Stanbic IBTC Bank

STANBIC IBTC BANK PLC

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2018

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STANBIC IBTC BANK PLC

Interim consolidated statement of financial position as at 30 September 2018

	Note	Group 30 Sep. 2018 N'million	Group 31 Dec. 2017 N'million	Bank 30 Sep. 2018 N'million	Bank 31 Dec. 2017 N'million
Assets					
Cash and cash equivalents	6	**414,446**	400,838	**414,446**	400,838
Pledged assets	9	**191,997**	43,240	**191,997**	43,240
Trading assets	8	**31,653**	151,479	**31,653**	151,479
Derivative assets	7	**36,538**	11,052	**36,538**	11,052
Financial investments	10	**258,525**	276,530	**258,410**	276,425
Loans and advances	11	**438,647**	381,323	**438,647**	381,323
Loans and advances to banks	11	**8,654**	9,234	**8,654**	9,234
Loans and advances to customers	11	**429,993**	372,089	**429,993**	372,089
Other assets	12	**90,956**	40,655	**90,785**	40,743
Equity Investment in group companies		**-**	-	**100**	100
Property and equipment		**18,119**	18,602	**18,115**	18,597
Intangible assets		**830**	605	**830**	605
Deferred tax assets		**8,401**	8,346	**8,321**	8,321
Total assets		**1,490,112**	1,332,670	**1,489,842**	1,332,723
Equity and liabilities					
Equity		**160,686**	138,700	**159,178**	137,899
Equity attributable to ordinary shareholders		**160,686**	138,700	**159,178**	137,899
Ordinary share capital		**1,875**	1,875	**1,875**	1,875
Ordinary share premium		**42,469**	42,469	**42,469**	42,469
Reserves		**116,342**	94,356	**114,834**	93,555
Liabilities		**1,329,426**	1,193,970	**1,330,664**	1,194,824
Trading liabilities	8	**120,341**	62,449	**120,341**	62,449
Derivative liabilities	7	**6,871**	2,592	**6,871**	2,592
Current tax liabilities		**2,321**	2,412	**2,065**	2,114
Deposits and current accounts	13	**942,394**	836,983	**942,768**	837,611
Deposits from banks	13	**169,325**	61,721	**169,325**	61,721
Deposits from customers	13	**773,069**	775,262	**773,443**	775,890
Other borrowings	14	**65,462**	74,892	**65,462**	74,892
Subordinated debt	15	**30,091**	29,046	**30,091**	29,046
Provisions		**9,064**	9,042	**9,064**	9,042
Other liabilities	16	**152,882**	176,554	**154,002**	177,078
Total equity and liabilities		**1,490,112**	1,332,670	**1,489,842**	1,332,723

Demola Sogunle
Chief Executive
FRC/2013/CIBN/00000001034
26 October 2018

Tosin Odutayo
Acting Head, Finance
FRC/2013/ICAN/00000001391
26 October 2018

Yinka Sanni
Director
FRC/2013/CISN/00000001072
26 October 2018

The accompanying notes form an integral part of these financial statements

STANBIC IBTC BANK PLC

Interim consolidated statement of profit or loss
For the period ended 30 September 2018

		Group				Bank			
		3 months	**9 months**	3 months	9 months	**3 months**	**9 months**	3 months	9 months
		30-Sep-18	**30-Sep-18**	30-Sep-17	30-Sep-17	**30-Sep-18**	**30-Sep-18**	30-Sep-17	30-Sep-17
	Note	**N'million**	**N'million**	N'million	N'million	**N'million**	**N'million**	N'million	N'million
Gross earnings		**42,654**	**128,625**	45,144	120,538	**42,647**	**128,587**	45,077	120,425
Net interest income		**16,732**	**53,529**	20,507	59,113	**16,729**	**53,518**	20,504	59,108
Interest income	21.1	**26,551**	**83,406**	31,614	84,826	**26,548**	**83,395**	31,614	84,826
Interest expense	21.2	**(9,819)**	**(29,877)**	(11,107)	(25,713)	**(9,819)**	**(29,877)**	(11,110)	(25,718)
Non-interest revenue		**15,619**	**44,280**	13,455	35,456	**15,615**	**44,253**	13,388	35,343
Net fee and commission revenue	21.3	**5,637**	**17,528**	5,013	14,914	**5,640**	**17,522**	4,958	14,847
Fee and commission revenue	21.3	**6,121**	**18,467**	5,088	15,170	**6,124**	**18,461**	5,033	15,103
Fee and commission expense	21.3	**(484)**	**(939)**	(75)	(256)	**(484)**	**(939)**	(75)	(256)
Trading revenue	21.4	**9,744**	**25,705**	8,186	19,940	**9,737**	**25,684**	8,174	19,894
Other revenue		**238**	**1,047**	256	602	**238**	**1,047**	256	602
Total income		**32,351**	**97,809**	33,962	94,569	**32,344**	**97,771**	33,892	94,451
Net impairment write back/(loss) on financial assets	21.6	**(1,359)**	**4,131**	(6,381)	(20,334)	**(1,359)**	**4,131**	(6,381)	(20,334)
Income after credit impairment charges		**30,992**	**101,940**	27,581	74,235	**30,985**	**101,902**	27,511	74,117
Operating expenses		**(19,232)**	**(60,356)**	(19,353)	(51,683)	**(19,623)**	**(61,298)**	(19,173)	(51,950)
Staff costs		**(7,536)**	**(24,282)**	(9,029)	(21,953)	**(7,483)**	**(23,969)**	(8,636)	(21,535)
Other operating expenses	22	**(11,696)**	**(36,074)**	(10,324)	(29,730)	**(12,140)**	**(37,329)**	(10,537)	(30,415)
Profit before tax		**11,760**	**41,584**	8,228	22,552	**11,362**	**40,604**	8,338	22,167
Income tax		**(549)**	**(1,618)**	(295)	(966)	**(419)**	**(1,345)**	(322)	(831)
Profit for the period		**11,211**	**39,966**	7,933	21,586	**10,943**	**39,259**	8,016	21,336
Profit attributable to:									
Non-controlling interests		**-**	**-**	-	-	**-**	**-**	-	-
Equity holders of the parent		**11,211**	**39,966**	7,933	21,586	**10,943**	**39,259**	8,016	21,336
Profit for the period		**11,211**	**39,966**	7,933	21,586	**10,943**	**39,259**	8,016	21,336
Earnings per share									
Basic /diluted earnings per ordinary share (kobo)	23	**299**	**1,066**	212	576	**292**	**1,047**	214	569

The accompanying notes form an integral part of these financial statements

STANBIC IBTC BANK PLC

Interim consolidated statement of comprehensive income
For the period ended 30 September 2018

	Note	Group				Bank			
		3 months	**9 months**	3 months	9 months	**3 months**	**9 months**	3 months	9 months
		30-Sep-18	**30-Sep-18**	30-Sep-17	30-Sep-17	**30-Sep-18**	**30-Sep-18**	30-Sep-17	30-Sep-17
		N'million	**N'million**	N'million	N'million	**N'million**	**N'million**	N'million	N'million
Profit for the period		**11,211**	**39,966**	7,933	21,586	**10,943**	**39,259**	8,016	21,336
Other comprehensive income									
Items that will never be reclassified to profit or loss		-	-	-	-	-			-
Movement in fair value reserve (equity instruments):		-	**256**			-	**256**		
Net change in fair value		-	**256**			-	**256**		
Related income tax									
Items that are or may be reclassified subsequently to profit or loss:									
Net change in fair value of available-for-sale financial assets		-	-	(167)	(36)	-	-	(167)	(36)
Realised fair value adjustments on available-for-sale financial assets reclassified to income statement		-	-	24	111	-	-	24	111
Movement in debt instruments measured at fair value through other comprehensive income (OCI)		**(1,401)**	**(3,020)**			**(1,401)**	**(3,020)**		
Total expected credit loss		**31**	**30**			**31**	**30**		
Net change in fair value		**(1,282)**	**(2,235)**			**(1,282)**	**(2,235)**		
Realised fair value adjustments transferred to profit or loss		**(150)**	**(815)**			**(150)**	**(815)**		
Income tax on other comprehensive income		-		-		-			-
Other comprehensive income for the period, net of tax		**(1,401)**	**(2,764)**	(143)	75	**(1,401)**	**(2,764)**	(143)	75
Total comprehensive income for the period		**9,810**	**37,202**	7,790	21,661	**9,542**	**36,495**	7,873	21,411
Total comprehensive income attributable to:									
Non-controlling interests		-	-	-	-	-	-	-	-
Equity holders of the parent		**9,810**	**37,202**	7,790	21,661	**9,542**	**36,495**	7,873	21,411
		9,810	**37,202**	7,790	21,661	**9,542**	**36,495**	7,873	21,411

The accompanying notes form an integral part of these financial statements

STANBIC IBTC BANK PLC

Consolidated and separate statement of changes in equity
For the period ended 30 September 2018

Group	Note	Ordinary share capital N'million	Share premium N'million	Statutory credit risk reserve N'million	Fair value through OCI reserve N'million	Share-based payment reserve N'million	SMIEIS reserves N'million	AGSMIEIS reserves N'million	Statutory reserves N'million	Retained earnings N'million	Ordinary shareholders' equity N'million
Balance at 1 January 2018		**1,875**	**42,469**		**3,740**	**13**	**1,039**	**749**	**26,376**	**62,439**	**138,700**
Impact of adopting IFRS 9 at 1 Jan 2018					**56**					**(10,295)**	(10,239)
Balance at 1 January 2018 (re-stated)		**1,875**	**42,469**	**-**	**3,796**	**13**	**1,039**	**749**	**26,376**	**52,144**	**128,461**
Total comprehensive income for the year					**(2,764)**					**39,966**	**37,202**
Profit for the year		**-**	**-**		**-**	**-**	**-**	**-**	**-**	**39,966**	**39,966**
Other comprehensive income after tax for the year					**(2,764)**						**(2,764)**
Net change in fair value on financial assets at FVOCI (debt)		**-**	**-**	**-**	**(2,235)**	**-**	**-**	**-**	**-**	**-**	**(2,235)**
Net change in fair value on financial assets at FVOCI (equity)		**-**	**-**	**-**	**256**		**-**	**-**	**-**	**-**	**256**
Realised fair value adjustments on financial assets at FVOCI (equity)					**(815)**						**(815)**
Realised fair value adjustments on financial assets at FVOCI (debt)											
Expected credit loss movement on debt financial assets at FVOCI					**30**						**30**
Equity-settled share-based payment transactions		**-**	**-**	**-**	**-**	**23**	**-**	**-**	**-**	**-**	**23**
Statutory credit risk reserve		**-**	**-**	**2,508**	**-**	**-**	**-**	**-**	**-**	**(2,508)**	**-**
Transfer to statutory reserve		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,995**	**(5,995)**	**-**
Transfer to AGSMIEIS								**1,407**		**(1,407)**	**-**
Transactions with shareholders, recorded directly in equity		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5,000)**	**(5 000)**
Transfer of vested share options to retained earnings		**-**	**-**	**-**	**-**		**-**	**-**	**-**		**-**
Dividends paid to equity holders		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5,000)**	**(5,000)**
Balance at 30 September 2018		**1,875**	**42,469**	**2,508**	**1,032**	**36**	**1,039**	**2,156**	**32,371**	**77,200**	**160,686**
Balance at 1 January 2017		1,875	42,469	789	184	28	1,039	-	22,153	40,780	109,317
Total comprehensive income for the year					75		-	-	-	21,586	21,661
Profit for the year		-	-	-	-	-	-	-	-	21,586	21,586
Other comprehensive income after tax for the year		-	-	-	75	-	-	-	-		75
Net change in fair value on available-for-sale financial assets		-	-	-	(36)	-	-	-	-	-	(36)
Realised fair value adjustments on available-for-sale financial assets		-	-	-	111	-	-	-	-	-	111
Income tax on other comprehensive income		**-**	**-**	**-**	**-**	(15)	**-**	**-**	**-**	**-**	
Equity-settled share-based payment transactions		**-**	**-**	-	**-**	(15)					(15)
Statutory credit risk reserve		**-**	**-**	-	**-**	**-**	**-**	**-**	**-**	-	-
Transfer to statutory reserve		**-**	**-**	**-**	**-**	**-**	749	-	-	(749)	-
Transactions with shareholders, recorded directly in equity		-	-	-	-	-	-	-	-	(3,000)	(3,000)
Transfer of vested share options to retained earnings		-	-	-	-	-	-	-	-	-	-
Dividends paid to equity holders		-	-	-	-	-	-	-	-	(3,000)	(3,000)
Balance at 30 September 2017		1,875	42,469	789	259	13	1,788	-	22,153	58,617	127,963

The accompanying notes form an integral part of these financial statements

STANBIC IBTC BANK PLC

Consolidated and separate statement of changes in equity
For the period ended 30 September 2018

Bank	Note	Ordinary share capital N'million	Share premium N'million	Statutory credit risk reserve N'million	Fair value through OCI reserve N'million	Share-based payment reserve N'million	SMIEIS reserves N'million	AGSMIEIS reserves N'million	Statutory reserves N'million	Retained earnings N'million	Ordinary shareholders' equity N'million
Balance at 1 January 2018		**1,875**	**42,469**		**3,741**	**13**	**1,039**	**749**	**26,376**	**61,637**	**137,899**
Impact of adopting IFRS 9 at 1 Jan 2018					**56**					**(10,295)**	(10,239)
Balance at 1 January 2018 (As reinstated)		**1,875**	**42,469**	**-**	**3,797**	**13**	**1,039**	**749**	**26,376**	**51,342**	**127,660**
Total comprehensive income for the period					**(2,764)**					**39,259**	36,495
Profit for the year		**-**	**-**	**-**	**-**	**-**	**-**		**-**	**39,259**	39,259
Other comprehensive income after tax for the year					**(2,764)**						(2,764)
Net change in fair value on financial assets at FVOCI		**-**	**-**	**-**	**(2,235)**	**-**	**-**			**-**	**(2,235)**
Net change in fair value on financial assets at FVOCI (equity)					**256**						**256**
Realised fair value adjustments on financial assets at FVOCI (equity)					**(815)**						**(815)**
``		**-**	**-**	**-**	**-**	**-**	**-**			**-**	**-**
Expected credit loss movement on debt financial assets at FVOCI		**-**	**-**	**-**	**30**	**-**	**-**		**-**	**-**	**30**
Equity-settled share-based payment transactions						**23**					**23**
Statutory credit risk reserve				**2,508**						**(2,508)**	**-**
Transfer to statutory reserve									**5,889**	**(5,889)**	**-**
Transfer to AGSMIEIS								**1,407**		**(1,407)**	**-**
Transactions with shareholders, recorded directly in equity										**(5,000)**	**(5,000)**
Transfer of vested share options to retained earnings						**-**					
Dividends paid to equity holders		**-**	**-**	**-**	**-**	**-**	**-**		**-**	**(5,000)**	**(5,000)**
Balance at 30 September 2018		**1,875**	**42,469**	**2,508**	**1,033**	**36**	**1,039**	**2,156**	**32,265**	**75,797**	**159,178**

	Ordinary share capital N'million	Share premium N'million	Statutory credit risk reserve N'million	Available-for-sale revaluation reserve N'million	Share-based payment reserve N'million	SMIEIS reserves N'million	AGSMIEIS reserves N'million	Statutory reserves N'million	Retained earnings N'million	Ordinary shareholders' equity N'million
Balance at 1 January 2017	1,875	42,469	789	185	28	1,039	-	22,153	40,664	109,202
Total comprehensive income for the period				75		-	-	-	21,336	21,411
Profit for the year	-	-	-	-	-	-	-	-	21,336	21,336
Other comprehensive income after tax for the year				75		-	-	-		75
Net change in fair value on available-for-sale financial assets	-	-	-	(36)	-	-	-	-	-	(36)
Realised fair value adjustments on available-for-sale financial assets	-	-	-	111	-	-	-	-	-	111
Income tax on other comprehensive income	-	-	-	-	-	-	-	-	-	-
Equity-settled share-based payment transactions					(15)					(15)
Statutory credit risk reserve									-	-
Transfer to statutory reserve						749	-		(749)	-
Transactions with shareholders, recorded directly in equity	-	-	-	-					(3,000)	(3,000)
Transfer of vested share options to retained earnings									-	-
Dividends paid to equity holders	-	-	-	-	-	-		-	(3,000)	(3,000)
Balance at 30 September 2017	1,875	42,469	789	260	13	1,788	-	22,153	58,251	127,598

The accompanying notes form an integral part of these financial statements

STANBIC IBTC BANK PLC

Interim consolidated statement of cash flows
For the period ended 30 September 2018

	Note	Group		Bank	
		30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
		N million	N million	**N million**	N million
Net cash flows from operating activities		**(12,165)**	141,448	**(12,176)**	141,444
Cash flows used in operations		**(67,063)**	82,840	**(72,306)**	82,806
Profit before tax		**41,584**	22,552	**40,604**	22,167
Adjusted for:		**(54,231)**	(36,788)	**(54,222)**	(36,785)
Credit impairment charges on loans and advances	21.6	**(4,131)**	20,334	**(4,131)**	20,334
Depreciation of property and equipment	22.0	**2,758**	2,504	**2,756**	2,502
Amortisation of intangible assets		**(225)**	97	**(225)**	97
Dividends included in other revenue	21.5	**(161)**	(112)	**(161)**	(112)
Equity-settled share-based payments		**23**	(15)	**23**	(15)
Interest expense		**29,877**	25,713	**29,877**	25,718
Interest income		**(83,406)**	(84,826)	**(83,395)**	(84,826)
Non-cash flow movements to subordinated debt		**1,045**	(297)	**1,045**	(297)
Loss/(profit) on sale of property and equipment		**(11)**	(186)	**(11)**	(186)
Increase in income-earning assets	17.1	**(190,826)**	(253,491)	**(195,440)**	(253,444)
Increase in deposits and other liabilities	17.2	**136,410**	350,567	**136,752**	350,868
Dividends received		**145**	101	**145**	101
Interest paid		**(24,453)**	(25,713)	**(24,453)**	(25,718)
Interest received		**80,969**	84,826	**85,832**	84,826
Direct taxation paid		**(1,764)**	(606)	**(1,394)**	(571)
Net cash flows used in investing activities		**2,738**	(90,101)	**2,749**	(90,097)
Capital expenditure on - property		**(1,087)**	(48)	**(1,087)**	(48)
- equipment, furniture and veh		**(1,417)**	(1,657)	**(1,416)**	(1,653)
Proceeds from sale of property, equipment, furniture		**240**	240	**240**	240
(Purchase)/sale of financial investment securities, net		**5,002**	(88,636)	**5,012**	(88,636)
Net cash flows used in financing activities		**(14,430)**	4,105	**(14,430)**	4,105
Net (decrease)/ increase in other borrowings		**(9,430)**	7,105	**(9,430)**	7,105
Dividends paid		**(5,000)**	(3,000)	**(5,000)**	(3,000)
Net increase in cash and cash equivalents		**(23,857)**	55,452	**(23,857)**	55,452
Effect of exchange rate changes on cash and cash equivalents		**3,260**	484	**3,260**	484
Cash and cash equivalents at beginning of the period		**229,499**	179,722	**229,499**	179,722
Cash and cash equivalents at end of the period	17.3	**208,902**	235,658	**208,902**	235,658

The accompanying notes form an integral part of these financial statements

STANBIC IBTC BANK PLC

Notes to the consolidated and separate interim financial statements

For the period ended 30 September 2018

1 Reporting entity

Stanbic IBTC Bank PLC ('the Bank') is a company domiciled in Nigeria. The address of the bank is IBTC Place, Plot 1C Walter Carrington Crescent, Victoria Island, Lagos. The consolidated and separate interim financial statements as at and for the period ended 30 September 2018 comprise the bank and its subsidiaries (together referred to as 'the Group'), and individually as group entities.

The Group is primarily involved in the provision of corporate, personal and business banking, bureau de change, and custodian services.

2 Basis of preparation

(a) Statement of compliance

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

The consolidated and separate interim financial statements were authorised for issue by the Board of Directors on 26 October 2018.

(b) Basis of measurement

The consolidated and separate financial statements have been prepared on the historical cost basis except for the following material items:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value (applicable before 1 January 2018)
- financial assets are measured at fair value through other comprehensive income (applicable from 1 January 2018)
- trading assets and liabilities are measured at fair value
- liabilities for cash-settled share-based payment arrangements are measured at fair value

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

(c) Going concern assumption

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

(d) Functional and presentation currency

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

(e) Use of estimates and judgement

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

In preparing these financial statements, significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2017, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which are described in note 3.1 and note 3.2.

Judgements

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

Applicable before 1 January 2018

- Note 4.6 Depreciation and useful life of property and equipment

Assumptions and estimation uncertainties

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

Applicable after 1 January 2018

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

Applicable before 1 January 2018 and after 1 January 2018

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

3 Changes in accounting policies

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

Statement of significant accounting policies

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

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

3.1 Revenue from Contracts with Customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

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The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration which the entity expects to be entitled to in exchange for those goods and services. The standard incorporates a five step analysis to determine the amount and timing of revenue recognition.

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

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

### 3.2 IFRS 9 Financial Instruments

IFRS 9 Financial Instruments (IFRS 9) replaces the existing standard dealing with the accounting treatment for financial instruments IAS 39 Financial Instruments: Recognition and Measurement (IAS 39) from 1 January 2018.

IFRS 9 consists of the following key areas which represent changes from that of IAS 39:

- Revised requirements for the classification and measurement of financial assets and consequential changes in the classification and measurement of financial liabilities, mainly relating to the recognition of changes in fair value due to changes in own credit risk on fair value designated financial liabilities in OCI as opposed to the income statement.
- An expected credit loss (ECL) impairment model as against the incurred loss impairment model in IAS 39.
- Revised requirements and simplifications for hedge accounting.
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3.2 IFRS 9 Financial Instruments (continued)

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

Classification and measurement of financial assets and financial liabilities

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

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

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

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

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

3.2 IFRS 9 Financial Instruments (continued)

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

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

Statement of financial position line items affected	**IFRS restated** N'million	**IFRS previously reported** N'million	**Transitional adjustment** N'million	**Note**
Assets				
Cash and cash equivalents	400,836	400,838	(2)	(a)
Pledged assets	-		-	
Trading assets	151,479	151,479	-	
Derivative assets	11,052	11,052	-	
Financial investments	276,530	276,530	-	
Loans and advances to banks	9,234	9,234	-	
Loans and advances to customers	362,528	372,089	(9,561)	(b)
Other assets	40,655	40,655	-	
Property and equipment	18,602	18,602	-	
Intangible assets	605	605	-	
Deferred tax assets	8,346	8,346	-	(c)
Total assets	**1,279,867**	**1,289,430**	**(9,563)**	
Liabilities				
Trading liabilities	62,449	62,449	-	
Derivative liabilities	2,592	2,592	-	
Current tax liabilities	2,412	2,412	-	
Deposits from banks	61,721	61,721	-	
Deposits from customers	775,262	775,262	-	
Other borrowings	74,892	74,892	-	
Subordinated debt	29,046	29,046	-	
Provisions	9,042	9,042	-	
Other liabilities	177,230	176,554	676	(d)
Total liabilities	**1,194,646**	**1,193,970**	**676**	
Equity				
Share capital	1,875	1,875	-	
Share premium	42,469	42,469	-	
Reserves	84,117	94,356	(10,239)	(e)
Equity attributable to ordinary shareholders	**128,461**	**138,700**	**(10,239)**	
Total equity and liabilities	**1,323,107**	**1,332,670**	**(9,563)**	

STANBIC IBTC BANK PLC

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3.2 IFRS 9 Financial Instruments (continued)

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

In Nmillion	Note	Original classification under IAS 39	New Classification under IFRS 9	Original carrying Value under IAS 39 at inital application date	New carrying Value under IFRS 9 at inital application date	Transitional adjustment
Financial assets						
Cash and cash equivalents	(a)	Loans and receivables	Amortised cost	400,838	400,836	2
Derivative assets		Held-for-trading	FVTPL	11,052	11,052	-
Trading assets		Held-for-trading	FVTPL	151,479	151,479	-
Pledged assets		Held-for-trading	FVTPL	10,769	10,769	-
		Available-for-sale	FVOCI	32,471	32,471	-
Financial investments		Available-for-sale	FVOCI	276,530	276,530	-
			Amortised cost	-	-	-
Loans and advances to banks		Loans and receivables	Amortised cost	9,234	9,234	-
Loans and advances to customers	(b)	Loans and receivables	Amortised cost	372,089	362,528	9,561
Other assets		Loans and receivables	Amortised cost	35,908	35,908	-
Total financial assets				**1,300,370**	**1,290,807**	**9,563**
Financial liabilities						
Derivative liabilities		Held-for-trading	Held-for-trading	2,592	2,592	-
Trading liabilities		Held-for-trading	Held-for-trading	62,449	62,449	-
Deposits from banks		Other amortised cost	Amortised cost	61,721	61,721	-
Deposits from customers		Other amortised cost	Amortised cost	775,262	775,262	-
Other borrowings		Other amortised cost	Amortised cost	74,892	74,892	-
Subordinated debt		Other amortised cost	Amortised cost	29,046	29,046	-
Other liabilities	(d)	Other amortised cost	Amortised cost	172,044	172,720	(676)
Total financial liabilities				**1,178,006**	**1,178,682**	**(676)**

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

Note

(a) The transition adjustment relating to cash and cash equivalents relates expected credit loss requirement per IFRS 9

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

(c) No deferred tax asset has been recognised on the IFRS 9 transition adjustment as at 1 January 2018. The directors have determined that based on the group's profit forecast, it is not probable that there will be future taxable profits against which the temporary differences, resulting from the transition adjustment, can be utilised.

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

Notes to the consolidated and separate interim financial statements

For the period ended 30 September 2018

3.2 IFRS 9 Financial Instruments (continued)

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

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

In Nmillion	Impact of adopting IFRS 9 at 1 January 2018
Fair value reserve	
Closing balance under IAS 39 (31 December 2017)	3,740
Recognition of expected credit losses under IFRS 9 for debt financial assets at FVOCI	56
Opening balance under IFRS 9 (1 January 2018)	**3,796**
Retained earnings	
Closing balance under IAS 39 (31 December 2017)	62,439
Recognition of expected credit losses under IFRS 9 (including lease receivables, loan commitments and financial guarantee contracts)	(10,295)
Opening balance under IFRS 9 (1 January 2018)	**52,144**
Impact of adopting IFRS 9 at 1 January 2018 on reserves	**(10,239)**

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

In Nmillion	IAS 39 Carrying Amount 31 December 2017	Reclassification	Remeasurement	IFRS 9 Carrying Amount 1 January 2018
Financial Assets				
Amortised cost				
Cash and cash equivalents:				
Opening balance	400,838			
Remeasurement			(2)	
Closing balance				400,836
Loans and advances to banks:				
Opening balance	9,234			
Remeasurement			-	
Closing balance				9,234
Loans and advances to customers				
Opening balance	**372,089**			
Remeasurement			(9,561)	
Closing balance				362,528
Other assets	35,908			35,908
Total amortised cost	**818,069**		**(9,563)**	**808,506**
Available-for-sale				
Pledged assets:				
Opening balance	32,471			
To FVOCI – debt		(32,471)		
Closing balance				-

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3.2 IFRS 9 Financial Instruments (continued)

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

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

In Nmillion	IAS 39 Carrying Amount 31 December 2017	Reclassification	Remeasurement	IFRS 9 Carrying Amount 1 January 2018
Financial investments:				
Opening balance	276,530			
To FVOCI – debt		(275,477)		
To FVOCI – equity		(1,053)		
Closing balance				-
FVOCI - debt				
Pledged assets:				
Opening balance	-			
From available-for-sale		32,471		
Financial investments:				
Opening balance	-			
From available-for-sale		275,477		
Closing balance				**307,948**
FVOCI – equity+				
Financial investments:				
Opening balance	-			
From available-for-sale		1,053		
Closing balance				**1,053**
Total FVOCI				**309,001**
FVTPL				
Derivative assets	11,052	-	-	11,052
Trading assets	151,479	-	-	151,479
Pledged assets	10,769	-	-	10,769
Total FVTPL				**173,300**
Financial liabilities				
Amortised cost				
Deposits from banks	61,721	-	-	61,721
Deposits from customers	775,262	-	-	775,262
Other borrowings	74,892	-	-	74,892
Subordinated debt	29,046	-	-	29,046
Other liabilities:				
Opening balance	172,044			
Remeasurement			676	
Closing balance				172,720
Total amortised cost				**1,113,641**
FVTPL				
Derivative liabilities	2,592	-	-	2,592
Trading liabilities	62,449	-	-	62,449
Total FVTPL				**65,041**

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

3.2 IFRS 9 Financial Instruments (continued)

Impairment of financial assets

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

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

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

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

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

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

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

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**Significant increase in credit risk or low credit risk**

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

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

3.2 IFRS 9 Financial Instruments (continued)

Impairment of financial assets (continued)

Forward-looking information

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

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

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

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

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

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**Default**

While default is not specifically defined by IFRS 9, the group has aligned the determination of default with its existing internal credit risk management definitions and approaches. Default is determined as occurring at the earlier of:

- when either, based on objective evidence, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as realisation of security; or
- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit).

In some cases,additional specific criteria are set according to the nature of the lending product.

**Measurement of ECLs**

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

The following drivers underline the ECL determination for the group.

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

*Lifetime credit losses for exposures that exhibit a significant increase in credit risk:* IFRS 9 requires a lifetime loss to be recognised for exposures for which there has been a significant increase in credit risk.
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3.2 IFRS 9 Financial Instruments (continued)

Impairment of financial assets (continued)

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

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

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

Impact of the new impairment model

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

Amounts in Nmillions

Impairment allowance as at 31 December 2017 under IAS 39	**31,764**
Additional impairment recognised at 01 January 2018 on:	**10,295**
Loans and advances to customers	9,561
Debt instruments at FVOCI	56
Cash and cash equivalents	2
Loan commitments and financial guarantee contracts	676
Impairment allowance as at 01 January 2018 under IFRS 9	**42,059**

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

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

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3.2 **IFRS 9 Financial Instruments** (continued)

Impairment of financial assets (continued)

The following table reconciles:

the closing impairment allowance for financial assets in accordance with IAS 39 and provisions for loan commitments and financial guarantee contracts in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets as at 31 December 2017;

the opening ECL allowance determined in accordance with IFRS 9 as at 1 January 2018.

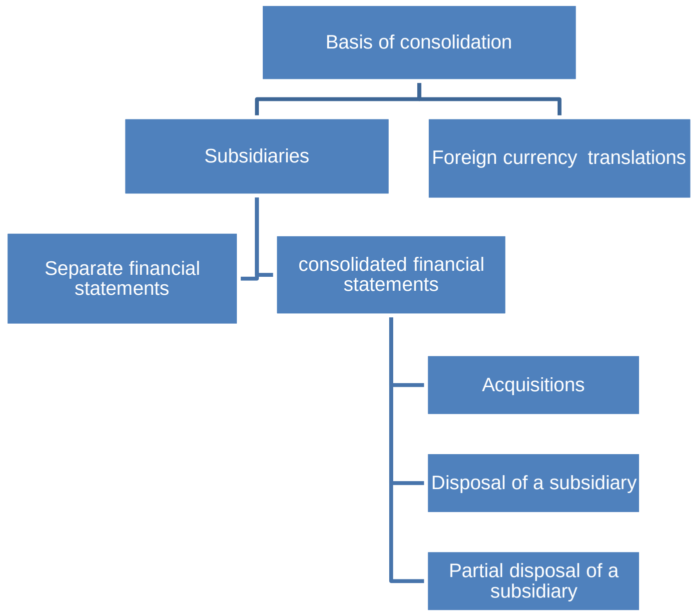
Expected credit loss

Financial instruments subject to expected credit loss requirements of IFRS 9	Portfolio impairment (IAS 39)	Specific impairment (IAS 39)	Total IAS 39 impairment provision	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total IFRS 9 impairment provision	Transitional adjustment
As at 31 December 2017	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Financial assets at amortised cost or Debt instruments at FVOCI								
Cash and cash equivalents	-	-	**-**	2			**2**	2
Pledged assets	-	-	**-**	13			**13**	13
Financial investments	-	-	**-**	43			**43**	43
Loans and advances to banks	-	-	**-**	-			**-**	-
Loans and advances to customers	10,847	20,916	**31,763**	4,613	15,796	20,915	**41,324**	9,561
Other assets	-	4,387	**4,387**	-		4,387	**4,387**	-
Off Balance sheet (Not at FVTPL)	-	-	**-**	535	141		**676**	676
	10,847	**25,303**	**36,150**	**5,206**	**15,937**	**25,302**	**46,445**	**10,295**

4 Statement of significant accounting policies (continued)

The group has consistently applied the following accounting policies to all years presented in these consolidated financial statements.

4.1 Basis of consolidation



Subsidiaries

Separate financial statements

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

Consolidated financial statements

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

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

4 Statement of significant accounting policies (continued)

Acquisitions	Where applicable, the group adjusts retrospectively the provisional amounts to reflect new information obtained about facts and circumstances that existed at the acquisition date and affected the measurement of the provisional amounts. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any NCI. The excess (shortage) of the sum of the consideration transferred (including contingent consideration), the value of NCI recognised and the acquisition date fair value of any previously held equity interest in the subsidiary over the fair value of identifiable net assets acquired is recorded as goodwill in the statement of financial position (gain on bargain purchase, which is recognised directly in profit or loss).When a business combination occurs in stages, the previously held equity interest is remeasured to fair value at the acquisition date and any resulting gain or loss is recognised in profit or loss. Increases in the group's interest in a subsidiary, when the group already has control, are accounted for as transactions with equity holders of the group. The difference between the purchase consideration and the group's proportionate share of the subsidiary's additional net asset value acquired is accounted for directly in equity.
Loss of control in a subsidiary	When the group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.
Partial disposal of a subsidiary	A partial disposal arises as a result of a reduction in the group's ownership interest in an investee that is not a disposal (i.e. a reduction in the group's interest in a subsidiary whilst retaining control). Decreases in the group's interest in a subsidiary, where the group retains control, are accounted for as transactions with equity holders of the group. Gains or losses on the partial disposal of the group's interest in a subsidiary are computed as the difference between the sales consideration and the group's proportionate share of the investee's net asset value disposed of, and are accounted for directly in equity.

Foreign currency translations

Foreign currency transactions are translated into the respective group entities' functional currencies at exchange rates prevailing at the date of the transactions.
Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period-end exchange rates, are recognised in profit or loss.
Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the transaction date, and those measured at fair value are translated at the exchange rate at the date that the fair value was determined. Exchange rate differences on non-monetary items are accounted for based on the classification of the underlying items.

In the case of foreign currency gains and losses on debt instruments classified as available for sale, a distinction is made between foreign currency differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Foreign currency differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in equity. For available for sale equity investments, foreign currency differences are recognised in OCI and cannot be reclassified to profit/loss from 1 January 2018 inline with IFRS 9.

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

4.2 Cash and cash equivalents

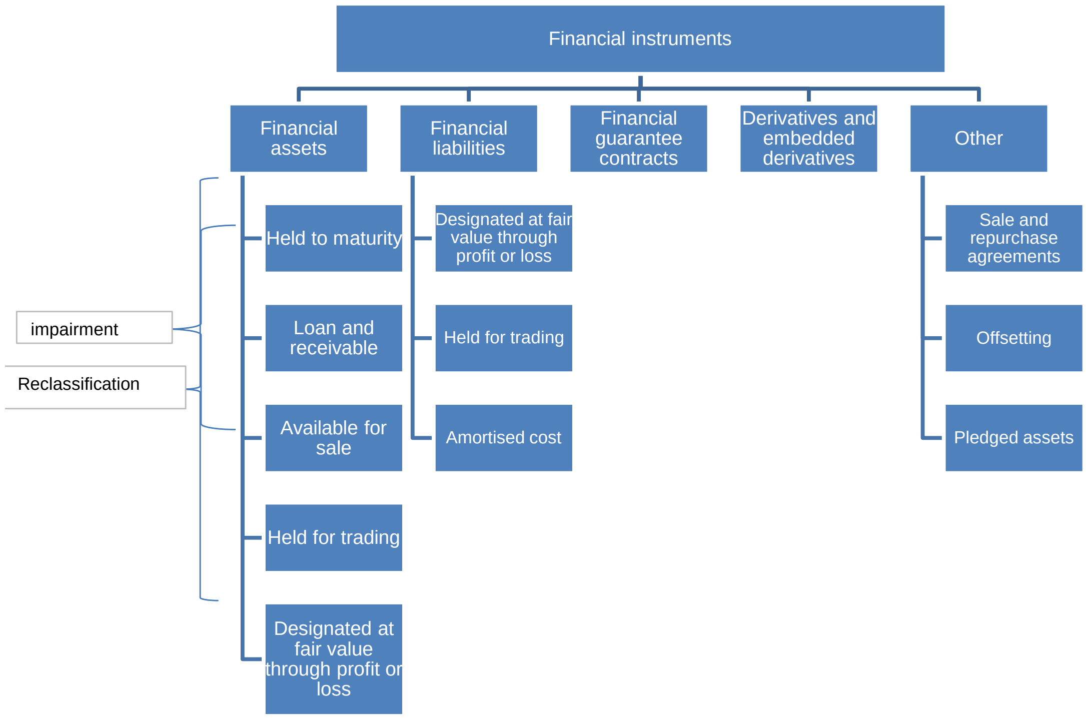
Cash and cash equivalents presented in the statement of cash flows consist of cash and balances with central banks (excluding cash reserve), and balances with other banks with original maturities of 3 months or less from the date of acquisition that are subject to an insignificant risk of changes in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

4 Statement of significant accounting policies (continued)

4.3 Financial instruments

Policy applicable before 1 January 2018

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



Recognition and initial measurement – financial instruments

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

Financial assets

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

4 Statement of significant accounting policies (continued)

Subsequent measurement

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

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

Impairment

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

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

4 Statement of significant accounting policies (continued)

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

Reclassification

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

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

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

4 Statement of significant accounting policies (continued)

Financial liabilities

Nature

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

Subsequent measurement

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

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

Derecognition of financial assets and liabilities

Financial assets and liabilities are derecognised in the following instances:

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

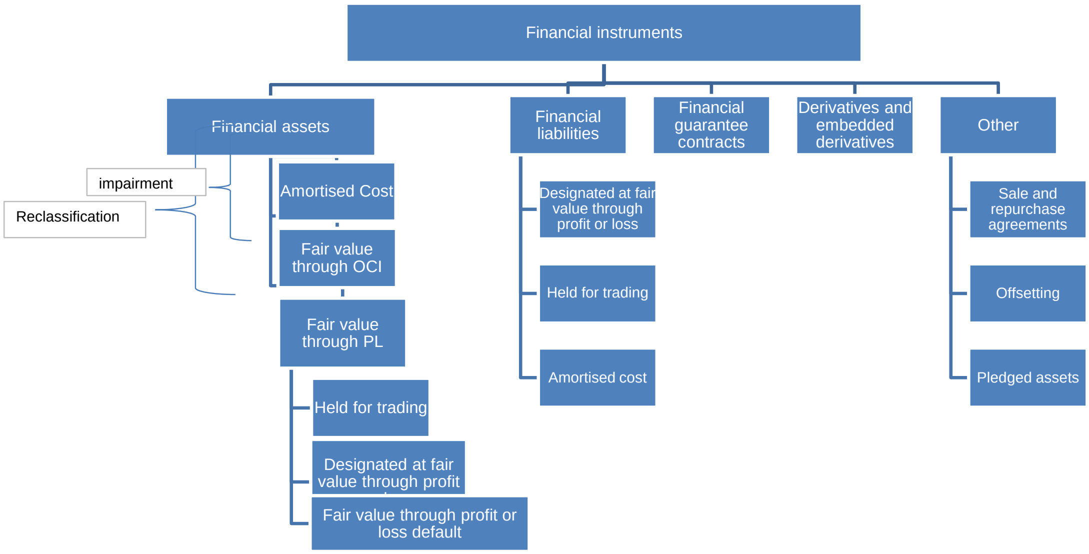
Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset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

4 Statement of significant accounting policies (continued)

4.3 Financial instruments

Policy applicable after 1 January 2018

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



Recognition and initial measurement – financial instruments

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

Financial assets

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

4 Statement of significant accounting policies (continued)

Designated at fair value through profit or loss	Financial assets are designated to be measured at fair value in the following instances: - to eliminate or significantly reduce an accounting mismatch that would otherwise arise - where the financial assets are managed and their performance evaluated and reported on a fair value basis - where the financial asset contains one or more embedded derivatives that significantly modify the financial asset's cash flows.
Fair value through profit or loss default	Financial assets that are not classified into one of the above-mentioned financial asset categories.

Subsequent measurement

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

Amortised cost	Amortised cost using the effective interest method with interest recognised in interest income, less any impairment losses which are recognised as part of credit impairment charges. Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate.
Fair value through OCI	Debt instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When a debt financial asset is disposed of, the cumulative fair value adjustments, previously recognised in OCI, are reclassified to the other gains and losses on financial instruments within non-interest revenue. Interest income on debt financial asset is recognised in interest income in terms of the effective interest rate method. Dividends received are recognised in interest income within profit or loss. Equity instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When equity financial assets are disposed of, the cumulative fair value adjustments in OCI are reclassified within reserves to retained income. Dividends received on equity instruments are recognised in other revenue within non-interest income.
Held for trading	Fair value, with gains and losses arising from changes in fair value) (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value gains and losses (including interest and dividends) on the financial asset are recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue.
Fair value through profit or loss – default	Fair value gains and losses (including interest and dividends) on the financial asset are recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue.

Impairment

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

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

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

4 Statement of significant accounting policies (continued)

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

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

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

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

Reclassification

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

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

4 Statement of significant accounting policies (continued)

Financial liabilities

Nature- Recognition and Initial measurement

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

Subsequent measurement

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

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

Derecognition of financial assets and liabilities

Financial assets and liabilities are derecognised in the following instances:

Financial assets	Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or where the group has transferred its contractual rights to receive cash flows on the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability. The group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or a portion of the risks or rewards of the transferred assets. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with the retention of all or substantially all risks and rewards include securities lending and repurchase agreements. In transfers where control over the asset is retained, the group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. From 1 January 2018 any cummulative gain/loss recognised in OCI in respect of equity investment securities designated at FVOCI is not recognised in profit or loss on derecognition of such securities.
Financial liabilities	Financial liabilities are derecognised when the obligation of the financial liabilities are extinguished, that is, when the obligation is discharged, cancelled or expires.

Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability at fair value and recalculates a new effective interest rate, with the difference in the respective carrying amounts being recognised in other gains and losses on financial instruments within non-interest revenue. The date of recognition of a new asset is consequently considered to be the date of initial recognition for impairment calculation purposes.

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

4 Statement of significant accounting policies (continued)

Financial guarantee contracts

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

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

Before 1 January 2018

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

• unamortised premium.

After 1 January 2018

• the ECL calculated for the financial guarantee; and

• unamortised premium.

Derivatives and embedded derivatives

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

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

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

Others

Pledged assets

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

Sale and repurchase agreements

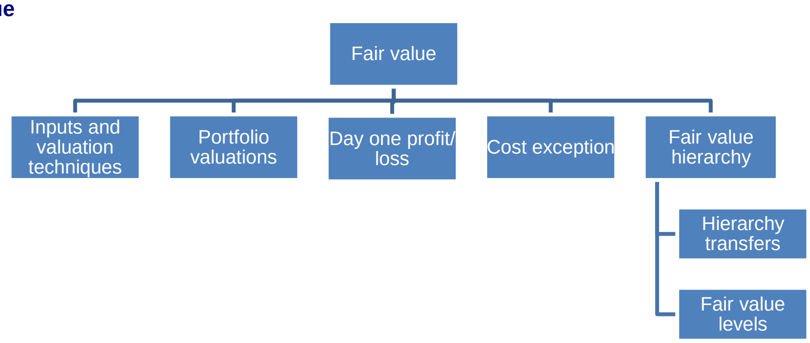
Securities sold subject to linked repurchase agreements (repurchase agreements) are reclassified in the statement of financial position as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral. The liability to the counterparty is included under deposit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

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

Offsetting

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

4.4 Fair value



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

4 Statement of significant accounting policies (continued)

Fair value (continued)

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

Inputs and valuation techniques

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

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

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

<table>
<tr><th>Item</th><th>Description</th><th>Valuation technique</th><th>Main inputs and assumptions (Level 2 and 3 fair value hierarchy items)</th></tr>
<tr><td>Derivative financial instruments</td><td>Derivative financial instruments comprise foreign exchange, interest rate, that are held-for-trading.</td><td>Standard derivative contracts are valued using market accepted models and quoted parameter inputs. More complex derivative contracts are modelled using more sophisticated modelling techniques applicable to the instrument. Techniques include:
• Discounted cash flow model</td><td rowspan="4">• Discount rate*
• Correlation factors
• Volatilities
• Dividend yields
• Earnings yield
• Valuation multiples
• Spot prices of the underlying assets</td></tr>
<tr><td>Trading assets and Trading liabilities</td><td>Trading assets and liabilities comprise instruments which are part of the group's underlying trading activities. These instruments primarily include sovereign and corporate debt and collateral.</td><td rowspan="3">Where there are no recent market transactions in the specific instrument, fair value is derived from the last available market price adjusted for changes in risks and information since that date. Where a proxy instrument is quoted in an active market, the fair value is determined by adjusting the proxy fair value for differences between the proxy instrument and the financial investment being fair valued. Where proxies are not available, the fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks. Combination techniques are used to value unlisted equity securities and include inputs such as earnings and dividend yields of the underlying entity.</td></tr>
<tr><td>Pledged assets</td><td>Pledged assets comprise instruments that may be sold or repledged by the group's counterparty in the absence of default by the group. Pledged assets include sovereign debt (government treasury bills and bonds) pledged in terms of repurchase agreements.</td></tr>
<tr><td>Financial investments</td><td>Financial investments are non-trading financial assets and primarily comprise of sovereign and corporate debt and unlisted equity instrument</td></tr>
</table>

4 Statement of significant accounting policies (continued)

Item	Description	Valuation technique	Main inputs and assumptions (Level 2 and 3 fair value hierarchy items)
Loans and advances to banks and customers	Loans and advances comprise: • Loans and advances to banks: call loans, loans granted under resale agreements and balances held with other banks. • Loans and advances to customers: mortgage loans (home loans and commercial mortgages), other asset-based loans, including collateralised debt obligations (instalment sale and finance leases), and other secured and unsecured loans (card debtors, overdrafts, other demand lending, term lending and loans granted under resale agreements).	For certain loans fair value may be determined from the market price of a recently occurring transaction adjusted for changes in risks and information between the transaction and valuation dates. Loans and advances are reviewed for observed and verified changes in credit risk and the credit spread is adjusted at subsequent dates if there has been an observable change in credit risk relating to a particular loan or advance. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value. Discounted cash flow models incorporate parameter inputs for interest rate risk, foreign exchange risk, liquidity and credit risk, as appropriate. For credit risk, probability of default and loss given default parameters are determined using the relevant terms of the loan and loan counterparty such as the industry classification and subordination of the loan.	• Discount rate. • Probability of default. • Loss given default.
Deposits from bank and customers	Deposits from banks and customers comprise amounts owed to banks and customers, deposits under repurchase agreements, negotiable certificates of deposit, credit-linked deposits and other deposits.	For certain deposits, fair value may be determined from the market price on a recently occurring transaction adjusted for all changes in risks and information between the transaction and valuation dates. In the absence of an observable market for these instruments discounted cash flow models are used to determine fair value based on the contractual cash flows related to the instrument. The fair value measurement incorporates all market risk factors including a measure of the group's credit risk relevant for that financial liability. The market risk parameters are valued consistently to similar instruments held as assets stated in the section above. For collateralised deposits that are designated to be measured at fair value through profit or loss, such as securities repurchase agreements, the credit enhancement is incorporated into the fair valuation of the liability.	• Discount rate. • Probability of default. • Loss given default.

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

Day one profit or loss

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

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

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

4 Statement of significant accounting policies (continued)

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

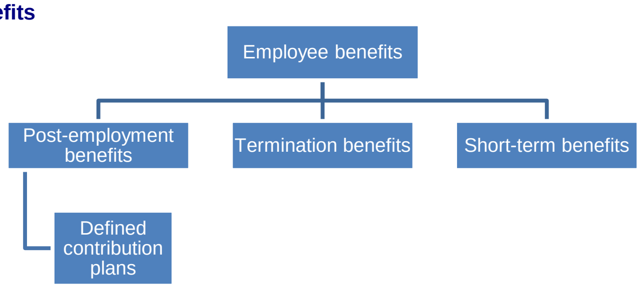
Fair value hierarchy
The group's financial instruments that are both carried at fair value and for which fair value is disclosed are categorised by level of fair value hierarchy. The different levels are based on the degree to which the inputs to the fair value measurements are observable and the significance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

Hierarchy levels
The levels have been defined as follows:

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

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

4.5 Employee benefits



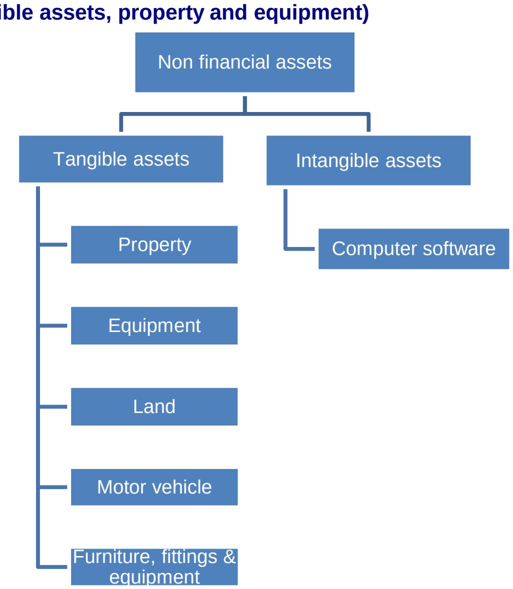
Type	Description	Statement of financial position	Statement of other comprehensive income	Income statement
Defined contribution plans	The group operates a contributory pension plan in line with the Pension Reform Act 2014. Employees and the Bank contribute 8% and 10% respectively of each of the qualifying staff salary in line with the provisions of the Pension Reforms Act 2014.	Liability is recognised for unpaid contributions.	No impact.	Contributions are recognised as an expense in profit or loss in the years during which services are rendered by employees.

4 Statement of significant accounting policies (continued)

Employee benefits (continued)

Type	Description	Statement of financial position	Statement of other comprehensive income	Income statement
Termination benefits	Termination benefits are recognised when the group is committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy when it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.	A liability is recognised for the termination benefit representing the best estimate of the amount payable.	No impact.	Termination benefits are recognised as an expense if the group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.
Short-term benefits	Short-term benefits consist of salaries, accumulated leave payments, profit share, bonuses and any non-monetary benefits such as medical aid contributions.	A liability is recognised for the amount expected to be paid under short-term cash bonus plans or accumulated leave if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.	No impact.	Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

4.6 Non-financial assets (intangible assets, property and equipment)



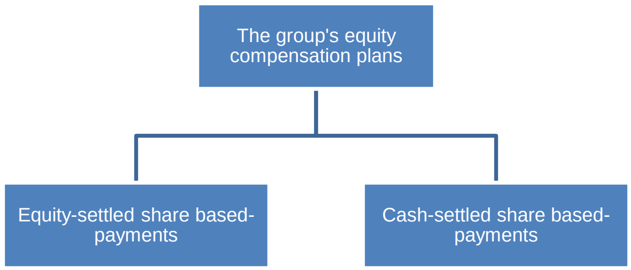
4 Statement of significant accounting policies (continued)

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

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

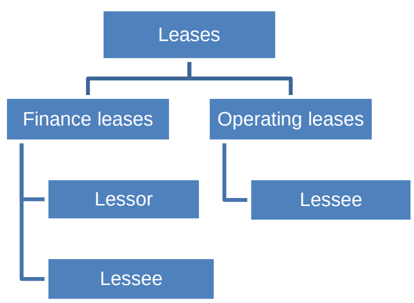
4 Statement of significant accounting policies (continued)

4.7 Equity-linked transactions



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

4.8 Leases



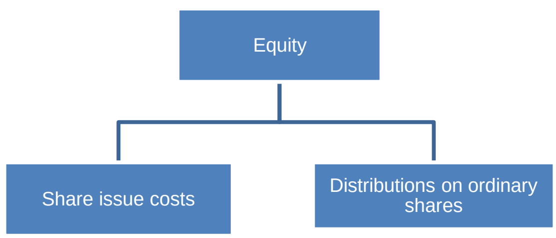
Type	Description	Statement of financial position	Income statement
Finance lease - lessor	Leases, where the group transfers substantially all the risks and rewards incidental to ownership, are classified as finance leases.	Finance lease receivable, including initial direct costs and fees, are primarily accounted for as financing transactions in banking activities, with rentals and instalments receivable, less unearned finance charges, being included in loans and receivables.	Finance charges earned within interest income are computed using the effective interest method, which reflects a constant yearic rate of return on the investment in the finance lease.

4 Statement of significant accounting policies (continued)

Leases (continued)

Type	Description	Statement of financial position	Income statement
Operating lease - lessee	All leases that do not meet the criteria of a financial lease are classified as operating leases.	Accruals for unpaid lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease expense) are recognised.	Payments made under operating leases, net of any incentives received from the lessor, are recognised in profit or loss on a straight-line basis over the term of the lease.Contingent rentals are expensed as they are incurred. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

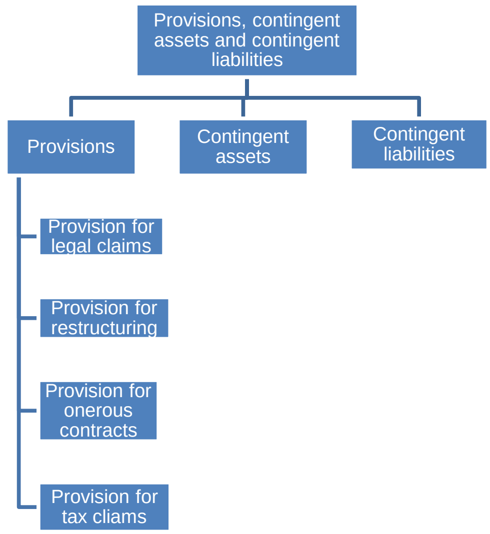
4.9 Equity



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

4 Statement of significant accounting policies (continued)

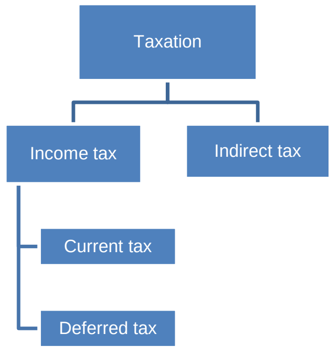
4.10 Provisions, contingent assets and contingent liabilities



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

4 Statement of significant accounting policies (continued)

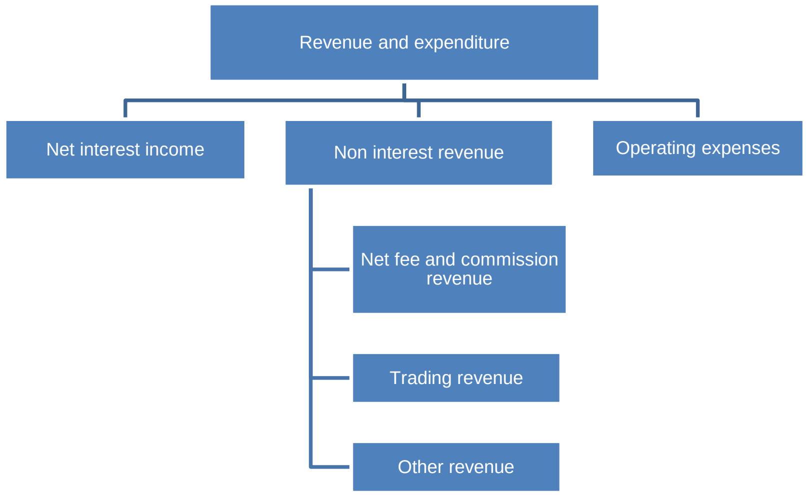
4.11 Taxation



Type	Description, recognition and measurement	Offsetting
Current tax- determined for current year transactions and events	Current tax represents the expected tax payable on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous periods. Current tax also includes any tax arising from dividend. Current tax is recognised as an expense for the period and adjustments to past periods except to the extent that current tax related to items that are charged or credited in OCI or directly to equity. Nigerian tax laws mandates a minimum tax assessment for companies having no taxable profits for the period or where the tax on profits is below the minimum tax. Minimum tax is computed as 0.125% of turnover in excess of N500,000 plus the highest of: (i) 0.5% of gross profits; (ii) 0.5% of net assets; (iii) 0.25% of paid-up capital; or (iv) 0.25% of turnover. Further, the Nigerian tax laws mandates that where a dividend is paid out of profit on which no tax is payable due to either: (a) a) no total profit; or (b) b) the total profit is less than the amount of dividend paid, the company paying the dividend will be subjected to tax at 30% of the dividends paid, as if the dividend is the total profits of the company for the period of assessment to which the accounts, out of which the dividends paid relates. When applicable, minimum tax is recorded under current income tax in profit or loss.	
Deferred tax- determined for future tax consequences	Deferred tax is recognised in profit or loss except to the extent that it relates to a business combination (relating to a measurement period adjustment where the carrying amount of the goodwill is greater than zero), or items recognised directly as part of OCI. Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax is not recognised for the following temporary differences: • the initial recognition of goodwill; • the initial recognition of assets and liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits or losses; and • investments in subsidiaries, associates and jointly controlled arrangements (excluding mutual funds) where the group controls the timing of the reversal of temporary differences and it is probable that these differences will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.	Current tax assets and liabilities, deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.
Indirect taxation	Indirect taxes are recognised in profit or loss, as part of other operating expenses.	N/A
Dividend tax	Taxes on dividends declared by the group are recognised as part of the dividends paid within equity as dividend tax represents a tax on the shareholder and not the group. Based on provision of Section 19 of CIT, the company is expected to account for his corporate tax on dividend if the dividend payable/apid is higher than the taxable profit for the year.	N/A

4 Statement of significant accounting policies (continued)

4.12 Revenue and expenditure



Description	Recognition and measurement
Net interest income	Interest income and expense (with the exception of borrowing costs that are capitalised on qualifying assets, that is assets that necessarily take a substantial period of time to get ready for their intended use or sale and which are not measured at fair value) are recognised in net interest income using the effective interest method for all interest-bearing financial instruments. In terms of the effective interest method, interest is recognised at a rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. Direct incremental transaction costs incurred and origination fees received, including loan commitment fees, as a result of bringing margin- yielding assets or liabilities into the statement of financial position, are capitalised to the carrying amount of financial instruments that are not at fair value through profit or loss and amortised as interest income or expense over the life of the asset or liability as part of the effective interest rate. Where the estimates of payments or receipts on financial assets or financial liabilities are subsequently revised, the carrying amount of the financial asset or financial liability is adjusted to reflect actual and revised estimated cash flows. The carrying amount is calculated by computing the present value of the adjusted cash flows at the financial asset or financial liability's original effective interest rate. Any adjustment to the carrying value is recognised in net interest income. When a financial asset is classified as specifically impaired (before 1 January 2018) or as Stage 3 impaired (after 1 January 2018), interest income is calculated on the impaired value (gross carrying value less specific impairment) based on the original effective interest rate. The contractual interest income on the gross exposure is suspended and is only recognised in interest income when the financial asset is no longer specifically impaired (before 1 January 2018) or is reclassified out of Stage 3 (after 1 January 2018). Dividends received on preference share investments classified as debt form part of the group's lending activities and are included in interest income. **Before 1 January 2018** The following additional amounts are recognised in net interest income: • Fair value gains and losses on debt financial assets that are designated at fair value through profit or loss • The gain or loss on the derecognition of a financial asset classified as available for- sale • Gains and losses arising from the derecognition of financial assets and financial liabilities classified as at amortised cost
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.

4 Statement of significant accounting policies (continued)

Revenue and expenditure (continued)

Description	Recognition and measurement
Net fee and commission revenue (cont'd)	Fee and commission expenses, included in net fee and commission revenue, are mainly transaction and service fees relating to financial instruments, which are expensed as the services are received. Expenditure is recognised as fee and commission expenses where the expenditure is linked to the production of fee and commission revenue.
Trading revenue	Trading revenue comprises all gains and losses from changes in the fair value of trading assets and liabilities, together with related interest income, expense and dividends.
Other revenue	Other revenue includes dividends on equity financial assets, underwriting profit from the group’s short-term insurance operations and related insurance activities and re- measurement gains and losses from contingent consideration on disposals and purchases. **Before 1 January 2018** Gains and losses on equity instruments designated at fair value through profit or loss are recognised within other revenue. Gains and losses on equity instruments classified as available-for-sale financial assets are reclassified from OCI to other revenue on derecognition or impairment.
Operating expenses	Expenses are recognized on an accrual bases regardless of the time of cash outflows. Expenses are recognized in the income statement when a decrease in future economic benefit related to a decrease in an assets or an increase of a liability has arisen that can be measured reliably. Expenses are recognized in the same reporting period when they are incurred in cases when it is not probable to directly relate them to particular income earned during the current reporting period and when they are not expected to generate any income during the coming periods. Expenses that are not related to the income earned during the reporting period, but expected to generate future economic benefits, are recorded in the financial statements as assets.

Offsetting

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

4 Statement of significant accounting policies (continued)

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

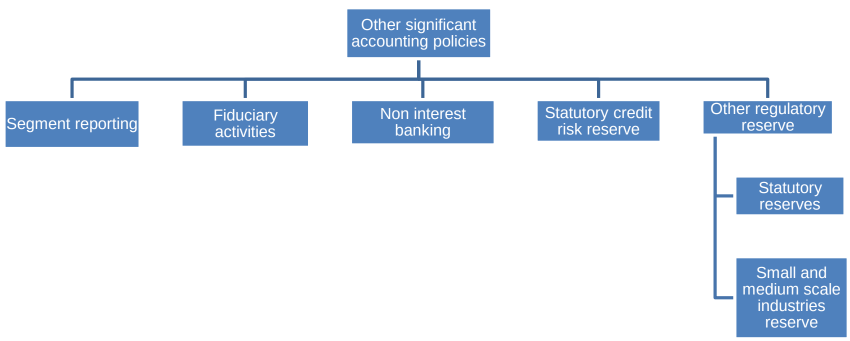
IAS 39 accounting treatment

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

IFRS 9 accounting treatment

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

4.13 Other significant accounting policies



4 Statement of significant accounting policies (continued)

4.13 Other significant accounting policies (continued)

Segment reporting	An operating segment is a component of the group engaged in business activities, whose operating results are reviewed regularly by management in order to make decisions about resources to be allocated to segments and assessing segment performance. The group's identification of segments and the measurement of segment results is based on the group's internal reporting to management. Transactions between segments are priced at market-related rates.
Fiduciary activities	The group commonly engages in trust or other fiduciary activities that result in the holding or placing of assets on behalf of individuals, trusts, post-employment benefit plans and other institutions. These assets and the income arising directly thereon are excluded from these annual financial statements as they are not assets of the group. However, fee income earned and fee expenses incurred by the group relating to the group's responsibilities from fiduciary activities are recognised in profit or loss.
Statutory credit risk reserve	The statutory credit risk reserve represents a reserve component created when credit impairment on loans and advances as accounted for under IFRS using the expected loss model differ from the Prudential Guidelines set by the Central Bank of Nigeria.
Statutory reserve	Nigerian banking and pension industry regulations require the banking and pension subsidiaries to make an annual appropriation to a statutory reserve. For the banking subsidiary, an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. The pension subsidiary is required to transfer 12.5% of its profit after tax to a statutory reserve. Statutory reserve is not available for distribution to shareholders. See note 19.3 (b)(i).
Small and medium scale industries reserve (SMEEIS)	The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory.
Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS)	The AGSMEIS reserve is set aside to support the Bankers Committee initiative to support Federal Government of Nigeria efforts and policy measures for the promotion of agricultural businesses and small and medium enterprises (SMEs) as vehicles for sustainable economic development and employment generation. The Scheme requires all banks in Nigeria to set aside 5% of their profit after tax (PAT) annually.

4 Statement of significant accounting policies

4.14 Rules issued by the Financial Reporting Council of Nigeria

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

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

The group has entered into various agreements in relation to information technology services which, as at the end of the period, were yet to be registered by the appropriate statutory body. We have reported these liabilities in line with the rule specified above.

4.15 New standards and interpretations not yet effective

Pronouncement	
Title	**IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
Effective	1 January 2019
Title	**IFRS 17 Insurance Contracts** This standard replaces the existing accounting standard IFRS 4 Insurance Contracts which gave entities dispensation to account for insurance contracts (particularly measurement) using local actuarial practice, resulting in a multitude of different approaches. The overall objective of IFRS 17 is to provide a more useful and consistent accounting model for insurance contracts among entities issuing insurance contracts globally. The standard requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. A general measurement model (GMM) will be applied to long-term insurance contracts, and is based on a fulfilment objective (risk-adjusted present value of best estimate future cash flows) and uses current estimates, informed by actual trends and investment markets. IFRS 17 establishes what is called a contractual service margin (CSM) in the initial measurement of the liability which represents the unearned profit on the contract and results in no gain on initial recognition. The CSM is released over the life of the contract, but interest on the CSM is locked in at inception rates. The CSM will be utilised as a “shock absorber” in the event of changes to best estimate cash flows. On loss making (onerous) contracts, no CSM is set up and the full loss is recognised at the point of contract inception. The GMM is modified for contracts which have participation features. An optional simplified premium allocation approach (PAA) is available for all contracts that are less than 12 months at inception. The PAA is similar to the current unearned premium reserve profile over time. The requirement to eliminate all treasury shares has been amended such that treasury shares held as underlying items for a group of direct participating contracts or investment funds are not required to be eliminated and can be accounted for as financial assets. These requirement will provide transparent reporting about an entities’ financial position and risk and will provide metrics that can be used to evaluate the performance of insurers and how that performance changes over time. An entity may re-assess its classification and designation of financial instruments under IFRS 9, on adoption of IFRS 17. The standard will be applied retrospectively. It has no impact on the financial statements.
Effective	1 January 2021 earlier application permitted
Title	**IFRIC 23 Uncertainty over Income Tax Treatments** This Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation. This Interpretation addresses: whether an entity considers uncertain tax treatments separately; the assumptions an entity makes about the examination of tax treatments by taxation authorities; how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and how an entity considers changes in facts and circumstances. The IFRIC will be applied retrospectively. The group is in the process of determining the estimated impact on the financial statements.
Effective	1 January 2019 earlier application permitted

4 Statement of significant accounting policies

New standards and interpretations not yet effective (continued)

Pronouncement	
Title	**IAS 28 Interest in Associates and Joint Ventures (amendment)**
	This amendment clarifies that an entity should apply IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture only when the equity method is not applied. The amendments will be applied retrospectively. The impact on the annual financial statements is not expected to have a significant impact on the annual financial statements.
Effective date	1 January 2019 earlier application permitted
Title	**IAS 28 Interest in Associates and Joint Ventures (amendment)** This amendment clarifies that an entity should apply IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture only when the equity method is not applied. The amendments will be applied retrospectively. The impact on the annual financial statements is not expected to have a significant impact on the annual financial statements.
Effective date	1 January 2019 earlier application permitted
Title	**Annual improvements 2015-2017 cycle** The IASB has issued various amendments and clarifications to existing IFRS, none of which is expected to have a significant impact on the group's annual financial statements.
Effective date	1 January 2019 earlier application permitted
Title	**IFRS 16 Leases** This standard will replace the existing standard IAS 17 Leases as well as the related interpretations and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, being the lessee (customer) and the lessor (supplier). The core principle of this standard is that the lessee and lessor should recognise all rights and obligations arising from leasing arrangements on balance sheet. The most significant change pertaining to the accounting treatment of operating leases is from the lessees' perspective. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and introduces a single lessee accounting model, where a right of use (ROU) asset together with a liability for the future payments is to be recognised for all leases with a term of more than 12 months, unless the underlying asset is of low value. The lessor accounting requirements in IAS 17 has not changed substantially in terms of this standard as a result a lessor continues to classify its leases as operating leases or finance leases and accounts for these as it currently done in terms of IAS 17. In addition, the standard requires lessor to provide enhanced disclosures about its leasing activities and in particular about its exposure to residual value risk and how it is managed. The standard will be applied retrospectively. The impact on the annual financial statements has not yet been fully determined. However, the group has formed an IFRS 16 working group and detailed project plan, identifying key responsibilities and milestones of the project. The group is in the process of determining the estimated impact as well as discussing the system requirements to accommodate IFRS 16's principles.
Effective date	1 January 2019 earlier application permitted

Pronouncement	
Title	**IFRS 4 (amendment) Insurance Contracts**
	The amendment to applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts introduce two approaches: an overlay approach and a deferral approach. The amended Standard will give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments Standard IAS 39. The amendments to IFRS 4 supplement existing options in the Standard that can already be used to address the temporary volatility.
	The amendments will have no material impact on the activities of the group as the group has no insurance contract as at reporting date and has no intention to issue insurance contract in the coming year.
Effective date	1 January 2019 earlier application permitted

5 Segment reporting

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

Business unit	
Personal & 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 & Transactional Banking	Corporate and transactional banking services to larger corporates, financial institutions and international counterparties. Global markets – Includes foreign exchange, fixed income, interest rates, and equity trading. Transaction process and services - includes transactional banking and investors services. Transactional and lending products – Includes corporate lending and transactional banking businesses, custodial services, trade finance business and property-related lending.

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Notes to the condensed consolidated interim financial statements (continued)
For the period ended 30 September 2018

5 Segment reporting

Operating segments

	Personal & Business Banking		Corporate & Transactional Banking		Eliminations		Group	
	30 Sep. 2018	30 Sep. 2017	**30 Sep. 2018**	30 Sep. 2017	**30 Sep. 2018**	30 Sep. 2017	**30 Sep. 2018**	30 Sep. 2017
	N million	**N million**	**N million**	**N million**	**N million**	**N million**	**N million**	**N million**
Net interest income	**23,544**	23,665	**29,985**	35,448	**-**	-	**53,529**	59,113
Non-interest revenue	**11,222**	9,082	**33,058**	27,335	**-**	(961)	**44,280**	35,456
Total income	**34,766**	32,747	**63,043**	62,783	**-**	(961)	**97,809**	94,569
Credit impairment charges	**520**	(14,145)	**3,611**	(6,189)			**4,131**	(20,334)
Income after credit impairment charges	**35,286**	18,602	**66,654**	56,594	**-**	(961)	**101,940**	74,235
Operating expenses in banking activities	**(34,192)**	(30,162)	**(26,164)**	(22,482)	**-**	961	**(60,356)**	(51,683)
Staff costs	**(17,580)**	(14,278)	**(6,702)**	(7,675)	**-**	-	**(24,282)**	(21,953)
Other operating expenses	**(16,612)**	(15,884)	**(19,462)**	(14,807)	**-**	961	**(36,074)**	(29,730)
Profit before direct taxation	**1,094**	(11,560)	**40,490**	34,112	**-**	-	**41,584**	22,552
Direct taxation	**(460)**	(266)	**(1,158)**	(700)		-	**(1,618)**	(966)
Profit for the period	**634**	(11,826)	**39,332**	33,412	**-**	-	**39,966**	21,586

		Group		Bank	
		30 Sep. 2018 N'million	31 Dec. 2017 N'million	**30 Sep. 2018 N'million**	31 Dec. 2017 N'million
6	**Cash and cash equivalents**				
	Coins and bank notes	**100,623**	36,853	**100,623**	36,853
	Balances with central banks	**236,863**	177,990	**236,863**	177,990
	Current balances with banks within Nigeria	**-**	9	**-**	9
	Current balances with banks outside Nigeria	**76,960**	185,986	**76,960**	185,986
		414,446	400,838	**414,446**	400,838

Cash and balances with central bank include N184,727 million (Dec. 2017: N150,523 million) and special intervention fund of N20,817 million (Dec 2017: N20,817 million) that are not available for use by the group on a day to day basis. These restricted balances are held with Central Bank of Nigeria (CBN).

7	**Derivative assets and liabilities**				
		30 Sep. 2018 N'million	31 Dec. 2017 N'million	**30 Sep. 2018 N'million**	31 Dec. 2017 N'million
7.1	**Derivative assets**				
	Forwards	**6,034**	4,038	**6,034**	4,038
	Swaps	**30,504**	7,014	**30,504**	7,014
	Total derivative assets	**36,538**	11,052	**36,538**	11,052
7.2	**Derivative liabilities**				
	Forwards	**5,797**	2,583	**5,797**	2,583
	Swaps	**1,074**	9	**1,074**	9
	Total derivative liabilities	**6,871**	2,592	**6,871**	2,592

8 Trading assets and trading liabilities

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

	Group		Bank	
	30 Sep. 2018 N million	31 Dec. 2017 N million	**30 Sep. 2018 N million**	31 Dec. 2017 N million
8.1 Trading assets				
Classification				
Listed	**28,912**	143,195	**28,912**	143,195
Unlisted	**2,741**	8,284	2,741	8,284
	31,653	151,479	**31,653**	151,479
Comprising:				
Government bonds	**1,629**	2,930	**1,629**	2,930
Treasury bills	**27,283**	140,265	**27,283**	140,265
Placements	**2,741**	8,284	**2,741**	8,284
	31,653	151,479	**31,653**	151,479

	Group		Bank	
	30 Sep. 2018 N million	31 Dec. 2017 N million	**30 Sep. 2018 N million**	31 Dec. 2017 N million
8.2 Trading liabilities				
Classification				
Listed	**4,009**	52,451	**4,009**	52,451
Unlisted	**116,332**	9,998	**116,332**	9,998
	120,341	62,449	**120,341**	62,449
Comprising:				
Government bonds (short positions)	**926**	657	**926**	657
Deposits with banks	**3,226**	9,998	**3,226**	9,998
Repurchase agreements	**113,106**	-	**113,106**	-
Treasury bills (short positions)	**3,083**	51,794	**3,083**	51,794
	120,341	62,449	**120,341**	62,449

	Group		Bank	
	30 Sep. 2018 N million	31 Dec. 2017 N million	**30 Sep. 2018 N million**	31 Dec. 2017 N million
9 Pledged assets				
Financial assets that may be repledged or resold by counterparties				
Government bonds	**-**	10,769	**-**	10,769
Treasury bills	**191,997**	32,471	**191,997**	32,471
	191,997	43,240	**191,997**	43,240

		Group		Bank	
		30 Sep. 2018	31 Dec. 2017	**30 Sep. 2018**	31 Dec. 2017
		N million	N million	**N million**	N million
10	**Financial investments**				
	Short - term negotiable securities	**250,151**	274,252	**250,151**	274,252
	Listed	**250,151**	274,252	250,151	274,252
	Unlisted	**-**	-	-	-
	Other financial investments	**8,415**	2,278	**8,300**	2,173
	Listed	**6,993**	147	6,878	42
	Unlisted	**1,422**	2,131	1,422	2,131
	Gross financial investments	**258,566**	276,530	**258,451**	276,425
	Expected credit loss on financial investment	**(41)**	-	**(41)**	-
	12-month ECL	**(41)**	-	**(41)**	-
	Lifetime ECL not credit-impaired	**-**	-	**-**	-
	Lifetime ECL credit-impaired	**-**	-	**-**	-
	Net financial investments	**258,525**	276,530	**258,410**	276,425
10.1	**Comprising:**				
	Government bonds	**6,878**	42	**6 878**	42
	Treasury bills	**250,151**	274,252	**250 151**	274 252
	Corporate bonds	**-**	1,078		1 078
	Unlisted equities	**1,422**	1,053	**1 422**	1 053
	Mutual funds and unit-linked investments	**115**	105	**-**	-
	Gross financial investments	**258,566**	276,530	**258,451**	276,425

		30 Sep. 2018	31 Dec. 2017	**30 Sep. 2018**	31 Dec. 2017
		N million	N million	**N million**	N million
11	**Loans and advances**				
	Loans and advances net of impairments				
11.1	**Loans and advances to banks**	**8,654**	9,234	**8,654**	9,234
	Placements	**8,660**	9,234	**8,660**	9,234
	Expected credit losses	**(6)**		**(6)**	
11.2	**Loans and advances to customers**	**429,993**	372,089	**429,993**	372,089
	Gross loans and advances to customers	**462,321**	403,852	**462,321**	403,852
	Mortgage loans	**6,059**	7,426	**6,059**	7,426
	Instalment sale and finance leases	**9,928**	12,167	**9,928**	12,167
	Card debtors	**1,122**	1,451	**1,122**	1,451
	Overdrafts and other demand loans	**69,812**	50,785	**69,812**	50,785
	Others term loans	**375,400**	332,023	**375,400**	332,023
	Interest in suspense	**(3,209)**		**(3,209)**	
	Credit impairments for loans and advances	**(29,119)**	(31,763)	**(29,119)**	(31,763)
	12-month ECL	**(9,526)**	-	**(9,526)**	-
	Lifetime ECL not credit-impaired	**(10,638)**	-	**(10,638)**	-
	Lifetime ECL credit-impaired	**(8,955)**	-	**(8,955)**	-
	Specific credit impairments	**-**	(20,916)	**-**	(20,916)
	Portfolio credit impairments	**-**	(10,847)	**-**	(10,847)
	Net loans and advances	**438,647**	381,323	**438,647**	381,323

11.3 Analysis of gross loans and advances to customers by performance

30 September 2018

Gross carrying value- *In Nmillions*	Stage 1	Stage 2	Stage 3	Total
	150,886	**11,406**	**15,588**	**177,880**
PBB				
Mortgage loans	3,925	414	1,720	**6,059**
Instalment sale and finance leases	5,654	422	2,572	**8,648**
Card debtors	700	125	293	**1,118**
Overdrafts and other demand loans	19,505	3,198	981	**23,684**
Others term loans	121,102	7,247	10,022	**138,371**
CTB	**256,166**	**22,257**	**6,018**	**284,441**
Corporate lending	256,166	22,257	6,018	**284,441**
	407,052	**33,663**	**21,606**	**462,321**

Loans and advances to banks include N7.081 million (Dec 2017: N7.027 million) relates to proceeds received from SBSA from sale of Finacle software and is not available for use by the group on day to day basis.

		30 Sep. 2018 N million	31 Dec. 2017 N million	30 Sep. 2018 N million	31 Dec. 2017 N million
12	**Other assets**				
	Trading settlement assets	**76,896**	12,742	**76,896**	12,742
	Accrued Income	**624**	1,027	**624**	1,027
	Indirect / withholding tax receivables	**199**	112	**37**	27
	Accounts receivable (including transit items)	**6,503**	22,857	**6,484**	22,839
	Due from group companies	**326**	291	**326**	480
	Prepayments	**5,538**	4,635	**5,537**	4,631
	Deposit for investment	**2,156**	749	**2,156**	749
	Other debtors	**2,708**	2,629	**2,708**	2,630
		94,950	45,042	**94,768**	45,125
	Impairment provision on doubtful receivables	**(3,994)**	(4,387)	**(3,983)**	(4,382)
		90,956	40,655	**90,785**	40,743

The increase in other assets is mainly as a result of outstanding receivables in respect of unsettled trades on financial instruments. By their nature, these receivables are transit items and have been settled subsequent to period end.

Other debtors includes an amount of N2.58 billion representing a judgment sum held with Access Bank Plc pursuant to a garnishee order granted by the Federal high court.

		30 Sep. 2018 N million	31 Dec. 2017 N million	30 Sep. 2018 N million	31 Dec. 2017 N million
13	**Deposits and current accounts**				
	Deposits from banks	**169,325**	61,721	**169,325**	61,721
	Deposits from banks	**169,325**	61,721	**169,325**	61,721
	Deposits from customers	**773,069**	775,262	**773,443**	775,890
	Current accounts	**381,268**	339,094	**381,642**	339,722
	Call deposits	**86,182**	75,666	**86,182**	75,666
	Savings accounts	**61,905**	48,444	**61,905**	48,444
	Term deposits	**243,714**	312,058	**243,714**	312,058
	Total deposits and current accounts	**942,394**	836,983	**942,768**	837,611

	Group		Bank	
	30 Sep. 2018	31 Dec. 2017	**30 Sep. 2018**	31 Dec. 2017
	N million	N million	**N million**	N million
14 Other borrowings				
On-lending borrowings	**65,462**	**74,892**	**65,462**	**74,892**
FMO - Netherland Development Finance Company	**15,259**	18,369	**15,259**	18,369
African Development Bank	**707**	543	**707**	543
Nigeria Mortgage Refinance Company	**3,163**	1,669	**3,163**	1,669
Bank of Industry	**2,660**	3,116	**2,660**	3,116
Standard Bank Isle of Man	**34,044**	40,406	**34,044**	40,406
CBN Commercial Agricultural Credit Scheme (CACS)	**9,629**	10,789	**9,629**	10,789
	65,462	74,892	**65,462**	74,892

	30 Sep. 2018	31 Dec. 2017	**30 Sep. 2018**	31 Dec. 2017
	N million	N million	**N million**	N million
15 Subordinated debt				
Subordinated fixed rate notes- Naira denominated (see (i) below)	**15,442**	15,636	**15,442**	15,636
Subordinated floating rate notes -Naira denominated (see (ii) below)	**100**	104	**100**	104
Subordinated debt - US dollar denominated (see (iii) below)	**14,549**	13,306	**14,549**	13,306
	30,091	29,046	**30,091**	29,046

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

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

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

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

15 Provisions

30 September 2018	Legal N million	Taxes & levies N million	Interest cost on judgment debt N million	Expected credit loss for off balance sheet exposures N million	Penalties & fines N million	Total N million
Balance at 1 January 2018	**3,950**	**5,092**	**-**	**-**	**-**	**9,042**
Provisions made during the year	**106**	**749**	**-**	**764**	**-**	**1,619**
Provisions utilised during the year	**(74)**	**(1,523)**	**-**	-	**-**	**(1,597)**
Balance at 30 September 2018	**3,982**	**4,318**	**-**	**764**	**-**	**9,064**
Current	-	-	-		**-**	-
Non-current	3,982	4,318	-	764	-	9,064
	3,982	**4,318**	**-**	**764**	**-**	**9,064**

31 December 2017	Legal N million	Taxes & levies N million	Interest cost on judgment debt N million	Expected credit loss for off balance N million	Penalties & fines N million	Total N million
Balance at 1 January 2017	4,823	1,541	1,000	-	-	7,364
Provisions made during the year	125	4,830	-	-	-	4,955
Provisions used during the year	(97)	(1,279)	-	-	-	(1,376)
Provisions reversed during the year	(901)	-	(1,000)	-	-	(1,901)
Balance at 31 December 2017	**3,950**	**5,092**	**-**	**-**	**-**	**9,042**
Current	-	-	-	-	-	-
Non-current	3,950	5,092	-	-	-	9,042
	3,950	**5,092**	**-**	**-**	**-**	**9,042**

(a) Legal

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

(b) Taxes & levies

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

(c) Interest cost on judgment debt

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

		Group		Bank	
		30 Sep. 2018	31 Dec. 2017	**30 Sep. 2018**	31 Dec. 2017
		N million	N million	**N million**	N million
16	**Other liabilities**				
	Trading settlement liabilities	**49,576**	13,250	**49,576**	13,250
	Cash-settled share-based payment liability	**2,609**	1,917	**2,460**	1,742
	Accrued expenses - staff	**3,078**	4,163	**3,004**	4,079
	Deferred income	**7,626**	4,510	**7,626**	4,510
	Accrued expenses - Others	**4,251**	2,570	**4,217**	2,562
	Due to group companies	**5,939**	1,500	**7,320**	2,303
	Collections / remmitance payable	**47,993**	58,339	**47,987**	58,330
	Customer deposit for letters of credit	**18,866**	47,077	**18,866**	47,077
	Unclaimed balances	**2,017**	1,973	**2,017**	1,973
	Draft & bank cheque payable	**2,014**	2,007	**2,014**	2,007
	Electronic channels settlement liability	**2,148**	4,345	**2,148**	4,345
	Clients cash collateral for derivative transactions	**3,977**	22,443	**3,977**	22,443
	Sundry liabilities	**2,788**	12,460	**2,790**	12,457
		152,882	176,554	**154,002**	177,078

		30-Sep-18	30-Sep-17	**30-Sep-18**	30-Sep-17
		N million	N million	**N million**	N million
17	**Statement of cash flows notes**				
17.1	**Decrease/(increase) in income-earning assets**				
	Net derivative assets	**(21,207)**	(6,716)	**(21,207)**	(6,716)
	Trading assets	**119,826**	(86,478)	**119,826**	(86,478)
	Pledged assets	**(148,757)**	(24,098)	**(148,757)**	(24,098)
	Loans and advances	**(56,181)**	(37,022)	**(61,054)**	(37,022)
	Other assets	**(50,301)**	(52,952)	**(50,042)**	(52,905)
	Restriced balance with the Central Bank	**(34,206)**	(46,225)	**(34,206)**	(46,225)
		(190,826)	(253,491)	**(195,440)**	(253,444)
17.2	**Increase/(decrease) in deposits and other liabilities**				
	Deposit and current accounts	**105,411**	209,026	**105,157**	208,950
	Trading liabilities	**57,892**	67,711	**57,892**	67,711
	Other liabilities and provisions	**(26,893)**	73,830	**(26,297)**	74,207
		136,410	350,567	**136,752**	350,868
17.3	**Cash and cash equivalents - Statement of cash flows**				
	Cash and cash equivalents (note 5)	**414,446**	391,473	**414,446**	391,473
	Less: restricted balance with the Central Bank of Nig (note 5)	**(205,544)**	(155,815)	**(205,544)**	(155,815)
	Cash and cash equivalents at end of the period	**208,902**	235,658	**208,902**	235,658

STANBIC IBTC BANK PLC

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18 Classification of financial instruments

Accounting classifications and fair values

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

	Note	Fair Value Through P&L		Amortised cost	Fair-value through other comprehensive income		Other amortised cost	Total carrying amount	Fair value [1]
		Held-for-trading	Designated at fair value		Debt Instrument	Equity Instrument	Other amortised cost	Total carrying amount	Fair value [1]
		N million	N million	N million	N million	N million	N million	N million	N million
30 September 2018									
Assets									
Cash and balances with central banks	6	-	-	414,446	-	-	-	414,446	414,446
Derivative assets	7	36,538	-	-	-	-	-	36,538	36,538
Trading assets	8	31,653	-	-	-	-	-	31,653	31,653
Pledged assets		-	-	-	-	191,997	-	191,997	191,997
Financial investments	10	-	-	54,279	202,824	1,423	-	258,526	258,526
Loans and advances to banks	11	-	-	8,654	-	-	-	8,654	8,654
Loans and advances to customers	11	-	-	429,993	-	-	-	429,993	429,993
Other financial assets		-	-	83,063	-	-	-	83,063	83,063
		68,191	-	936,156	202,824	193,420	-	1,454,870	1,454,870
Liabilities									
Derivative liabilities	7	6,871	-	-	-	-	-	6,871	6,871
Trading liabilities	8	120,341	-	-	-	-	-	120,341	120,341
Deposits from banks	13	-	-	-	-	-	169,325	169,325	169,325
Deposits from customers	13	-	-	-	-	-	773,069	773,069	773,069
Subordinated debt	15	-	-	-	-	-	30,091	30,091	30,091
Other borrowings	14	-	-	-	-	-	65,462	65,462	65,462
Other financial liabilities		-	-	-	-	-	145,256	145,256	145,256
		127,212	-	-	-	-	1,183,203	1,310,415	1,310,415

Notes to the condensed consolidated interim financial statements (continued)
For the period ended 30 September 2018

18 Classification of financial instruments continued

	Note	Held-for-trading	Loans and receivables	Available-for-sale	Other amortised cost	Total carrying amount	Fair value 1
		N million	N million	N million	N million	N million	N million
31 December 2017							
Assets							
Cash and balances with central banks	6	-	400,838	-	-	400,838	400,838
Derivative assets	7	11,052	-	-	-	11,052	11,052
Trading assets	8	151,479	-	-	-	151,479	151,479
Pledged assets		10,769	-	32,471	-	43,240	43,240
Financial investments	10	-	-	276,530	-	276,530	276,530
Loans and advances to banks	11	-	9,234	-	-	9,234	9,236
Loans and advances to customers	11	-	372,089	-	-	372,089	353,431
Other financial assets		-	35,908	-	-	35,908	35,908
		173,300	818,069	309,001	-	1,300,370	1,281,714
Liabilities							
Derivative liabilities	7	2,592	-	-	-	2,592	2,592
Trading liabilities	8	62,449	-	-	-	62,449	62,449
Deposits from banks	13	-	-	-	61,721	61,721	53,766
Deposits from customers	13	-	-	-	775,262	775,262	576,033
Subordinated debt		-	-	-	29,046	29,046	25,423
Other borrowings		-	-	-	74,892	74,892	75,151
Other non-financial liabilities		-	-	-	172,044	172,044	172,044
		65,041	-	-	1,112,965	1,178,006	967,458

[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.

19 Financial instruments measured at fair value

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

19.1 Valuation models

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

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

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

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

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

Specific valuation techniques used to value financial instruments include:

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

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

19.2 Valuation framework

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

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

Significant valuation issues are reported to the audit committee.

19.3 Financial instruments measured at fair value - fair value hierarchy

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

Group	Note	**Fair value N million**	**Level 1 N million**	**Level 2 N million**	**Level 3 N million**	**Total N million**
30 September 2018						
Assets						
Derivative assets	6	**36,538**	**-**	**6,323**	**30,215**	**36,538**
Trading assets	7	**31,653**	**28,912**	**2,741**	**-**	**31,653**
Pledged assets	8	**191,997**	**191,997**	**-**	**-**	**191,997**
Financial investments	9	**258,525**	**257,144**	**-**	**1,422**	**258,566**
		518,713	**478,053**	**9,064**	**31,637**	**518,754**
Comprising:						
Held-for-trading		**68,191**	**28,912**	**9,064**	**30,215**	**68,191**
Available-for-sale		**450,522**	**449,141**	**-**	**31,637**	**480,778**
		518,713	**478,053**	**9,064**	**61,852**	**548,969**
Liabilities						
Derivative liabilities	6	**6,871**	**-**	**6,871**	**-**	**6,871**
Trading liabilities	7	**120,341**	**4,009**	**116,332**	**-**	**120,341**
		127,212	**4,009**	**123,203**	**-**	**127,212**
Comprising:						
Held-for-trading		**127,212**	**4,009**	**123,203**	**-**	**127,212**
		127,212	**4,009**	**123,203**	**-**	**127,212**

There have been no transfers between Level 1 and Level 2 during the period.

Group	Fair value N million	Level 1 N million	Level 2 N million	Level 3 N million	Total N million
31 December 2017					
Assets					
Derivative assets	11,052	-	4,804	6,248	11,052
Trading assets	151,479	143,195	8,284	-	151,479
Pledged assets	43,240	43,240	-	-	43,240
Financial investments	276,530	274,294	1,183	1,053	276,530
	482,301	460,729	14,271	7,301	482,301
Comprising:					
Held-for-trading	162,531	153,964	13,088	6,248	173,300
Available-for-sale	319,770	306,765	1,183	1,053	309,001
	482,301	460,729	14,271	7,301	482,301
Liabilities					
Derivative liabilities	2,592	-	2,592	-	2,592
Trading liabilities	62,449	52,451	9,998	-	62,449
	65,041	52,451	12,590	-	65,041
Comprising:					
Held-for-trading	65,041	52,451	12,590	-	65,041
	65,041	52,451	12,590	-	65,041

There have been no transfers between Level 1 and Level 2 during the period.

19.3 Level 3 fair value measurement

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

	Derivative assets N million	Financial investments N million	Total N million
Balance at 1 January 2018	**6,248**	**1,053**	**7,301**
Gains/(losses) included in profit or loss - Trading revenue	**6,958**	**-**	**6,958**
Gain/(loss) recognised in other comprehensive income	**-**	**256**	**256**
Originations and purchases	**-**	**114**	**114**
Day one profit/ (loss) recognised	**23,256**	**-**	**23,256**
Sales and settlements	**(6,247)**	**-**	**(6,247)**
Write back of impairment	**-**	**-**	**-**
Balance at 30 September 2018	**30,215**	**1,423**	**31,638**
Balance at 1 January 2017	-	399	399
Gains/(losses) included in profit or loss - Trading revenue	(5,239)	-	(5,239)
Gain/(loss) recognised in other comprehensive income	-	654	654
Originations and purchases	-	-	-
Sales and settlements	11,487	-	11,487
Write back of impairment	-	-	
Balance at 31 December 2017	6,248	1,053	7,301

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

30 September 2018	Derivative assets N million	Financial investments N million	Total N million
Other comprehensive income	**-**	**256**	**256**
Trading revenue	**6,958**	**-**	**6,958**
	6,958	**256**	**7,214**
30 September 2017			
Other comprehensive income	**-**		
Trading revenue	(3,661)	-	(3,661)
	(3,661)	-	(3,661)

(i) Unobservable inputs used in measuring fair value

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

Type of financial instrument	Valuation technique	Significant unobservable input	Fair value measurement sensitivity to unobservable input
Unquoted equities	Discounted cash flow	- Risk adjusted discount rate '- Cash flow estimates	A significant increase in the spread above the risk-free rate would result in a lower fair value.
Derivative assets	Discounted cash flow	- Own credit risk (DVA) - Counterparty credit risk (CVA, basis risk and country risk premium) - USD / NGN quanto risk - Implied FX volatility	A significant move (either positive or negative) in the unobservable input will result in a significant move in the fair value.

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

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

	Carrying	**Fair value**			
	amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Group	**N million**	**N million**	**N million**	**N million**	**N million**
30 September 2018					
Assets					
Cash and cash equivalents	**414,446**	**-**	**414,446**	**-**	**414,446**
Loans and advances to banks	**8,654**	**-**	**-**	**8,654**	**8,654**
Loans and advances to customers	**429,993**	**-**	**-**	**429,993**	**429,993**
	853,093	**-**	**414,446**	**438,647**	**853,093**
Liabilities					
Deposits from banks	**169,325**	**-**	**169,325**	**-**	**169,325**
Deposits from customers	**773,069**	**-**	**773,069**	**-**	**773,069**
Other borrowings	**65,462**	**-**	**65,462**	**-**	**65,462**
Subordinated debt	**30,091**	**-**	**30,091**	**-**	**30,091**
	1,037,947	**-**	**1,037,947**	**-**	**1,037,947**

	Carrying amount	Level 1	Level 2	Level 3	Total
Group	N million	N million	N million	N million	N million
31 December 2017					
Assets					
Cash and cash equivalents	400,838	-	400,838	-	400,838
Loans and advances to banks	9,234	-	-	9,236	9,236
Loans and advances to customers	372,089	-	-	353,431	353,431
	782,161	-	400,838	362,667	763,505
Liabilities					
Deposits from banks	61,721	-	61,721	-	61,721
Deposits from customers	775,262	-	771,152	-	771,152
Other borrowings	74,892	-	69,984	-	69,984
Subordinated debt	29,046	-	27,611	-	27,611
	940,921	-	930,468	-	930,468

Fair value of loans and advances is estimated using discounted cash flow techniques. Input into the valuation techniques includes interest rates and value of underlying collateral.
Fair value of deposits from banks and customers is estimated using discounted cash flow techniques, applying the rates offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.

		30 Sep. 2018	31 Dec. 2017
		N million	N million
20	**Contingent liabilities and commitments**		
20.1	**Contingent liabilities**		
	Letters of credit	**69,231**	118,054
	Guarantees	**48,589**	35,323
		117,820	153,377

Performance bonds and guarantees are generally short term commitments to third parties which are not directly dependent on the customer's credit worthiness.

Letters of credit are agreements to lend to a customer in the future, subject to certain conditions. They are secured by different types of collaterals similar to those accepted for actual credit facilities.

20.3 Legal proceedings

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

There were a total of 307 legal proceedings outstanding as at 30 September 2018 (Dec 2017: 290 cases). 196 (Dec 2017: 190 cases) of these were against the group with claims amounting to N154.5 billion (Dec. 2017: N158.3 billion) , while 106 other cases were instituted by the group with claims amounting to N27.8 billion (31 Dec. 2017: N18.4 billion).
The claims against the group are generally considered to have a low likelihood of success and the group is actively defending same. Management believes that the ultimate resolution of any of the proceedings will not have a significantly adverse effect on the group. Where the group envisages that there is a more than average chance that a claim against it will succeed, adequate provisions are raised in respect of such claim.

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

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

		Group				Bank			
		3 months	**9 months**	3 months	9 months	**3 months**	**9 months**	3 months	9 months
		30-Sep-18	**30-Sep-18**	30-Sep-17	30-Sep-17	**30-Sep-18**	**30-Sep-18**	30-Sep-17	30-Sep-17
		N million	**N million**	N million	N million	**N million**	**N million**	N million	N million
21	**Supplementary income statement information**								
21.1	**Interest income**								
	Interest on loans and advances to banks	**531**	**2,153**	430	1,473	**529**	**2,142**	430	1,473
	Interest on loans and advances to customers	**15,976**	**46,579**	16,481	44,522	**15,976**	**46,579**	16,481	44,522
	Interest on investments	**10,044**	**34,674**	14,703	38,831	**10,044**	**34,674**	14,703	38,831
		26,551	**83,406**	31,614	84,826	**26,549**	**83,395**	31,614	84,826
	All interest income reported above relates to financial assets not carried at fair value through profit or loss.								
21.2	**Interest expense**								
	Savings accounts	**423**	**1,164**	307	834	**423**	**1,164**	307	834
	Current accounts	**879**	**2,662**	1,907	3,097	**879**	**2,662**	1,907	3,097
	Call deposits	**775**	**1,792**	480	1,053	**775**	**1,792**	480	1,053
	Term deposits	**4,254**	**14,949**	5,800	14,426	**4,254**	**14,949**	5,803	14,431
	Interbank deposits	**801**	**2,725**	966	2,225	**801**	**2,725**	966	2,225
	Borrowed funds	**2,687**	**6,585**	1,647	4,078	**2,687**	**6,585**	1,647	4,078
		9,819	**29,877**	11,107	25,713	**9,819**	**29,877**	11,110	25,718
	All interest expense reported above relates to financial assets not carried at fair value through profit or loss.								
21.3	**Net fee and commission revenue**								
	Fee and commission revenue	**6,121**	**18,467**	5,088	15,170	**6,125**	**18,461**	5,033	15,103
	Account transaction fees	**852**	**2,699**	696	2,846	**852**	**2,699**	696	2,846
	Card based commission	**845**	**2,468**	769	2,399	**845**	**2,468**	769	2,399
	Knowledge based fees and commission	**317**	**815**	125	462	**342**	**876**	87	458
	Custody transaction fees	**955**	**3,043**	897	1,916	**934**	**2,976**	880	1,853
	Electronic banking	**525**	**1,372**	338	849	**525**	**1,372**	338	849
	Foreign currency service fees	**1,893**	**5,402**	1,722	4,664	**1,893**	**5,402**	1,722	4,664
	Documentation and administration fees	**487**	**1,658**	349	1,445	**487**	**1,658**	349	1,445
	Other	**247**	**1,010**	192	589	**247**	**1,010**	192	589
	Fee and commission expense	**(484)**	**(939)**	(75)	(256)	**(484)**	**(939)**	(75)	(256)
		5,637	**17,528**	5,013	14,914	**5,641**	**17,522**	4,958	14,847

		Group				Bank			
		3 months	**9 months**	3 months	9 months	**3 months**	**9 months**	3 months	9 months
		30-Sep-18	**30-Sep-18**	30-Sep-17	30-Sep-17	**30-Sep-18**	**30-Sep-18**	30-Sep-17	30-Sep-17
		N million	**N million**	N million	N million	**N million**	**N million**	N million	N million
21	**Supplementary income statement information (**continued)								
21.4	**Trading revenue**								
	Foreign exchange	**5,237**	**9,713**	3,346	8,702	**5,230**	**9,693**	3,334	8,656
	Credit	**6,270**	**17,475**	5,439	11,708	**6,270**	**17,474**	5,439	11,708
	Interest rates	**(1,763)**	**(1,483)**	(599)	(470)	**(1,763)**	**(1,483)**	(599)	(470)
		9,744	**25,705**	8,186	19,940	**9,737**	**25,684**	8,174	19,894
21.5	**Other revenue**								
	Dividend Income	**74**	**161**	62	112	**74**	**161**	62	112
	Others	**164**	**886**	194	490	**164**	**886**	194	490
		237	**1,047**	256	602	**237**	**1,047**	256	602

	Group				Bank			
	3 months	**9 months**	3 months	9 months	**3 months**	**9 months**	3 months	9 months
	30 Sept. 2018	**30 Sept. 2018**	30 Sept. 2017	30 Sept. 2017	**30 Sept. 2018**	**30 Sept. 2018**	30-Sep-16	30-Sep-16
	N million	**N million**	N million	N million	**N million**	**N million**	N million	N million
21.6 Credit impairment charges								
Credit impairment raised/(released) in terms of IAS 39								
Specific credit impairment charges			7,302	21,790			7,302	21,790
portfolio credit impairment charges			(79)	325			(79)	325
Net expected credit losses raised and released for financial investments								
12 month ECL	**60**	**71**			**60**	**71**		
Lifetime ECL not credit impaired								
Lifetime ECL credit impaired								
Net expected credit losses raised and released for Loan and advances								
12 month ECL	**(1,346)**	**(2,103)**			**(1,346)**	**(2,103)**		
Lifetime ECL not credit impaired	**283**	**(5,383)**			**283**	**(5,383)**		
Lifetime ECL credit impaired	**3,257**	**5,836**			**3,257**	**5,836**		
Net expected credit losses raised and released on off balance sheet exposures								
12 month ECL	**(40)**	**225**			**(40)**	**225**		
Lifetime ECL not credit impaired	**5**	**(136)**			**5**	**(136)**		
Lifetime ECL credit impaired								
Recoveries on loans and advances previously written	**(860)**	**(2,641)**	(842)	(1,781)	**(860)**	**(2,641)**	(842)	(1,781)
	1,359	**(4,131)**	6,381	20,334	**1,359**	**(4,131)**	6,381	20,334

STANBIC IBTC BANK PLC

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		Group				Bank			
		3 months 30-Sep-18 N'million	**9 months 30-Sep-18 N'million**	3 months 30-Sep-17 N'million	9 months 30-Sep-17 N'million	**3 months 30-Sep-18 N'million**	**9 months 30-Sep-18 N'million**	3 months 30-Sep-17 N'million	9 months 30-Sep-17 N'million
22	**Other operating expenses**								
	Information technology	**1,642**	**4,683**	1,011	3,245	**1,641**	**4,681**	1,002	3,236
	Communication expenses	**386**	**827**	213	751	**386**	**825**	211	749
	Premises expenses	**830**	**2,407**	760	2,525	**830**	**2,407**	747	2,512
	Depreciation expenses	**918**	**2,758**	836	2,504	**918**	**2,756**	834	2,502
	Amortisation of intangible asset	**11**	**34**	11	34	**11**	**34**	11	34
	Deposit insurance premium	**1,114**	**3,098**	649	1,993	**1,114**	**3,098**	650	1,994
	AMCON expenses	**-**	**7,431**	-	5,034	**-**	**7,431**	-	5,034
	Other insurance premium	**144**	**474**	139	245	**144**	**474**	139	245
	Auditors renumeration	**58**	**175**	55	166	**56**	**169**	53	159
	Non-audit service fee	**-**	**40**	-	9	**-**	**40**	-	9
	Professional fees	**513**	**1,293**	375	739	**971**	**2,689**	783	1,629
	Administration and membership fees	**538**	**1,921**	750	2,001	**538**	**1,923**	744	1,995
	Training expenses	**343**	**691**	163	397	**342**	**688**	161	395
	Security expenses	**396**	**1,157**	361	1,014	**396**	**1,157**	360	1,013
	Travel and entertainment	**218**	**961**	333	830	**216**	**944**	316	813
	Stationery and printing	**125**	**365**	289	843	**125**	**364**	287	841
	Marketing and advertising	**316**	**925**	346	779	**316**	**924**	344	777
	Donations	**22**	**32**	6	215	**22**	**32**	6	215
	Operational losses	**1,948**	**1,965**	(8)	(32)	**1,948**	**1,965**	(8)	(32)
	Directors fees & expenses	**30**	**94**	29	84	**30**	**94**	29	84
	Penalties and fines	**4**	**12**	-	21	**4**	**12**	0	16
	Provision for legal costs, levies and fines	**-**	**210**	240	(480)	**-**	**210**	240	(480)
	Impairment of other financial assets	**-**	**(163)**	1,504	3,215	**-**	**(163)**	1,503	3,213
	Motor vehicle maintenance expense	**305**	**898**	296	877	**305**	**898**	295	876
	Bank Charges	**570**	**1,344**	82	397	**570**	**1,343**	81	396
	Indirect tax (VAT)	**122**	**554**	136	426	**120**	**548**	136	424
	Other operating expenses	**1,140**	**1,891**	1,748	1,898	**1,136**	**1,787**	1,611	1,765
		11,696	**36,074**	10,324	29,730	**12,140**	**37,329**	10,537	30,415

23 Earnings per ordinary share

The calculation of basic earnings per ordinary share and diluted earnings per ordinary share are as follows:

	Group 3 months 30-Sep-18	Group 9 months 30-Sep-18	Group 3 months 30-Sep-17	Group 9 months 30-Sep-17	Bank 3 months 30-Sep-18	Bank 9 months 30-Sep-18	Bank 3 months 30-Sep-17	Bank 9 months 30-Sep-17
Earnings based on weighted average shares in issue								
Earnings attributable to ordinary shareholders (N million)	**11,211**	**39,966**	7,933	21,586	**10,943**	**39,259**	8,016	21,336
Weighted average number								
Weighted average number of ordinary shares in issue	**3,750**	**3,750**	3,750	3,750	**3,750**	**3,750**	3,750	3,750
Basic earnings per ordinary share (kobo)	**299**	**1,066**	212	576	**292**	**1,047**	214	569

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

24 Related party transactions

24.1 Parent

The bank is wholly owned by Stanbic IBTC Holdings PLC, a Nigerian company incorporated in March 2012 to satisfy the regulatory requirement of the Regulation 3 of 2010 of the Central Bank of Nigeria. The ultimate parent of the bank is Standard Bank Group Limited incorporated in South Africa.

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

24.2 Subsidiaries

Details of effective interest in subsidiaries are disclosed below.

Stanbic IBTC Nominees Limited ("SINL")	100%
Stanbic IBTC Bureau de change Limited ("SIBDC")	100%

24.3 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-18 N million	30-Sep-17 N million
(a)	**Key management compensation**		
	Salaries and other short-term benefits	**546**	392
	Post-employment benefits	**22**	21
	Value of share options and rights expensed	**193**	167
		761	580

	The transactions below are entered into in the normal course of business.	30-Sep-18 N million	31-Dec-17 N million
(b)	**Loans and advances**		
	Loans outstanding at the beginning of the year	**191**	214
	Net movement during the year	**(70)**	(23)
	Loans outstanding at the end of the period	**121**	191

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 (2017: nil). The mortgage loans and instalment sale and finance leases are secured by the underlying assets. All other loans are unsecured.

(c)	**Deposit and current accounts**		
	Deposits outstanding at beginning of the year	**277**	247
	Net movement during the year	**39**	30
	Deposits outstanding at end of the period	**316**	277

Deposits include cheque, current and savings accounts.

24 Related party transactions continued

24.4 Transactions with group entities

		30-Sep-18 N million	31-Dec-17 N million
(i)	**Due from group companies**		
	Loans to banks	**1,579**	9,234
	Current account balances	**11,475**	19,641
	Derivatives	**105**	973
	Other assets	**326**	291
		13,485	30,139
(ii)	**Due to group companies**		
	Deposits and current accounts	**33,084**	38,843
	Derivatives	**53**	186
	Subordinated debt	**14,549**	13,306
	Other borrowings	**34,044**	40,406
	Other liabilities	**5,939**	1,500
		87,669	94,241

		30-Sep-18 N million	30 Sep 2017 N million
(iii)	**Profit or loss impact of transactions with group entities**		
	Interest income earned	**731**	867
	Interest expense paid	**(2,267)**	(1,613)
	Trading revenue	**41**	(4,935)
	Operating expense incurred	**790**	132

25 Directors and staff related exposures

The group has some exposures in terms of loans and advances to employees and to customers that are affiliated to its present and past directors. Loans granted to customers that are affiliated to directors are granted at commercial rates while those granted to executive directors and employees are granted at below-the market rates.. There were no non-performing director related exposures as at balance sheet date (2017: Nil). In cases where outstanding balance exceeds approved credit limit, no principal payment was due on the facility and the excess therefore relates to accrued interest.

Schedule of directors and staff related credits

Name of Company/Individual	Relationship	Name of related interest	Facility type	Currency	Date granted	Expiry date	Approved credit limit N	Outstanding Credit (plus Accrued Interest not yet due for payment) N	Status	Interest Rate %	Security nature
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	13-Apr-18	29-Nov-18	20,269,388	20,945,489	Performing	7	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	GBP	21-May-18	2-Oct-18	18,105,516	7,745,928	Performing	6	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	4-Jul-18	12-Nov-18	61,117,909	26,310,815	Performing	5	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	GBP	23-May-18	2-Oct-18	18,446,029	18,859,595	Performing	6	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	7-Jun-18	2-Oct-18	8,395,822	8,593,791	Performing	7	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	1-Aug-18	2-Oct-18	13,009,051	12,958,478	Performing	5	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	5-Jul-18	29-Nov-18	7,223,479	7,353,036	Performing	7	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	GBP	6-Jul-18	29-Nov-18	35,693,492	5,368,978	Performing	6	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	25-Jul-18	23-Oct-18	69,895,468	70,546,549	Performing	5	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	30-Aug-18	20-Nov-18	24,105,024	24,189,558	Performing	4	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	10-Aug-18	3-Nov-18	3,943,921	3,980,057	Performing	6	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	10-Sep-18	9-Dec-18	1,971,963	1,979,266	Performing	6	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	11-Sep-18	25-Nov-18	5,968,158	5,984,508	Performing	5	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	GBP	11-Sep-18	10-Dec-18	7,177,806	7,196,499	Performing	5	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	GBP	11-Sep-18	10-Dec-18	35,698,864	35,792,801	Performing	5	UNSECURED
Unilever Nigeria Plc	FORMER CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	19-Sep-18	18-Dec-18	3,480,800	3,488,155	Performing	6	UNSECURED
Seplat Petroleum Development Company Plc	CHAIRMAN (HOLDCO)	BASIL OMIYI	Term Loan	USD	21-Mar-18	30-Jun-22	8,729,280,000	8,919,284,611	Performing	8	ALL ASSET DEBENTURE AND BORROWER PERSONAL GUARANTEE (CASH COLLATERAL ON THE LC/ADVANCE)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	14-May-18	13-Nov-18	559,102,697	294,861,370	Performing	6	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	17-May-18	10-Dec-18	15,847,875	16,145,295	Performing	5	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	17-May-18	15-Oct-18	18,700,493	18,749,257	Performing	5	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	13-Aug-18	14-Dec-18	49,901,430	50,831,100	Performing	5	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	8-Nov-13	12-Nov-20	1,066,070,000	403,533,052	Performing	7	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	22-Jun-17	30-Jun-22	2,000,000,000	1,877,334,375	Performing	15	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	17-Jul-17	30-Jun-22	1,700,000,000	1,595,734,219	Performing	15	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	26-Jul-17	30-Jun-22	10,000,000	9,365,933	Performing	15	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	23-Nov-17	30-Jun-22	1,290,000,000	1,214,191,861	Performing	15	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	16-Mar-18	28-Feb-25	2,000,000,000	2,030,616,200	Performing	18	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	1-Aug-18	26-Nov-18	129,074,349	117,640,991	Performing	5	NEGATIVE PLEDGE (Letter of Comfort from SIAT)

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25 Directors and staff related exposures (continued)

Schedule of directors and staff related credits (continued)

Name of Company/ Individual	Relationship	Name of related interest	Facility type	Currency	Date granted	Expiry date	Approved credit limit N	Outstanding plus Accrued Interest N	Status	Interest Rate %	Security nature
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	26-Jun-18	26-Nov-18	533,940,960	545,935,187	Performing	8	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	28-Jun-18	23-Oct-18	9,109,359	9,251,613	Performing	6	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	6-Aug-18	4-Nov-18	54,633,259	55,052,365	Performing	5	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	20-Aug-18	18-Nov-18	8,178,349	8,225,402	Performing	5	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	10-Aug-18	8-Nov-18	54,633,259	55,022,427	Performing	5	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	5-Sep-18	4-Dec-18	82,788,219	83,225,938	Performing	7	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	5-Sep-18	4-Dec-18	87,387,505	87,849,543	Performing	7	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	6-Sep-18	5-Dec-18	4,599,356	4,622,739	Performing	7	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	6-Sep-18	5-Dec-18	50,592,936	50,850,144	Performing	7	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	11-Sep-18	10-Dec-18	13,780,260	13,836,385	Performing	7	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	12-Sep-18	11-Dec-18	69,497,788	69,766,694	Performing	7	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	17-Sep-18	16-Dec-18	5,344,466	5,354,714	Performing	5	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	USD	19-Sep-18	18-Dec-18	45,993,576	46,105,907	Performing	7	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Presco Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	20-Sep-18	19-Dec-18	40,963,587	41,025,314	Performing	5	NEGATIVE PLEDGE (Letter of Comfort from SIAT)
Nigerian Breweries Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Overdraft	NGN	20-Sep-18	9-Nov-18	1,901,200,000	415,664,374	Performing	18	NEGATIVE PLEDGE
Nigerian Breweries Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	7-Jun-18	2-Oct-18	35,987,777	12,920,587	Performing	5	NEGATIVE PLEDGE
Nigerian Breweries Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	7-Jun-18	2-Oct-18	39,868,605	4,392,913	Performing	5	NEGATIVE PLEDGE
Nigerian Breweries Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	5-Jul-18	13-Nov-18	773,706,358	637,722,450	Performing	5	NEGATIVE PLEDGE
Nigerian Breweries Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	11-Jul-18	9-Oct-18	2,000,000,000	2,069,643,836	Performing	16	NEGATIVE PLEDGE
Nigerian Breweries Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	EUR	27-Aug-18	25-Nov-18	69,271,273	69,603,394	Performing	5	NEGATIVE PLEDGE
Nigerian Breweries Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	5-Sep-18	4-Dec-18	5,000,000,000	5,049,802,466	Performing	14	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	USD	28-May-18	12-Nov-18	50,760,763	52,061,142	Performing	7	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	USD	30-May-18	12-Nov-18	50,760,763	52,040,501	Performing	7	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	13-Jun-18	12-Nov-18	51,449,387	52,224,652	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	USD	21-Jun-18	12-Nov-18	67,681,018	69,088,679	Performing	7	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	26-Jun-18	12-Nov-18	48,299,928	48,941,720	Performing	5	UNSECURED

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25 Directors and staff related exposures (continued)

Schedule of directors and staff related credits (continued)

Name of Company/ Individual	Relationship	Name of related interest	Facility type	Currency	Date granted	Expiry date	Approved credit limit N	Outstanding plus Accrued Interest N	Status	Interest Rate %	Security nature
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	13-Aug-18	12-Nov-18	211,283,870	213,917,681	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	13-Aug-18	12-Nov-18	449,757,486	455,364,050	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	19-Jul-18	26-Nov-18	87,324,230	88,209,433	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	20-Jul-18	6-Oct-18	1,324,925	1,338,173	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	USD	20-Jul-18	12-Nov-18	50,760,763	51,517,053	Performing	7	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	USD	25-Jul-18	23-Oct-18	35,922,384	36,420,535	Performing	7	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	25-Jul-18	23-Oct-18	94,850,884	95,734,427	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	25-Jul-18	23-Oct-18	143,221,472	144,555,589	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	27-Jul-18	12-Nov-18	38,851,264	39,202,521	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	27-Jul-18	25-Oct-18	148,866,274	150,212,190	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	31-Jul-18	12-Nov-18	25,750,633	25,969,338	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	31-Jul-18	29-Oct-18	79,950,835	80,629,868	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	3-Aug-18	1-Nov-18	16,405,091	16,537,680	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	28-Aug-18	26-Nov-18	46,789,101	46,985,230	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	27-Aug-18	25-Nov-18	172,587,019	173,331,742	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	10-Aug-18	8-Nov-18	32,762,967	32,973,008	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	1-Aug-18	30-Oct-18	77,132,791	77,777,326	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	16-Aug-18	14-Nov-18	86,132,398	86,620,876	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	16-Aug-18	14-Nov-18	45,758,436	46,017,944	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	USD	16-Aug-18	14-Nov-18	59,870,640	60,393,291	Performing	7	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	28-Aug-18	26-Nov-18	89,189,356	89,563,217	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	1-Aug-18	29-Oct-18	9,052,061	9,127,700	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	28-Aug-18	26-Nov-18	4,923,407	4,944,043	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	20-Aug-18	18-Nov-18	11,423,994	10,155,902	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	4-Sep-18	3-Dec-18	31,077,662	31,181,112	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	4-Sep-18	3-Dec-18	39,954,441	40,087,441	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	4-Sep-18	3-Dec-18	67,892,639	68,118,638	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	4-Sep-18	3-Dec-18	124,423,442	124,837,616	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	4-Sep-18	3-Dec-18	124,859,901	125,275,529	Performing	5	UNSECURED

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

Name of Company/ Individual	Relationship	Name of related interest	Facility type	Currency	Date granted	Expiry date	Approved credit limit N	Outstanding plus Accrued Interest N	Status	Interest Rate %	Security nature
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	USD	4-Sep-18	4-Oct-18	138,756,998	139,474,064	Performing	7	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	11-Sep-18	10-Dec-18	19,550,606	19,598,813	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	11-Sep-18	10-Dec-18	34,183,866	34,268,156	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	11-Sep-18	10-Dec-18	50,594,066	50,718,821	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	11-Sep-18	10-Dec-18	50,968,879	51,094,555	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	11-Sep-18	10-Dec-18	56,016,956	56,155,081	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	11-Sep-18	10-Dec-18	69,270,893	69,441,699	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	11-Sep-18	10-Dec-18	94,063,114	94,295,051	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	11-Sep-18	10-Dec-18	188,975,344	189,441,310	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	11-Sep-18	10-Dec-18	215,323,598	215,854,532	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	12-Sep-18	10-Dec-18	64,604,391	64,755,723	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	USD	17-Sep-18	12-Dec-18	71,844,768	72,035,637	Performing	7	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	19-Sep-18	18-Dec-18	11,416,091	11,432,978	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	26-Sep-18	25-Nov-18	28,713,493	28,731,192	Performing	5	UNSECURED
Nigerian Bottling Co Plc	FORMER CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	26-Sep-18	25-Dec-18	69,007,505	69,050,045	Performing	5	UNSECURED
MTN Nigeria Communications Ltd	EX-NON EXECUTIVE DIRECTOR	AHMED I DASUKI	Term Loan	NGN	30-Nov-15	29-Nov-19	2,592,947,314	556,232,186	Performing	15	SHARES
MTN Nigeria Communications Ltd	EX-NON EXECUTIVE DIRECTOR	AHMED I DASUKI	Term Loan	NGN	31-Mar-14	29-Nov-19	7,500,000,000	2,503,044,836	Performing	15	SHARES
MTN Nigeria Communications Ltd	EX-NON EXECUTIVE DIRECTOR	AHMED I DASUKI	Term Loan	NGN	2-Mar-18	29-Nov-19	833,333,333	625,761,209	Performing	15	SHARES
INT TOWERS LIMITED	EX-NON EXECUTIVE DIRECTOR	AHMED I DASUKI	Term Loan	USD	23-Dec-14	13-Dec-21	4,297,351,800	4,297,074,904	Performing	7	NEGATIVE PLEDGE
GOLDEN SUGAR COMPANY LIMITED (A Subsidiary of Flour Mills)	NON EXECUTIVE DIRECTOR (HOLDCO)	SALAMATU SULEIMAN	Term Loan	NGN	13-Jul-12	14-Jun-22	1,854,000,000	820,618,347	Performing	7	ALL ASSET DEBENTURE ON FIXED AND FLOATING ASSETS
GOLDEN SUGAR COMPANY LIMITED (A Subsidiary of Flour Mills)	NON EXECUTIVE DIRECTOR (HOLDCO)	SALAMATU SULEIMAN	Overdraft	NGN	28-Sep-18	2-Oct-18	820,000,000	152,792,678	Performing	17	ALL ASSET DEBENTURE ON FIXED AND FLOATING ASSETS
Aptics Nigeria Ltd (Subsidiary of Novare Africa Fund Pcc)	NON EXECUTIVE DIRECTOR (HOLDCO)	FABIAN AJOGWU SAN	Term Loan	USD	27-Mar-14	29-Mar-19	4,728,360,000	2,811,623,321	Performing	10	ALL ASSET MORTGAGE DEBENTURE
Urshday Limited (Subsidiary of Novare Africa Fund Pcc)	NON EXECUTIVE DIRECTOR (HOLDCO)	FABIAN AJOGWU SAN	Term Loan	NGN	28-Mar-17	30-Jun-22	450,000,000	455,001,398	Performing	17	ALL ASSET MORTGAGE DEBENTURE
Urshday Limited (Subsidiary of Novare Africa Fund Pcc)	NON EXECUTIVE DIRECTOR (HOLDCO)	FABIAN AJOGWU SAN	Term Loan	NGN	23-Dec-16	30-Jun-22	2,500,000,000	2,724,075,754	Performing	17	ALL ASSET MORTGAGE DEBENTURE
GRAY-BAR ALLIANCE LTD	NON EXECUTIVE DIRECTOR (HOLDCO)	FABIAN AJOGWU SAN	Term Loan	NGN	2-Jan-18	30-Jun-21	1,400,000,000	1,654,092,124	Performing	23	ALL ASSET MORTGAGE DEBENTURE
Elysium Diem (Nigeria) Ltd	NON EXECUTIVE DIRECTOR (HOLDCO)	FABIAN AJOGWU SAN	Term Loan	NGN	3-Sep-18	31-Dec-21	250,000,000	254,413,639	Performing	23	ALL ASSET MORTGAGE DEBENTURE
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	28-Jun-18	4-Oct-18	340,000	340,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	72,900	72,900	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	88,778	88,778	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	95,333	95,333	Performing	17	UNSECURED

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

Name of Company/ Individual	Relationship	Name of related interest	Facility type	Currency	Date granted	Expiry date	Approved credit limit N	Outstanding plus Accrued Interest N	Status	Interest Rate %	Security nature
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	95,333	95,333	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	167,619	167,619	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	168,000	168,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	191,478	191,478	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	192,083	192,083	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	192,083	192,083	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	192,083	192,083	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	280,153	280,153	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	365,000	365,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	394,516	394,516	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Jun-18	4-Oct-18	6,904,150	6,904,150	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Overdraft	NGN	2-Sep-18	20-Nov-18	2,400,000,000	1,682,382,589	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-Jul-18	11-Oct-18	20,000	20,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-Jul-18	11-Oct-18	70,000	70,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-Jul-18	11-Oct-18	85,000	85,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	10-Jul-18	11-Oct-18	400,000	400,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	17-Jul-18	18-Oct-18	17,000	17,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	17-Jul-18	18-Oct-18	111,150	111,150	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	17-Jul-18	18-Oct-18	350,000	350,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	17-Jul-18	18-Oct-18	500,000	500,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	17-Jul-18	18-Oct-18	580,000	580,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	25-Jul-18	25-Oct-18	28,401	28,401	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	25-Jul-18	25-Oct-18	40,000	40,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	25-Jul-18	25-Oct-18	41,000	41,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	25-Jul-18	25-Oct-18	58,851	58,851	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	25-Jul-18	25-Oct-18	60,900	60,900	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	25-Jul-18	25-Oct-18	74,659	74,659	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	25-Jul-18	25-Oct-18	99,935	99,935	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	25-Jul-18	25-Oct-18	180,000	180,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	25-Jul-18	25-Oct-18	219,450	219,450	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	25-Jul-18	25-Oct-18	340,000	340,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	25-Jul-18	25-Oct-18	422,442	422,442	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	25-Jul-18	25-Oct-18	5,972,982	5,972,982	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Aug-18	24-Nov-18	1,016,452	1,016,452	Performing	17	UNSECURED

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

Name of Company/ Individual	Relationship	Name of related interest	Facility type	Currency	Date granted	Expiry date	Approved credit limit N	Outstanding plus Accrued Interest N	Status	Interest Rate %	Security nature
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	6-Aug-18	1-Nov-18	484,000	484,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	6-Aug-18	1-Nov-18	690,900	690,900	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	6-Aug-18	1-Nov-18	128,700	128,700	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	6-Aug-18	1-Nov-18	1,100,138	1,100,138	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	6-Aug-18	1-Nov-18	22,500	22,500	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	15-Aug-18	15-Nov-18	76,800	76,800	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	15-Aug-18	15-Nov-18	27,000	27,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	15-Aug-18	15-Nov-18	900,000	900,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	15-Aug-18	15-Nov-18	200,000	200,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	15-Aug-18	15-Nov-18	30,574	30,574	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	15-Aug-18	15-Nov-18	36,400	36,400	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	15-Aug-18	15-Nov-18	150,000	150,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-Aug-18	1-Dec-18	122,520	122,520	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-Aug-18	1-Dec-18	20,615,012	20,615,012	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-Aug-18	1-Dec-18	335,042	335,042	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-Aug-18	1-Dec-18	29,366	29,366	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-Aug-18	1-Dec-18	3,875,200	3,875,200	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-Aug-18	1-Dec-18	40,535	40,535	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-Aug-18	1-Dec-18	40,500	40,500	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-Aug-18	1-Dec-18	1,095,000	1,095,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-Aug-18	1-Dec-18	174,631	174,631	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-Aug-18	1-Dec-18	1,198,500	1,198,500	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-Aug-18	1-Dec-18	1,198,500	1,198,500	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-Aug-18	1-Dec-18	1,116,250	1,116,250	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	7-Aug-18	8-Nov-18	980,000	980,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Aug-18	24-Nov-18	190,000	190,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Aug-18	24-Nov-18	354,908	354,908	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Aug-18	24-Nov-18	9,534,921	9,534,921	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Aug-18	24-Nov-18	150,000	150,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-Aug-18	1-Dec-18	364,250	364,250	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	31-Aug-18	1-Dec-18	466,375	466,375	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	7-Aug-18	8-Nov-18	256,000	256,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	7-Aug-18	8-Nov-18	2,500,000	2,500,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Aug-18	24-Nov-18	11,886,636	11,886,636	Performing	17	UNSECURED

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

Name of Company/ Individual	Relationship	Name of related interest	Facility type	Currency	Date granted	Expiry date	Approved credit limit N	Outstanding plus Accrued Interest N	Status	Interest Rate %	Security nature
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	6-Aug-18	1-Nov-18	2,800,000	2,800,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	15-Aug-18	15-Nov-18	82,000	82,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	15-Aug-18	15-Nov-18	247,500	247,500	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Aug-18	24-Nov-18	1,300,217	1,300,217	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	6-Aug-18	1-Nov-18	1,569,500	1,569,500	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	7-Aug-18	8-Nov-18	776,790	776,790	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	15-Aug-18	15-Nov-18	1,290,000	1,290,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Aug-18	24-Nov-18	5,200,000	5,200,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Aug-18	24-Nov-18	30,000	30,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	29-Aug-18	24-Nov-18	1,735,650	1,735,650	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	5-Sep-18	6-Dec-18	470,000	470,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	5-Sep-18	6-Dec-18	1,050,700	1,050,700	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	5-Sep-18	6-Dec-18	3,810,000	3,810,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	17-Sep-18	15-Dec-18	7,920	7,920	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	17-Sep-18	15-Dec-18	31,350	31,350	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	17-Sep-18	20-Dec-18	91,000	91,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	17-Sep-18	20-Dec-18	91,000	91,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	17-Sep-18	20-Dec-18	97,900	97,900	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	17-Sep-18	20-Dec-18	332,800	332,800	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	17-Sep-18	20-Dec-18	400,000	400,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	17-Sep-18	20-Dec-18	400,000	400,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	17-Sep-18	20-Dec-18	1,950,000	1,950,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	17-Sep-18	15-Dec-18	3,935,250	3,935,250	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	17-Sep-18	20-Dec-18	5,831,585	5,831,585	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	17-Sep-18	15-Dec-18	6,600,000	6,600,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	17-Sep-18	20-Dec-18	6,600,000	6,600,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	18-Sep-18	20-Dec-18	8,700	8,700	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	27-Sep-18	27-Dec-18	99,000	99,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	27-Sep-18	27-Dec-18	110,000	110,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	27-Sep-18	27-Dec-18	111,150	111,150	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	27-Sep-18	27-Dec-18	111,150	111,150	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	27-Sep-18	27-Dec-18	131,000	131,000	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	27-Sep-18	27-Dec-18	289,170	289,170	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	27-Sep-18	27-Dec-18	307,700	307,700	Performing	17	UNSECURED

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

Name of Company/ Individual	Relationship	Name of related interest	Facility type	Currency	Date granted	Expiry date	Approved credit limit N	Outstanding plus Accrued Interest N	Status	Interest Rate %	Security nature
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	27-Sep-18	27-Dec-18	493,700	493,700	Performing	17	UNSECURED
Cadbury Nigeria Plc	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Term Loan	NGN	27-Sep-18	27-Dec-18	854,360	854,360	Performing	17	UNSECURED
ANAP BUSINESS JETS LIMITED (ANAP HOLDINGS LIMITED)	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	23-Aug-18	31-Aug-21	1,500,000	15,750	Performing	30	SHARES
ANAP BUSINESS JETS LIMITED (ANAP HOLDINGS LIMITED)	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	23-Nov-16	23-Nov-19	500,000	53	Performing	30	SHARES
ANAP HOLDINGS LIMITED	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	23-Nov-16	23-Nov-19	1,500,000	0	Performing	30	SHARES
ANAP BUSINESS JETS LIMITED (ANAP HOLDINGS LIMITED)	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	23-Nov-16	23-Nov-19	500,000	105	Performing	30	SHARES
ANAP BUSINESS JETS LIMITED (ANAP HOLDINGS LIMITED)	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	23-Nov-16	23-Nov-19	500,000	450,105	Performing	30	SHARES
ANAP BUSINESS JETS LIMITED (ANAP HOLDINGS LIMITED)	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	23-Nov-16	23-Nov-19	500,000	53	Performing	30	SHARES
ANAP HOLDINGS LIMITED	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	25-Jan-17	25-Jan-20	1,500,000	53	Performing	30	SHARES
ANAP BUSINESS JETS LIMITED (ANAP HOLDINGS LIMITED)	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	23-Aug-18	31-Aug-21	1,500,000	15,750	Performing	30	SHARES
ANAP BUSINESS JETS LIMITED (ANAP HOLDINGS LIMITED)	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	23-Aug-18	31-Aug-21	1,500,000	15,750	Performing	30	SHARES
ANAP BUSINESS JETS LIMITED (ANAP HOLDINGS LIMITED)	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	23-Aug-18	31-Aug-21	1,000,000	0	Performing	30	SHARES
Guinness Nigeria Plc	NON EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN	Overdraft	NGN	24-Sep-18	8-Oct-18	451,494,000	103,861,670	Performing	18	UNSECURED
Guinness Nigeria Plc	NON EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN	Term Loan	EUR	25-Jul-18	23-Oct-18	9,128,782	9,196,809	Performing	4	UNSECURED
Guinness Nigeria Plc	NON EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN	Term Loan	EUR	27-Aug-18	25-Nov-18	85,647,947	49,124,748	Performing	4	UNSECURED
Guinness Nigeria Plc	NON EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN	Term Loan	EUR	24-Sep-18	23-Dec-18	6,249,083	6,253,876	Performing	4	UNSECURED
Guinness Nigeria Plc	NON EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN	Term Loan	USD	25-Sep-18	25-Oct-18	15,103,473	15,121,914	Performing	7	UNSECURED
Makon Engineering and Technical Services Ltd	NON EXECUTIVE DIRECTOR (BANK)	MIANNAYA ESSIEN SAN	Term Loan	USD	28-May-18	25-Oct-18	1,818,600,000	1,897,077,737	Performing	12	IRREVOCABLE DOMICILIATION
Makon Engineering and Technical Services Ltd	NON EXECUTIVE DIRECTOR (BANK)	MIANNAYA ESSIEN SAN	Term Loan	NGN	28-May-18	25-Oct-18	350,000,000	0	Performing	25	IRREVOCABLE DOMICILIATION
ATEDO .N.APETERSIDE	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	12-Oct-16	31-Oct-19	20,000,000	805,887	Performing	30	SHARES
OLAYINKA OMOTOSHO SANNI	CEO (HOLDCO)	OLAYINKA OMOTOSHO SANNI	Vehicle &Asset Finance	NGN	16-Jul-18	15-Aug-22	58,520,000	57,275,314	Performing	18	FINANCED ASSET (VEHICLE)
BABATUNDE MACAULAY	DIRECTOR (BANK)	BABATUNDE MACAULAY	Card	NGN	17-Jun-16	30-Jun-19	3,380,000	1,214,661	Performing	30	SHARES
ADENIYI OLUWOLE	DIRECTOR (BANK)	ADENIYI OLUWOLE	Home Loans	NGN	26-Mar-10	20-Jun-19	51,000,000	4,610,856	Performing	9	LEGAL MORTGAGE
ADENIYI OLUWOLE	DIRECTOR (BANK)	ADENIYI OLUWOLE	Card	NGN	16-Sep-16	30-Sep-19	2,916,000	1,824,551	Performing	30	EURO BOND
DR AAE AND MRS JAO SOGUNLE	DIRECTOR (BANK)	DEMOLA SOGUNLE	Card	NGN	21-Nov-16	30-Nov-19	9,066,250	0	Performing	30	CASH (DOLLAR FUND)
DR AAE AND MRS JAO SOGUNLE	DIRECTOR (BANK)	DEMOLA SOGUNLE	Term Loan	NGN	28-Nov-17	20-Nov-22	60,000,000	53,333,003	Performing	18	CASH (DOLLAR FUND) /LEGAL MORTGAGE
VARIOUS STAFF	STAFF	VARIOUS STAFF	STAFF LOAN				8,574,894,402	4,772,003,058	Performing		
*Interest rate on foreign currency exposures			**Total-Insider related credits**				**76,519,759,841**	**55,667,387,676**			

Off balance sheet engagements

Name of Company	Name of Related Interest	Relationship	Facility type	Currency	Outstanding N'000	Status
Flour Mills of Nigeria Plc	SALAMATU SULEIMAN (HOLDCO)	NON EXECUTIVE DIRECTOR	Letter of Credit	USD	8,442,753	Performing
Nigerian Breweries Group	ATEDO PETERSIDE	EX-CHAIRMAN (HOLDCO)	Letter of Credit	EUR	4,535,145	Performing
Presco Plc	ATEDO PETERSIDE	EX-CHAIRMAN (HOLDCO)	Letter of Credit	EUR	3,135,737	Performing
Golden Sugar Company Limited (A Subsidiary of Flour Mills)	SALAMATU SULEIMAN	NON EXECUTIVE DIRECTOR (HOLDCO)	Letter of Credit	USD	3,098,894	Performing
Guinness Nigeria Plc	NGOZI EDOZIEN	NON EXECUTIVE DIRECTOR (HOLDCO)	Letter of Credit	EUR	2,467,727	Performing
PZ Cussons Nigeria Plc	NGOZI EDOZIEN	NON EXECUTIVE DIRECTOR (HOLDCO)	Letter of Credit	USD	2,068,156	Performing
MTN Nigeria Communications Ltd	AHMED I DASUKI	EX-NON EXECUTIVE DIRECTOR	Letter of Credit	USD	496,631	Performing
UNILEVER NIGERIA PLC	ATEDO PETERSIDE	FORMER CHAIRMAN (HOLDCO)	Letter of Credit	USD	460,547	Performing
Total					**24,705,590**	

Risk management

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.

The most important types of risk arising from financial instruments are credit risk, liquidity risk and market risk. The management of these risks is discussed in the consolidated financial statements of the group as at and for the year ended 31 December 2017.

There have been no significant change in the group's risk factors and uncertainties relative to those described in the consolidated financial statements as at and for the year ended 31 December 2017.

Capital

Capital adequacy

The group manages its capital base to achieve a prudent balance between maintaining capital ratios to support business growth and depositor confidence, and providing competitive returns to shareholders. The capital management process ensures that each group entity maintains sufficient capital levels for legal and regulatory compliance purposes. The group ensures that its actions do not compromise sound governance and appropriate business practices and it eliminates any negative effect on payment capacity, liquidity and profitability.

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

Regulatory Capital

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

- Tier 1 capital which comprises share capital, share premium, retained earnings and reserves created by appropriations of retained earnings. The closing balance on deferred tax asset is deducted in arriving at Tier 1 capital;

- Tier 2 capital which includes subordinated debts and other comprehensive income. Subordinated debt at the end of the year totalled N30bn and is broken down as follows:
    - Naira denominated subordinated debt totalling N15.5bn issued on 30 September 2014 at an interest rate of 13.25% per annum;
    - N100 million Naira denominated subordinated debt issued on 30 September 2014. Interest is payable semi-annually at 6-month Nigerian Treasury Bills yield plus 1.20%. It has a tenor of 10 years and is callable after 5 years from the issue date. The debt is unsecured; and
    - USD denominated term subordinated non-collaterised facility of USD40 million obtained from Standard Bank of South Africa effective 31 May 2013. The facility expires on 31 May 2025 and is repayable at maturity. Interest on the facility is payable semi-annually at LIBOR (London Interbank Offered Rate) plus 3.60%.

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

Capital Adequacy

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

Throughout the year under review, Stanbic IBTC Bank operated above its targeted capitalization range and well over the minimum regulatory capital adequacy ratio of 10% as mandated by CBN.

Risk management
For the period ended 30 September 2018

Capital management - BASEL II regulatory capital

Stanbic IBTC Bank PLC

	30 Sep. 2018 N'million	31 Dec. 2017 N'million
Tier 1		
	144,694	133,317
Paid-up ordinary shares	1,875	1,875
Share premium	42,469	42,469
Retained profits	66,531	65,767
SMEEIS reserve	1,039	1,039
AGSMEEIS reserve	2,156	749
Statutory reserve	30,624	21,405
Other reserves	-	13
Non controlling interest	-	-
Less: regulatory deduction	9,160	8,976
Increase in equity capital resulting from a securitization	-	-
Investment in own shares (treasury stock).	-	-
Losses for the current financial year	-	-
Goodwill	-	-
Deferred tax assets	8,321	8,321
Other intangible assets	789	605
Investment in the capital of financial subsidiaries	50	50
Excess exposure(s) over single obligor without CBN approval	-	-
Exposures to own financial holding company	-	-
Unsecured lending to subsidiaries within the same group	-	-
Eligible Tier I capital	135,534	124,341
Tier II		
	32,524	32,787
Hybrid (debt/equity) capital instruments	-	-
Subordinated term debt	30,091	29,046
Other comprehensive income (OCI)	2,433	3,741
Less: regulatory deduction	50	50
Reciprocal cross-holdings in ordinary shares of financial institutions	-	-
Investment in the capital of banking and financial institutions	-	-
Investment in the capital of financial subsidiaries	50	50
Exposures to own financial holding company	-	-
Unsecured lending to subsidiaries within the same group	-	-
Eligible Tier II capital	32,474	32,737
Total regulatory capital	**168,008**	**157,078**
Risk weighted assets:		
Credit risk	578,529	574,948
Operational risk	179,605	179,605
Market risk	28,725	13,270
Total risk weight	**786,859**	**767,823**
Total capital adequacy ratio	21.4%	20.5%
Tier I capital adequacy ratio	17.2%	16.2%