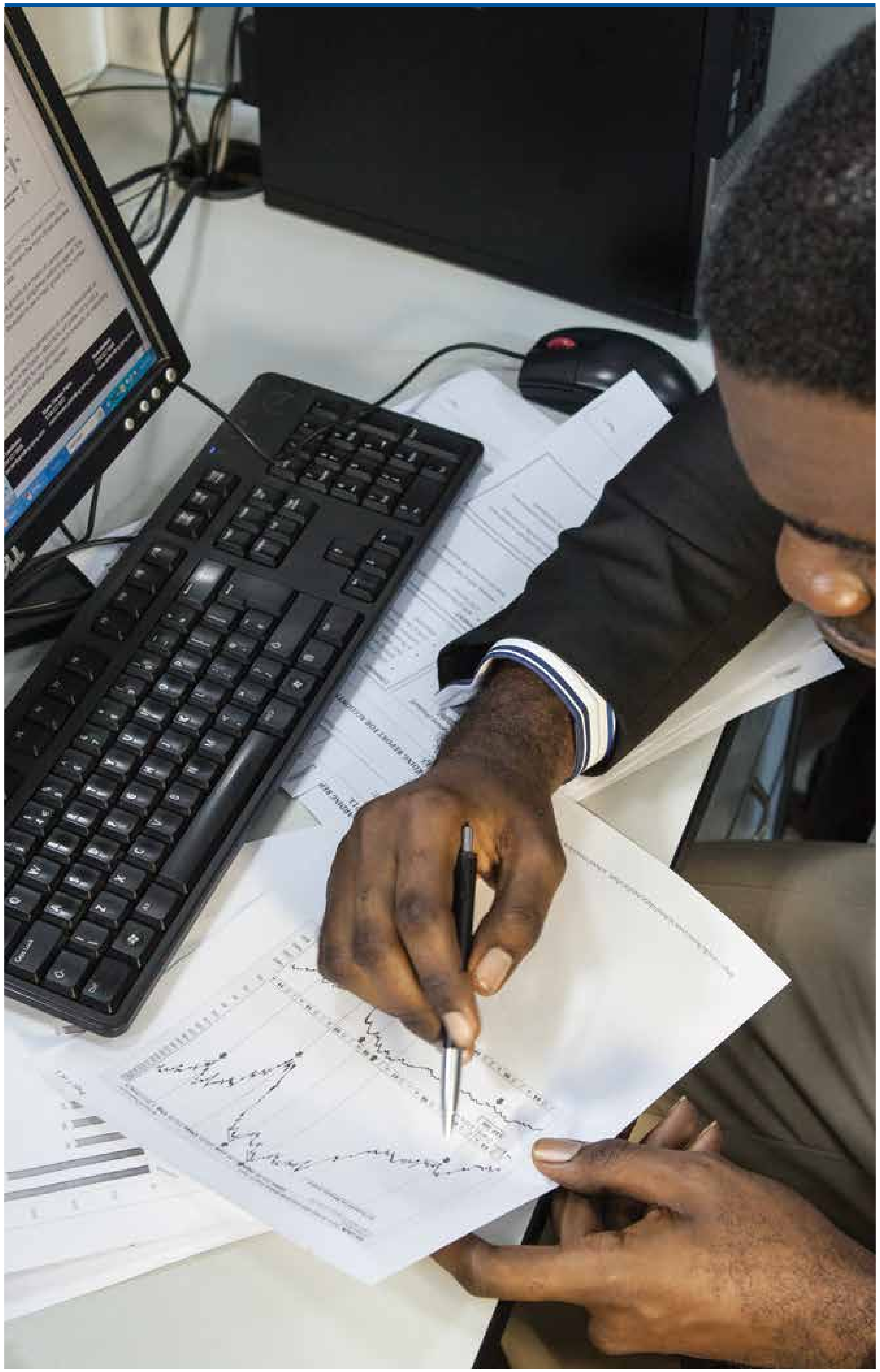


Annual report and financial statements

Annual report and financial statements

Board of directors

Atedo N.A. Peterside CON
Chairman

B.Sc, Msc
Appointed: 2012

Directorships: Stanbic IBTC Bank PLC, Stanbic IBTC Pension Managers Ltd, Cadbury Nigeria PLC, Nigerian Breweries PLC, Presco PLC, Unilever Nigeria PLC, Flour Mills of Nigeria PLC, Lekoil Ltd

Sola David-Borha
Chief executive Officer

B.Sc (Econs), MBA
Appointed: 2012

Directorships: Stanbic IBTC Bank PLC, Stanbic Nominees Nigeria Ltd, Stanbic IBTC Stockbrokers Ltd, Stanbic IBTC Asset Management Ltd, Stanbic IBTC Pension Managers Ltd, Stanbic IBTC Ventures Ltd, Financial Institutions Training Centre (FITC), First Securities Discount House, Credit Reference Company, Frezone Plant Fabrication Int Ltd, First SMI Investment Company, Fate Foundation, Redeemers International School

Committee member: board nominations committee, board risk management committee.

Dominic Bruynseels
Non-executive

BA Hons, MBA, Associate of Institute of Bankers, UK, Diploma in Financial Studies
Appointed: 2012

Directorships: Stanbic IBTC Bank PLC, Standard Bank de Angola, S.A, Stanbic Bank Ghana Limited, Standard Bank RDC SARL, Stanbic IBTC Pension Managers Limited

Committee member: board remunerations committee, board risk management committee, board nominations committee

Moses Adedoyin
Non-executive

FCIB
Appointed: 2012

Directorships: Stanbic IBTC Bank PLC, Remofal Ltd, Allegiance Technologies Ltd, Bank Directors Association of Nigeria

Committee member: board remuneration commitee, audit committee

Sam Cookey
Non-executive

B.A. Hons A and E D, B.Arch Hons
Appointed: 2012

Directorships: Stanbic IBTC Bank PLC, Space Concepts Limited, Context Matrix Ltd, Mentor Trinity Ltd

Committee member: board risk management committee, audit committee

Lilian. I. Esiri
Non-executive

LLB, BL, LLM
Appointed: 2012

Directorships: Stanbic IBTC Bank PLC, Stanbic IBTC Asset Management Limited, Podini International Limited, Veritas Geophysical Nigeria Limited, Ashburt Leisures Limited, Ashburt Beverages Limited, Ashburt Oil and Gas Limited

Committee member: board risk management committee, board nominations committee

Arnold Gain
Non-executive

B.Com, FA, BDP
Appointed 2012

Directorships: Stanbic IBTC Bank PLC

Committee member: board risk management committee

Ratan Mahtani
Non-executive

Appointed: 2012

Directorships: Stanbic IBTC Bank PLC, Aegean Investments Limited, Churchgate Nigeria Limited, First Century International Limited, Foco International Investments Limited, T F Kuboye and Co, International Seafoods Limited

Committee member: audit committee

Sim Tshabalala
Non-executive

BA; LLB; LLM
Appointed: August 2013

Directorships: Stanbic IBTC Bank PLC; Standard Bank of South Africa; Standard Bank Group; Banking Association of South Africa.

Committee: Board Remunerations Committee; Board Nominations Committee

Christopher Newson
Non-executive

B.Com, CA(SA), CSEP
Appointed: 2012

Directorships: Stanbic IBTC Holdings PLC

Committee member: board remunerations committee, board risk management committee, board nominations committee

Maryam Uwais MFR
Non-executive

LLB, LLM
Appointed: 2012

Directorships: Stanbic IBTC Bank PLC, Wali Uwais and Co

Committee member: board remuneration committee

Directors' report

For the year ended 31 December 2013

The directors present their report on the affairs of Stanbic IBTC Holdings PLC ("the company") and its subsidiaries ("the group"), together with the consolidated financial statements and auditor's report for the year ended 31 December 2013.

a. Legal form

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

b. Principal activity and business review

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

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

The company prepares consolidated financial statements, which includes separate financial statements of the company. Stanbic IBTC Investments Limited was non operating as at 31 December 2013 and did not have assets, liabilities or operating results at reporting date.

c. Operating results and dividends

The group's gross earnings increased by 21%, while profit before tax increased by 116% for the year ended 31 December 2013. The board recommended the approval of dividend of 80 kobo per share (2012: 10 kobo) for the year ended ended 31 December 2013.

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

	2013 Group ₦'million	2012 Group ₦'million	2013 Company ₦'million	2012 Company ₦'million
Gross earnings	111,226	91,860	9,137	1,250
Profit before tax	24,617	11,412	8,216	1,053
Taxation	(3,844)	(1,225)	116	-
Profit after tax	20,773	10,157	8,332	1,053
Non controlling interest	(2,163)	(1,289)	-	-
Profit attributable to the group	18,610	8,868	8,332	1,053
Appropriations:				
Transfer to statutory reserve	2,439	1,343	-	-
Transfer to retained earnings reserve	16,171	7,525	8,332	1,053
	18,610	8,868	8,332	1,053
Dividend proposed	8,000	1,000	8,000	1,000
Total non-performing loans and advances (₦'million)	13,407	14,340	-	-
Total non-performing loans to gross loans and advances (%)	4.4%	5.1%	-	-

d. Directors' shareholding

The direct interest of directors in the issued share capital of the company as recorded in the register of directors shareholding and/or as notified by the directors for the purposes of section 275 and 276 of CAMA and the listing requirements of The Nigerian Stock Exchang as follows:

	Number of Ordinary shares of Stanbic IBTC Holdings PLC held as at December 2013	Number of Ordinary shares of Stanbic IBTC Holdings PLC held as at December 2012
Atedo N. A. Peterside CON	120,000,000	118,660,925
Sola David-Borha	527,839	1,664,839
Dominic Bruynseels	-	-
Moses Adedoyin	22,400,554	22,400,554
Sam Cookey	1,066,668	1,066,668
Maryam Uwais MFR	251,735	251,735
Ifeoma Esiri	42,776,676	52,776,676
Arnold Gain	-	-
Ratan Mahtani *	28,465,803	28,465,803
Simpiwe Tshabalala	-	-
Christopher Newson	-	-

* Mr Ratan Mahtani has indirect shareholdings amounting to 1,067,555,439 ordinary shares (Dec 2012: 1,068,346,259) respectively through First Century International Limited, Churchgate Nigeria Limited, International Seafoods Limited, Foco International Limited, and R B Properties Limited.

In terms of section 259 (1) of the Companies and Allied Matters Act 2004, the company shall hold its second annual general meeting in 2014, and Messrs. Moses Adedoyin; Sam Cookey and Ifeoma Esiri shall retire by rotation and being eligible shall offer themselves for re–election.

e. Directors interest in contracts

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

f. Property and equipment

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

Directors' report (continued)

g. Shareholding analysis

The shareholding pattern of the company as at 31 December 2013 is as stated below:

Share range	No. of shareholders	Percentage of shareholders	No. of holding	Percentage holdings
1 - 1,000	39,092	39.1	21,347,568	0.2
1,001 - 5,000	38,649	38.7	80,445,549	0.8
5,001 - 10,000	10,535	10.5	65,466,095	0.7
10,001 - 50,000	8,965	9.0	170,084,878	1.7
50,001 - 100,000	1,348	1.4	84,696,422	0.9
100,001 - 500,000	1,015	1.0	185,938,301	1.9
500,001 - 1,000,000	136	0.1	86,785,521	0.9
1,000,001 - 5,000,000	91	0.1	187,051,640	1.9
5,000,001 - 10,000,000	23	0.0	169,709,213	1.7
10,000,001 - 50,000,000	40	0.0	857,026,475	8.6
50,000,001 - 100,000,000	13	0.0	812,730,135	8.1
100,000,001 - 500,000,000	9	0.0	1,429,633,646	14.3
500,000,001 - 1,000,000,000	1	0.0	747,089,076	7.5
1,000,000,001 - 10,000,000,000	1	0.0	5,101,995,481	51.0
Grand Total	**99,918**	**100.0**	**10,000,000,000**	**100.0**
Foreign shareholders	156		5,444,066,030	54.4

h. Substantial interest in shares

According to the register of members as at 31 December 2013, no shareholder held more than 5% of the issued share capital of the company except the following:

Shareholder	No. of shares held	Percentage shareholding
Stanbic Africa Holdings Limited (SAHL)	5,316,268,150	53.2
First Century International Limited	747,089,076	7.5

i. Share capital history

	Authorised (₦000)		Issued and fully paid up	
Year	Increase	Cummulative	Increase	Cummulative
2012	10,000,000	10,000,000	10,000,000	10,000,000

j. Donations and Charitable Gifts

The group made contributions to charitable and non – political organizations amounting to ₦105,142,175 (Dec 2012: ₦154,363,863) during the year.

	₦
Federal University of Technology, FUTA	10,000,000
Ekiti State SUBEB office	25,000,000
Nigeria Army Training School Zaria	3,876,850
Yaba College of Technology	4,557,060
Lagos Progressive School, Surulere	1,073,500
Junior Achievement Nigeria	1,950,000
Youwin Business Finance clinic (Federal Ministry of Finance)	5,000,000
Education Trade Mission to Canada - University of Benin	1,000,000
Federal Inland Revenue Service (FIRS) training sponsorship	3,022,815
Sickle Cell Foundation - Library renovation	2,000,000
2013 Muson Festival – Music Society of Nigeria	1,660,600
G.R.A Primary School Ikeja - School Library Project	1,318,350
Water Project in two public secondary schools – Maiduguri	2,336,000
Inaboki Secondary School Kaduna	10,000,000
Fika Secondary School Yobe State	5,000,000
Zuru Community – acquisition centre building	20,000,000
Oriade local government, Osun state	5,150,000
International Women Organization for charity - Small world 2014	300,000
Modupe Cole Child Care	42,000
Nelson Mandela day celebration	1,855,000
Total	**105,142,175**

k. Events after the reporting date

There were no events after the reporting date which could have a material effect on the financial position of the group as at 31 December 2013 which have not been recognised or disclosed.

l. Human resources

Employment of disabled persons

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

Directors' report (continued)

Health safety and welfare at work

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

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

The company has both Group Personal Accident and Workmen's Compensation Insurance cover for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2004.

m. Employee involvement and training

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

n. Auditors

In accordance with Section 357(1) of CAMA, Messrs KPMG Professional Services ("KPMG") were appointed to act as the company's auditors during 2012 financial year. KPMG have indicated their willingness to continue in office as auditors. In accordance with Section 361 of CAMA, a resolution will be proposed, and if considered appropriate, passed by Shareholders at the next Annual General Meeting, to authorize the directors to fix their remuneration.

By order of the Board

Chidi Okezie
Company Secretary
FRC/2013/NBA/00000001082
05 February 2014

Statement of directors' responsibilities in relation to the financial statements

For the year ended 31 December 2013

The directors accept responsibility for the preparation of the annual financial statements set out on pages 1 to 99 that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria.

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

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

Signed on behalf of the directors by:

Atedo N.A. Peterside CON
Chairman
FRC/2013/CIBN/00000001069
05 February 2014

Sola David-Borha
Chief Executive Officer
FRC/2013/CIBN/00000001070
05 February 2014

Corporate governance report

Introduction

The company is a member of the Standard Bank Group, which holds a 53.16% equity holding in the company.

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

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

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

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

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

Codes and regulations

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

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

Shareholders' responsibilities

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

Developments during 2013

During 2013, the following developments in the company's corporate governance practices occurred:

- There was a continued focus on directors training, particularly in the areas of islamic finance; corporate governance; and improving board effectiveness.
- The provision of an enhanced level of information in the financial statements provided to shareholders and investors on an annual and quarterly basis continued.
- Full implementation of the compliance plan with respect to the Central Bank of Nigeria's regulation on the Scope of Banking Activities and Ancillary Matters No 3, 2010 (CBN Regulation No.3).
- Stanbic IBTC Bureau De Change Limited received its final license from the CBN to commence business as a Bureau De Change on 20 September 2013.

Focus areas for 2014

The group intends during 2014 to:

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

Board and directors

Board structure and composition

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

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

Strategy

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

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

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

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

Skills, knowledge, experience and attributes of directors

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

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

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

Appointment philosophy

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

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

During the 2013 financial year, Messrs. Barend Kruger and John H. Maree resigned from the Board, while Mr. Simpiwe Tshabalala was appointed as a non-executive director on the Board. In terms of Section 259 (1) of the Companies and Allied Matters Act 2004, the company shall hold its second Annual General Meeting in 2014, and Messrs. Moses Adedoyin; Sam Cookey and Ifeoma Esiri shall retire by rotation and being eligible shall offer themselves for re–election.

With these appointment and resignations, the board's size as at 31 December 2013 has reduced to eleven, one (1) executive director and ten (10) non-executive directors. It is important to note that two non-executive directors, namely, Mr. Sam Cookey and Mrs. Maryam Uwais (MFR) are designated as Independent non-executive directors. The board has the right mix of competencies and experience.

Board responsibilities

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

- agree the group's objectives, strategies and plans for achieving those objectives;

Corporate governance report (continued)

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

Delegation of authority

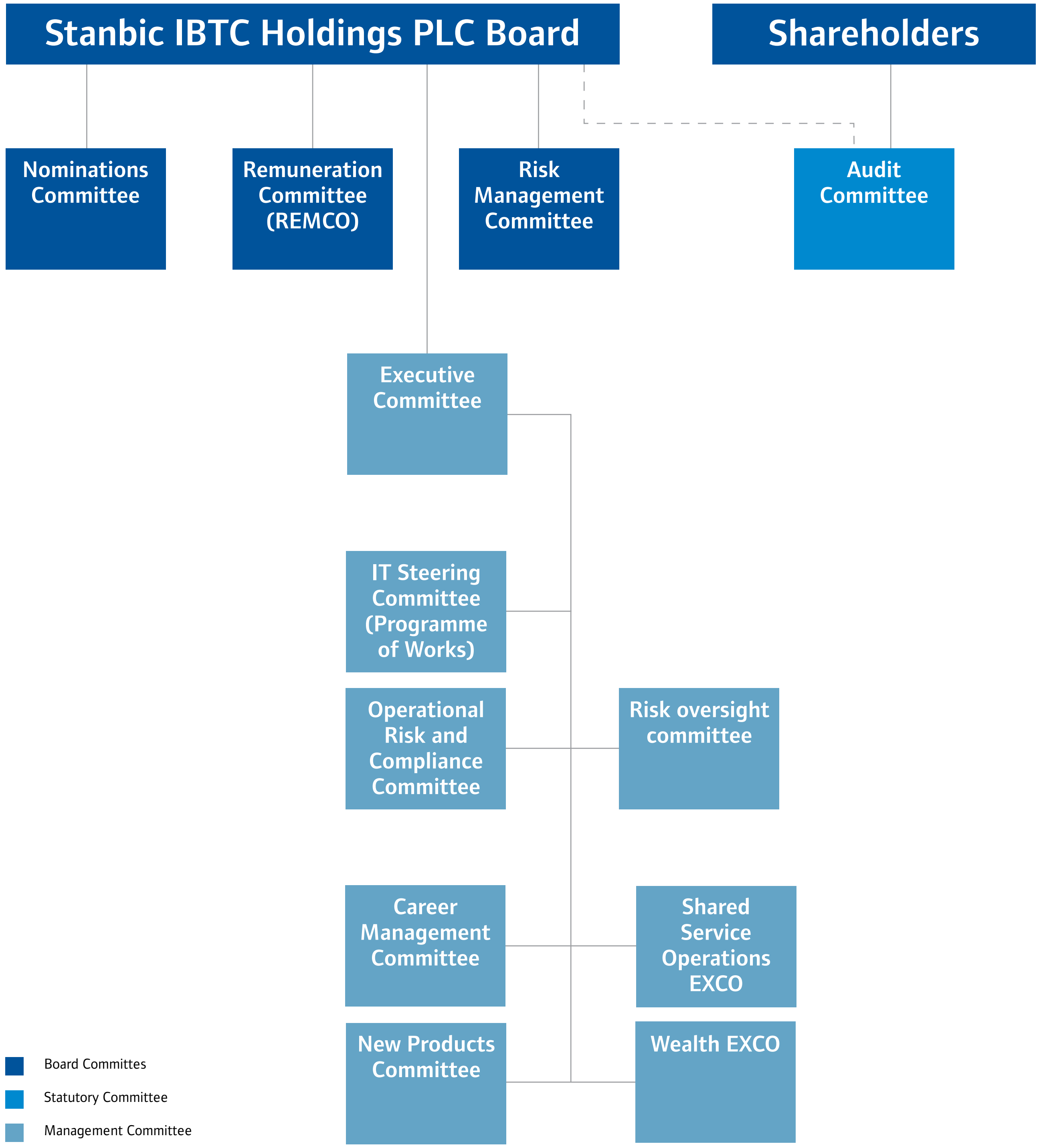
The ultimate responsibility for the company and its operations rests with the board. The board retains effective control through a well-developed governance structure of board committees. These committees provide in-depth focus on specific areas of board responsibility.

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

Membership of the executive committee is set out on page 54.

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

The corporate governance framework adopted by the board on 28 November 2012 and formalised with mandate approvals on the same date is set out below:



Corporate governance report (continued)

Board effectiveness and evaluation

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

During the year the directors underwent an evaluation conducted by an independent consultant. The aim of this evaluation was to assist individual directors, the board and committees to constantly improve their effectiveness. The assessment conducted in 2013 focused on structure, process and effectiveness.

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

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

Induction and training

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

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

Directors attended various trainings at different periods during 2013 that included Islamic Finance, corporate governance, credit as well as board effectiveness. These trainings were aimed at enhancing the understanding of key issues, and skills of directors.

Executive committee members

As at 31 December 2013, the executive committee comprised of 17 members each with individual responsibilities.

S/n.	Name	Responsibility
i	Sola David – Borha	Chief executive - Stanbic IBTC Holdings PLC
ii	Yinka Sanni	Chief executive - Stanbic IBTC Bank PLC
iii	Victor Williams	Executive Director, Corporate and Transactional Banking
iv	Obinnia Abajue	Executive Director, Personal and Business Banking
v	Wole Adeniyi	Executive Director, Business Support
vi	Angela Omo - Dare	Head, Legal Services
vii	Olufunke Amobi	Head, Human Resources
viii	William le Roux	Head, CIB Credit
ix	Chidi Okezie	Company Secretary
x	M'fon Akpan	Head, Risk
xi	Nkiru Olumide-Ojo	Head, Marketing and Communications
xii	Demola Sogunle	Head, Wealth
xiii	Babatunde Macaulay	Head, Transactional Products and Services
xiv	Arthur Oginga	Chief Financial Officer
xv	Steve Ideh	Head, Group Internal Audit
xvi	Yewande Sadiku	Chief executive - Stanbic IBTC Capital Limited
xvii	Rotimi Adojutelegan	Acting Chief Compliance Officer

Board meetings

The board meets, at a minimum, once every quarter with ad-hoc meetings being held whenever it was deemed necessary. The board held a strategy session in August 2013. Directors, in accordance with the articles of association of the company, attend meetings either in person or via tele/video conferencing.

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

Attendance at board meetings from 1 January – 31 December 2013 is set out in the following table:

Name	February	April	August	October
Atedo Peterside CON Chairman	/	/	/	/
Chris Newson	/	/	/	/
Sola David-Borha	/	/	/	/
Dominic Bruynseels	/	/	/	/
Moses Adedoyin	/	/	/	/
Sam Cookey	/	/	/	/
Ifeoma Esiri	/	/	/	/
Arnold Gain	/	/	/	/
Ben Kruger*	/	/	/	-
Ratan Mahtani	/	/	/	/
John H. Maree**	/	-	-	-
Maryam Uwais MFR	/	A	/	/
Sim Tshabalala***	-	-	-	/

/ = Attendance A = Apology - = Not applicable

*Mr Kruger resigned with effect from 19 September 2013
**Mr. Maree resigned with effect from 7 March 2013
***Mr. Tshabalala's appointment became effective from 20 August 2013

Board committees

Some of the functions of the board have been delegated to board committees, consisting of board members appointed by the board, which operates under mandates approved at the board meeting of 28 November 2012.

Risk management committee

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

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

Corporate governance report (continued)

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

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

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

A more in-depth risk management section which provides details of the overall framework for risk management in the group commences on page 85 of the consolidated financial statements.

As at 31 December 2013, the committee consisted of six directors, five of whom, including the chairman were non–executives.

Members' attendance at risk management committee meetings during the financial year ended 31 December 2013 is stated below:

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

/ = Attendance A = Apology - = Not applicable

* Mr. Kruger resigned with effect from 19 September 2013

Remuneration committee

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

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

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

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

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

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

As at 31 December 2013, the committee consisted of five directors, all of whom are non–executives.

Members' attendance at REMCO meetings during the financial year ended 31 December 2013 is stated below:

Name	Feb	April	Aug	Nov
Dominic Bruynseels (Chairman)	/	/	/	/
Ben Kruger*	/	/	/	-
Maryam Uwais	/	A	/	/
Moses Adedoyin	/	/	/	/
John H. Maree**	/	-	-	-
Chris Newson	/	/	/	/
Sim Tshabalala***	-	-	-	/

/ = Attendance A = Apology - = Not applicable

*Mr Kruger resigned with effect from 19 September 2013
**Mr. Maree resigned with effect from 7 March 2013
***Mr. Tshabalala's appointment became effective from 20 August 2013

Corporate governance report (continued)

Remuneration

Introduction

The purpose of this section is to provide stakeholders with an understanding of the remuneration philosophy and policy applied across the group for executive management, employees, and directors (executive and non-executive).

Remuneration philosophy

The group's board and remuneration committee set a remuneration philosophy which is guided by SBG's philosophy and policy as well as the specific social, regulatory, legal and economic context of Nigeria.

In this regard, the group employs a cost to company structure, where all benefits are included in the listed salary and appropriately taxed.

The following key factors have informed the implementation of reward policies and procedures that support the achievement of business goals:

- the provision of rewards that enable the attraction, retention and motivation of employees and the development of a high performance culture;
- maintaining competitive remuneration in line with the market, trends and required statutory obligations;
- rewarding people according to their contribution;
- allowing a reasonable degree of flexibility in remuneration processes and choice of benefits by employees;
- utilising a cost-to-company remuneration structure; and
- educating employees on the full employee value proposition;

The group's remuneration philosophy aligns with its core values, including growing our people, appropriately remunerating high performers and delivering value to our shareholders. The philosophy emphasises the fundamental value of our people and their role in ensuring sustainable growth. This approach is crucial in an environment where skills remain scarce.

The board sets the principles for the group's remuneration philosophy in line with the approved business strategy and objectives. The philosophy aims to maintain an appropriate balance between employee and shareholder interests. The deliberations of REMCO inform the philosophy, taking into account reviews of performance at a number of absolute and relative levels – from a business, an individual and a competitive point of view.

A key success factor for the group is its ability to attract, retain and motivate the talent it requires to achieve its strategic and operational objectives. The group's remuneration philosophy includes short-term and long-term incentives to support this ability.

Short-term incentives, which are delivery specific, are viewed as strong drivers of competitiveness and performance. A significant portion of top management's reward is therefore variable, being determined by financial performance and personal contribution against specific criteria set in advance. This incites the commitment and focus required to achieve targets.

Long-term incentives seek to ensure that the objectives of management and shareholders are broadly aligned over longer time periods.

Remuneration policy

The group has always had a clear policy on the remuneration of staff, executive and non-executive directors which set such remuneration at levels that are fair and reasonable in a competitive market for the skills, knowledge, experience required and which complies with all relevant tax laws.

REMCO assists the group's board in monitoring the implementation of the group remuneration policy, which ensures that:

- salary structures and policies, as well as cash and long term incentives, motivate sustained high performance and are linked to corporate performance objectives;
- stakeholders are able to make a reasonable assessment of reward practices and the governance process; and
- the group complies with all applicable laws and codes.

Remuneration structure

1 Non-executive directors

Terms of service

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

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

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

Fees

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

REMCO reviews the non-executive directors' fees annually and makes recommendations on same to the board for consideration. Based on these recommendations, the board in turn recommends a gross fee to shareholders for approval at the Annual General Meeting (AGM).

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

Category	2014(i)	2013
Chairman	50,287,360	46,220,000
Non-Executive Directors	13,977,536	12,847,000
Sitting Allowances for Board Meetings (ii)		
Chairman	300,000	239,000
Non-Executive Directors	200,000	151,000

(i) Proposed for approval by shareholders at the AGM taking place in 2014.
(ii) Fees quoted as sitting allowance represent per meeting sitting allowance paid for board, board committee and ad hoc meetings. No annual fees are payable to committee members with respect to their roles on such committees.

Retirement benefits

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

2 Executive directors

The company had one executive director as at 31 December 2013.
Executive directors receive a remuneration package and qualify for long-term incentives on the same basis as other employees.

Executive director's bonus and pension incentives are subject to an assessment by REMCO of performance against various criteria. The criteria include the financial performance of the company, based on key financial measures and qualitative aspects of performance, such as effective implementation of group strategy and human resource leadership.

3 Management and general staff

Total remuneration packages for employees comprises the following:

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

Corporate governance report (continued)

Terms of service

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

Fixed remuneration

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

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

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

There is therefore a link between rating, measuring individual performance and reward.

Short-term incentives

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

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

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

Long-term incentives

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

Retention agreements

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

Post-retirement benefits

Pension

Retirement benefits are typically provided on the same basis for employees of all levels and are in line and comply with the Pension Reform Act 2004.

Remuneration for 2013

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

	Group (₦'million)	Company (₦'million)
Fees and sitting allowance	180	180
Executive compensation	73	73
Total	253	253

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

The audit committee

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

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

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

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

Composition

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

As at 31 December 2013, the committee consisted of the following persons:

Dr Daru Owei*	Chairman
Barrister Jude Nosagie*	Member
Mr. Tokunbo Akerele*	Member
Mr. Moses Adedoyin**	Member
Mr. Sam Cookey**	Member
Mr. Ratan Mahtani**	Member

* = Shareholders representative

** = Non Executive Director

Members' attendance at audit committee meetings for the period 1 Jan to 31 December 2013 is stated below:

Name	January	April	July	October
Dr Daru Owei	-	-	/	/
Mr Moses Adedoyin	/	/	/	/
Mr Sam Cookey	/	/	/	/
Mr Ratan Mahtani	/	/	/	A
Barr Jude Nosagie	/	/	/	/
Mr Tokunbo Akerele	/	/	/	/

/ = Attendance   A = Apology   - = Not applicable

Corporate governance report (continued)

Company secretary

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

Going concern

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

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

Management committees

The group has the following management committees:

- Executive committee (Exco)
- Wealth Exco
- Shared services operations Exco
- IT steering committee ("program of works")
- Operational risk and compliance committee
- New products committee
- Career management committee
- Risk oversight committee

Relationship with shareholders

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

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

Dealing in securities

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

Sustainability

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

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

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

Social responsibility

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

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

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

Ethics and organisational integrity

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

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

As a public company, Stanbic IBTC Holdings PLC confirms that throughout the year ended 31 December 2013 the company has complied with the principles set out in the Securities and Exchange Commission's Code of Corporate Governance.

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

Report of the audit committee

To the members of Stanbic IBTC Holdings PLC

In compliance with the provisions of Section 359(3) to (6) of the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004, the audit committee considered the audited financial statements for the year ended 31 December 2013 together with the management controls report from the auditors and the company's response to this report at its meeting held on 05 February 2014.

In our opinion, the scope and planning of the audit for the year ended 31 December 2013 were adequate.

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

We are of the opinion that the accounting and reporting policies of the company and the group are in accordance with legal requirements and agreed ethical practices, and that the scope and planning of both the external and internal audits for the period ended 31 December 2013 were satisfactory and reinforce the group's internal control systems.

After due consideration, the audit committee accepted the report of the auditors that the financial statements were in accordance with ethical practice and International Financial Reporting Standards and give a true and fair view of the state of the company's financial affairs.

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

We are satisfied that the company has complied with the provisions of Central Bank of Nigeria circular BSD/1/2004 dated 18 February 2004 on "Disclosure of insider related credits in the financial statements of banks", and hereby confirm that an aggregate amount of ₦27,851,980,227 (31 December 2012: ₦28,004,048,212) was outstanding as at 31 December 2013. The perfomance status of insider related credits is as disclosed in note 34.

The committee therefore recommended that the audited consolidated financial statements of the company for the year ended 31 December 2013 and the auditor's report thereon be approved by the board.

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

Dr Daru Owei
Chairman, audit committee
05 February 2014
FRC/2014/NIM/00000006666

Members of the audit committee are:

1. Dr Daru Owei
2. Mr Moses Adedoyin
3. Mr Sam Cookey
4. Mr Ratan Mahtani
5. Barr Jude Nosagie
6. Mr Tokunbo Akerele

Independent auditor's report

To the Members of Stanbic IBTC Holdings PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Stanbic IBTC Holdings PLC (''the Company") and its subsidiary companies (together "the Group"), which comprise the statements of financial position as at December 31, 2013, and the statements of profit or loss and other comprehensive income, statements of changes in equity, and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 142 to 229.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, and the Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria circulars, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of Stanbic IBTC Holdings PLC ("the Company") and its subsidiaries (together "the Group") as at December 31, 2013, and of the Group and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and the statement of comprehensive income are in agreement with the books of account.

Compliance with Section 27 (2) of the Banks and Other Financial Institutions Act of Nigeria and Central Bank of Nigeria circular BSD/1/2004

i. There were no penalties paid by the Company in respect of contraventions of the Banks and Other Financial Institutions Act during the year ended 31 December 2013. However, the Group paid penalties as disclosed in note 37 to the financial statements.

ii. Related party transactions and balances are disclosed in note 33 to the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Signed:

Ayodele H. Othihiwa, FCA

FRC/2012/ICAN/00000000425
For: KPMG Professional Services
Chartered Accountants
11 March 2014
Lagos Nigeria

Statement of financial position

	Note	Group 2013 ₦million	Group 2012 ₦million	Company 2013 ₦million	Company 2012 ₦million
Assets					
Cash and cash equivalents	7	**120,312**	106,680	**2,722**	2,625
Trading assets	9	**40,711**	114,877	**-**	-
Pledged assets	8	**24,733**	24,440	**-**	-
Derivative assets	10	**1,526**	1,709	**-**	-
Financial investments	11	**139,304**	85,757	**-**	-
Loans and advances	12	**383,927**	290,915	**-**	-
Loans and advances to banks	12	**94,180**	24,571	**-**	-
Loans and advances to customers	12	**289,747**	266,344	**-**	-
Equity Investment in group companies	13	**-**	-	**68,951**	68,951
Other assets	15	**19,829**	22,771	**1,038**	916
Current tax and deferred tax assets	16	**7,716**	5,212	**118**	-
Property and equipment	17	**24,988**	24,458	**2,572**	16
Total assets		**763,046**	676,819	**75,401**	72,508
Equity and liabilities					
Equity		**97,634**	85,651	**71,846**	71,503
Equity attributable to ordinary shareholders		**94,313**	83,341	**71,846**	71,503
Ordinary share capital	18	**5,000**	5,000	**5,000**	5,000
Share premium	18	**65,450**	65,450	**65,450**	65,450
Reserves		**23,863**	12,891	**1,396**	1,053
Non-controlling interest		**3,321**	2,310		
Liabilities		**665,412**	591,168	**3,555**	1,005
Trading liabilities	9	**66,960**	88,371	**-**	-
Derivative liabilities	10	**1,085**	772	**-**	-
Deposit and current accounts	19	**468,038**	382,051	**-**	-
Deposits from banks	19	**51,686**	26,632	**-**	-
Deposits from customers	19	**416,352**	355,419	**-**	-
Other borrowings	20	**48,764**	66,873	**-**	-
Current and deferred tax liabilities	22	**7,788**	4,844	**2**	-
Subordinated debt	21	**6,399**	-	**-**	-
Provisions and other liabilities	23	**66,378**	48,257	**3,553**	1,005
Total equity and liabilities		**763,046**	676,819	**75,401**	72,508

Sola David-Borha
Chief Executive Officer
FRC/2013/CIBN/00000001070
05 February 2014

Atedo N.A. Peterside CON
Chairman
FRC/2013/CIBN/00000001069
05 February 2014

Arthur Oginga
Chief Financial Officer
FRC/2013/IODN/00000003181
05 February 2014

Statement of profit or loss

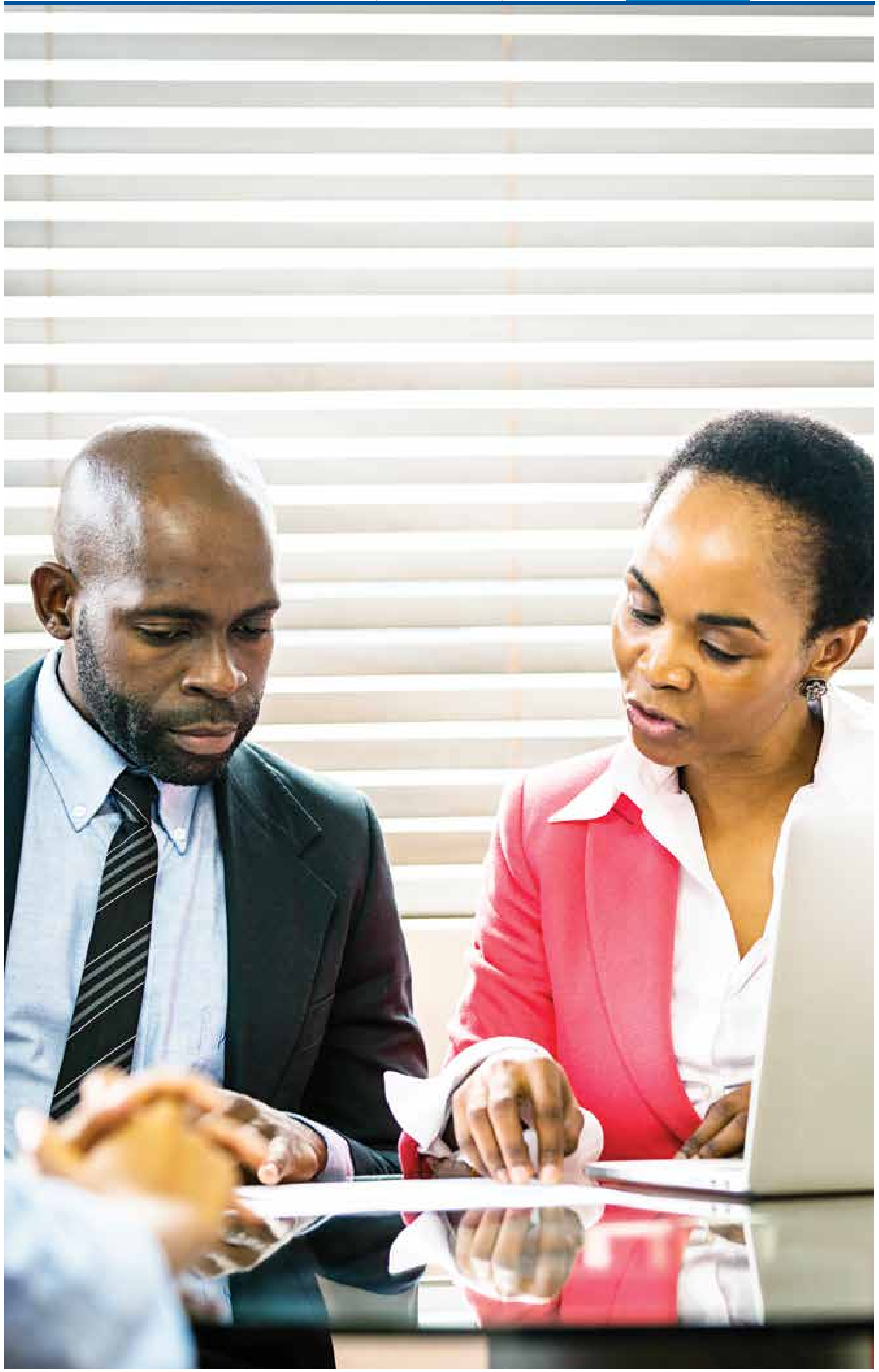
	Note	Group 2013 ₦million	Group 2012 ₦million	Company 2013 ₦million	Company 2012 ₦million
Gross earnings		**111,226**	91,860	**9,137**	1,250
Net interest income		**37,013**	33,554	**-**	-
Interest income	28.1	**62,585**	57,818	**-**	-
Interest expense	28.2	**(25,572)**	(24,264)	**-**	-
Non-interest revenue		**48,219**	33,856	**9,137**	1,250
Net fee and commission revenue	28.3	**32,900**	25,568	**728**	-
Fee and commission revenue	28.3	**33,322**	25,754	**728**	-
Fee and commission expense	28.3	**(422)**	(186)	**-**	-
Trading revenue	28.4	**14,895**	8,091	**-**	-
Other revenue	28.5	**424**	197	**8,409**	1,250
Total income		**85,232**	67,410	**9,137**	1,250
Credit impairment charges	28.6	**(2,667)**	(6,895)	**-**	-
Income after credit impairment charges		**82,565**	60,515	**9,137**	1,250
Operating expenses		**(57,725)**	(48,789)	**(883)**	(72)
Staff costs	28.7	**(23,851)**	(19,953)	**(456)**	(21)
Other operating expenses	28.8	**(33,874)**	(28,836)	**(427)**	(51)
Net income before indirect taxation		**24,840**	11,726	**8,254**	1,178
Indirect taxation	30.1	**(223)**	(314)	**(38)**	(125)
Profit before direct taxation		**24,617**	11,412	**8,216**	1,053
Direct taxation	30.2	**(3,844)**	(1,255)	**116**	-
Profit for the year		**20,773**	10,157	**8,332**	1,053
Profit attributable to:					
Non-controlling interests		**2,163**	1,289	**-**	-
Equity holders of the parent		**18,610**	8,868	**8,332**	1,053
Profit for the year		**20,773**	10,157	**8,332**	1,053
Earnings per share					
Basic earnings per ordinary share (kobo)	31	**186**	50	**83**	-

The accompanying notes from page 151 to 227 form an integral part of these financial statements.

Statement of profit or loss and other comprehensive income

	Group		Company	
	2013 ₦million	2012 ₦million	**2013 ₦million**	2012 ₦million
Profit for the year	**20,773**	10,157	**8,332**	1,053
Other comprehensive income				
Items that will never be reclassified to profit or loss	**-**	-	**-**	-
Items that are or may be reclassified subsequently to profit or loss:				
Net change in fair value of available-for-sale financial assets	**408**	3,645	**-**	-
Realised fair value adjustments on available-for-sale financial assets reclassified to income statement	**(153)**	269	**-**	-
Income tax on other comprehensive income	**255**	3,914	**-**	-
Other comprehensive income for the year net of tax	**255**	3,914	**-**	-
Total comprehensive income for the year	**21,028**	14,071	**8,332**	1,053
Total comprehensive income attributable to:				
Non-controlling interests	**2,129**	1,255	**-**	-
Equity holders of the parent	**18,899**	12,816	**8,332**	1,053
	21,028	14,071	**8,332**	1,053

The accompanying notes from page 151 to 227 form an integral part of these financial statements.



Statement of changes in equity

Group	Ordinary share capital ₦million	Share premium ₦million	Merger reserve ₦million	Statutory credit risk reserve ₦million	Available-for-sale revaluation reserve ₦million	Share-based payment reserve ₦million	Other regulatory reserves ₦million	Retained earnings ₦million	Ordinary shareholders' equity ₦million	Non-controlling interest ₦million	Total equity ₦million
Balance at 1 January 2012	9,375	65,450	(19,123)	-	(3,982)	295	15,077	12,775	79,867	1,911	81,778
Total comprehensive (loss)/income for the year	-	-	-	-	3,914	-	1,343	7,525	12,782	1,255	14,037
Profit for the year	-	-	-	-	-	-	1,343	7,525	8,868	1,289	10,157
Other comprehensive (loss)/income after tax for the year	-	-	-	-	3,914	-	-	-	3,914	(34)	3,880
Net change in fair value on available-for-sale financial assets	-	-	-	-	3,645	-	-	-	3,645	(34)	3,611
Realised fair value adjustments on available-for-sale financial assets	-	-	-	-	269	-	-	-	269	-	269
Income tax on other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Transactions with shareholders, recorded directly in equity	(4,375)	-	-	-	-	67	-	(5,000)	(9,308)	(856)	(10,164)
Equity-settled share-based payment transactions	-	-	-	-	-	67	-	-	67	-	67
Shares cancelled on holding company restructuring	(7,500)	-	-	-	-	-	-	-	(7,500)	-	(7,500)
Issue of shares on holding company restructuring	3,125	-	-	-	-	-	-	(3,125)	-	-	-
Dividends paid to equity holders	-	-	-	-	-	-	-	(1,875)	(1,875)	(856)	(2,731)
Balance at 31 December 2012	5,000	65,450	(19,123)	-	(68)	362	16,420	15,300	83,341	2,310	85,651
Balance at 1 January 2013	**5,000**	**65,450**	**(19,123)**	**-**	**(68)**	**362**	**16,420**	**15,300**	**83,341**	**2,310**	**85,651**
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**289**	**-**	**2,439**	**16,171**	**18,899**	**2,129**	**21,028**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**2,439**	**16,171**	**18,610**	**2,163**	**20,773**
Other comprehensive income/(loss) after tax for the year	**-**	**-**	**-**	**-**	**289**	**-**	**-**	**-**	**289**	**(34)**	**255**
Net change in fair value on available-for-sale financial assets	**-**	**-**	**-**	**-**	**442**	**-**	**-**	**-**	**442**	**(34)**	**408**
Realised fair value adjustments on available-for-sale financial assets	**-**	**-**	**-**	**-**	**(153)**	**-**	**-**	**-**	**(153)**	**-**	**(153)**
Income tax on other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Statutory credit risk reserve	-	**-**	-	**769**	-	-	-	**(769)**	**-**	**-**	**-**
Transactions with shareholders, recorded directly in equity	**-**	**-**	**-**	**-**	**-**	**(89)**	**-**	**(7,838)**	**(7,927)**	**(1,118)**	**(9,045)**
Equity-settled share-based payment transactions	**-**	**-**	**-**	**-**	**-**	**73**	**-**	**-**	**73**	**-**	**73**
Transfer of vested portion of equity settled share based payment to retained earnings	**-**	**-**	**-**	**-**	**-**	**(162)**	**-**	**162**	**-**	**-**	**-**
Dividends paid to equity holders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(8,000)**	**(8,000)**	**(1,118)**	**(9,118)**
Balance at 31 December 2013	**5,000**	**65,450**	**(19,123)**	**769**	**221**	**273**	**18,859**	**22,864**	**94,313**	**3,321**	**97,634**

Refer to note 18.3 for an explanation of the components of reserve
The accompanying notes from page 151 to 227 form an integral part of these financial statements

Statement of changes in equity

Company	Ordinary share capital ₦million	Share premium ₦million	Available-for-sale revaluation reserve ₦million	Share-based payment reserve ₦million	Other regulatory reserves ₦million	Retained earnings ₦million	Ordinary shareholders' equity ₦million
Balance at 1 January 2012	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	-	-	1,053	1,053
Profit for the year	-	-	-	-	-	1,053	1,053
Other comprehensive income/(loss) after tax for the year	-	-	-	-	-	-	-
Net change in fair-value on available-for-sale financial assets	-	-	-	-	-	-	-
Realised fair-value adjustments on available-for-sale financial assets	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Transactions with shareholders, recorded directly in equity	5,000	65,450	-	-	-	-	70,450
Issue of shares	5,000	65,450	-	-	-	-	70,450
Dividends paid to equity holders	-	-	-	-	-	-	-
Balance at 31 December 2012	5,000	65,450	-	-	-	1,053	71,503
Balance at 1 January 2013	**5,000**	**65,450**	**-**	**-**	**-**	**1,053**	**71,503**
Total comprehensive income/(loss) for the year			**-**	**-**	**-**	**8,332**	**8,332**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**8,332**	**8,332**
Other comprehensive income/(loss) after tax for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net change in fair value on available-for-sale financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Realised fair-value adjustments on available-for-sale financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transactions with shareholders, recorded directly in equity	**-**	**-**	**-**	**-**	**8**	**(7,997)**	**(7,989)**
Equity-settled share-based payment transactions	**-**	**-**	**-**	**-**	**11**	**-**	**11**
Transfer of vested portion of equity settled share based payment to retained earnings	**-**	**-**	**-**	**-**	**(3)**	**3**	**-**
Dividends paid to equity holders	**-**	**-**	**-**	**-**	**-**	**(8,000)**	**(8,000)**
Balance at 31 December 2013	**5,000**	**65,450**	**-**	**-**	**8**	**1,388**	**71,846**

The accompanying notes from page 151 to 227 form an integral part of these financial statements

Statement of cash flows

	Note	Group 2013 ₦million	Group 2012 ₦million	Company 2013 ₦million	Company 2012 ₦million
Net cash flows from operating activities		**91,682**	15,476	**10,678**	1,141
Cash flows used in operations		**58,110**	(13,691)	**10,678**	1,141
Net income before indirect taxes		**24,617**	11,412	**8,216**	1,053
Adjusted for:		**(30,285)**	(23,657)	**36**	-
Credit impairment charges on loans and advances		**2,667**	6,895	**-**	-
Depreciation of property and equipment		**4,053**	3,410	**25**	-
Dividends included in trading revenue and investment income		**(98)**	(112)	**-**	-
Equity-settled share-based payments		**73**	67	**11**	-
Interest expense		**25,572**	24,264	**-**	-
Interest income		**(62,585)**	(57,818)	**-**	-
Loss/(profit) on sale of property and equipment		**33**	(49)	**-**	-
Increase in income-earning assets	32.1	**(18,368)**	(102,005)	**(122)**	(916)
Increase in deposits and other liabilities	32.2	**82,146**	100,245	**2,548**	1,004
Dividends received		**98**	112	**-**	-
Interest paid		**(25,572)**	(24,264)	**-**	-
Interest received		**62,585**	57,818	**-**	-
Direct taxation paid		**(3,539)**	(4,499)	**-**	-
Net cash flows used in investing activities		**(57,908)**	8,941	**(2,581)**	(3,516)
Capital expenditure on:					
- Property		**(27)**	(89)	**-**	-
- Equipment, furniture and vehicles		**(4,715)**	(2,091)	**(2,581)**	(16)
- Intangible assets		**-**	(30)	**-**	-
Proceeds from sale of property, equipment, furniture and vehicles		**126**	657	**-**	-
Proceeds from sale of intangible assets		**-**	3,494	**-**	-
(Purchase)/Sale of financial investment securities		**(53,292)**	7,000	**-**	
Investment in new subsdiary – Stanbic IBTC Capital Limited		**-**	-	**-**	(3,500)
Net cash flows used in financing activities		**(20,828)**	9,024	**(8,000)**	5,000
Net increase/(decrease) in other borrowings		**(18,109)**	19,255	**-**	-
Inflow received from Stanbic IBTC Bank PLC		**-**	-	**-**	5,000
Proceed from issue subordinated debt		**6,399**	-	**-**	-
Special dividend paid on share cancellation		**-**	(7,500)	**-**	-
Net dividends paid		**(9,118)**	(2,731)	**(8,000)**	-
Effect of exchange rate changes on cash and cash equivalents		**686**	(384)	**-**	-
Net increase in cash and cash equivalents		**13,632**	33,057	**97**	2,625
Cash and cash equivalents at beginning of the year		**106,680**	73,623	**2,625**	-
Cash and cash equivalents at end of the year	32.3	**120,312**	106,680	**2,722**	2,625

The accompanying notes from page 151 to 227 form an integral part of these financial statements

Notes to the annual financial statements

1. Reporting entity

Stanbic IBTC Holdings PLC (the 'company') is a company domiciled in Nigeria. The company registered office is at I.B.T.C. Place Walter Carrington Crescent Victoria Island, Lagos, Nigeria. These consolidated financial statements comprise the company and its subsidiaries (together referred to as the 'group'). The group is primarily involved in the provision of banking and other financial services to corporate and individual customers.

2. Basis of preparation

(a) Statement of compliance
These consolidated 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 financial statements were authorised for issue by the Board of Directors on 05 February 2014.

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

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

(c) Functional and presentation currency
The consolidated financial statements are presented in Nigerian Naira, which is the company's functional and presentation currency. All financial information presented in Naira has been rounded to the nearest million, except when otherwise stated.

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

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future period affected. Information about significant area of estimation uncertainty and critical judgement in applying accounting policies that have most significant effect on the amount recognised in the consolidated financial statements are included in note 6.

3. Changes in accounting policies

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

The group adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

- IFRS 10 Consolidated financial statements (2011)
- IFRS 12 Disclosure of interests in other entities
- IFRS 13 Fair value measurement
- Disclosures – offsetting financial assets and financial liabilities (Amendments to IFRS 7)
- Presentation of items of other comprehensive income (amendments to IAS 1)

The nature and effect of the changes are explained below.

(a) Subsidiaries including structure entities
As a result of IFRS 10, the group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates other entities. IFRS 10 introduces a new control model that focuses on whether the group has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns.

The change did not have a material impact on the group financial statements. No additional entity is consolidated as a result of the adoption of IFRS 10.

(b) Interest in other entities
As a result of IFRS 12, the group has expanded disclosures about its interests in subsidiaries (see Note 13) and involvement with unconsolidated strutured entities (see Note 14).

Notes to the annual financial statements (continued)

The disclosure requirements related to its involvement in unconsolidated structured entities are not included in the comparative information.

(c) Fair value measurement
In accordance with the transitional provisions of IFRS 13, the group has applied the new definition of fair value, as set out in Note 4.16, prospectively. The change had no significant impact on the measurements of the group's assets and liabilities, but the group has included new disclosures in the financial statements, which are required in the comparative information.

(d) Offsetting financial assets and financial liabilities
As a result of the amendments to IFRS 7, the group has expanded disclosures about offsetting financial assets and financial liabilities (see Note 26).

(e) Presentation of items of other comprehensive income (OCI)
As a result of the amendments to IAS 1, the group has modified the presentation of items of OCI in its statements of profit or loss and OCI, to present items that would be reclassified to profit or loss in the future separately from those that would never be. Comparative information has been represented on the same basis.

4. Statement of significant accounting policies

Except for the changes explained in note 3, the group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

4.1 Basis of consolidation

Subsidiaries
The group consolidates the annual financial statements of investees which it controls. The group controls an investee when:

- it has power over the investee;
- has exposure or rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect the returns from its involvement with the investee.

The annual financial statements of the investee are consolidated from the date on which the group acquires control up to the date that control ceases. Control is assessed on a continuous basis.

Intragroup transactions, balances and unrealised gains and losses are eliminated on consolidation. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment.

The proportion of comprehensive income and changes in equity allocated to the group and non-controlling interests are determined on the basis of the group's present ownership interest in the subsidiary.

The accounting policies of subsidiaries that are consolidated by the group conform to these policies.

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 and impaired (limited to initial cost) when necessary.

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

Where the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the group reports provisional amounts. Where applicable, the group adjusts retrospectively the provisional amounts to reflect new information obtained about facts and circumstances that existed at the acquisition date and affected the measurement of the provisional amounts.

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

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the sum of the consideration transferred (including contingent consideration), the value of non-controlling interest 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 and accounted for in terms of accounting policy 4.6 – Intangible assets.

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

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

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

Common control transactions
Common control transactions, in which the company is the ultimate parent entity both before and after the transaction, are accounted for at book value.

4.2 Foreign currency translations

Items included in the annual financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

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

Transactions and balances
Foreign currency transactions are translated into the respective functional currencies of group entities at exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are recognised in profit or loss (except when recognised in OCI as part of qualifying cash flow hedges and net investment hedges).

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. Foreign exchange gains and losses on equities (debt) classified as available-for-sale financial assets are recognised in the available-for-sale reserve in OCI (profit or loss) whereas the exchange differences on equities and debt that are classified as held at fair value through profit or loss are reported as part of the fair value gain or loss in profit or loss.

4.3 Cash and cash equivalents

Cash and balances with central banks comprise coins and bank notes, and balances with central banks. Cash and cash equivalents presented in the statement of cash flows consist of cash and balances with central banks, and current account balances with other banks.

4.4 Financial instruments

Initial recognition and measurement
Financial instruments include all financial assets and liabilities. These instruments are typically held for liquidity, investment, trading or hedging purposes. All financial instruments are initially recognised at fair value plus directly attributable transaction costs, except those carried at fair value through profit or loss where transaction costs are recognised immediately in profit or loss.

Financial instruments are recognised (derecognised) on the date the group commits to purchase (sell) the instruments (trade date accounting).

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

Held-to-maturity financial assets and liabilities
Held-to-maturity investments are 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. Where the group is to sell more than an insignificant amount of held-to-maturity investments, the entire category would be tainted and reclassified as available-for-sale assets with the difference between amortised cost and fair value being accounted for in OCI.

Notes to the annual financial statements (continued)

Held-to-maturity investments are carried at amortised cost, using the effective interest method, less any impairment losses.

Held-for-trading financial assets and liabilities
Held-for-trading assets and liabilities include those financial assets and liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term, those forming part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, and commodities that are acquired principally by the group for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin. Derivatives are always categorised as held-for-trading.

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

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

- this designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. Under this criterion, the main classes of financial instruments designated by the group are loans and advances to banks and customers and financial investments. The designation significantly reduces measurement inconsistencies that would have otherwise arisen. For example, where the related derivatives were treated as held-for-trading and the underlying financial instruments were carried at amortised cost;

- groups of financial assets, financial liabilities or both are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy, and reported to the group's key management personnel on a fair-value basis. Under this criterion, certain private equity, short-term insurance and other investment portfolios have been designated at fair value through profit or loss; or

- financial instruments containing one or more embedded derivatives that significantly modify the instruments' cash flows.

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

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

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

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

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

Available-for-sale financial assets are impaired when there has been a significant or prolonged decline in the fair value of the financial asset below its cost. The cumulative fair value adjustments previously recognised in OCI on the impaired financial assets are reclassified to profit or loss. Reversal of impairments on equity available-for-sale financial assets are recognised in OCI.

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

Financial liabilities at amortised cost
Financial liabilities that are neither held for trading nor designated at fair value are measured at amortised cost.

Reclassification of financial assets
The group may choose to reclassify non-derivative trading assets out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets that would not otherwise have met the definition of loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances. In addition, the group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the group, at the date of reclassification, has the intention and ability to hold these financial assets for the foreseeable future or until maturity.

Derivatives or any financial instrument designated at fair value through profit or loss shall not be reclassified out of their respective categories.

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 increases in estimates of cash flows adjust the financial asset's effective interest rates prospectively.

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

Impairment of financial assets

Assets carried at amortised cost

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

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

- known cash flow difficulties experienced by the borrower;

- a breach of contract, such as default or delinquency in interest and/or principal payments;

- breaches of loan covenants or conditions

- 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.

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

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

Impairment of groups of loans that are assessed collectively is recognised where there is objective evidence that a loss event has occurred after the initial recognition of the group of loans but before the reporting date. In order to provide for latent losses in a group of loans that have not yet been identified as specifically impaired, a credit impairment for incurred but not reported losses is recognised based on historic loss patterns and estimated emergence periods (time period between the loss trigger events and the date on which the group identifies the losses). Groups of loans are also impaired when adverse economic conditions develop after initial recognition, which may impact future cash flows. The carrying amount of groups of loans is reduced through the use of a portfolio credit impairment account and the loss is recognised as a credit impairment charge in profit or loss.

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. Previously

Notes to the annual financial statements (continued)

impaired loans are written off once all reasonable attempts at collection have been made and there is no realistic prospect of recovering outstanding amounts. Any subsequent reductions in amounts previously impaired are reversed by adjusting the allowance account with the amount of the reversal recognised as a reduction in impairment for credit losses in profit or loss.

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

Renegotiated loans

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

The effective interest rate of renegotiated loans that have not been derecognised (described under the heading Derecognition of financial instruments), is redetermined based on the loan's renegotiated terms.

Available-for-sale financial assets

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

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

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

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

Derivative financial instruments
A derivative is a financial instrument whose 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 as described under the fair value policy under note 4.16.

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 financial instruments" above.

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

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

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

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

Financial guarantee 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. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of the present value of any expected payment, when a payment under the guarantee has become probable, and the unamortised premium.

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

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

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

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

Financial liabilities are derecognised when they are extinguished, 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.

Sale and repurchase agreements and lending of securities
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 life using the effective interest method.

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

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

4.5 Interest in associates and joint ventures

Associates and joint ventures
Those entities in which the group has significant influence, but not control, over the financial and operating policies are classified as associates.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement which only exists when decisions about the relevant activities require unanimous consent of the parties sharing control.

Interests in associates and joint ventures are accounted for using the equity method and are measured in the consolidated statement of financial position at an amount that reflects the group's share of the net assets of the associate or joint venture (including goodwill).

Equity accounting involves recognising the investment initially at fair value, including goodwill, and subsequently adjusting the carrying value for the group's share of the associates' and joint ventures income and expenses and OCI. Equity accounting of losses in associates and joint ventures is restricted to the interests in these entities, including unsecured receivables or other commitments, unless the group has an obligation or has made payments on behalf of the associate or joint ventures. Unrealised intragroup profits are eliminated in determining

Notes to the annual financial statements (continued)

the group's share of equity accounted profits. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Equity accounting is applied from the date on which the entity becomes an associate or joint venture up to the date on which it ceases to be an associate or joint venture. The accounting policies of associates and joint venture have been changed where necessary to ensure consistency with the policies of the group.

Investments in associates and joint ventures are accounted for at cost less impairment losses in the company's annual financial statements.

Jointly controlled operations
A joint operation is a joint arrangement whereby the joint operators who have joint control have rights to the assets and obligations for the liabilities relating to the arrangement. The joint operator recognises:

- assets it controls, including the assets jointly controlled;
- liabilities including its share of liabilities incurred jointly;
- revenue from the sale of its share of output and from the sale of the output by a joint operation; and
- expenses including the share of expenses incurred jointly.

4.6 Intangible assets

Computer software
Costs associated with developing or maintaining computer software programmes and the acquisition of software licences are generally recognised as an expense as incurred. However, direct computer software development costs that are clearly associated with an identifiable and unique system, which will be controlled by the group and have a probable future economic benefit beyond one year, are recognised as intangible assets.

Capitalisation is further limited to development costs where the group is able to demonstrate its intention and ability to complete and use the software, the technical feasibility of the development, the availability of resources to complete the development, how the development will generate probable future economic benefits and the ability to reliably measure costs relating to the development. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

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

Direct computer software development costs recognised as intangible assets are amortised on the straight-line basis at rates appropriate to the expected useful lives of the assets (two to 10 years) from the date that the assets are available for use, and are carried at cost less accumulated amortisation and accumulated impairment losses. The carrying amount of capitalised computer software is reviewed annually and is written down when impaired.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if necessary.

There have been no changes in the estimated useful lives from those applied in the previous financial year.

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

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

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

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

4.7 Property and equipment

Equipment and owner-occupied properties Equipment, furniture, vehicles and other tangible assets are measured at cost less accumulated depreciation and accumulated impairment losses

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

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

The assets' residual values, useful lives and the depreciation method applied are reviewed, and adjusted if appropriate, at each financial year end.

The estimated useful lives of tangible assets are typically as follows:

- Buildings – 25 years
- Computer equipment – 3 to 5 years
- Motor vehicles – 4 years
- Office equipment – 6 years
- Furniture and fittings – 4 years

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

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

Items of property and equipment 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 item.

4.8 Property developments and properties in possession

Property developments are stated at the lower of cost or net realisable value. Cost is assigned by specific identification and includes the cost of acquisition and where applicable, development and borrowing costs during development. When development is completed borrowing costs and other charges are expensed as incurred.

Properties in possession are properties acquired by the group which were previously held as collateral for underlying lending arrangements that, subsequent to origination, have defaulted.

The property is recognised at the time at which the risks and rewards of the properties are transferred to the group. The properties are initially recognised at cost and are subsequently measured at the lower of cost and its net realisable value. Any subsequent write-down in the value of the acquired properties is recognised as an operating expense. Any subsequent increases in the net realisable value, to the extent that it does not exceed its original cost, are also recognised within operating expenses.

4.9 Capitalisation of borrowing costs

Borrowing costs that relate to 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 capitalised. All other borrowing costs are recognised in profit or loss.

4.10 Impairment of non-financial assets

Intangible assets that have an indefinite useful life and goodwill are tested annually for impairment and additionally when an indicator of impairment exists. Intangible assets that are subject to amortisation and other non-financial assets are reviewed for impairment at each reporting date and tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Fair value less costs to sell is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets that cannot be tested individually are grouped at the lowest levels for which there are separately identifiable cash inflows from continuing use (cash-generating units). Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

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

Notes to the annual financial statements (continued)

4.11 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A lease of assets is either classified as a finance lease or operating lease. Lease of assets under which the group transfers substantially all the risks and rewards incidental to ownership of the assets are classified as finance leases. Similarly leases of assets under which the group retains a significant portion of the risks and rewards of ownership are classified as operating leases.

Group as lessee

Leases, where the group assumes substantially all the risks and rewards incidental to ownership, are classified as finance leases. All other leases are classified as operating leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are calculated using the interest rate implicit in the lease to identify the finance cost, which is recognised in profit or loss over the lease period, and the capital repayment, which reduces the liability to the lessor.

Payments made under operating leases, net of any incentives received from the lessor, are recognised in profit or loss on a straight-line basis over the term of the lease. Contingent rentals are expensed as they are incurred. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Group as lessor

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

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

Operating lease income from properties held as investment properties, net of any incentives given to lessees, is recognised on the straight-line basis or a more representative basis where applicable over the lease term. When an operating lease is terminated before the lease period has expired, any payment required by the group by way of a penalty is recognised as income in the period in which termination takes place.

4.12 Provisions, contingent assets and contingent liabilities

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

A provision for 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.

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

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

4.13 Employee benefits

Post-employment benefits

Defined contribution plans

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

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

Termination benefits

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

Short-term benefits

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

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

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

4.14 Tax

Direct tax

Direct taxation includes all domestic and foreign taxes based on taxable profits and capital gains tax. Current tax is determined for current period transactions and events and deferred tax is determined for future tax consequences. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination (relating to a measurement period adjustment where the carrying amount of the goodwill is greater than zero), or items recognised directly in equity or in OCI.

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

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

- the initial recognition of goodwill
- 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
- investments in subsidiaries and jointly controlled entities (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 and deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Indirect tax

Indirect taxes, including non-recoverable VAT, skills development levies and other duties for banking activities, are recognised in profit or loss and disclosed separately in the income statement.

4.15 Non-current assets held for sale and disposal groups

Non-current assets, or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale rather than continuing use, are classified as held for sale

Non-current assets held as investments for the benefit of policyholders as part of the group's investment management and life insurance activities are not classified as held for sale as ongoing investment management implies regular purchases and sales in the ordinary course of business.

Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the group's accounting policies and tested for impairment (refer accounting policy 4.10 – Impairment of

Notes to the annual financial statements (continued)

non-financial assets). Thereafter, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

Assets (or components of a disposal group) are presented separately in the statement of financial position.

Property and equipment and intangible assets once classified as held for sale, are not depreciated or amortised.

Once an interest in an associate or joint venture is classified as held for sale, equity accounting is suspended.

The group classifies a component of the business as a discontinued operation when that component has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are presented separately within the income statement and the cash flow statement.

4.16 Fair value

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.

When a price for an identical asset or liability is not observable, fair value is measured using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

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 measurement date.

For financial instruments, where the fair value of the financial instrument differs to 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.

Subsequent to initial recognition, fair value is measured based on quoted market prices or dealer price quotations for the assets and liabilities that are traded in active markets and where those quoted prices represent fair value at the measurement date. If the market for an asset or liability is not active or the instrument is unlisted, the fair value is determined using other applicable valuation techniques. 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.

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 has elected the portfolio exception to measure the fair value of certain groups of financial assets and financial liabilities. This exception permits the group of financial assets and financial liabilities to be measured at fair value on a net basis. This election is applied where the group:

- manages the group of financial assets and financial liabilities on the basis of the group's net exposure to a particular market risk (or risks) or to the credit risk of a particular counterparty in accordance with the group's documented risk management or investment strategy;
- provides information on that basis about the group of financial assets and financial liabilities to the group's key management personnel; and
- is required to or has elected to measure those financial assets and financial liabilities at fair value at the end of each reporting period.

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 measurements are categorised into level 1, 2 or 3 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.

4.17 Equity

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

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

Reacquired equity instruments
Where subsidiaries purchase/(short) the holding entity's equity instruments, the consideration paid/(received) is deducted/(added) from/(to) equity attributable to ordinary shareholders as treasury shares on consolidation.

Fair value changes recognised by subsidiaries on these instruments are reversed on consolidation and dividends received are eliminated against dividends paid. Where such shares are subsequently sold or reissued/(reacquired) outside the group, any consideration received/(paid) is included in equity attributable to ordinary shareholders.

4.18 Equity-linked transactions

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

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

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

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

4.19 Revenue and expenditure

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

Net interest income
Interest income and expense (with the exception of those borrowing costs that are capitalised – refer to accounting policy 4.7 – Capitalisation of borrowing costs) are recognised in profit or loss on an accrual basis using the effective interest method for all interest-bearing financial instruments, except for those classified at fair value through profit or loss. In terms of the effective interest method, interest is recognised at a rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

Direct incremental transaction costs incurred and origination fees received, including loan commitment fees, as a result of bringing margin-yielding assets or liabilities into the statement of financial position, are capitalised to the carrying amount of financial instruments that are not at fair value through profit or loss and amortised as interest income or expense over the life of the asset or liability as part of the effective interest rate.

Where the estimates of payments or receipts on financial assets (except those that have been reclassified – refer to accounting policy 3.4 – Financial instruments) or financial liabilities are subsequently revised, the carrying amount of the financial asset or financial liability is adjusted to reflect actual and revised estimated cash flows.

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

Where financial assets have been impaired, interest income continues to be recognised on the carrying value of the

Notes to the annual financial statements (continued)

impaired financial asset, based on the original effective interest rate.

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

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

Non-interest revenue

Net fee and commission revenue

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

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

Fee and commission expense 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 gains and losses on equity instruments designated at fair value through profit or loss, dividends relating to those financial instruments, underwriting profit from the group's short-term insurance operations and related insurance activities and remeasurement gains and losses from contingent consideration on disposal and purchases.

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

Dividend income

Dividends are recognised in profit or loss when the right to receipt is established. Scrip dividends are recognised as dividends received where the dividend declaration allows for a cash alternative.

Management fees on assets under management

Fee income includes management fees on assets under management and administration fees. Management fees on assets under management are recognised over the period for which the services are rendered, in accordance with the substance of the relevant agreements.

4.20 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.

4.21 Earnings per share

The group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

4.22 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 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.

4.23 Comparative figures

Where necessary, comparative figures within notes have been restated to conform to changes in presentation in the current year.

4.24 New standards and interpretations not yet adopted

The following new or revised standards and amendments which have a potential impact on the group are not yet effective for the year ended 31 December 2013 and have not been applied in preparing these financial statements. The group is currently assessing the impact of the new or revised standards and amendments.

Pronouncement	Title	Effective date
IFRS 9 (amended)	Financial Instruments IFRS 9 will replace the existing standard on the recognition and measurement of financial instruments and requires all financial assets to be classified and measured on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The accounting for financial assets differs in various other areas to existing requirements such as embedded derivatives and the recognition of fair value adjustments in other comprehensive income. All changes in the fair value of financial liabilities that are designated at fair value through profit or loss due to changes in own credit risk will be required to be recognised within other comprehensive income.	Annual periods beginning on or after 1 January 2018
IAS 32 (amendments)	Offsetting Financial Assets and Financial Liabilities The amendments to IAS 32 clarify the requirements for offsetting of financial assets and liabilities.	Annual periods beginning on or after 1 January 2014

Notes to the annual financial statements (continued)

Pronouncement	Title	Effective date
Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment entities	IFRS 10 Consolidated Financial Statements IFRS 12 Disclosure of Interests in Other Entities IAS 27 Separate Financial Statements The amendments provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement. The amendments also require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries. Further, an investment entity will be required to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).	Annual periods beginning on or after 1 January 2014
IAS 36 (amendments)	Impairment of Assets Amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.	Annual periods beginning on or after 1 January 2014
IAS 39 (amendments)	Financial Instruments: Recognition and Measurement These amendments make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.	Annual periods beginning on or after 1 January 2014
IFRIC 21	Levies IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies: - The liability is recognised progressively if the obligating event occurs over a period of time - If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.	Annual periods beginning on or after 1 January 2014

Notes to the annual financial statements (continued)

5. Segment reporting

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

Business unit	
Personal and Business Banking	Banking and other financial services to individual customers and small-to-medium-sized enterprises. Mortgage lending – Provides residential accommodation loans to mainly personal market customers. Instalment sale and finance leases – Provides instalments finance to personal market customers and finance of vehicles and equipment in the business market. Card products – Provides credit and debit card facilities for individuals and businesses. Transactional and lending products – Transactions in products associated with the various points of contact channels such as ATMs, internet, telephone banking and branches. This includes deposit taking activities, electronic banking, cheque accounts and other lending products coupled with debit card facilities to both personal and business market customers.
Corporate and Investment Banking	Corporate and investment banking services to larger corporates, financial institutions and international counterparties. Global markets – Includes foreign exchange, fixed income, interest rates, and equity trading. Transaction process and services - includes transactional banking and investors services. Transactional and lending products – Includes corporate lending and transactional banking businesses, custodial services, trade finance business and property-related lending. Investment banking – Include project finance, structured finance, equity investments, advisory, corporate lending, primary market acquisition, leverage finance and structured trade finance.
Wealth	The wealth group is made up of the company's subsidiaries, whose activities involve investment management, portfolio management, unit trust/funds management, and trusteeship.

Notes to the annual financial statements (continued)

5. Segment reporting (continued)

Operating segments	Personal and Business Banking 2013 ₦million	Personal and Business Banking 2012 ₦million	Corporate and Investment Banking 2013 ₦million	Corporate and Investment Banking 2012 ₦million	Wealth 2013 ₦million	Wealth 2012 ₦million	Eliminations 2013 ₦million	Eliminations 2012 ₦million	Group 2013 ₦million	Group 2012 ₦million
Gross earnings	**34,391**	29,257	**59,058**	49,836	**18,660**	14,052	**(883)**	(1,285)	**111,226**	91,860
Net interest income	**18,442**	18,374	**16,623**	13,496	**1,948**	1,684	**-**	-	**37,013**	33,554
Interest income	**27,124**	24,030	**33,668**	32,659	**1,948**	1,684	**(155)**	(555)	**62,585**	57,818
Interest expense	**(8,682)**	(5,656)	**(17,045)**	(19,163)	**-**	-	**155**	555	**(25,572)**	(24,264)
Non-interest revenue	**6,909**	5,154	**25,326**	17,064	**16,712**	12,368	**(728)**	(730)	**48,219**	33,856
Net fee and commission revenue	**6,769**	5,141	**10,147**	8,813	**16,712**	12,344	**(728)**	(730)	**32,900**	25,568
Fee and commission revenue	**7,127**	5,214	**10,211**	8,926	**16,712**	12,344	**(728)**	(730)	**33,322**	25,754
Fee and commission expense	**(358)**	(73)	**(64)**	(113)	**-**	-	**-**	-	**(422)**	(186)
Trading revenue	**-**	-	**14,895**	8,091	**-**	-	**-**	-	**14,895**	8,091
Other revenue	**140**	13	**284**	160	**-**	24	**-**	-	**424**	197
Total income	**25,351**	23,528	**41,949**	30,560	**18,660**	14,052	**(728)**	(730)	**85,232**	67,410
Credit impairment charges	**(2,344)**	(3,566)	**(323)**	(3,329)	**-**	-	**-**	-	**(2,667)**	(6,895)
Income after credit impairment charges	**23,007**	19,962	**41,626**	27,231	**18,660**	14,052	**(728)**	(730)	**82,565**	60,515
Operating expenses	**(30,703)**	(25,258)	**(21,572)**	(17,994)	**(6,401)**	(6,581)	**728**	730	**(57,948)**	(49,103)
Staff costs	**(13,366)**	(12,685)	**(7,586)**	(4,791)	**(2,899)**	(2,477)	**-**	-	**(23,851)**	(19,953)
Other operating expenses	**(17,337)**	(12,573)	**(13,986)**	(13,203)	**(3,502)**	(4,104)	**728**	730	**(34,097)**	(29,150)
Net income before indirect taxation	**(7,531)**	(5,232)	**20,112**	9,487	**12,259**	7,471	**-**	-	**24,840**	11,726
Indirect taxation	**(165)**	(64)	**(58)**	(250)	**-**	-	**-**	-	**(223)**	(314)
Profit before direct taxation	**(7,696)**	(5,296)	**20,054**	9,237	**12,259**	7,471	**-**	-	**24,617**	11,412
Direct taxation	**1,689**	2,286	**(1,660)**	(1,646)	**(3,873)**	(1,895)	**-**	-	**(3,844)**	(1,255)
Profit/ (loss) for the year	**(6,007)**	(3,010)	**18,394**	7,591	**8,386**	5,576	**-**	-	**20,773**	10,157
Total assets	**284,810**	257,191	**459,605**	408,024	**22,572**	17,031	**(3,941)**	(5,427)	**763,046**	676,819
Total liabilities	**272,001**	230,536	**389,426**	360,105	**7,926**	5,954	**(3,941)**	(5,427)	**665,412**	591,168
Depreciation and amortisation	**3,259**	2,858	**635**	380	**159**	172	**-**	-	**4,053**	3,410
Number of employees	**1,346**	1,433	**395**	384	**336**	336	**-**	-	**2,077**	2,153

Notes to the annual financial statements (continued)

6. Key management assumptions

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

6.1 Credit impairment losses on loans and advances

Portfolio loan impairments

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

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

	Average loss emergence period		Sensitivity[1]	
	2013 Months	2012 Months	**2013 ₦million**	2012 ₦million
Personal and Business Banking	**-**	-	**(15)**	355
Mortgage lending	**3**	3	**(2)**	43
Instalment sale and finance leases	**3**	3	**(1)**	-
Card debtors	**3**	3	**(1)**	3
Other lending	**3**	3	**(11)**	309
Corporate and Investment Banking (total loan portfolio)	**12**	12	**238**	155

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

Specific loan impairments

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

	Expected time to recovery		Expected recoveries as a percentage of impaired loans		Impairment loss sensitivity[1]	
	2013 Months	2012 Months	**2013 %**	2012 %	**2013 ₦million**	2012 ₦million
Personal and Business Banking					**43**	48
Mortgage lending	**12**	12	**33**	40	**3**	8
Instalment sale and finance leases	**6**	6	**29**	50	**7**	7
Card debtors	**8**	8	**9**	9	**1**	-
Other lending	**8**	8	**33**	17	**32**	33

Corporate and Investment Banking

The estimated recoveries for Corporate and Investment Banking non-performing loans are calculated on a customer by customer basis.

[1] *Sensitivity is based on the effect of a change of one percentage point in the value of the estimated recovery on the value of the impairment.*

Determination of regulatory risk reserves

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

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

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

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

Notes to the annual financial statements (continued)

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

The company's subsidiary Stanbic IBTC Bank, has complied with the requirements of the guidelines as follows:

Statement of prudential adjustments	Note	2013 ₦million	2012 ₦million
Prudential provision			
Specific provision on loans and advances		**11,420**	9,691
General provision on loans and advances		**2,909**	2,651
Provision for other credit losses		**-**	1,607
Provision on other losses		**3,653**	4,472
		17,982	18,421
IFRS provision			
Specific impairment on loans and advances	12.3	**8,972**	9,287
Portfolio Impairment on loans and advances	12.3	**4,587**	3,842
Impairment and other losses		**3,654**	5,292
		17,213	18,421
Closing regulatory reserve		**769**	-
Opening regulatory reserve		**-**	-
Appropriation: Transfer (to)/from retained earnings		**769**	-

6.2 Fair value of financial instruments

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

Additional disclosures on fair value measurements of financial instruments are set out in notes 25.

6.3 Impairment of available-for-sale equity investments

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

Had the declines of financial instruments with fair values below cost been considered significant or prolonged, the group would have suffered an additional loss attributable to ordinary shareholders of ₦98 million (2012: ₦38 million) in its financial statements, being the transfer of the negative revaluations within the available-for-sale reserve to profit or loss.

6.4 Securitisations and special purpose entities (SPEs)

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

6.5 Intangible assets

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

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

6.6 Investment funds

The group acts as fund manager to a number of investment funds. Determination of whether the group controls such an investment fund usually focuses on the assessment of the aggregate economic interest of the group in the fund and the investors' rights to remove the fund manager. For all funds managed by the group, the investors are able to vote by simple majority to remove the group as fund manager without cause, and the group's aggregate economic interest is in each case less than 15%. As a result, the group has concluded that it acts as agent for the investors in all cases, and therefore has not consolidated these funds.

Further disclosure in respect of investment funds in which the group has an interest is contained in note 14.

6.7 Other

The nature of the assumptions or other estimation uncertainty for group share incentive schemes are disclosed in note 28.9.

7. Cash and cash equivalents

	Group		Company	
	2013 ₦million	2012 ₦million	2013 ₦million	2012 ₦million
Coins and bank notes	**16,481**	15,536	**-**	-
Balances with central bank	**66,018**	61,397	**-**	-
Current balances with banks within Nigeria	**10,866**	7,861	**2,722**	2,625
Current balances with banks outside Nigeria	**26,947**	21,886	**-**	-
	120,312	106,680	**2,722**	2,625

Cash and balances with central bank include ₦51,603 million (2012: ₦40,520 million) that is not available for use by the group on a day to day basis. These restricted balances comprise primarily reserving requirements held with Central Bank of Nigeria (CBN).

Included in current balances with banks outside Nigeria is ₦5.45 billion (2012: ₦8.99billion) which represents Naira value of foreign currency bank balances held on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities.

8. Pledged assets and assets not derecognised

	Group		Company	
	2013 ₦million	2012 ₦million	2013 ₦million	2012 ₦million
8.1 Pledged assets				
Financial assets that may be repledged or resold by counterparties				
Government bonds	**-**	8,493	**-**	-
Treasury bills	**24,733**	15,947	**-**	-
	24,733	24,440	**-**	-

Maturity analysis

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

	Group 2013	Group 2012	Company 2013	Company 2012
Redeemable on demand				
Maturing within 1 month	**24,341**	5,971	**-**	-
Maturing after 1 month but within 6 months	**392**	15,947	**-**	-
Maturing after 6 months but within 12 months	**-**	2,522	**-**	-
Maturing after 12 months	**-**	-	**-**	-
	24,733	24,440	**-**	-

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

Notes to the annual financial statements (continued)

8.2 Total assets pledged

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

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

The carrying amount of total financial assets that have been pledged as collateral for liabilities (included in amounts reflected in 8.1 above) at 31 December 2013 was ₦2,955 million (2012: ₦2,905 million). The liability in respect of which the collateral has been pledged relates to on-lending facility obtained from Bank of Industry as disclosed under note 20.

9. Trading assets and trading liabilities

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

9.1 Trading assets

	Group		Company	
Classification	**2013 ₦million**	2012 ₦million	**2013 ₦million**	2012 ₦million
Listed	**40,711**	114,877	**-**	-
Unlisted	**-**	-	**-**	-
	40 711	114,877	**-**	-
Comprising:				
Government bonds	**2,634**	37,037	**-**	-
Treasury bills	**38,026**	56,407	**-**	-
Listed equities	**51**	11	**-**	-
Placements	**-**	21,422	**-**	-
	40,711	114,877	**-**	-
Dated assets	**40,660**	114,866	**-**	-
Undated assets	**51**	11	**-**	-
	40,711	114,877	**-**	-

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

Redeemable on demand	**-**	11,172	**-**	-
Maturing within 1 month	**35,069**	41,043	**-**	-
Maturing after 1 month but within 6 months	**3,031**	10,917	**-**	-
Maturing after 6 months but within 12 months	**863**	14,418	**-**	-
Maturing after 12 months	**1,697**	37,316	**-**	-
Undated assets	**51**	11	**-**	-
	40,711	114,877	**-**	-

Redemption value
Dated trading assets had a redemption value at 31 December 2013 of ₦41,398 million (2012: ₦118,709 million).

9.1 Trading liabilities

	Group		Company	
Classification	**2013 ₦million**	2012 ₦million	**2013 ₦million**	2012 ₦million
Listed	**6,438**	51,664	**-**	-
Unlisted	**60,522**	36,707	**-**	-
	66,960	88,371	**-**	-
Comprising:				
Government bonds (short positions)	**1,714**	15,687	**-**	-
Deposits	**60,522**	36,707		
Treasury bills (short positions)	**4,724**	35,977	**-**	-
	66,960	88,371	**-**	-

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

Repayable on demand	**-**	11,437	**-**	-
Maturing within 1 month	**20,664**	16,939	**-**	-
Maturing after 1 month but within 6 months	**34,988**	14,787	**-**	-
Maturing after 6 months but within 12 months	**9,594**	8,092	**-**	-
Maturing after 12 months	**1,714**	37,116	**-**	-
	66,960	88,371	**-**	-

10. Derivative instruments

All derivatives are classified as either derivatives held for risk management or hedging purposes.

10.1 Use and measurement of derivative instruments

In the normal course of business, the group enters into a variety of derivative transactions for both trading and risk management purposes. Derivative financial instruments are entered into for trading purposes and for hedging foreign exchange and interest rate exposures. Derivative instruments used by the group in both trading and hedging activities include swaps, forwards and other similar types of instruments based on foreign exchange rates and interest rates.

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

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

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

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

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

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

Notes to the annual financial statements (continued)

10.2 Derivatives held-for-trading

The group trades derivative instruments on behalf of customers and for its own positions. The group transacts derivative contracts to address customer demand by structuring tailored derivatives for customers. The group also takes proprietary positions for its own account. Trading derivative products include the following derivative instruments:

10.2.1 Foreign exchange derivatives

Foreign exchange derivatives are primarily used to hedge foreign currency risks on behalf of customers and for the group's own positions. Foreign exchange derivatives primarily consist of foreign exchange forwards.

10.2.2 Interest rate derivatives

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

10.3 Unobservable valuation differences on initial recognition

Any difference between the fair value at initial recognition and the amount that would be determined at that date using a valuation technique in a situation in which the valuation is dependent on unobservable parameters is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed.

10.4 Fair values

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

10.5 Notional amount

The gross notional amount is the sum of the absolute value of all bought and sold contracts. The notional amounts have been translated at the closing rate at the reporting date where cash flows are receivable in foreign currency. The amount cannot be used to assess the market risk associated with the positions held and should be used only as a means of assessing the group's participation in derivative contracts.

	Maturity analysis of net fair value						
31 December 2013	**Within 1 year ₦million**	**After 1 year but within 5 years ₦million**	**After 5 years ₦million**	**Net fair value ₦million**	**Fair value of assets ₦million**	**Fair value of liabilities ₦million**	**Contract /notional amount ₦million**
Derivatives held-for-trading							
Foreign exchange derivatives	**(161)**	**(18)**	**-**	**(179)**	**422**	**(601)**	**10,691**
Forwards	**(161)**	**(18)**	**-**	**(179)**	**422**	**(601)**	**10,691**
Interest rate derivatives	**(116)**	**736**	**-**	**620**	**1,104**	**(484)**	**102,093**
Swaps	**(116)**	**736**	**-**	**620**	**1,104**	**(484)**	**102,093**
Total derivative assets/(liabilities)	**(277)**	**718**	**-**	**441**	**1,526**	**(1,085)**	**112,784**

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

10.7 Unobservable valuation differences on initial recognition

The table below sets out the aggregate difference yet to be recognised in profit or loss at the beginning and end of the year with a reconciliation of the changes of the balance during the year for trading assets and liabilities.

	2013 ₦million	2012 ₦million
Unrecognised profit at beginning of the year	**277**	780
Additional profit on new transactions	**-**	-
Recognised in profit or loss during the year	**(274)**	(503)
Unrecognised profit at end of the year	**3**	277

Notes to the annual financial statements (continued)

11. Financial investments

	Group 2013 ₦million	Group 2012 ₦million	Company 2013 ₦million	Company 2012 ₦million
Short - term negotiable securities	**125,695**	32,062	-	-
Listed	**125,695**	32,062	-	-
Unlisted	-	-	-	-
Other financial investments	**13,609**	53,695	-	-
Listed	**11,001**	42,805	-	-
Unlisted	**2,608**	10,890	-	-
	139,304	85,757	-	-
Comprising:				
Government bonds	**9,781**	41,087	-	-
Treasury Bills	**125,695**	32,062	-	-
Corporate bonds	**1,867**	2,453	-	-
Unlisted equities	**741**	706	-	-
Mutual funds and unit-linked investments	**1,220**	1,717	-	-
Placements	-	7,732	-	-
	139,304	85,757	-	-

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

	Group 2013 ₦million	Group 2012 ₦million	Company 2013 ₦million	Company 2012 ₦million
Redeemable on demand	-	-	-	-
Maturing within 1 month	**57,439**	2,598	-	-
Maturing after 1 month but within 6 months	**67,972**	46,933	-	-
Maturing after 6 months but within 12 months	**6,709**	5,343	-	-
Maturing after 12 months	**5,223**	28,427	-	-
Undated investments [1]	**1,961**	2,456	-	-
	139,304	85,757	-	-

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

Aggregate unrealised loss of N0 million (2012: ₦68 million) was recognised in the available for sale reserve.

[1] *Undated investments include unutilised equities and mutual funds and linked investments.*

12. Loans and advances

12.1 Loans and advances net of impairments

	Group 2013 ₦million	Group 2012 ₦million	Company 2013 ₦million	Company 2012 ₦million
Loans and advances to banks	**94,180**	24,571	-	-
Placements with banks	**94,180**	24,571	-	-
Loans and advances to customers	**289,747**	266,344	-	-
Gross loans and advances to customers	**303,306**	279,473	-	-
Mortgage loans	**8,667**	10,571	-	-
Instalment sale and finance leases (note 12.2)	**27,012**	29,972	-	-
Card debtors	**850**	494	-	-
Overdrafts and other demand loans	**32,676**	29,193	-	-
Medium term loans	**232,635**	206,668	-	-
Other term loans	**1,466**	2,575	-	-
Credit impairments for loans and advances (note 12.3)	**(13,559)**	(13,129)	-	-
Specific credit impairments	**(8,972)**	(9,287)	-	-
Portfolio credit impairments	**(4,587)**	(3,842)	-	-
Net loans and advances	**383,927**	290,915	-	-
Comprising:				
Gross loans and advances	**397,486**	304,044	-	-
Less: Credit impairments	**(13,559)**	(13,129)	-	-
Net loans and advances	**383,927**	290,915	-	-

Loans to banks represent current account balances and placements with other banks mainly held for liquidity purposes and for facilitating trade finance activities.

Included in current balances with banks outside Nigeria is ₦5.45 billion (2012: ₦8.99 billion) which represents Naira value of foreign currency bank balances held on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabities.

Regulatory prudential disclosures on loans and advances have been disclosed under note 6 and credit risk management– prudential guidelines disclosures.

Maturity analysis

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

	Group 2013 ₦million	Group 2012 ₦million	Company 2013 ₦million	Company 2012 ₦million
Redeemable on demand	**23,132**	14,994	-	-
Maturing within 1 month	**123,297**	46,703	-	-
Maturing after 1 month but within 6 months	**39,433**	48,840	-	-
Maturing after 6 months but within 12 months	**19,935**	27,139	-	-
Maturing after 12 months	**191,689**	166,368	-	-
Gross loans and advances	**397,486**	304,044	-	-

Notes to the annual financial statements (continued)

12.1 Loans and advances net of impairments (continued)

Segmental analysis - industry	Group 2013 ₦million	Group 2012 ₦million	Company 2013 ₦million	Company 2012 ₦million
Agriculture	**12,703**	10,361	**-**	-
Construction and real estate	**15,294**	5,921	**-**	-
Electricity	**10,671**	7,223	**-**	-
Finance and other business services	**107,197**	41,476	**-**	-
Individuals	**55,853**	46,026	**-**	-
Manufacturing	**55,741**	67,629	**-**	-
Mining	**55,568**	32,136	**-**	-
Other services	**48,016**	48,591	**-**	-
Transport	**11,318**	10,992	**-**	-
Wholesale	**25,125**	33,689	**-**	-
Gross loans and advances	**397,486**	304,044	**-**	-

Segmental analysis – geographic area

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

	Group 2013 ₦million	Group 2012 ₦million	Company 2013 ₦million	Company 2012 ₦million
South South	**17,157**	12,163	**-**	-
South West	**329,525**	239,860	**-**	-
South East	**4,682**	3,147	**-**	-
North West	**19,709**	14,772	**-**	-
North Central	**15,332**	11,279	**-**	-
North East	**1,924**	824	**-**	-
Outside Nigeria	**9,157**	21,999	**-**	-
Gross loans and advances	**397,486**	304,044	**-**	-

12.2 Installment sale and finance leases

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

	Group 2013 ₦million	Group 2012 ₦million	Company 2013 ₦million	Company 2012 ₦million
Gross investment in instalment sale and finance leases	**33,632**	39,145	**-**	-
Receivable within 1 year	**2,728**	3,043	**-**	-
Receivable after 1 year but within 5 years	**30,898**	35,790	**-**	-
Receivable after 5 years	**6**	312	**-**	-
Unearned finance charges deducted	**(6,620)**	(9,173)	**-**	-
Net investment in instalment sale and finance leases	**27,012**	29,972	**-**	-
Receivable within 1 year	**2,582**	2,462	**-**	-
Receivable after 1 year but within 5 years	**24,427**	27,328	**-**	-
Receivable after 5 years	**3**	182	**-**	-

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

12.3 Credit impairments for loans and advances

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

Group	Mortgage lending ₦million	Instalment sales and finance leases ₦million	Card debtors ₦million	Other loans and advances ₦million	Commercial property finance ₦million	Total ₦million
31 December 2013						
Specific impairments						
Balance at beginning of the year	**730**	**778**	**27**	**4,026**	**3,726**	**9,287**
Net impairments raised/(released)	**(105)**	**1,062**	**43**	**2,049**	**(575)**	**2,474**
Impaired accounts written off	**(342)**	**(499)**	**-**	**(892)**	**(1,056)**	**(2,789)**
Balance at end of the year	**283**	**1,341**	**70**	**5,183**	**2,095**	**8,972**
Portfolio impairments						
Balance at beginning of the year	**190**	**617**	**18**	**1,157**	**1,860**	**3,842**
Net impairments raised/(released)	**(107)**	**(172)**	**(15)**	**41**	**998**	**745**
Balance at end of the year	**83**	**445**	**3**	**1,198**	**2,858**	**4,587**
Total	**366**	**1,786**	**73**	**6,381**	**4,953**	**13,559**

Group	Mortgage lending ₦million	Instalment sales and finance leases ₦million	Card debtors ₦million	Other loans and advances ₦million	Commercial property finance ₦million	Total ₦million
31 December 2012						
Specific impairments						
Balance at beginning of the year	452	180	28	1,867	3,497	6,024
Net impairments raised/(released)	278	626	(1)	2,562	3,351	6,816
Impaired accounts written off	-	(28)	-	(403)	(3,122)	(3,553)
Balance at end of the year	730	778	27	4,026	3,726	9,287
Portfolio impairments						
Balance at beginning of the year	184	80	17	1,176	1,881	3,338
Net impairments raised/(released)	6	537	1	(19)	(21)	504
Balance at end of the year	190	617	18	1,157	1,860	3,842
Total	920	1,395	45	5,183	5,586	13,129

Notes to the annual financial statements (continued)

Segmental analysis of specific impairments - industry

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

	Group	
Group	2013 ₦million	2012 ₦million
Agriculture	994	243
Construction and real estate	1,102	1,101
Electricity	-	31
Finance and other business services	825	61
Individuals	1,811	1,756
Manufacturing	970	2,187
Mining	302	234
Other services	995	806
Transport	330	976
Wholesale	1,643	1,892
	8,972	9,287

Segmental analysis of specific impairments – geographic area

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

	Group	
Group	2013 ₦million	2012 ₦million
South South	927	256
South West	7,289	8,250
South East	161	163
North West	197	117
North Central	366	483
North East	32	18
	8,972	9,287

13. Equity investment in group companies

		Group		Company	
	%	2013 ₦million	2012 ₦million	2013 ₦million	2012 ₦million
Stanbic IBTC Ventures Limited ("SIVL")	100%	-	-	500	500
Stanbic IBTC Bank PLC	100%	-	-	63,467	63,467
Stanbic IBTC Capital Limited	100%	-	-	3,500	3,500
Stanbic IBTC Asset Management Limited ("SIAML")	100%	-	-	710	710
Stanbic IBTC Pension Managers Limited ("SIPML")	70.59%	-	-	565	565
Stanbic IBTC Trustees Limited ("SITL")	100%	-	-	100	100
Stanbic IBTC Stockbrokers Limited ("SISL")	100%	-	-	109	109
		-	-	68,951	68,951

13.1 List of significant subsidiaries

The table below provides details of the significant subsidiaries of the group.

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

13.2 Significant restrictions

The group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the regulatory frameworks within which the subsidiaries operate.

The regulatory frameworks require all the subsidiaries (except SIVL and SITL) to maintain certain level of regulatory capital. In addition, the banking subsidiary (Stanbic IBTC Bank PLC) is required to keep certain levels of liquid assets, limit exposures to other parts of the group and comply with other ratios.

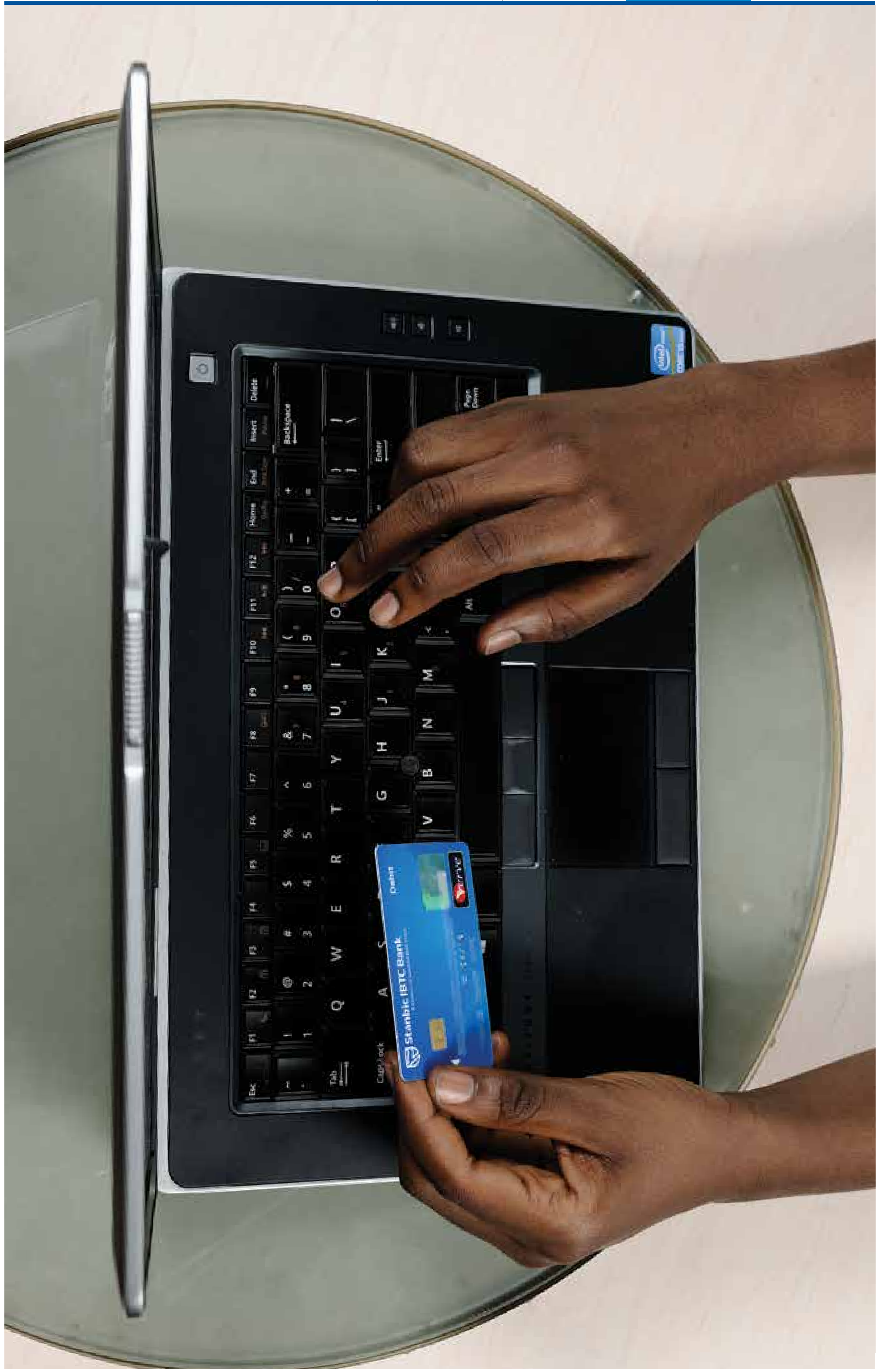
For information on assets, liabilities and earnings of the subsidiaries, see Note 13.4.

Notes to the annual financial statements (continued)

13.3 Non-controlling interests (NCI) in subsidiaries

The following table summarises the information relating to the group subsidiary that has material NCI.

	Group	
Stanbic IBTC Pension Managers Limited	**2013 ₦million**	2012 ₦million
NCI percentage	**29.41%**	29.41%
Total assets	**18,060**	13,335
Total liabilities	**(6,648)**	(5,474)
Net assets	**11,412**	7,861
Carrying amount of NCI	**3,356**	2,310
Revenue	**15,739**	11,747
Profit	**7,356**	4,630
Total comprehensive income	**7,356**	4,628
Profit allocated to NCI	**2,163**	1,289
Cash flows from operating activities	**8,210**	6,267
Cash flows from investing activities	**(3,435)**	(2,925)
Cash flow from financing activities, before dividends to NCI	**(2,682)**	(2,054)
Cash flow from financing activities - cash dividends to NCI	**(1,118)**	(856)
Net increase in cash and cash equivalents	**975**	432



Notes to the annual financial statements (continued)

13.4. Summarised financial statements of the consolidated entities

	Stanbic IBTC Holdings PLC Company ₦million	Stanbic IBTC Bank PLC ₦million	Stanbic IBTC Capital Ltd ₦million	Stanbic IBTC Pension Mgt Ltd ₦million	Stanbic IBTC Asset Mgt Ltd ₦million	Stanbic IBTC Ventures Ltd ₦million	Stanbic IBTC Trustees Ltd ₦million	Stanbic IBTC Stockbroking Ltd ₦million	Consolidations/ Eliminations ₦million	Stanbic IBTC Holdings PLC Group ₦million
Income statement										
Net interest income	-	34,802	-	1,444	484	54	20	209	-	37,013
Non interest revenue	9,137	26,426	3,006	14,295	2,293	150	124	1,836	(9,048)	48,219
Total income	9,137	61,228	3,006	15,739	2,777	204	144	2,045	(9,048)	85,232
Staff costs	(456)	(19,218)	(996)	(2,194)	(630)	-	(76)	(281)	-	(23,851)
Operating expenses	(465)	(29,869)	(513)	(2,771)	(733)	(10)	(25)	(439)	728	(34,097)
Credit impairment charges	-	(2,667)	-	-	-	-	-	-	-	(2,667)
Total expenses	(921)	(51,754)	(1,509)	(4,965)	(1,363)	(10)	(101)	(720)	728	(60,615)
Profit before tax	8,216	9,474	1,497	10,774	1,414	194	43	1,335	(8,320)	24,614
Tax	116	655	(290)	(3,418)	(413)	(31)	(15)	(448)	-	(3,844)
Profit for the year	8,332	10,129	1,207	7,356	1,001	163	28	877	(8,320)	20,773
At 31 December 2012	1,053	5,300	931	4,630	1,331	80	46	782	(3,996)	10,157
Assets										
Cash and cash equivilents	2,722	109,385	1,805	4,721	137	177	6	1,769	(410)	120,312
Derivative assets	-	1,526	-	-	-	-	-	-	-	1,526
Trading assets	-	38,049	2,611	-	-	-	-	51	-	40,711
Pledged assets	-	24,733	-	-	-	-	-	-	-	24,733
Financial investments	-	123,457	-	10,583	3,146	2,171	217	2,000	(2,270)	139,304
Loans and advances to banks	-	94,180	-	-	-	-	-	-	-	94,180
Loans and advances to customers	-	289,747	-	-	-	-	-	-	-	289,747
Current and deferred tax assets	118	7,441	95	1	37	-	-	24	-	7,716
Equity investment in group companies	68,951	-	-	-	-	-	-	-	(68,951)	-
Other assets	1,038	14,634	2,088	2,348	907	3	19	56	(1,264)	19,829
Property and equipment	2,572	21,948	4	407	43	-	1	13	-	24,988
Total assets	75,401	725,100	6,603	18,060	4,270	2,351	243	3,913	(72,895)	763,046
At 31 December 2012	72,508	650,470	4,908	13,335	4,066	1,902	203	3,805	(74,378)	676,819

Notes to the annual financial statements (continued)

13.4. Summarised financial statements of the consolidated entities (continued)

Liabilities and equity	Stanbic IBTC Holdings PLC Company ₦million	Stanbic IBTC Bank PLC ₦million	Stanbic IBTC Capital Ltd ₦million	Stanbic IBTC Pension Mgt Ltd ₦million	Stanbic IBTC Asset Mgt Ltd ₦million	Stanbic IBTC Ventures Ltd ₦million	Stanbic IBTC Trustees Ltd ₦million	Stanbic IBTC Stockbroking Ltd ₦million	Consolidations/ Eliminations ₦million	Stanbic IBTC Holdings PLC Group ₦million
Derivative liabilities	-	1,085	-	-	-	-	-	-	-	1,085
Trading liabilities	-	66,960	-	-	-	-	-	-	-	66,960
Deposits from banks	-	51,686	-	-	-	-	-	-	-	51,686
Deposits from customers	-	419,032	-	-	-	-	-	-	(2,680)	416,352
Other borrowings	-	48,764	-	-	-	-	-	-	-	48,764
Subordinated debt	-	6,399	-	-	-	-	-	-	-	6,399
Current and deferred tax liabilities	2	2,724	395	3,492	424	279	14	458	-	7,788
Other liabilities	3,553	57,870	570	3,156	756	14	84	1,919	(1,544)	66,378
Equity and reserves	71,846	70,580	5,638	11,412	3,090	2,058	145	1,536	(68,671)	97,634
Total liabilities and equity	75,401	725,100	6,603	18,060	4,270	2,351	243	3,913	(72,895)	763,046
At 31 December 2012	72,508	650,470	4,908	13,335	4,066	1,902	203	3,805	(74,378)	676,819

Cost-to-income ratio (%)	-	80.2	50.2	31.5	48.7	4.9	70.1	35.2	8.0	68
Total liabilities (₦million)	3,555	654,520	965	6,648	1,180	293	98	2,377	(4,224)	665,412

Notes to the annual financial statements (continued)

14. Involvement with unconsolidated structured entities

The table below describes the types of structured entities that the group does not consolidate but in which it holds an interest.

Type of structured entity	Nature and purpose	Interest held by the group
Investment funds	To generate fees from managing assets on behalf of third party investors.	Investments in units issued by the funds
	These vehicles are financed through the issue of units to investors.	Management fees

The table below sets out an analysis of the investment funds managed by the group, their assets under management, and the carrying amounts of interests held by the group in the investment funds. The maximum exposure to loss is the carrying amount of the interest held by the group.

		Asset under management		Interest held by the group	
S/N	Group	2013 ₦million	2012 ₦million	2013 ₦million	2012 ₦million
i	Stanbic IBTC Nigerian Equity Fund	14,908	14,111	294	456
ii	Stanbic IBTC Ethical Fund	3,561	3,258	334	332
iii	Stanbic IBTC Iman Fund	127	66	-	-
iv	Stanbic IBTC Guaranteed Investment Fund	2,386	2,371	-	-
v	Stanbic IBTC Money Market Fund	19,787	12,414	471	814
vi	Stanbic IBTC Bond Fund	1,060	1,916	122	115
vii	Stanbic IBTC Balanced Fund	1,073	822	-	-
viii	Stanbic IBTC Aggressive Fund	614	324	-	-
ix	Stanbic IBTC Conservative Fund	680	546	-	-
x	Stanbic IBTC Absolute Fund	1,205	1,353	-	-
Total		45,401	37,181	1,221	1,717

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

15. Other assets

	Group		Company	
	31 Dec 2013 ₦million	31 Dec 2012 ₦million	31 Dec 2013 ₦million	31 Dec 2012 ₦million
Trading settlement assets	1,196	1,103	-	-
Receivable from AMCON in respect of loans sold	-	8,613	-	-
Accrued income	2,407	3,398	-	-
Indirect/withholding tax receivables	609	593	-	-
Accounts receivable	10,071	4,786	657	843
Prepayments	6,467	5,440	396	73
Other debtors	475	738	-	-
	21,225	24,671	1,053	916
Impairment provision on doubtful receivable	(1,396)	(1,900)	(15)	-
	19,829	22,771	1,038	916
Movement in provision for doubtful receivables				
At start of year	1,900	1,067	-	-
Additions/(write back)	1,120	833	15	-
Amount written off	(1,624)	-	-	-
At end of year	1,396	1,900	15	-

16. Current and deferred tax assets

	Group		Company	
	31 Dec 2013 ₦million	31 Dec 2012 ₦million	31 Dec 2013 ₦million	31 Dec 2012 ₦million
Current tax assets	62	43	-	-
Deferred tax assets (note 22.1)	7,654	5,169	118	-
	7,716	5,212	118	-

The directors have determined that based on company's profit forecast, it is probable that there will be future taxable profits against which the tax losses, from which a deferred tax asset has been recognised, can be utilised.

Notes to the annual financial statements (continued)

17. Property and equipment

Group	Leasehold land and buildings ₦million	Motor vehicles ₦million	Furniture, fittings and equipment ₦million	Computer equipment ₦million	Work in progress ₦million	Total ₦million
17.1 Cost						
Balance at 1 January 2013	**19,186**	**481**	**8,318**	**7,792**	**2,401**	**38,178**
Additions	**27**	**60**	**226**	**689**	**3,740**	**4,742**
Disposals	**(105)**	**(120)**	**(99)**	**(70)**	**(27)**	**(421)**
Transfers/reclassifications	**811**	**-**	**166**	**850**	**(1,827)**	**-**
Balance at 31 December 2013	**19,919**	**421**	**8,611**	**9,261**	**4,287**	**42,499**
Balance at 1 January 2012	18,867	643	8,083	5,472	2,337	35,402
Additions	89	26	172	706	1,187	2,180
Disposals	-	(198)	(191)	(287)	(95)	(771)
Transfers/reclassifications	230	10	254	1,901	(1,028)	1,367
Balance at 31 December 2012	19,186	481	8,318	7,792	2,401	38,178
17.2 Accumulated depreciation						
Balance at 1 January 2013	**3,978**	**302**	**5,119**	**4,321**	**-**	**13,720**
Charge for the year	**1,167**	**73**	**1,456**	**1,357**	**-**	**4,053**
Disposals	**(46)**	**(90)**	**(94)**	**(32)**	**-**	**(262)**
Transfers/reclassifications	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2013	**5,099**	**285**	**6,481**	**5,646**	**-**	**17,511**
Balance at 1 January 2012	3,304	289	3,776	3,309	-	10,678
Charge for the year	654	105	1,507	1,144	-	3,410
Disposals	-	(97)	(152)	(119)	-	(368)
Transfers/reclassifications	20	5	(12)	(13)	-	-
Balance at 31 December 2012	3,978	302	5,119	4,321	-	13,720
Net book value:						
31 December 2013	**14,820**	**136**	**2,130**	**3,615**	**4,287**	**24,988**
31 December 2012	15,208	179	3,199	3,471	2,401	24,458

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

Company	Leasehold land and buildings ₦million	Motor vehicles ₦million	Furniture, fittings and equipment ₦million	Computer equipment ₦million	Work in progress ₦million	Total ₦million
17.1 Cost						
Balance at 1 January 2013	**-**	**-**	**-**	**-**	**16**	**16**
Additions	**-**	**-**	**27**	**520**	**2,034**	**2,581**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**
Transfers/reclassifications	**-**	**-**	**5**	**1**	**(6)**	**-**
Balance at 31 December 2013	**-**	**-**	**32**	**521**	**2,044**	**2,597**
Balance at 1 January 2012	-	-	-	-	-	-
Additions	-	-	-	-	16	16
Disposals	-	-	-	-	-	-
Impairments	-	-	-	-	-	-
Transfers/reclassifications	-	-	-	-	-	-
Balance at 31 December 2012	-	-	-	-	16	16
17.2 Accumulated depreciation						
Balance at 1 January 2013	**-**	**-**	**-**	**-**	**-**	**-**
Charge for the year	**-**	**-**	**3**	**22**	**-**	**25**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**
Transfers/reclassifications	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2013	**-**	**-**	**3**	**22**	**-**	**25**
Balance at 1 January 2012						
Charge for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Impairments	-	-	-	-	-	-
Transfers/reclassifications	-	-	-	-	-	-
Balance at 31 December 2012	-	-	-	-	-	-
Net book value:						
31 December 2013	**-**	**-**	**29**	**499**	**2,044**	**2,572**
31 December 2012	-	-	-	-	16	16

Notes to the annual financial statements (continued)

18. Share capital and reserves

	Group		Company	
	2013 ₦million	2012 ₦million	**2013 ₦million**	2012 ₦million
18.1 Authorised				
20,000,000,000 Ordinary shares of 50k each (Dec 2012: 20,000,000,000 Ordinary shares of 50k each)	**10,000**	10,000	**10,000**	10,000
18.2 Issued and fully paid-up				
20,000,000,000 Ordinary shares of 50k each (Dec 2012: 20,000,000,000 Ordinary shares of 50k each)	**5,000**	5,000	**5,000**	5,000
Ordinary share premium	**65,450**	65,450	**65,450**	65,450

All issued shares are fully paid up. Details of directors' interest in shares, the shareholder spread and major shareholders are given in the directors' report on page ii of these financial statements.

18.3 Reserves

a) *Merger reserve*
Merger reserve arose as a result of the implementation of the holding company restructuring. It represents the difference between pre-restructuring share premium/share capital and the post-restructuring share premium/share capital.

b) *Other regulatory reserves*
The other regulatory reserves includes statutory reserve and the small and medium scale industries reserve (SMEEIS) as described below.

(i) *Statutory reserves*
Nigerian banking and pension industry regulations require Stanbic IBTC Bank PLC ("the bank") and Stanbic IBTC Pension Managers Ltd ("SIPML) that are subsidiary entities, to make an annual appropriation to a statutory reserve.

As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. The bank (a subsidiary) transferred 15% of its profit after tax to statutory reserves as at period end.

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

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

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

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

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

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

e) *Share based payment reserve*
This represents obligations under the equity settled portion of the group's share incentive scheme which enables key management personnel and senior employees to benefit from the performance of Stanbic IBTC Holdings Plc and its subsidiaries.

19. Deposit and current accounts

	Group		Company	
	2013 ₦million	2012 ₦million	**2013 ₦million**	2012 ₦million
Deposits from banks	**51,686**	26,632	**-**	-
Deposits from banks	**51,686**	26,632	**-**	-
Deposits from customers	**416,352**	355,419	**-**	-
Current accounts	**198,320**	138,524	**-**	-
Call deposits	**52,927**	22,176	**-**	-
Savings accounts	**19,097**	15,116	**-**	-
Term deposits	**130,940**	167,101	**-**	-
Negotiable certificate of deposits	**15,068**	12,502	**-**	-
Total deposits and current accounts	**468,038**	382,051	**-**	-

Maturity analysis

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

Repayable on demand	**310,915**	203,215	**-**	-
Maturing within 1 month	**87,923**	111,695	**-**	-
Maturing after 1 month but within 6 months	**56,952**	50,320	**-**	-
Maturing after 6 months but within 12 months	**12,209**	16,789	**-**	-
Maturing after 12 months	**39**	32	**-**	-
Total deposits and current accounts	**468,038**	382,051	**-**	-

Notes to the annual financial statements (continued)

Segmental analysis - geographic area

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

	2013		2012	
Group	%	₦million	%	₦million
South South	4	19,990	6	21,246
South West	70	329,755	75	286,795
South East	2	8,310	1	5,347
North West	3	14,666	3	13,326
North Central	11	49,306	7	26,741
North East	1	5,689	1	3,586
Outside Nigeria	9	40,322	7	25,010
Total deposits and current accounts	**100**	**468,038**	100	382,051

20. Other borrowings

	Group		Company	
	2013 ₦million	2012 ₦million	2013 ₦million	2012 ₦million
FMO – Netherland Development Finance Company	3,595	5,865	-	-
European Investment Bank	2,275	2,663	-	-
Bank of Industry	6,479	6,445	-	-
Standard Bank Isle of Man	23,762	40,308	-	-
CBN Commercial Agricultural Credit Scheme (CACS)	12,653	11,592	-	-
	48,764	66,873	-	-

The borrowings relate to on-lending facilities and all have been disbursed.

(i) The bank, a subsidiary company, obtained an on-lending dollar denominated loan of USD75 million from Netherland Development Finance Company (FMO) which expires on 15 January 2015, and has a rate of 2.0% above 6 month's LIBOR. The facility is unsecured.

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

(iii) The bank obtained a Central Bank of Nigeria (CBN) initiated on-lending naira facility from Bank of Industry in September 2010 at a fixed rate of 1% per annum on a tenor based on agreement with individual beneficiary customer. Disbursement of these funds are represented in loans and advances to customers.

(iv) The bank obtained dollar denominated long term on-lending facilities with floating rates tied to LIBOR from Standard Bank Isle of Man with average tenor of 5 years.

(v) The bank obtained an interest free loan from the Central Bank of Nigeria (CBN) for the purpose of on - lending to customers under the Commercial Agricultural Credit Scheme (CACS). The tenor is also based on agreement with individual beneficiary customer. Disbursement of these funds are represented in loans and advances to customers. Based on the structure of the facility, the bank assumes default risk of amount lent to its customers.

Maturity analysis

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

	Group		Company	
	2013 ₦million	2012 ₦million	2013 ₦million	2012 ₦million
Repayable on demand	-	-	-	-
Maturing within 1 month	1,196	3,173	-	-
Maturing after 1 month but within 6 months	308	389	-	-
Maturing after 6 months but within 12 months	1,422	1,463	-	-
Maturing after 12 months	45,838	61,848	-	-
	48,764	66,873	-	-
Movement in other borrowings				
At start of period	66,873	47,618	-	-
Additions	1,095	22,457	-	-
Payments made	(19,204)	(3,202)	-	-
At end of period	**48,764**	66,873	-	-

21. Subordinated debt

	Group		Company	
	2013 ₦million	2012 ₦million	2013 ₦million	2012 ₦million
Standard Bank of South Africa	6,399	-	-	-
	6,399	-	-	-

The bank, a subsidiary company, obtained an unsecured US dollar denominated term subordinated loan facility of USD40 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%.

Notes to the annual financial statements (continued)

22. Current and deferred tax liabilities

	Group 2013 ₦million	Group 2012 ₦million	Company 2013 ₦million	Company 2012 ₦million
Current tax liabilities	**7,532**	4,686	**2**	-
Deferred tax liabilities	**256**	158	**-**	-
	7,788	4,844	**2**	-

22.1 Deferred tax analysis	Group 2013 ₦million	Group 2012 ₦million	Company 2013 ₦million	Company 2012 ₦million
Credit impairment charges	**1,376**	1,154	**-**	-
Property and equipment	**3,838**	2,263	**13**	-
Fair-value adjustments on financial instruments	**(268)**	(173)	**-**	-
Unutilised losses	**1,933**	1,767	**-**	-
Others	**519**	-	**105**	
Deferred tax closing balance	**7,398**	5,011	**118**	-
Deferred tax liabilities	**(256)**	(158)	**-**	-
Deferred tax assets (note 16)	**7,654**	5,169	**118**	-
	7,398	5,011	**118**	-

22.2 Deferred tax reconciliation				
Deferred tax at beginning of the year	**5,011**	2,563	**-**	-
Originating/(reversing) temporary differences for the year:	**2,387**	2,448	**118**	-
Credit impairment charges	**222**	(282)	**-**	-
Property and equipment	**1,575**	1,520	**13**	-
Fair-value adjustments on financial instruments	**(95)**	(557)	**-**	-
Unutilised losses	**166**	1,767	**-**	-
Others	**519**	-	**105**	
Deferred tax at end of the year	**7,398**	5,011	**118**	-

22.3 Current tax laibilities movement				
Current tax liabilities at beginning of the year	**4,686**	5,112	**-**	-
	2,846	(426)	**-**	-
Charge for the year	**6,326**	3,685	**-**	-
Over/under provision - prior year	**59**	(349)	**-**	-
Payment made	**(3,539)**	(3,762)	**-**	-
Current tax liabilities at end of the year	**7,532**	4,686	**-**	-

23. Provisions and Other liabilities

23.1 Summary	Group 2013 ₦million	Group 2012 ₦million	Company 2013 ₦million	Company 2012 ₦million
Trading settlement liabilities	**1,197**	1,070	**-**	-
Cash-settled share-based payment liability (note 28.9)	**1,093**	303	**-**	-
Accrued expenses – Staff	**3,450**	4,172	**506**	-
Deferred revenue liability	**627**	1,152	**-**	-
Accrued expenses – Others	**15,437**	16,076	**2,845**	445
Collections/remmitance payable	**9,669**	5,256	**-**	-
Customer deposit for letters of credit	**5,448**	2,450	**-**	-
Liability on refinanced letters of credit	**12,263**	8,999	**-**	-
Unclaimed balance	**3,974**	3,512	**-**	-
Provision for contigent losses (Note 23.2)	**2,258**	845	**-**	-
Draft and bank cheque payable	**1,687**	1,493	**-**	-
Sundry liabilities	**9,275**	2,929	**202**	560
	66,378	48,257	**3,553**	1,005

23.2 Provision for contingent losses

The group makes provision for contingent losses at the reporting date. Estimates of provisions required are based on advice and recommendation of legal counsel retained by the group. Movement on the provision balance is contained below.

Movement in provision for contigent losses				
Balance at beginning of the year	**845**	586	**-**	-
Net provision made	**1,413**	259	**-**	-
Balance at end of the year	**2,258**	845	**-**	-

Notes to the annual financial statements (continued)

24. 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.

31 December 2013	Note	Held-for-trading ₦million	Designated at fair value ₦million	Loans and receivables ₦million	Available-for-sale ₦million	Other amortised cost ₦million	Total carrying amount ₦million	Fair value[1] ₦million
Assets								
Cash and cash equivalents	7	-	-	120,312	-	-	120,312	120,312
Derivative assets	10	1,526	-	-	-	-	1,526	1,526
Trading assets	9	40,711	-	-	-	-	40,711	40,711
Pledged assets	8	-	-	-	24,733	-	24,733	24,733
Financial investments	11	-	-	-	139,304	-	139,304	139,304
Loans and advances to banks	12	-	-	94,180	-	-	94,180	94,164
Loans and advances to customers	12	-	-	289,747	-	-	289,747	259,076
Other financial assets		-	-	10,346	-	-	10,346	10,346
		42,237	-	514,585	164,037	-	720,859	690,172
Liabilities								
Derivative liabilities	10	1,085	-	-	-	-	1,085	1,085
Trading liabilities	9	66,960	-	-	-	-	66,960	66,960
Deposits from banks	19	-	-	-	-	51,686	51,686	51,692
Deposits from customers	19	-	-	-	-	416,352	416,352	415,625
Subordinated debt	21	-	-	-	-	6,399	6,399	5,721
Other financial liabilities		-	-	-	-	112,257	112,257	112,358
		68,045	-	-	-	580,295	648,340	647,720

Notes to the annual financial statements (continued)

24. Classification of financial instruments (continued)

31 December 2012	Note	Held-for-trading ₦million	Designated at fair value ₦million	Loans and receivables ₦million	Available-for-sale ₦million	Other amortised cost ₦million	Total carrying amount ₦million	Fair value[1] ₦million
Assets								
Cash and cash equivalents	7	-	-	106,680	-	-	106,680	106,680
Derivative assets	10	1,709	-	-	-	-	1,709	1,709
Trading assets	9	114,877	-	-	-	-	114,877	114,877
Pledged assets	8	-	-	-	24,440	-	24,440	24,440
Financial investments	11	-	-	-	85,757	-	85,757	85,757
Loans and advances to banks	12	-	-	24,571	-	-	24,571	24,598
Loans and advances to customers	12	-	-	266,344	-	-	266,344	232,828
Other financial assets		-	-	13,340	-	-	13,340	13,340
		116,586	-	410,935	110,197	-	637,718	604,229
Liabilities								
Derivative liabilities	10	772	-	-	-	-	772	772
Trading liabilities	9	88,371	-	-	-	-	88,371	88,371
Deposits from banks	19	-	-	-	-	26,632	26,632	26,632
Deposits from customers	19	-	-	-	-	355,419	355,419	355,565
Other non-financial liabilities		-	-	-	-	115,130	115,130	109,493
		89,143	-	-	-	497,181	586,324	580,833

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

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

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

Notes to the annual financial statements (continued)

25 Financial instruments measured at fair value

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

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

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

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

Group	Level 1 ₦million	Level 2 ₦million	Level 3 ₦million	Total ₦million
31 December 2013				
Assets				
Derivative assets	-	1,526	-	1,526
Trading assets	51	40,660	-	40,711
Pledged assets	-	24,733	-	24,733
Financial investments	-	139,091	213	139,304
	51	206,010	213	206,274
Comprising:				
Held-for-trading	51	42,186	-	42,237
Designated at fair value	-	-	-	-
Available-for-sale	-	163,824	213	164,037
	51	206,010	213	206,274
Liabilities				
Derivative liabilities	-	1,085	-	1,085
Trading liabilities	-	66,960	-	66,960
	-	68,045	-	68,045
Comprising:				
Held-for-trading	-	68,045	-	68,045
Designated at fair value	-	-	-	-
	-	68,045	-	68,045

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

Group	Level 1 ₦million	Level 2 ₦million	Level 3 ₦million	Total ₦million
31 December 2012				
Assets				
Derivative assets	-	1,709	-	1,709
Trading assets	-	114,877	-	114,877
Pledged assets	-	24,440	-	24,440
Financial investments	-	85,476	281	85,757
	-	226,502	281	226,783
Comprising:				
Held-for-trading	-	116,586	-	116,586
Designated at fair value	-	-	-	-
Available-for-sale	-	109,916	281	110,197
	-	226,502	281	226,783
Liabilities				
Derivative liabilities	-	772	-	772
Trading liabilities	-	88,371	-	88,371
Other financial liabilities	-	-	-	-
	-	89,143	-	89,143
Comprising:				
Held-for-trading	-	89,143	-	89,143
Designated at fair value	-	-	-	-
	-	89,143	-	89,143

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

Notes to the annual financial statements (continued)

26 Offsetting of financial assets and financial liabilities

26.1 Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the group's statement of financial position; or
- are subject to an enforceable master netting agreement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

The group had no offsetting financial assets and liabilities as at year end.

27. Contingent liabilities and commitments

	Group		Company	
	2013 ₦million	2012 ₦million	**2013 ₦million**	2012 ₦million
27.1 Contingent liabilities				
Letters of credit	**20,836**	19,145	**-**	-
Guarantees	**23,779**	25,672	**-**	-
	44,615	44,817	**-**	-

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.

	Group 2013 ₦million	Group 2012 ₦million	Company 2013 ₦million	Company 2012 ₦million
27.2 Capital commitments				
Contracted capital expenditure	**445**	201	**-**	-
Capital expenditure authorised but not yet contracted	**-**	-	**-**	-
	445	201	**-**	-

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

27.3 Legal proceedings

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

There were a total of 147 legal proceedings outstanding as at 31 December 2013. 88 of these were against the group with claims amounting to ₦168.63 billion (31 December 2012: ₦80.61 billion), while 59 other cases were instituted by the group with claims amounting to ₦4.23 billion (31 December 2012: ₦4.9 billion).

The claims against the group are being vigorously defended. It is not expected that the ultimate resolution of any of the proceedings will have a significant adverse effect on the financial position of the group.

28. Supplementary income statement information

	Group		Company	
	2013 ₦million	2012 ₦million	**2013 ₦million**	2012 ₦million
28.1 Interest income				
Interest on loans and advances to banks	**3,152**	352	**-**	-
Interest on loans and advances to customers	**40,234**	43,497	**-**	-
Interest on investments	**19,199**	13,969	**-**	-
	62,585	57,818	**-**	-

All interest income reported above relates to financial assets not carried at fair value through profit or loss.

	Group 2013 ₦million	Group 2012 ₦million	Company 2013 ₦million	Company 2012 ₦million
28.2 Interest expense				
Savings accounts	**373**	200	**-**	-
Current accounts	**694**	580	**-**	-
Call deposits	**2,741**	2,816	**-**	-
Term deposits	**19,599**	18,636	**-**	-
Interbank deposits	**1,105**	1,293	**-**	-
Borrowed funds	**1,060**	739	**-**	-
	25,572	24,264	**-**	-

All interest expense reported above relates to financial assets not carried at fair value through profit or loss.

	Group 2013 ₦million	Group 2012 ₦million	Company 2013 ₦million	Company 2012 ₦million
28.3 Net fee and commission revenue				
Fee and commission revenue	**33,322**	25,754	**728**	-
Account transaction fees	**3,543**	3,495	**-**	-
Card based commission	**1,460**	518	**-**	-
Brokerage and financial advisory fees	**5,028**	3,215	**728**	-
Asset management fees	**16,613**	12,330	**-**	-
Custody transaction fees	**2,508**	1,525	**-**	-
Electronic banking	**241**	161	**-**	-
Foreign currency service fees	**1,299**	1,185	**-**	-
Documentation and administration fees	**1,005**	2,364	**-**	-
Other	**1,625**	961	**-**	-
Fee and commission expense	**(422)**	(186)	**-**	-
	32,900	25,568	**728**	-
28.4 Trading revenue				
Foreign exchange	**6,644**	4,230	**-**	-
Credit	**1,329**	1,617	**-**	-
Interest rates	**6,911**	2,241	**-**	-
Equities	**11**	3	**-**	-
	14,895	8,091	**-**	-

Notes to the annual financial statements (continued)

Supplementary income statement information (continued)	**Group**		**Company**	
28.5 Other revenue	**2013 ₦million**	2012 ₦million	**2013 ₦million**	2012 ₦million
Dividend income	**98**	112	**8,320**	1,250
Other	**326**	85	**89**	-
	424	197	**8,409**	1,250
28.6 Credit impairment charges				
Net credit impairments raised and released for loans and advances	**3,219**	7,320	**-**	-
Recoveries on loans and advances previously written off	**(552)**	(425)	**-**	-
	2,667	6,895	**-**	-
Comprising:				
Net specific credit impairment charges	**1,922**	6,391	**-**	-
Specific credit impairment charges (note 12.3)	**2,474**	6,816	**-**	-
Recoveries on loans and advances previously written off	**(552)**	(425)	**-**	-
Portfolio credit impairment charges/(reversal) (note 12.3)	**745**	504	**-**	-
	2,667	6,895	**-**	-
28.7 Staff costs – banking activities				
Salaries and allowances	**22,393**	19,421	**456**	21
Staff cost: below-market loan adjustment	**245**	327	**-**	-
Equity-linked transactions (note 28.9)	**1,213**	205	**-**	-
	23,851	19,953	**456**	21
28.8 Other operating expenses				
Information technology	**3,517**	3,143	**-**	-
Communication	**755**	709	**-**	-
Premises and maintenance	**3,428**	4,192	**-**	-
Marketing and advertising	**2,658**	1,765	**-**	-
Insurance	**5,543**	3,366	**42**	-
Professional fees	**4,467**	6,057	**107**	-
Depreciation	**4,053**	3,410	**25**	-
Stationery and printing	**774**	797	**10**	-
Security	**1,169**	903	**-**	-
Travel and entertainment	**1,382**	1,112	**30**	-
Provision on contingent and other known losses	**2,533**	1,092	**-**	-
Administration and membership fees	**661**	196	**-**	-
Training	**680**	462	**-**	-
Other	**2,477**	1,946	**251**	176
	34,097	29,150	**465**	176

The following disclosable items are included in other operating expenses:	**Group**		**Company**	
	2013 ₦million	2012 ₦million	**2013 ₦million**	2012 ₦million
Auditors' remuneration	**200**	189	**15**	12
Audit fees	**200**	152	**15**	12
Current year	**200**	152	**15**	12
Fees for other services	**-**	37	**-**	-
Depreciation	**4,053**	3,410	**25**	-
Property	**1,167**	654	**-**	-
- Freehold	**28**	28	**-**	-
- Leasehold	**1,139**	626	**-**	-
Equipment	**2,886**	2,756	**25**	-
- Computer equipment	**1,357**	1,144	**22**	-
- Motor vehicles	**73**	105	**-**	-
- Office equipment	**103**	109	**3**	-
- Furniture and fittings	**1,353**	1,398	**-**	-
Operating lease charges	**949**	1,153	**3**	-
Properties	**949**	1,153	**3**	-
Equipment	**-**	-	**-**	-
Loss (profit) on sale of property and equipment	**33**	(49)	**-**	-

Notes to the annual financial statements (continued)

28.9 Share-based payment transactions

The group operates a number of share- based payment arrangements under which the entity receives services from employees as a consideraion for equity instrument of the group or cash settlement based on equity instrument of the group.

At 31 December 2013, the group had the following share-based arrangements.

(a) Share appreciation rights based on equity instrument of Stanbic IBTC Holdings PLC (Stanbic IBTC Equity Growth Scheme) - cash settled

(b) Share options and appreciation rights based on equity instrument of Standard Bank Group (Parent company share incentive schemes) - equity settled.

(c) Deferred bonus scheme.

The expenses and liabilities recognised in respect of the share based arrangements are as follows:

Expenses recognised in staff costs	2013 ₦million	2012 ₦million
Stanbic IBTC Equity Growth Scheme	908	-
Parent company share incentive schemes	73	67
Deferred bonus scheme (DBS)	232	138
	1,213	205
Liabilities recognised in other liabilities		
Stanbic IBTC Equity Growth Scheme	1,159	303
Deferred bonus scheme	380	156
	1,539	459

**The Parent company share incentive scheme is equity settled. As such, a corresponding increase in equity has been recognised. See Statement of changes in equity for further details.

(a) Stanbic IBTC Equity Growth Scheme

On 1 March 2010 and 1 March 2011, the group granted share appreciation rights to key management personnel that entitles the employees to cash value determined based on the increase in share price of Stanbic IBTC Holdings PLC between grant date and exercise date.

The object and purpose of the scheme is to promote an identity of interest between the group and its senior employees, to attract, retain and motivate skilled and competent personnel with high potential to influence the direction, growth and profitability of the group by enhancing leadership commitment and drive to grow the group market value and position in support of shareholder interests.

The provision in respect of liabilities under the scheme amounts to NGN1,159 million at 31 December 2013.

The terms and conditions of the grants are as follows.

Vesting category	Year	% vesting	Expiry
Type A	3, 4, 5	50, 75, 100	10 Years

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

	Units	
Reconciliation	**2013**	2012
Units outstanding at beginning of the year	219,110,923	410,832,980
Granted	-	-
Transferred out	-	(191,722,057)
Forfeited	(42,829,525)	-
Exercised	(18,011,971)	-
Lapsed	-	-
Units outstanding at end of the year	158,269,427	219,110,923

The fair value of share appreciation rights is determined using Black-Scholes formula. The inputs used in the measurement of their fair value were as follows:

	2013	2012
Weighted average fair value at grant date (Naira) - Rights granted 1 March 2010***	15.30	15.30
Weighted average fair value at grant date (Naira) - Rights granted 1 March 2011***	20.06	20.06
Expected life (years)	5.07	5.07
Expected volatility (%)	37.34	47.00
Risk-free interest rate (%)	13.09	16.00
Dividend yield (%)	3.75	4.00

*During 2012, the underlying shares on which the Scheme is based was changed to that of Stanbic IBTC Holdings PLC following the holding company restructuring executed in 2012.

Notes to the annual financial statements (continued)

(b) Parent company share incentive schemes

Share options and appreciation rights

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

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

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

(b)(i) Group Share Incentive Scheme - Share options

	Option price range		Number of options	
	(ZAR) 2013	(Naira)	2013	2012
Options outstanding at beginning of the period			469,000	1,100,000
Transfers	40,65-111,94	615.44-1,694.77	219,900	(580,950)
Exercised	40,65-111,94	615.44-1,694.77	(161,400)	(39,100)
Lapsed	62,39-111,94	944.58-1,694.77	(90,950)	(10,950)
Options outstanding at the end of the period			436,550	469,000

The weighted average SBG share price for the period to 31 December 2013 was ZAR115,39 (NGN1,747) (December 2012: ZAR110.19 (NGN2,034.11)).

The following options granted to employees had not been exercised at 31 December 2013:

	Option price range		Weighted average price		Option expiry period
No. of ordinary shares	(ZAR)	(Naira)	(ZAR)	(Naira)	
4,600	79,50	1,203.63	79,50	1,203.63	Year to 31 Dec 2016
7,800	98,00	1,483.72	98,00	1,483.72	Year to 31 Dec 2017
131,500	92,00	1,392.88	92,00	1,392.88	Year to 31 Dec 2018
55,100	62,39	944.58	62,39	944.58	Year to 31 Dec 2019
122,550	104,53 - 111,94	1,582.58-1,694.77	106,24	1,608.47	Year to 31 Dec 2020
115,000	98,80 - 103.03	1,495.83-1,559.87	99,72	1,509.76	Year to 31 Dec 2021
436,550					

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

	Option price range		Weighted average price		Option expiry period
No. of ordinary shares	(ZAR)	(Naira)	(ZAR)	(Naira)	
4,500	79,50	1463,6	79,50	1463,60	Year to 31 Dec 2016
13,200	98,00	1804,18	98,00	1804,18	Year to 31 Dec 2017
122,300	92,00	1693,72	92,00	1693,72	Year to 31 Dec 2018
64,000	62,39 - 97,15	1148,60 -1788,53	67,46	1241,94	Year to 31 Dec 2019
192,500	104,53 - 111,94	1924,40 - 2060,82	108,44	1996,38	Year to 31 Dec 2020
72,500	98,80	1818,91	99,80	1837,32	Year to 31 Dec 2021
469,000					

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

	Appreciation right price range		Number of rights	
	2013 (ZAR)	2013 (Naira)	2013	2012
Rights outstanding at beginning of the year			134,725	492,875
Transfers	62,39 - 111,94	944.58 - 1,694.77	111,025	(308,900)
Exercised[1]	62,39 - 111,94	944.58 - 1,694.77	(47,062)	(12,000)
Lapsed	62,39	944.58	(1,250)	37,250
Rights outstanding at end of the year[2]			197,438	134,725

[1] *During the period SBG 12 225 (December 2012: 2 131) shares were issued to settle the appreciated rights value.*

[2] *At 31 December 2013 the group would need to issue 68 217 (December 2012: 40 397) SBG shares to settle the outstanding appreciated rights value.*

The following rights granted to employees had not been exercised at 31 December 2013:

	Price range		Weighted average price		
Number of rights	(ZAR)	(Naira)	(ZAR)	(Naira)	Expiry period
11,000	65,60	-	65,60	993.18	Year to 31 December 2015
22,500	79,50	-	79,50	1,203.63	Year to 31 December 2016
19,563	98,00	-	98,00	1,483.72	Year to 31 December 2017
34,500	92,00	-	92,00	1,392.88	Year to 31 December 2018
64,250	62,39 -82,50	-	65,05	991.67	Year to 31 December 2019
33,125	111,94	-	111,94	1,694.77	Year to 31 December 2020
12,500	98,80	-	98,80	1,495.83	Year to 31 December 2021
197,438					

Notes to the annual financial statements (continued)

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

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

(c) Deferred bonus scheme (DBS)

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

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

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

The provision in respect of liabilities under the scheme amounts to ₦91 million (31 December 2012: ₦45 million) and the amount charged for the year was NGN46 million (December 2012: NGN27 Million).

Reconciliation	Units 2013	Units 2012
Units outstanding at beginning of the year	**34,494**	35,612
Granted	**-**	-
Exercised	**-**	-
Lapsed	**(1,012)**	(1,118)
Units outstanding at end of the year	**33,482**	34,494

	2013	2012
Weighted average fair value at grant date (R)	**87.93**	87.93
Expected life (years)	**3.00**	3.00
Risk-free interest rate (%)	**5.54**	4.92

Deferred bonus scheme 2012 (DBS 2012)

In 2012, changes were made to the DBS to provide for a single global incentive deferral scheme accross the Standard Bank Group (SBG). The purpose of the Deferred Bonus Scheme 2012 is to encourage a longer-term outlook in business decision-making and closer alignment of performance with long-term value creation.

All employees granted an annual performance award over a threshold have part of their award deferred. The award is indexed to the SBG's share price and accrues notional dividends during the vesting period, which are payable on vesting. The awards vest in three equal amounts at 18 months, 30 months and 42 months from the date of award. The final payout is determined with reference to the SBG's share price on vesting date.

The provision in respect of liabilities under the scheme amounts to NGN 289 million (December 2012: NGN111 million) and the amount charged for the period was NGN 141 million (December 2012: NGN111 million).

Reconciliation	Units 2013	Units 2012
Units outstanding at beginning of the year	**147,807**	-
Granted	**132,481**	157,768
Exercised	**(48,807)**	-
Lapsed	**(1,368)**	(9,961)
Units outstanding at end of the year	**230,113**	147,807

	2013	2012
Weighted average fair value at grant date (R)	**115.51**	108.90
Expected life (years)	**2.51**	2.51
Risk-free interest rate (%)	**5.54**	4.84

29. Emoluments of Stanbic IBTC Holdings PLC directors

	2013 ₦million	2012 ₦million
Executive directors		
Emoluments of directors in respect of services rendered[1]:		
While directors of Stanbic IBTC Holdings PLC		
- as directors of the company and/or subsidiary companies	**73**	265
- otherwise in connection with the affairs of Stanbic IBTC Holdings PLC or its subsidiaries	**-**	-
Non-executive directors		
Emoluments of directors in respect of services rendered:		
While directors of Stanbic IBTC Holdings PLC		
- as directors of the company and/or subsidiary companies	**178**	74
- otherwise in connection with the affairs of Stanbic IBTC Holdings PLC or its subsidiaries	**-**	-
Pensions of directors and past directors	**2**	4
	253	343

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

Notes to the annual financial statements (continued)

30. Taxation

	Group		Company	
	2013 ₦million	2012 ₦million	**2013 ₦million**	2012 ₦million
Indirect taxation (note 30.1)	**223**	314	**38**	125
Direct taxation (note 30.2)	**3,844**	1,255	**(116)**	-
	4,067	1,569	**(78)**	125
30.1 Indirect taxation				
Value added tax	**223**	101	**38**	-
Witholding tax	**-**	213	**-**	125
	223	314	**38**	125
30.2 Direct taxation				
Current year	**3,844**	1,255	**(116)**	-
Current tax	**6,326**	3,685	**2**	-
Deferred tax	**(2,482)**	(2,430)	**(118)**	-
	3,844	1,255	**(116)**	-
Income tax recognised in other comprehensive income	**-**	-	**-**	-
Deferred tax	**-**	-	**-**	-
Current tax	**-**	-	**-**	-
Direct taxation per the income statement	**3,844**	1,255	**(116)**	-

30.3 Rate reconciliation

	Group		Company	
	2013 %	2012 %	**2013 %**	2012 %
Rate reconciliation including indirect and direct tax				
The total tax charge for the year as a percentage of profit before taxation	**16**	11	**(1)**	11
Information technology levy	**(1)**	(1)	**-**	-
Education tax	**(1)**	(1)	**-**	-
The corporate tax charge for the year as a percentage of profit before tax	**14**	9	**(1)**	11
Tax relating to prior years	**1**	5	**-**	-
Net tax charge	**15**	14	**(1)**	11
The charge for the year has been reduced/(increased) as a consequence of:				
Dividend received	**-**	-	**31**	19
Income from government securities	**16**	16	**-**	-
Other non-taxable income	**-**	-	**-**	-
Other permanent differences	**(1)**	-	**-**	-
Standard rate of tax	**30**	30	**30**	30

30.4 Income tax recognised in other comprehensive income

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

Group	Before tax ₦million	Tax (expense) /benefit ₦million	Net of tax ₦million
31 December 2013			
Net change in fair value of available-for-sale financial assets	**408**	**-**	**408**
Realised fair value adjustments on available-for-sale financial assets transferred to profit or loss	**(153)**	**-**	**(153)**
	255	**-**	**255**
31 December 2012			
Net change in fair value of available-for-sale financial assets	3,645	-	3,645
Realised fair value adjustments on available-for-sale financial assets transferred to profit or loss	269	-	269
	3,914	-	3,914

31. Earnings per ordinary share

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

	Group		Company	
	2013 ₦million	2012 ₦million	**2013 ₦million**	2012 ₦million
Earnings based on weighted average shares in issue				
Earnings attributable to ordinary shareholders (₦million)	**18,610**	8,868	**8,332**	-
Weighted average number of ordinary shares in issue (number of shares)				
Weighted average number of ordinary shares in issue	**10,000**	17,626	**10,000**	-
Basic earnings per ordinary share (kobo)	**186**	50	**83**	-

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.

Notes to the annual financial statements (continued)

32. Statement of cash flows notes

	Group		Company	
	2013 ₦million	2012 ₦million	2013 ₦million	2012 ₦million
32.1 Decrease/(increase) in income-earning assets				
Net derivative assets	496	1,395	-	-
Trading assets	74,166	(48,401)	-	-
Pledged assets	(293)	(4,939)	-	-
Loans and advances	(95,679)	(38,588)	-	-
Other assets	2,942	(11,472)	(122)	(916)
	(18,368)	(102,005)	(122)	(916)
32.2 Increase/(decrease) in deposits and other liabilities				
Deposit and current accounts	85,987	82,264	-	-
Trading liabilities	(21,411)	25,198	-	-
Other liabilities and provisions	17,570	(7,217)	2,548	1,004
	82,146	100,245	2,548	1,004
32.3 Cash and cash equivalents				
Cash and cash equivalents (note 7)	120,312	106,680	2,722	2,625
Cash and cash equivalents at end of the year	120,312	106,680	2,722	2,625

33. Related party transactions

33.1 Parent and ultimate controlling party

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

33.2 Subsidiaries

Details of effective interest in subsidiaries are disclosed in Note 13.

33.3 Key management personnel

Key management personnel includes: members of the Stanbic IBTC Holdings PLC board of directors and Stanbic IBTC Holdings PLC executive committee. The definition of key management includes close members of key management personnel and any entity over which key management exercise control, joint control or significant influence. Close family members are those family members who may influence, or be influenced by that person in their dealings with Stanbic IBTC Holdings PLC. They include the person's domestic partner and children, the children of the person's domestic partner, and dependents of the person or the person's domestic partner.

	2013 ₦million	2012 ₦million
Key management compensation		
Salaries and other short-term benefits	699	613
Post-employment benefits	43	49
Value of share options and rights expensed	310	67
	1,052	729

The transactions below are entered into in the normal course of business.		
Loans and advances		
Loans outstanding at the beginning of the year	422	207
Net movement during the year	(207)	215
Loans outstanding at the end of the year	215	422

Loans include mortgage loans, instalment sale and finance leases and credit cards. No specific impairments have been recognised in respect of loans granted to key management (2012: nil). The mortgage loans and instalment sale and finance leases are secured by the underlying assets. All other loans are unsecured.

	2013 ₦million	2012 ₦million
Deposit and current accounts		
Deposits outstanding at beginning of the year	574	1,161
Net movement during the year	143	(587)
Deposits outstanding at end of the year	717	574

Deposits include cheque, current and savings accounts.

Investments

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

Investment products	2013 ₦million	2012 ₦million
Balance at the beginning of the year	46	62
Net movement during the year	(22)	(16)
Balance at the end of the year	24	46
Net investment return	13.36%	18.95%

Shares and share options held		
Aggregate number of share options issued to Stanbic IBTC key management personnel:		
Share options held (Stanbic IBTC Holdings PLC scheme)	158,269,427	219,110,923
Share options held (ultimate parent company schemes)	436,550	469,000

Notes to the annual financial statements (continued)

33.4 Transactions with Ultimate Holding company (Standard Bank Group)	2013 ₦million	2012 ₦million
Revenue		
Trading revenue	592	11
Net interest income	580	(759)
Total revenue earned	1,172	(748)
Loans		
Loans outstanding at the beginning of the year	25,647	11,021
Net loans received during the year	(4,255)	14,626
Loans outstanding at the end of the year	21,392	25,647
Deposits		
Deposits outstanding at the beginning of the year	49,248	79,755
Net deposits received/(repaid) during the year	50,008	(30,507)
Deposits outstanding at the end of the year	99,256	49,248

Notes to the annual financial statements (continued)

34. Director and staff related exposures

The group has some exposures in terms of loans and advances to customers that are related to its directors and employees. These facilities were granted at rates and terms comparable to other facilities. There were no non-performing director related exposures as at balance sheet date.

Below is a list of directors and staff related lending as at balance sheet date.

Schedule of directors and staff related credits

Name of Company/Individual	Relationship	Name of related interest	Facility type	Date granted	Expiry date	Approved credit limit ₦000	Outstanding plus accrued interest	Status	Interest rate	Perfected security: Security nature	Perfected security: Security value ₦000
Nigeria Breweries Plc	Chairman	Atedo Peterside	Term loan	23 Aug 2013	19 Feb 2014	2,000,000	2,083,258	Performing	11.02%	Negative Pledge	-
Nigeria Breweries Plc	Chairman	Atedo Peterside	Term loan	6 Sep 2013	5 Mar 2014	2,000,000	2,076,932	Performing	11.02%	Negative Pledge	-
Golden Sugar Company Limited	Chairman	Atedo Peterside	Advance	23 Dec 2013	22 Jan 2014	51,804	51,853	Performing	3.76%	Debenture on Fixed and Floating Asset	2,150,000
Golden Sugar Company Limited	Chairman	Atedo Peterside	Advance	16 Dec 2013	14 Feb 2014	88,080	86,227	Performing	7.00%	Debenture on Fixed and Floating Asset	2,150,000
Golden Sugar Company Limited	Chairman	Atedo Peterside	Overdraft	21 Nov 2013	9 Jan 2014	901,592	426,067	Performing	5.80%	Debenture on Fixed and Floating Asset	2,150,000
Golden Sugar Company Limited	Chairman	Atedo Peterside	Term Loan	24 Oct 2013	22 Jan 2014	38,903	39,182	Performing	15.00%	Debenture on Fixed and Floating Asset	2,150,000
Golden Sugar Company Limited	Chairman	Atedo Peterside	Term Loan	17 Dec 2012	23 May 2016	1,594,400	1,424,511	Performing	15.00%	Debenture on Fixed and Floating Asset	2,152
Golden Sugar Company Limited	Chairman	Atedo Peterside	Term Loan	13 Jul 2012	13 Jul 2022	1,854,000	1,859,689	Performing	15.00%	Debenture on Fixed and Floating Asset	2,152
Golden Sugar Company Limited	Chairman	Atedo Peterside	Term Loan	1 Dec 2013	31 Dec 2013	5,081,218	4,086,967	Performing	15.00%	Debenture on Fixed and Floating Asset	2,152
Apapa Bulk Terminal Limited	Chairman	Atedo Peterside	Overdraft	13 Mar 2013	12 Mar 2014	480,000	318,162	Performing	15.00%	Negative Pledge	-
Flour Mills of Nigeria Plc	Chairman	Atedo Peterside	Advance	24 Sep 2013	22 Jan 2014	174,059	175,854	Performing	3.75%	Negative Pledge	-
Chartered Institute of Stock Brokers	Director	Yinka Sanni	VAF	6 Jan 2011	31 Dec 2014	3,080	1,379	Performing	26.00%	Asset Financed	3,080
Chartered Institute of Stock Brokers	Director	Yinka Sanni	VAF	6 Jan 2011	31 Dec 2014	3,080	1,379	Performing	26.00%	Asset Financed	3,080
Chartered Institute of Stock Brokers	Director	Yinka Sanni	VAF	6 Jan 2011	31 Dec 2014	3,080	1,379	Performing	26.00%	Asset Financed	3,080
Chartered Institute of Stock Brokers	Director	Yinka Sanni	VAF	6 Jan 2011	31 Dec 2014	5,856	2,617	Performing	26.00%	Asset Financed	5,856
MTN Nigeria Communication Ltd	Ex-Non Executive Director	Ahmed I Dasuki	Term Loan	30 Mar 2012	31 Dec 2015	15,000,000	7,478,491	Performing	14.34%	Negative Pledge	-
MTN Nigeria Communication Ltd	Ex-Non Executive Director	Ahmed I Dasuki	Term Loan	22 May 2013	30 Nov 2019	2,500,000	1,669,339	Performing	14.04%	Negative Pledge	-
PPC Limited	Ex-Non Executive Director	Sam U Unuigbe/Ahmed I Dasuki	VAF	20 Jan 2012	29 Jan 2015	3,488	1,554	Performing	24.00%	Asset Financed	3,488
PPC Limited	Ex-Non Executive Director	Sam U Unuigbe/Ahmed I Dasuki	VAF	20 Jan 2012	29 Jan 2015	3,488	1,554	Performing	24.00%	Asset Financed	3,488
PPC Limited	Ex-Non Executive Director	Sam U Unuigbe/Ahmed I Dasuki	VAF	20 Jan 2012	29 Jan 2015	3,488	1,554	Performing	24.00%	Asset Financed	3,488
PPC Limited	Ex-Non Executive Director	Sam U Unuigbe/Ahmed I Dasuki	VAF	20 Jan 2012	29 Jan 2015	3,638	1,621	Performing	24.00%	Asset Financed	3,638
PPC Limited	Ex-Non Executive Director	Sam U Unuigbe/Ahmed I Dasuki	VAF	20 Jan 2012	29 Jan 2015	3,638	1,621	Performing	24.00%	Asset Financed	3,638
PPC Limited	Ex-Non Executive Director	Sam U Unuigbe/Ahmed I Dasuki	VAF	20 Jan 2012	29 Jan 2015	3,638	1,621	Performing	24.00%	Asset Financed	3,638
Lilian Ifeoma Esiri	Ex-Non Executive Director	Ifeoma Esiri	Credit Card	15 Apr 2013	15 Apr 2016	7,178	72	Performing	30.00%		-
Atedo Peterside	Chairman	Atedo Peterside	Credit Card	15 Apr 2013	15 Apr 2016	7,178	139	Performing	30.00%		-
Various Staff	Staff	Various Staff	Staff Loan			8,441,925	6,056,957	Performing			
					Total	40,256,811	27,851,979				8,642,930

Notes to the annual financial statements (continued)

Off balance sheet engagements

Name of Company	Relationship	Name of related interest	Facility type	Outstanding ₦000	Status
Golden Sugar Company Limited	Chairman	Atedo Peterside	Bond and Guarantee	268,000	Performing
Flour Mills of Nigeria	Chairman	Atedo Peterside	Letters of credit	12,124	Performing
Golden Sugar Company Limited	Chairman	Atedo Peterside	Letters of credit	15,711	Performing
Cadbury Nigeria PLC	Chairman	Atedo Peterside	Letters of credit	836	Performing
Cadbury Nigeria PLC	Chairman	Atedo Peterside	Letters of credit	168	Performing
Cadbury Nigeria PLC	Chairman	Atedo Peterside	Letters of credit	854	Performing
			Total	297,695	

35. Retirement benefit obligations

The group operates a defined contribution pension scheme in line with the provisions of the Pension Reform Act 2004, with contributions based on the sum of employees' basic salary, housing and transport allowances in the ratio 7.5% by the employee and 7.5% by the employer. The amount contributed by the group and remitted to the Pension Fund Administrators during the period was ₦1,397 million (2012: ₦1,444 million).

The group's contribution to this scheme is charged to the income statement in the period to which it relates. Contributions to the scheme are managed by Stanbic IBTC Pension Managers Limited, and other appointed pension managers on behalf of the beneficiary staff in line with the provisions of the Pension Reform Act. Consequently, the group has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to meet the related obligations to employees.

36. Employees and Directors

a) Employees

	Group	
	2013 Number	2012 Number
The average number of persons employed by the group during the year by category:		
Executive directors	**5**	5
Management	**429**	454
Non-management	**1,643**	1,694
	2,077	2,153
Below ₦1,000,001	**-**	5
₦1,000,001– ₦2,000,000	**13**	61
₦2,000,001– ₦3,000,000	**345**	574
₦3,000,001– ₦4,000,000	**91**	358
₦4,000,001– ₦5,000,000	**545**	359
₦5,000,001– ₦6,000,000	**341**	182
₦6,000,001 and above	**742**	614
	2,077	2,153

c) Disclosure on diversity in employment

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

i) Persons with disability:
The group continues to maintain a policy of giving fair consideration to applications for employment made by disabled persons with due regard to their abilities and aptitude.

ii) Gender diversity within the group

	31 December 2013		31 December 2012	
	Workforce	**% of gender composition**	Workforce	% of gender composition
Total workforce:				
Women	**830**	**40%**	884	41%
Men	**1,247**	**60%**	1,269	59%
	2,077	**100%**	2,153	100%
Recruitments made during the year:				
Women	**94**	**32%**	44	41%
Men	**200**	**68%**	64	59%
	294	**100%**	108	100%
Diversity of members of board of directors – Number of Board members				
Women	**3**	**23%**	3	21%
Men	**10**	**77%**	11	79%
	13	**100%**	14	100%
Diversity of board executives – Number of Executive directors to Chief executive officer				
Women	**1**	**20%**	1	20%
Men	**4**	**80%**	4	80%
	5	**100%**	5	100%
Diversity of senior management team – Number of Assistant General Manager to General Manager				
Women	**23**	**28%**	21	27%
Men	**60**	**72%**	56	73%
	83	**100%**	77	100%

Annexure A: Statement of value added

	Group				Company			
	2013		2012		**2013**		2012	
	₦million	**%**	₦million	%	**₦million**	**%**	₦million	%
Gross earnings	**111,226**		91,860		**9,137**		1,250	
Interest paid:								
local	**(24,393)**		(22,971)		**-**		-	
foreign	**(1,179)**		(1,293)		**-**		-	
	(25,572)		(24,264)		**-**		-	
Administrative overhead:								
local	**(27,238)**		(21,051)		**(440)**		(3)	
foreign	**(3,228)**		(4,875)		**-**		(48)	
	(30,466)		(25,926)		**(440)**		(51)	
Provision for losses	**(2,667)**		(6,895)		**-**		-	
Value added	**52,521**	**100**	34,775	100	**8,697**	**100**	1,199	
Distribution								
Employees and Directors								
Salaries and benefits	**23,851**	**45**	19,953	57	**456**	**5**	21	2
Government								
Taxation	**3,844**	**7**	1,255	4	**(116)**	**(1)**	125	10
The Future								
Asset replacement (depreciation)	**4,053**		3,410		**25**		-	-
Expansion (retained in the business)	**20,773**		10,157		**8,332**		1,053	-
Total	**24,826**	**47**	13,567	39	**8,357**	**96**	1,053	88
	52,521	**99**	34,775	100	**8,697**	**100**	1,199	100

Annexure B: Financial summary

	Group				Company		
	2013 ₦million	2012 ₦million	2011 ₦million	2010 ₦million	**2013 ₦million**	2012 ₦million	2011 ₦million
Assets							
Cash and cash equivalents	**120,312**	106,680	30,074	10,048	**2,722**	2,625	-
Derivative assets	**1,526**	1,709	3,081	263	**-**	-	-
Trading assets	**40,711**	114,877	66,476	70,886	**-**	-	-
Pledged assets	**24,733**	24,440	19,501	18,573	**-**	-	-
Financial investments	**139,304**	85,757	88,877	29,203	**-**	-	-
Loans and advances to banks	**94,180**	24,571	46,051	33,291	**-**	-	-
Loans and advances to customers	**289,747**	266,344	256,720	176,679	**-**	-	-
Current and deferred tax assets	**7,716**	5,212	2,668	1,696	**118**	-	-
Deferred tax assets	**-**	-	-	-	**-**	-	-
Equity Investment in group companies	**-**	-	-	-	**68,951**	68,951	-
Other assets	**19,829**	22,771	11,299	16,375	**1,038**	916	-
Intangible assets	**-**	-	5,036	4,559	**-**	-	-
Property and equipment	**24,988**	24,458	24,724	25,645	**2,572**	16	-
	763,046	676,819	554,507	387,218	**75,401**	72,508	-
Equity and liabilities							
Share capital	**5,000**	5,000	9,375	9,375	**5,000**	5,000	-
Reserves	**90,562**	78,341	70,492	76,227	**66,846**	66,503	-
Non-controlling interest	**2,072**	2,310	1,911	1,376	**-**	-	
Derivative liabilities	**1,085**	772	749	-	**-**	-	-
Trading liabilities	**66,960**	88,371	63,173	50,116	**-**	-	-
Deposits from banks	**51,686**	26,632	12,545	6,232	**-**	-	-
Deposits from customers	**416,352**	355,419	287,242	186,118	**-**	-	-
Other borrowings	**48,764**	66,873	47,618	18,272	**-**	-	-
Subordinated debt	**6,399**	-	-	-	**-**	-	-
Current and deferred tax liabilities	**7,788**	4,844	5,187	4,703	**2**	-	-
Other liabilities	**66,378**	48,257	56,215	34,799	**3,553**	1,005	-
	763,046	676,819	554,507	387,218	**75,401**	72,508	-
Acceptances and guarantees	**44,615**	44,817	37,752	14,861	**-**	-	-

Annual report and financial statements

	Group				Company		
	2013 ₦million	2012 ₦million	2011 ₦million	2010 ₦million	**2013 ₦million**	2012 ₦million	2011 ₦million
Income Statement							
Net operating income	**85,232**	67,410	55,247		**9,137**	1,250	-
Operating expenses and provisions	**(60,392)**	(55,998)	(45,141)		**(921)**	(72)	-
Profit before tax	**24,617**	11,412	10,106		**8,216**	1,178	-
Taxation	**(4,067)**	(1,255)	(3,463)		**-**	(125)	-
Profit after taxation	**20,773**	10,157	6,643		**8,216**	1,053	-
Profit attributable to :							
Non-controlling interests	**2,163**	1,289	976		**-**	-	-
Equity holders of the parent	**18,610**	8,868	5,667		**8,216**	1,053	-
Profit for the period	**20,773**	10,157	6,643		**8,216**	1,053	-
Statistical Information							
Earnings per share (EPS) - basic/diluted	**186k**	50k	30k		**83k**	11k	-