million
Consolidated statement of comprehensive income		
Impact of change in impairment methodology	(2,189)	222

For nine months ended 30 September 2012

q. Operating expenses

Staff vehicles

The group provides a number of benefits for its employees including an election to receive a vehicle from Stanbic IBTC. The group provides this benefit and in return receives the benefit of the employees services. Under IFRS the vehicles are assets of the employee and the benefit is treated as a receivable forming a part of other assets. This receivable unwinds from the statement of financial position to the statement of comprehensive income over the life of the loan; this amortisation is recognised in the staff cost line.

Under Nigerian GAAP the vehicles are treated as a part of the property, plant and equipment of the group.

The impact of the change in accounting treatment is as follows:

	9 months ended 30 Sep 2011 ₦million	12 months ended 31 Dec 2011 ₦million
Consolidated statement of comprehensive income		
Reclassification of amortisation from depreciation to other staff costs	317	422

Low interest loan prepayment

The group provides loans to staff at reduced tiered rates. IFRS requires all financial instruments to be recognised at fair value upon initial recognition. The initial loan balance should therefore be accounted at fair value, which is the expected future cash flows discounted at a market related interest rate. An adjustment is needed to bring the loan to its fair value on initial recognition. The low staff loan rate is a part of the compensation of the employee and is a prepayment for future services to be rendered. This prepayment unwinds from the statement of financial position to the statement of comprehensive income over the life of the loan; this amortisation is recognised in the staff cost line.

This fair value adjustment upon initial recognition of the loan is not required under Nigerian GAAP. These loans would be recognised at cost under Nigerian GAAP

The impact of the change in accounting treatment is as follows:

	9 months ended 30 Sep 2011 ₦million	12 months ended 31 Dec 2011 ₦million
Consolidated statement of comprehensive income		
Amortisation of prepayment	116	154

Share based payments

IFRS requires share-based payments settled in cash are accounted for as liabilities at fair value until settled. The liability is recognised over the vesting period and is revalued at every reporting date and on settlement. Any changes in the liability are recognised in profit or loss. The group has employees that participate in the ultimate holding company's equity compensation plans. These schemes are both cash-settled as well as equity settled share options. The fair value of equity-settled share options is determined on the grant date and accounted for as staff costs over the vesting period of the share options, with a corresponding increase in the share-based payment reserve.

There is no guidance under Nigerian GAAP for accounting for share based payment transactions and in practice a liabilty is recognised using accrual accounting. Equity settled share based payments are recognised as a part of other liabilities.

The impact of the change in accounting treatment is as follows:

	9 months ended 30 Sep 2011 ₦million	12 months ended 31 Dec 2011 ₦million
Consolidated statement of comprehensive income		
Share based payment expense recognised	49	142

Diminution in other assets value

Under Nigerian GAAP diminution in other assets including short term investments is recognised in operating expenses. Under IFRS any fair value adjustments for financial instruments are recognised as an adjustment to revenue.

Reclassification of diminution in other assets value	(483)	(1,134)
Other reclassifications	2	(819)
Total	(496)	(1,235)

Annexure C: Explanation of transition to IFRS (continued)

For nine months ended 30 September 2012

r. Taxation

The impact of IFRS adoption on current and deferred taxation due to the changes in the accounting treatment of transactions and balances is as follows:

	1 Jan 2011 ₦million	30 Sep 2011 ₦million	31 Dec 2011 ₦million
Consolidated statement of financial position			
Current and deferred tax assets	757	1,662	1,102
Current and deferred tax liabilities	398	(626)	148

	9 months ended 30 Sep 2011	12 months ended 31 Dec 2011
Consolidated statement of comprehensive income		
Current and deferred tax	835	341

s. Reserves

Share based payment reserve

The group has employees that participate in the ultimate holding company's equity compensation plans. These schemes are both cash-settled as well as equity settled share options. The fair value of equity-settled share options is determined on the grant date and accounted for as staff costs over the vesting period of the share options, with a corresponding increase in the share-based payment reserve.

There is no guidance under Nigerian GAAP for accounting for share based payment transactions. Equity settled share based payments are recognised as a part of other liabilities.

Available for sale reserve (refer to analysis above)

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

Statutory credit reserve (refer to analysis above)

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

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

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

	1 Jan 2011 ₦million	30 Sep 2011 ₦million	31 Dec 2011 ₦million
Share based payment reserve	166	246	295
Available for sale reserve	107	(1,238)	(3,982)
Statutory credit reserve	527	-	1,636
Retained earnings (net impact)	1,052	(362)	(888)
Total impact on equity	1,852	(1,354)	(2,939)

Other information

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For nine months ended 30 September 2012

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