STANBIC IBTC HOLDINGS PLC

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 MARCH 2018

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STANBIC IBTC HOLDINGS PLC

Interim consolidated and separate statement of financial position as at 31 March 2018

		Group		Company	
	Note	31 Mar. 2018 N'million	31 Dec. 2017 N'million	31 Mar. 2018 N'million	31 Dec. 2017 N'million
Assets					
Cash and cash equivalents	5	425,025	401,348	7,285	7,545
Pledged assets	9	48,016	43,240	-	-
Trading assets	7	185,338	151,479	-	-
Derivative assets	6	12,050	11,052	-	-
Financial investments	8	280,567	316,641	1,688	1,625
Asset held for sale		-	114		
Loans and advances	10	354,701	381,711	-	-
Loans and advances to banks	10	16,732	9,623	-	-
Loans and advances to customers	10	337,969	372,088	-	-
Other assets	11	68,555	49,442	2,143	2,148
Equity investment in group companies		-	-	85,539	85,539
Property and equipment		21,633	21,883	442	517
Intangible asset		800	605	-	-
Deferred tax assets		8,572	8,901	-	-
Total assets		1,405,257	1,386,416	97,097	97,374
Equity and liabilities					
Equity		195,955	185,218	93,222	92,654
Equity attributable to ordinary shareholders		192,207	182,060	93,222	92,654
Ordinary share capital		5,025	5,025	5,025	5,025
Ordinary share premium		66,945	66,945	66,945	66,945
Reserves		120,237	110,090	21,252	20,684
Non-controlling interest		3,748	3,158	-	
Liabilities		1,209,302	1,201,198	3,875	4,720
Trading liabilities	7	64,985	62,449	-	-
Derivative liabilities	6	5,241	2,592	-	-
Current tax liabilities		15,318	12,240	224	157
Deposits and current accounts	12	904,274	815,363	-	-
Deposits from banks	12	126,605	61,721	-	-
Deposits from customers	12	777,669	753,642	-	-
Other borrowings	13	68,130	74,892	-	-
Subordinated debt	14	28,908	29,046	-	-
Provisions	16	12,439	12,979	-	-
Other liabilities	15	109,882	191,517	3,651	4,563
Deferred tax liabilities		125	120	-	-
Total equity and liabilities		1,405,257	1,386,416	97,097	97,374

Yinka Sanni
Chief Executive
FRC/2013/CISN/00000001072
20 April 2018

Adekunle Adedeji
Chief Financial Officer
FRC/2013/ICAN/00000001137
20 April 2018

Basil Omiyi
Director
FRC/2016/IODN/00000014093
20 April 2018

The accompanying notes form an integral part of these financial statements.

STANBIC IBTC HOLDINGS PLC

Interim consolidated and separate statement of profit or loss for the three months period ended 31 March 2018

	Note	Group		Company	
		31-Mar-18 N'million	31-Mar-17 N'million	**31-Mar-18 N'million**	31-Mar-17 N'million
Gross earnings		**57,389**	47,022	**711**	9,097
Net interest income		**18,851**	18,880	**-**	(782)
Interest income	21.1	**29,528**	26,841	**-**	9
Interest expense	21.2	**(10,677)**	(7,961)	**-**	(791)
Non-interest revenue		**27,732**	20,106	**711**	9,088
Net fee and commission revenue	21.3	**17,847**	13,194	**647**	241
Fee and commission revenue	21.3	**17,976**	13,269	**647**	241
Fee and commission expense	21.3	**(129)**	(75)	**-**	-
Trading revenue	21.4	**9,562**	6,651	**-**	-
Other revenue	21.5	**323**	261	**64**	8,847
Total income		**46,583**	38,986	**711**	8,306
Credit impairment charges	21.6	**5,114**	(3,327)	**-**	-
Income after credit impairment charges		**51,697**	35,659	**711**	8,306
Operating expenses		**(25,007)**	(17,033)	**(75)**	(403)
Staff costs		**(10,275)**	(7,234)	**(161)**	(202)
Other operating expenses	21.7	**(14,732)**	(9,799)	**86**	(201)
Profit before tax		**26,690**	18,626	**636**	7,903
Income tax	21.8	**(3,623)**	(2,552)	**(68)**	149
Profit for the period		**23,067**	16,074	**568**	8,052
Profit attributable to:					
Non-controlling interests		**618**	547	**-**	-
Equity holders of the parent		**22,449**	15,527	**568**	8,052
Profit for the period		**23,067**	16,074	**568**	8,052
Earnings per share					
Basic /diluted earnings per ordinary share (kobo)	22	**223**	155	**6**	81

The accompanying notes form an integral part of these financial statements.

STANBIC IBTC HOLDINGS PLC

Interim consolidated and separate statement of comprehensive income for the three months period ended 31 March 2018

	Note	Group		Company	
		31-Mar-18 N'million	31-Mar-17 N'million	**31-Mar-18 N'million**	31-Mar-17 N'million
Profit for the period		**23,067**	16,074	**568**	8,052
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		**-**	897		
Realised fair value adjustments on available-for-sale financial assets reclassified to income statement		**-**	(46)		
Net change in fair value of financial assets at FVOCI		**(2,135)**	-	**-**	-
Realised fair value adjustments on financial assets at FVOCI reclassified to income statement		**(73)**	-	**-**	-
Expected credit loss on debt financial assets at FVOCI		**7**			
		(2,201)	851	**-**	-
Other comprehensive income for the period, net of tax		**(2,201)**	851	-	-
Total comprehensive income for the period		**20,866**	16,925	**568**	8,052
Total comprehensive income attributable to:					
Non-controlling interests		**587**	541	**-**	-
Equity holders of the parent		**20,279**	16,384	**568**	8,052
		20,866	16,925	**568**	8,052

The accompanying notes form an integral part of these financial statements.

STANBIC IBTC HOLDINGS PLC

Statement of changes in equity
for the three months period ended 31 March 2018

Group	note	Ordinary share capital N'million	Share premium N'million	Merger reserve N'million	Statutory credit risk reserve N'million	Available-for-sale revaluation reserve N'million	Share-based payment reserve N'million	Other regulatory reserves N'million	Retained earnings N'million	Ordinary shareholders' equity N'million	Non-controlling interest N'million	Total equity N'million
Balance at 31 December 2017		5,025	66,945	(19,123)	-	5,192	29	40,911	83,081	182,060	3,158	185,218
Impact of IFRS 9 adjustments						45			(10 177)	(10 132)		(10 132)
Balance at 1 January 2018		5,025	66,945	(19,123)	-	5,237	29	40,911	72,904	171,928	3,158	175,086
Total comprehensive income for the period						(2,170)		-	22,449	20,279	587	20,866
Profit for the period									22,449	22,449	618	23,067
Other comprehensive income after tax for the period						(2,170)		-		(2,170)	(31)	(2,201)
Net change in fair value on financial assets at FVOCI						(2,104)				(2,104)	(31)	(2,135)
Realised fair value adjustments on financial assets at FVOCI						(73)				(73)		(73)
Expected credit loss on debt financial assets at FVOCI						7				7		7
Statutory credit risk reserve									-			-
Transactions with shareholders, recorded directly in equity		-					-		-	-	-	-
Equity-settled share-based payment transactions							-			-		-
Dividends paid to equity holders										-	-	-
Balance at 31 March 2018		**5,025**	**66,945**	**(19,123)**	**-**	**3,067**	**29**	**40,911**	**95,353**	**192,207**	**3,745**	**195,952**
Balance at 1 January 2017		5,000	65,450	(19,123)	1,025	942	36	33,615	50,157	137,102	3,696	140,798
Total comprehensive income/(loss) for the period						857			15,527	16,384	542	16,926
Profit for the period									15,527	15,527	547	16,074
Other comprehensive income/(loss) after tax for the period						857				857	(5)	852
Net change in fair value on available-for-sale financial assets						903				903	(5)	898
Realised fair value adjustments on available-for-sale financial assets						(46)				(46)		(46)
Statutory credit risk reserve									-	-	-	-
Transactions with shareholders, recorded directly in equity		-	-	-	-	-	-	-	(500)	(500)	(1,176)	(1,676)
Equity-settled share-based payment transactions		-	-	-	-	-	-	-	-	-		-
Dividends paid to equity holders									(500)	(500)	(1,176)	(1,676)
Balance at 31 March 2017		5,000	65,450	(19,123)	1,025	1,799	36	33,615	65,184	152,986	3,062	156,048

The accompanying notes form an integral part of these financial statements.

STANBIC IBTC HOLDINGS PLC

Statement of changes in equity
for the three months period ended 31 March 2018

Company	Ordinary share capital N'million	Share premium N'million	Available-for-sale revaluation reserve N'million	Share-based payment reserve N'million	Other regulatory reserves N'million	Retained earnings N'million	Ordinary shareholders' equity N'million
Balance at 1 January 2018	5,025	66,945	-	4	-	20,680	92,654
Total comprehensive income for the period			-			568	568
Profit for the period	-	-	-	-	-	568	568
							-
Transactions with shareholders, recorded directly in equity	-	-	-	-	-	-	-
Equity-settled share-based payment transactions			-		-	-	-
Dividends paid to equity holders						-	-
Balance at 31 March 2018	5,025	66,945	-	4	-	21,248	93,222
Balance at 1 January 2017	5,000	65,450	-	9	-	1,901	72,360
Total comprehensive income/(loss) for the period			-			8,052	8,052
Profit for the period	-	-	-	-	-	8,052	8,052
							-
Transactions with shareholders, recorded directly in equity	-	-	-	2	-	-	2
Equity-settled share-based payment transactions			-	2	-	-	2
Dividends paid to equity holders	-	-	-	-	-	-	-
Balance at 31 March 2017	5,000	65,450	-	11	-	9,953	80,414

The accompanying notes form an integral part of these financial statements.

STANBIC IBTC HOLDINGS PLC

Interim consolidated and separate statement of cash flows for the three months period ended 31 March 2018

	Note	Group		Company	
		31-Mar-18 N million	31-Mar-17 N million	**31-Mar-18 N million**	31-Mar-17 N million
Net cash flows from operating activities		**(2,937)**	28,313	**(190)**	7,857
Cash flows used in operations		**(21,510)**	9,879	**(186)**	(963)
Profit before tax		**26,690**	18,626	**636**	7,903
Adjusted for:		**(22,725)**	(14,892)	**82**	(7,965)
Credit impairment charges on loans and advances	21.6	**(5,114)**	3,327	**-**	-
Depreciation and amortisation	21.7	**1,112**	1,001	**82**	77
Dividends included in other revenue	21.5	**85**	-	**-**	(8,824)
Equity-settled share-based payments		**-**	-	**-**	-
Interest expense		**10,677**	7,961	**-**	791
Interest income		**(29,528)**	(26,841)	**-**	(9)
Non-cash flow movements to subordinated debt/ other borrowings		**(138)**	(313)	**-**	-
Loss/(profit) on sale of property and equipment		**181**	(27)	**-**	-
Increase in income-earning assets	17.1	**(34,089)**	(95,146)	**5**	(158)
Increase in deposits and other liabilities	17.2	**8,614**	101,291	**(909)**	(743)
Dividends received		**(85)**	-	**-**	8,824
Interest paid		**(10,677)**	(8,274)	**-**	-
Interest received		**29,528**	26,841	**(4)**	5
Direct taxation paid		**(193)**	(133)	**-**	(9)
Net cash flows used in investing activities		**22,503**	(28,094)	**(70)**	(93)
Capital expenditure on - property		**(532)**	(15)	**-**	-
- equipment, furniture and vehicles		**(324)**	(668)	**(7)**	(62)
Proceeds from sale of property, equipment, furniture and vehicles		**(382)**	44	**-**	-
Sale of /(Investment in) financial investment securities, net		**23,741**	(27,455)	**(63)**	(31)
Net cash flows used in financing activities		**(6,762)**	(14,566)	**-**	(7,000)
Net decrease in other borrowings		**(6,762)**	(12,890)	**-**	(6,500)
Dividends paid		**-**	(1,676)	**-**	(500)
Proceed from issue of shares		**-**	-	**-**	-
Net increase in cash and cash equivalents		**12,805**	(14,347)	**(260)**	764
Effect of exchange rate changes on cash and cash equivalents		**756**	443	**-**	-
Cash and cash equivalents at beginning of the period		**230,009**	191,761	**7,545**	1,768
Cash and cash equivalents at end of the period	17.3	**243,570**	177,857	**7,285**	2,532

The accompanying notes form an integral part of these financial statements.

Notes to the condensed consolidated interim financial statements
for the three months period ended 31 March 2018

1 Reporting entity
Stanbic IBTC Holdings PLC (the 'company') is a company domiciled in Nigeria. The address of the company is IBTC Place, Plot 1C Walter Carrington Crescent, Victoria Island, Lagos. The condensed consolidated interim financial statements as at and for the three months period ended 31 March 2018 comprise the company and its subsidiaries (together referred to as the 'group'). The group is primarily involved in the provision of banking and other financial services to corporate and individual customers.

2 Basis of preparation

(a) Statement of compliance
The condensed consolidated interim financial statements for the period ended 31 March 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the last annual consolidated financial statements as at and for the year ended 31 December 2017.

This condensed consolidated interim financial statements for the period ended 31 March 2018 does not include all the information required for full annual financial statements prepared in accordance with International Financial reporting Standards (IFRS), and should be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2017.

This is the first set of the group's financial statements where IFRS 15 and IFRS 9 have been applied. Changes to significant accounting policies are described in note 3.

The condensed consolidated interim financial statements for the period ended 31 March 2018 was approved by the Board of Directors on 20 April 2018.

(b) Basis of measurement
The condensed consolidated interim financial statements for the period ended 31 March 2017 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 condensed consolidated interim 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 condensed consolidated interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

3 Statement of significant accounting policies
Except as described below, the accounting policies applied by the group in preparation of these condensed interim financial statements are consistent with those applied by the group in the preparation of its consolidated annual financial statements for the year ended 31 December 2017.

3 Statement of significant accounting policies (continued)

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

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

3.1 Revenue from Contracts with Customers

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

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

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

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

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

(ii) *Asset management fee*: Fee is based on daily net asset of the fund or performance of the fund at the end of the quarter. The impact of IFRS 15 on accounting treatment has been assessed to be immaterial.

(iii) *Insurance fees and commission*: This include administrative and brokerages fees charges on insurance related products. The impact of IFRS 15 on accounting treatment has been assessed to be immaterial.

3.2 IFRS 9 Financial Instruments

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

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

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

The following table summarises the impact, net of tax, of transition to IFRS 9 on the opening balance of reserves, retained earnings and non-controlling interest (NCI).

3.2 IFRS 9 Financial Instruments (continued)

Impact of adoption of IFRS 9 on opening balance

In Nmillion	**As reported at 31 December 2017**	**Adjustment on adoption of IFRS 9**	**Adjusted opening balance as at 01 January 2018**
Retained earnings	83,081	(10,173)	72,908
Other reserves	27,009	45	27,054
NCI	3,158	(4)	3,154

The adjustment resulted from adoption of impairment requirement of IFRS 9.

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

Classification and measurement of financial assets and financial liabilities

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

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

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

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

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

3.2 IFRS 9 Financial Instruments (continued)

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

In Nmillion	Note	Original classification under IAS 39	New Classification under IFRS 9	Original carrying Value under IAS 39 at inital application date	New carrying Value under IFRS 9 at inital application date	Transitional adjustment
Financial assets						
Cash and cash equivalents						
Coins and bank notes	(a)	Loans and receivables	FVTPL default	36,853	36,853	-
Balances with central bank - Cash reserve	(b)	Loans and receivables	FVTPL default	27,467	27,467	-
Balances with central bank - others		Loans and receivables	Amortised cost	150,523	150,523	-
Current balances with banks within Nigeria		Loans and receivables	Amortised cost	519	519	-
Current balances with banks outside Nigeria		Loans and receivables	Amortised cost	185,986	185,986	-
Derivative assets		Held-for-trading	FVTPL	11,052	11,052	-
Trading assets		Held-for-trading	FVTPL	151,479	151,479	-
Pledged assets		Held-for-trading	FVTPL	10,769	10,769	-
Pledged assets		Available-for-sale	FVOCI - debt instrument	32,471	32,471	-
Financial investments						
Government bonds		Available-for-sale	FVOCI - debt instrument	1,530	1,530	-
Treasury bills		Available-for-sale	FVOCI - debt instrument	301,995	301,995	-
Corporate bonds		Available-for-sale	FVOCI - debt instrument	1,079	1,079	-
Unlisted equities	(c)	Available-for-sale	FVOCI - equity instrument	2,274	2,274	-
Mutual funds and unit-linked investments	(d)	Available-for-sale	FVTPL default	9,763	9,763	-
Loans and advances to banks		Loans and receivables	Amortised cost	9,623	9,623	-
Loans and advances to customers		Loans and receivables	Amortised cost	372,088	362,527	9,561
Other assets		Loans and receivables	Amortised cost	41,427	41,427	-
Total financial assets				**1,346,898**	**1,337,337**	**9,561**

3.2 IFRS 9 Financial Instruments (continued)

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

(a) Coins and bank notes categorised as loans and receivable under IAS 39 are classified as FVTPL under IFRS 9 as, based on group's assessment, they do not meet the criteria for classification as amortised cost.

(b) Similar to coins and bank notes, cash reserve with central bank is classified as FVTPL under IFRS 9 given that it attracts below market interest rate and therefore does not meet the criteria for classification as amortised cost.

(c) Unlisted equities represent investment that the group intend to hold for long term strategic purposes. As permitted by IFRS 9, the group has designated these investment at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

(d) Mutual funds and unit linked investments are interests in investment vehicles holding mix of debt instruments, equity, and cash. Given thus nature, the investment did not meet the IFRS 9 criteria for classification as FVOCI or amortised cost. As such, they have been classified under IFRS 9 as FVTPL.

Impairment of financial assets

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

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

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

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

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

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

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

3.2 IFRS 9 Financial Instruments (continued)

Impairment of financial assets (continued)

Significant increase in credit risk or low credit risk
The assessment of significant increase in credit risk for the group's retail exposures (PBB) will be based on changes in a customer's credit score and for the group's corporate exposures (CIB) on changes in internal credit ratings, together with the expected outlook for the specific sector and industry and other relevant available information. For both the group's PBB and CIB exposures, the determination will be set to identify significant deterioration in credit risk before the exposure reaches a past due status of 30 days.

Exposures for which there is a significant increase in credit risk but for which the credit risk is low remain in stage one. Exposures are generally considered to have a low credit risk where there is a low risk of default, the exposure has a strong capacity to meet its contractual cash flow obligations and adverse changes in economic and business conditions are unlikely to reduce the exposure's ability to fulfil its contractual obligations.

Forward-looking information
In determining whether there has been a significant increase in credit risk and in determining the expected credit loss calculation, IFRS 9 requires the consideration of forward-looking information. The determination of significant increase in credit risk is required to include consideration of all reasonable and supportable information available without undue cost or effort. This information will typically include forward-looking information based on expected macro-economic conditions and specific factors that are expected to impact individual portfolios.

The incorporation of forward-looking information represents a significant change from IAS 39 requirements which are based on observable events. The use of such forward-looking information will increase the use of management judgement and is expected to increase the volatility of impairment provisions as a result of continuous changes in future expectations. The forward-looking framework is based on the group's economic expectations, industry and sub-sector-specific expectations, as well as expert management judgement.

Default
While default is not specifically defined by IFRS 9, the group has aligned the determination of default with its existing internal credit risk management definitions and approaches. Default is determined as occurring at the earlier of:
• when either, based on objective evidence, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as realisation of security; or
• when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit).
In some cases, additional specific criteria are set according to the nature of the lending product.

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

The following drivers underline the ECL determination for the group.

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

Lifetime credit losses for exposures that exhibit a significant increase in credit risk: IFRS 9 requires a lifetime loss to be recognised for exposures for which there has been a significant increase in credit risk.

3.2 IFRS 9 Financial Instruments (continued)

Impairment of financial assets (continued)

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

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

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

Impact of the new impairment model

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

Amounts in Nmillions

Impairment allowance as at 31 December 2017 under IAS 39	**31,764**
Additional impairment recognised at 01 January 2018 on:	**10,132**
Loans and advances to customer	9,561
Debt instruments at FVOCI	(106)
Cash and cash equivalents	2
Loan commitments and financial guarantee contracts	675
Impairment allowance as at 01 January 2018 under IFRS 9	**41,896**

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

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

4 Segment reporting

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

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

An operating segment is a component of the group engaged in business activities from which it can earn revenues, whose operating results are regularly reviewed by the group's executive management in order to make decisions about resources to be allocated to segments and assessing segment performance. The group’s identification of segments and the measurement of segment results is based on the group’s internal reporting to management. Segment results include customer-facing activities and support functions.

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated interim financial statements (continued)
for the three months period ended 31 March 2018

4 Segment reporting

Operating segments

	Personal & Business Banking		Corporate & Investment Banking		Wealth		Eliminations		Group	
	31 Mar. 2018 N million	31 Mar. 2017 N million	31 Mar. 2018 N million	31 Mar. 2017 N million	31 Mar. 2018 N million	31 Mar. 2017 N million	31 Mar. 2018 N million	31 Mar. 2017 N million	31 Mar. 2018 N million	31 Mar. 2017 N million
Net interest income	7,820	8,377	9,467	9,624	1,564	879	-	-	18,851	18,880
Non-interest revenue	4,108	3,369	14,491	9,543	10,474	7,887	(1,341)	(693)	27,732	20,106
Total income	11,928	11,746	23,958	19,167	12,038	8,766	(1,341)	(693)	46,583	38,986
Credit impairment charges	1,368	(1,509)	3,729	(1,818)	17	-		-	5,114	(3,327)
Income after credit impairment charges	13,296	10,237	27,687	17,349	12,055	8,766	(1,341)	(693)	51,697	35,659
Operating expenses in banking activities	(11,036)	(9,438)	(11,728)	(6,104)	(3,584)	(2,184)	1,341	693	(25,007)	(17,033)
Staff costs	(5,593)	(4,255)	(3,099)	(1,997)	(1,583)	(982)	-	-	(10,275)	(7,234)
Other operating expenses	(5,443)	(5,183)	(8,629)	(4,107)	(2,001)	(1,202)	1,341	693	(14,732)	(9,799)
Profit before direct taxation	2,260	799	15,959	11,245	8,471	6,582	-	-	26,690	18,626
Direct taxation	(265)	(16)	(865)	(331)	(2,493)	(2,205)	-	-	(3,623)	(2,552)
Profit for the period	1,995	783	15,094	10,914	5,978	4,377	-	-	23,067	16,074

		Group		Company	
		31 Mar. 2018 N'million	31 Dec. 2017 N'million	**31 Mar. 2018 N'million**	31 Dec. 2017 N'million
5	**Cash and cash equivalents**				
	Coins and bank notes	**56,255**	36,853	**-**	-
	Balances with central bank	**245,330**	177,990	**-**	-
	Current balances with banks within Nigeria	**1,470**	519	**7,285**	7,545
	Current balances with banks outside Nigeria	**121,970**	185,986	**-**	-
		425,025	401,348	**7,285**	7,545

Balances with central bank include cash reserve of N160,639 million (Dec. 2017: N150,523 million) and special intervention fund of N20,817 million (Dec. 2017: N20,817 million) that are not available for use by the group on a day to day basis. These restricted cash balances are held with Central Bank of Nigeria (CBN).

6 Derivative assets and liabilities

		Group		Company	
		31 Mar. 2018 N'million	31 Dec. 2017 N'million	**31 Mar. 2018 N'million**	31 Dec. 2017 N'million
6.1	**Derivative assets**				
	Foreign exchange derivatives	**3,817**	4,038	**-**	-
	Forwards	**3,817**	4,038	**-**	-
	Options	**-**	-	**-**	-
	Interest rate derivatives	**8,233**	7,014	**-**	-
	Forwards	**-**	-	**-**	-
	Swaps	**8,233**	7,014	**-**	-
	Total derivative assets	**12,050**	11,052	**-**	-

Growth in derivative assets was driven by increase in volume of transactions during the period.

		Group		Company	
		31 Mar. 2018 N'million	31 Dec. 2017 N'million	**31 Mar. 2018 N'million**	31 Dec. 2017 N'million
6.2	**Derivative liabilities**				
	Foreign exchange derivatives	**-**	2,583	**-**	-
	Forwards	**-**	2,583	**-**	-
	Options	**-**	-	**-**	-
	Interest rate derivatives	**5,241**	9	**-**	-
	Forwards	**-**	-	**-**	-
	Swaps	**5,241**	9	**-**	-
	Total derivative liabilities	**5,241**	2,592	**-**	-

Growth in derivative liabilities reflects increase in volume of foreign exchange forward contracts during the period.

7 Trading assets and trading liabilities

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

	Group		Company	
	31 Mar. 2018	31 Dec. 2017	**31 Mar. 2018**	31 Dec. 2017
	N million	N million	**N million**	N million
7.1 Trading assets				
Classification				
Listed	**178,338**	143,195	**-**	-
Unlisted	**7,000**	8,284	**-**	-
	185,338	151,479	**-**	-
Comprising:				
Government bonds	**1,399**	2,930	**-**	-
Treasury bills	**176,939**	140,265	**-**	-
Listed equities	**-**	-	**-**	-
Placements	**7,000**	8,284	**-**	-
	185,338	151,479	**-**	-

Increase in trading assets was driven by additional long positions in treasury bills.

	Group		Company	
	31 Mar. 2018	31 Dec. 2017	**31 Mar. 2018**	31 Dec. 2017
	N million	N million	**N million**	N million
7.2 Trading liabilities				
Classification				
Listed	**64,030**	52,451	**-**	-
Unlisted	**955**	9,998	**-**	-
	64,985	62,449	**-**	-
Comprising:				
Government bonds (short positions)	**825**	657	**-**	-
Repurchase agreements	**-**	-	**-**	-
Deposits	**955**	9,998	**-**	-
Treasury bills (short positions)	**63,204**	51,794	**-**	-
	64,984	62,449	**-**	-

Growth in trading liabilities relates to short position from treasury billls and government bonds.

		Group		Company	
		31 Mar. 2018	31 Dec. 2017	**31 Mar. 2018**	31 Dec. 2017
		N million	N million	**N million**	N million
8	**Financial investments**				
		280,567	316,641	**1,688**	1,625
	Short - term negotiable securities	**259,167**	301,995	**-**	**-**
	Listed	**259,167**	301,995	-	-
	Unlisted	**-**	-	-	-
	Other financial investments	**21,400**	14,646	**1,688**	**1,625**
	Listed	**18,053**	11,293	1,688	1,625
	Unlisted	**3,347**	3,353	-	-
		280,567	316,641	**1,688**	**1,625**

Decrease in financial investments relates to treasury bills maturities close to end of the period.

		Group		Company	
8.1	**Comprising:**				
	Government bonds	**1,565**	1,530	**-**	-
	Treasury bills	**259,167**	301,995	**-**	-
	Corporate bonds	**965**	1,079	**-**	-
	Unlisted equities	**2,382**	2,274	**-**	-
	Mutual funds and unit-linked investments	**16,488**	9,763	**1,688**	1,625
		280,567	316,641	**1,688**	1,625

		Group		Company	
		31 Mar. 2018	31 Dec. 2017	**31 Mar. 2018**	31 Dec. 2017
		N million	N million	**N million**	N million
9	**Pledged assets**				
9.1	**Pledged assets**				
	Financial assets that may be repledged or resold by counterparties				
	Treasury bills	**48,016**	43,240	**-**	-
		48,016	**43,240**	**-**	**-**

The growth in pledged assets relates to assets pledged with FMDQ in respect of initial margin on OTC FX futures transactions

		Group		Company	
		31 Mar. 2018	31 Dec. 2017	**31 Mar. 2018**	31 Dec. 2017
		N million	N million	**N million**	N million
10	**Loans and advances**				
	Loans and advances net of impairments				
10.1	**Loans and advances to banks**	**16,732**	9,623	**-**	-
	Placements	**16,732**	9,623	**-**	-
10.2	**Loans and advances to customers**	**337,969**	372,088	**-**	-
	Gross loans and advances to customers	**375,600**	403,852	-	-
	Mortgage loans	**6,524**	7,426	**-**	-
	Instalment sale and finance leases	**12,924**	13,520	**-**	-
	Card debtors	**1,171**	1,192	**-**	-
	Overdrafts and other demand loans	**59,251**	50,785	**-**	-
	Others loans and advances	**295,730**	330,929	**-**	-
	Credit impairments for loans and advances	**(37,631)**	(31,764)	**-**	-
	Specific credit impairments	**(21,318)**	(20,916)	**-**	-
	Portfolio credit impairments	**(16,313)**	(10,848)	**-**	-
	Net loans and advances	**354,701**	381,711	**-**	-

The decrease in loans and advances to customers relates to net repayments and slower origination of new loans due to less benign economic environment.

10.3 Analysis of gross loans and advances to customers by performance

31 March 2018

Gross carryin value- *In Nmillions*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
PBB	**116,095**	**17,360**	**18,202**	**151,657**
Mortgage loans	4,220	853	1,452	6,525
Instalment sale and finance leases	4,183	3,175	4,183	11,541
Card debtors	696	138	334	1,168
Overdrafts and other demand loans	20,275	3,820	1,325	25,420
Others term loans	86,721	9,374	10,908	107,003
CTB	**166,809**	**38,321**	**18,813**	**223,943**
Corporate lending	166,809	38,321	18,813	223,943
	282,904	**55,681**	**37,015**	**375,600**

31 Dec 2017

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

	Group		Company	
	31 Mar. 2018	31 Dec. 2017	**31 Mar. 2018**	31 Dec. 2017
11	**N million**	N million	**N million**	N million
Other assets				
Trading settlement assets	**43,604**	12,742	**-**	-
Due from group companies	**929**	15	**999**	1,365
Accrued income	**1,078**	1,027	**-**	-
Indirect / withholding tax receivables	**1,474**	1,360	**410**	409
Accounts receivable	**14,520**	31,626	**266**	11
Receivable in respect of unclaimed dividends	**1,301**	250	**-**	250
Prepayments	**11,335**	6,655	**575**	219
Other debtors	**897**	799	**-**	-
	75,138	54,474	**2,249**	2,254
Impairment on doubtful recoveries	**(6,583)**	(5,032)	**(106)**	(106)
	68,555	**49,442**	**2,143**	2,148

The increase in other assets is mainly due to increase in unsettled trades and AMCON insurance premium included in prepayments. The decrease in account receivable is due to settlement in the normal course of business.

	Group		Company	
	31 Mar. 2018	31 Dec. 2017	**31 Mar. 2018**	31 Dec. 2017
	N million	N million	**N million**	N million
12 Deposits and current accounts				
Deposits from banks	**126,605**	61,721	**-**	-
Other deposits from banks	**126,605**	61,721	**-**	-
Deposits from customers	**777,669**	753,642	**-**	-
Current accounts	**356,720**	322,440	**-**	-
Call deposits	**108,794**	75,480	**-**	-
Savings accounts	**52,417**	48,444	**-**	-
Term deposits	**259,738**	307,278	**-**	-
Total deposits and current accounts	**904,274**	815,363	**-**	-

Growth in deposits and current accounts represents increase in inflows from wholesale customer deposits as well as retail transactional balances.

	Group		Company	
	31 Mar. 2018	31 Dec. 2017	**31 Mar. 2018**	31 Dec. 2017
	N million	N million	**N million**	N million
13 Other borrowings				
On-lending borrowings	**68,130**	74,892	**-**	**-**
FMO - Netherland Development Finance Company	**18,907**	18,369	**-**	-
African Development Bank	**590**	543	**-**	-
Nigeria Mortgage Refinance Company	**1,653**	1,669		
Bank of Industry	**2,956**	3,116	**-**	-
Standard Bank Isle of Man	**33,429**	40,406	**-**	-
CBN Commercial Agricultural Credit Scheme (CACS)	**10,595**	10,789	**-**	-
	68,130	74,892	**-**	-

The decrease in other borrowings mainly relates to repayment during the period in line with contractual terms of each facility.

The group has not had any default of principal, interest or any other breaches with respect to its other borrowings during the period (2017: Nil).

	Group		Company	
	31 Mar. 2018	31 Dec. 2017	**31 Mar. 2018**	31 Dec. 2017
	N million	N million	**N million**	N million
14 Subordinated debt				
(i) Subordinated fixed rate notes- Naira denominated	**15,127**	15,636	**-**	-
(ii) Subordinated floating rate notes -Naira denominated	**100**	104	**-**	-
(iii) Subordinated debt - US dollar denominated	**13,681**	13,306	**-**	-
	28,908	29,046	**-**	-

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

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

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

The group has not had any default of principal, interest or any other convenant breaches with respect to its debt securities during the year ended 31 March 2018 (2017: Nil).

	Group		Company	
	31 Mar. 2018	31 Dec. 2017	**31 Mar. 2018**	31 Dec. 2017
	N million	N million	**N million**	N million
15 Other liabilities				
Trading settlement liabilities	**36,741**	13,250	**-**	-
Cash-settled share-based payment liability	**3,221**	2,308	**251**	105
Accrued expenses - Staff	**3,757**	6,163	**725**	1,071
Deferred revenue	**3,548**	4,690	**-**	-
Accrued expenses - Others	**4,527**	4,735	**1,008**	1,252
Due to group companies	**709**	17	**(45)**	227
Collections / remmitance payable	**15,891**	58,824	**76**	-
Customer deposit for letters of credit	**20,168**	47,077	**-**	-
Unclaimed balance	**1,991**	1,973	**-**	7
Payables to suppliers and asset management clients	**5,024**	8,042	**8**	-
Draft & bank cheque payable	**1,698**	2,007	**-**	-
Electronic channels settlement liability	**3,980**	4,344	**-**	1,475
Unclaimed dividends liability	**1,475**	1,475	**1,475**	
Clients cash collateral for derivative transactions	**1,913**	22,443	**-**	-
Sundry liabilities	**5,239**	14,169	**153**	280
	109,882	191,517	**3,651**	4,563

Decline in other liabilities is majorly on account of reduction in collections payable and cash collateral for both letters of credit and derivative transactions.

16 Provisions

	Legal	Taxes & levies	Interest cost on judgment debt	Penalties & fines	Total
31 March 2018	**N million**	**N million**	**N million**	**N million**	**N million**
Balance at 1 January 2018	7293	5,686	-	-	**12,979**
Provisions made during the year	47	150			**197**
Provisions used during the year	(10)	(727)			**(737)**
Provisions reversed during the year	-	-			**-**
Balance at 31 March 2018	**7,330**	**5,109**	**-**	**-**	**12,439**

	Legal	Taxes & levies	Interest cost on judgment debt	Penalties & fines	Total
31 December 2017	**N million**	**N million**	**N million**	**N million**	**N million**
Balance at 1 January 2017	8,040	1,541	1,000	-	10,581
Provisions made during the year	250	5,189		-	5,439
Provisions used during the year	(96)	(1,044)	-	-	(1,140)
Provisions reversed during the year	(901)	-	(1,000)	-	(1,901)
Balance at 31 December 2017	**7,293**	**5,686**	**-**	**-**	**12,979**

(a) Legal

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

(b) Taxes & levies

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

(c) Interest cost on judgment debt

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

	Group		Company	
	31 Mar. 2018	31 Mar. 2017	**31 Mar. 2018**	31 Mar. 2017
	N million	N million	**N million**	N million
17 Statement of cash flows notes				
17.1 Decrease/(increase) in income-earning assets				
Net derivative assets	**1,651**	(5,436)	**-**	-
Trading assets	**(33,859)**	(81,184)	**-**	-
Pledged assets	**(4,776)**	(10,190)	**-**	-
Loans and advances	**32,124**	17,459	**-**	-
Other assets	**(19,113)**	(969)	**5**	(158)
Restriced balance with the Central Bank	**(10,116)**	(14,826)	**-**	-
	(34,089)	(95,146)	**5**	(158)
17.2 Increase/(decrease) in deposits and other liabilities				
Deposit and current accounts	**88,911**	63,587	**-**	-
Trading liabilities	**2,536**	40,678	**-**	-
Other liabilities and provisions	**(82,833)**	(2,974)	**(909)**	(743)
	8,614	101,291	**(909)**	(743)

17.3 Cash and cash equivalents - Statement of cash flows

	Group 31 Mar. 2018	Group 31 Mar. 2017	Company 31 Mar. 2018	Company 31 Mar. 2017
Cash and cash equivalents (note 5)	**425,025**	302,272	**7,285**	2,532
Less: restricted balance with the Central Bank of Nigeria	**(181,455)**	(124,416)	**-**	-
Cash and cash equivalents at end of the period	**243,570**	177,856	**7,285**	2,532

Notes to the condensed consolidated interim financial statements (continued)
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18 Classification of financial instruments
Accounting classifications and fair values

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

	Note	Fair Value Through P&L	Amortised cost	Fair Value Through OCI	Other amortised cost	Total carrying amount	Fair value [1]
		N million	N million	N million	N million	N million	N million
31 March 2018							
Assets							
Cash and cash equivalents	5	-	-	-	425,025	425,025	425,025
Derivative assets	6	12,050	-	-	-	12,050	12,050
Trading assets	7	185,338	-	-	-	185,338	185,338
Pledged assets	9		-	48,016	-	48,016	48,016
Financial investments	8	-	-	280,567	-	280,567	280,567
Loans and advances to banks	10	-	16,732	-	-	16,732	16,732
Loans and advances to customers	10	-	337,969	-	-	337,969	317,691
Other assets (see note a below)		-	242,468	-	-	242,468	242,468
		197,388	354,701	328,583	425,025	1,548,165	1,527,887
Liabilities							
Derivative liabilities	6	5,241	-	-	-	5,241	5,241
Trading liabilities	7	64,985	-	-	-	64,985	64,985
Deposits from banks	12	-	-	-	126,605	126,605	126,605
Deposits from customers	12	-	-	-	777,669	777,669	783,502
Subordinated debt		-	-	-	28,908	28,908	26,306
Other borrowings		-	-	-	68,130	68,130	64,042
Other liabilities (see note b below)		-	-	-	94,829	94,829	94,829
		70,226	-	-	999,103	1,069,329	1,075,162

(a) Other assets presented in the table above comprise financial assets only. The following items have been excluded: prepayment and indirect/withholding tax receivable.

(b) Other liabilities presented in the table above comprise financial liabilities only. Deferred revenue was excluded.

Notes to the condensed consolidated interim financial statements (continued)

for the three months period ended 31 March 2018

18 Classification of financial instruments continued

	Note	Held-for-trading	Loans and receivables	Available-for-sale	Other amortised cost	Total carrying amount	Fair value [1]
		N million	N million	N million	N million	N million	N million
31 December 2017							
Assets							
Cash and cash equivalents	5	-	401,348	-	-	401,348	401,348
Derivative assets	6	11,052	-	-	-	11,052	11,052
Trading assets	7	151,479	-	-	-	151,479	151,479
Pledged assets	9	10,769	-	32,471	-	43,240	43,240
Financial investments	8	-	-	316,641	-	316,641	316,641
Loans and advances to banks	10	-	9,623	-	-	9,623	9,623
Loans and advances to customers	10	-	372,088	-	-	372,088	353,431
Other assets		-	41,427	-	-	41,427	41,427
		173,300	824,486	349,112	-	1,346,898	1,328,241
Liabilities							
Derivative liabilities	6	2,592	-	-	-	2,592	2,592
Trading liabilities	7	62,449	-	-	-	62,449	62,449
Deposits from banks	12	-	-	-	61,721	61,721	61,721
Deposits from customers	12	-	-	-	753,642	753,642	771,152
Subordinated debt		-	-	-	29,046	29,046	27,611
Other borrowings		-	-	-	74,892	74,892	69,984
Other liabilities		-	-	-	186,827	186,827	186,827
		65,041	-	-	1,106,128	1,171,169	1,182,336

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

19 Financial instruments measured at fair value

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

19.1 Valuation models

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

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

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

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

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

Specific valuation techniques used to value financial instruments include:

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

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

19.2 Valuation framework

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

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

Significant valuation issues are reported to the audit committee.

19.3 Financial instruments measured at fair value - fair value hierarchy

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

Group	Fair value N million	Level 1 N million	Level 2 N million	Level 3 N million	Total N million
31 March 2018					
Assets					
Derivative assets	**12,050**	**-**	**4,000**	**8,050**	**12,050**
Trading assets	**185,338**	**178,338**	**7,000**	**-**	**185,338**
Pledged assets	**48,016**	**48,016**	**-**	**-**	**48,016**
Financial investments	**280,567**	**278,210**	**540**	**1,817**	**280,567**
	525,971	**504,564**	**11,540**	**9,867**	**525,971**
Comprising:					
Fair Value Through P&L	**197,388**	**178,338**	**11,000**	**8,050**	**197,388**
Fair Value Through OCI	**328,583**	**326,226**	**540**	**1,817**	**328,583**
	525,971	**504,564**	**11,540**	**9,867**	**525 971**
Liabilities					
Derivative liabilities	**5,241**	**-**	**5,241**	**-**	**5,241**
Trading liabilities	**64,985**	**64,030**	**955**	**-**	**64,985**
	70,226	**64,030**	**6,196**	**-**	**70,226**
Comprising:					
Fair Value Through P&L	**70,226**	**64,030**	**6,196**	**-**	**70,226**
Designated at fair value	**-**				**-**
	70,226	**64,030**	**6,196**	**-**	**70,226**

There have been no transfers between Level 1 and Level 2 during the period. No reclassifications were made in or out of level 3 during the period.

Group	Fair value N million	Level 1 N million	Level 2 N million	Level 3 N million	Total N million
31 December 2017					
Assets					
Derivative assets	11,052	-	4,805	6,247	11,052
Trading assets	151,479	143,195	8,284	-	151,479
Pledged assets	43,240	43,240	-	-	43,240
Financial investments	316,641	313,288	1,536	1,817	316,641
	522,412	499,723	14,625	8,064	522,412
Comprising:					
Held-for-trading	167,053	153,964	13,089	-	167,053
Available-for-sale	355,359	345,759	1,536	8,064	355,359
	522,412	499,723	14,625	8,064	522,412
Liabilities					
Derivative liabilities	2,592	-	2,592	-	2,592
Trading liabilities	62,449	52,451	9,998	-	62,449
	65,041	52,451	12,590	-	65,041
Comprising:					
Held-for-trading	65,041	52,451	12,590	-	65,041
	65,041	52,451	12,590	-	65,041

There have been no transfers between Level 1 and Level 2 during the period. No reclassifications were made in or out of level 3 during the period.

19.3 Level 3 fair value measurement

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

	31 Mar. 2018		31 Dec. 2017	
	Derivative assets	**Financial investments**	Derivative assets	Financial investments
	N million	**N million**	N million	N million
Balance at 1 January	**6,247**	**1,817**	-	1,106
Day one profit / (loss) recognised	**5,140**		11,487	
Gains/(losses) included in profit or loss - Trading revenue	**(3,337)**		(5,240)	
Unrealised gain/(loss) recognised in other comprehensive income		**-**	-	711
Balance at period end	**8,050**	**1,817**	6,247	1,817

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

	Derivative assets	**Financial investments**	Derivative assets	Financial investments
	N million	**N million**	N million	N million
Net change in fair value of available-for-sale financial assets	(3,337)	**-**	(5,240)	-
Net change in fair value of trading assets	**-**	**-**	-	711

(ii) Unobservable inputs used in measuring fair value

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

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

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

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

Group	**Fair value N million**	**Level 1 N million**	**Level 2 N million**	**Level 3 N million**	**Total N million**
31 March 2018					
Assets					
Cash and cash equivalents	**425,025**	**-**	**425,025**		**425,025**
Loans and advances to banks	**16,732**	**-**	**-**	**16,732**	**16,732**
Loans and advances to customers	**337,969**	**-**	**-**	**317,691**	**317,691**
Other financial assets	**242,468**	**-**	**242,468**	**-**	**242,468**
					-
	1,022,194	**-**	**667,493**	**334,423**	**1,001,916**
Liabilities					
Deposits from banks	**126,605**		**126,605**	**-**	**126,605**
Deposits from customers	**777,669**	**-**	**783,502**	**-**	**783,502**
Other borrowings	**68,130**	**-**	**64,042**	**-**	**64,042**
Subordinated debt	**28,908**	**-**	**26,306**	**-**	**26,306**
Other financial liabilities	**94,829**	**-**	**94,829**	**-**	**94,829**
	1,096,141	**-**	**1,095,284**	**-**	**1,095,284**

Group	Fair value N million	Level 1 N million	Level 2 N million	Level 3 N million	Total N million
31 December 2017					
Assets					
Cash and cash equivalents	401,348	-	401,348	-	401,348
Loans and advances to banks	9,623	-	-	9,623	9,623
Loans and advances to customers	353,431	-	-	353,431	353,431
Other financial assets	41,427	-	41,427	-	41,427
	805,829	-	442,775	363,054	805,829
Liabilities					
Deposits from banks	61,721	-	61,721	-	61,721
Deposits from customers	771,152	-	771,152	-	771,152
Other borrowings	69,984	-	69,984	-	69,984
Subordinated debt	27,611	-	27,611	-	27,611
Other financial liabilities	186,827	-	186,827	-	186,827
	1,117,295	-	1,117,295	-	1,117,295

Fair value of loans and advances is estimated using discounted cash flow techniques. Input into the valuation techniques includes interest rates and expected cash flows. Expected cash flows are discounted at current market rates to determine fair value.

Fair value of deposits from banks and customers is estimated using discounted cash flow techniques, applying the rates offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.

		Group		Company	
		31 Mar. 2018	31 Dec. 2017	**31 Mar. 2018**	31 Dec. 2017
		N million	N million	**N million**	N million
20	**Contingent liabilities and commitments**				
20.1	**Contingent liabilities**				
	Letters of credit	**119,304**	118,054	**-**	-
	Guarantees	**37,030**	35,323	**-**	-
		156,334	153,377	**-**	-

Guarantees and letters of credit are given to third parties as security to support the performance of a customer to third parties. As the group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

20.2 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 334 legal proceedings outstanding as at 31 March 2018 (Dec. 2017: 297 cases). 236 of these were against the group with claims amounting to N168.6 billion (Dec. 2017: N159.6 billion) , while 98 other cases were instituted by the group with claims amounting to N27.7 billion (31 Dec. 2017: N18.4 billion).

The claims against the bank 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.

21 Supplementary income statement information

		Group		Company	
		31 Mar. 2018	31 Mar. 2017	**31 Mar. 2018**	31 Mar. 2017
		N million	N million	**N million**	N million
21.1	**Interest income**				
	Interest on loans and advances to banks	**945**	413		
	Interest on loans and advances to customers	**15,234**	13,555	**-**	-
	Interest on investments	**13,349**	12,873	**-**	9
		29,528	26,841	**-**	9

All interest income reported above relates to financial assets not carried at fair value through profit or loss. Increase in interest income is mainly on the back of growth in volume of treasury bills investment and recognition of previously suspended interest on a recovered facility in the oil and gas sector during the period.

		Group 31 Mar. 2018	Group 31 Mar. 2017	Company 31 Mar. 2018	Company 31 Mar. 2017
21.2	**Interest expense**				
	Savings accounts	**353**	247	**-**	-
	Current accounts	**936**	449	**-**	-
	Call deposits	**385**	320	**-**	-
	Term deposits	**5,898**	4,528	**-**	-
	Interbank deposits	**1,005**	560	**-**	-
	Borrowed funds	**2,100**	1,857	**-**	791
		10,677	7,961	**-**	791

The interest expense reported above relates to financial liabilities not carried at fair value through profit or loss. Growth in interest expense is largely driven by increase in deposits volume as well as rates.

		Group 31 Mar. 2018	Group 31 Mar. 2017	Company 31 Mar. 2018	Company 31 Mar. 2017
21.3	**Net fee and commission revenue**				
	Fee and commission revenue	**17,976**	13,269	**647**	241
	Account transaction fees	**927**	786	**-**	-
	Card based commission	**795**	838	**-**	-
	Brokerage and financial advisory fees	**1,714**	1,001	-	-
	Asset management fees	**10,264**	7,618	**-**	-
	Custody transaction fees	**1,014**	553	**-**	-
	Electronic banking	**468**	526	**-**	-
	Foreign currency service fees	**1,692**	1,187	**-**	-
	Documentation and administration fees	**174**	205	**-**	-
	Others	**928**	555	647	241
	Fee and commission expense	**(129)**	(75)	**-**	-
		17,847	13,194	**647**	241

Increase in net fee and commission revenue is mainly attributable to increase in asset management fees on the back of growth in assets under management.

		Group 31 Mar. 2018	Group 31 Mar. 2017	Company 31 Mar. 2018	Company 31 Mar. 2017
21.4	**Trading revenue**				
	Foreign exchange	**3,777**	3,438	**-**	-
	Fixed income	**5,434**	3,120	**-**	-
	Interest rates	**352**	92	**-**	-
	Equities	**(1)**	1	**-**	-
		9,562	6,651	**-**	-

Growth in trading revenue is on the back of foreign exchange margins from plain vanilla forward transactions and non-derivative forward trades.

21 Supplementary income statement information continued

	Group		Company	
	31 Mar. 2018	31 Mar. 2017	**31 Mar. 2018**	31 Mar. 2017
	N million	N million	**N million**	N million
21.5 Other revenue				
Dividend income	**85**	-	**-**	8,824
Others	**238**	261	**64**	23
	323	261	**64**	8,847
21.6 Credit impairment charges				
Net specific credit impairment charges	**(1,159)**	5,219	**-**	-
Specific credit impairment charges	**239**	5,820	**-**	-
Recoveries on loans and advances previously written off	**(1,398)**	(602)	**-**	-
Portfolio credit impairment charges/(reversal)	**(3,955)**	(1,892)	**-**	-
	(5,114)	3,327	**-**	-

Decrease in credit impairment mainly related from recoveries made from deliquent and previously written-off loans.

21.7 Other operating expenses				
Information technology	**1,689**	1,159	**-**	-
Communication	**283**	341	**-**	-
Premises and maintenance	**1,069**	1,189	**-**	-
Marketing and advertising	**652**	495	**-**	-
AMCON expenses	**3,361**	1,262	**-**	-
Deposit insurance premium	**905**	644	**-**	
Other insurance premium	**209**	236	**-**	
Professional fees	**298**	297	**-**	-
Depreciation and amortisation	**1,112**	1,001	**82**	77
Stationery and printing	**230**	187	**-**	-
Security	**386**	336	**-**	-
Travel and entertainment	**497**	331	**-**	-
Administration and membership fees	**482**	550	**-**	-
Training	**183**	127	**-**	-
Bank charges	**424**	225	**-**	-
Motor vehicle maintenance expenses	**348**	337	**-**	-
Others	**2,604**	1,082	**(168)**	124
	14,732	9,799	**(86)**	201

Others' include pension administration expenses, donations, miscellaneous expenses as well as provision for impairment of other assets.

Growth in other operating expenses mainly reflects the effect of inflation and unfavourable exchange rates compared to prior year in addition to increase in AMCON on the back of increase asset base and accelerated amortization compared to prior year.

21.8 Income tax				
Current tax	**3,272**	2,374	**-**	-
Deferred tax	**351**	178	**68**	(149)
	3,623	2,552	**68**	(149)

	Group		Company	
	31 Mar. 2018	31 Mar. 2017	**31 Mar. 2018**	31 Mar. 2017
	N million	N million	**N million**	N million
22 Earnings per ordinary share				
The calculation of basic earnings per ordinary share and diluted earnings per ordinary share are as follows:				
Earnings based on weighted average shares in issue				
Earnings attributable to ordinary shareholders (N million)	**22,449**	15,527	**568**	8,052
Weighted average number of ordinary shares in issue (number of shares)				
Weighted average number of ordinary shares in issue	**10,049**	10,000	**10,049**	10,000
Basic earnings per ordinary share (kobo)	**223**	155	**6**	81

23 Related party transactions

23.1 Parent and ultimate controlling party

The company is 53.07% owned by Stanbic Africa Holdings Limited, which is incorporated in the United Kingdom. The ultimate parent and controlling party of the group/ company is Standard Bank Group Limited, incorporated in South Africa. Stanbic IBTC Holdings PLC has 9 direct subsidiaries and 2 indirect subsidiaries as listed below.

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

23.2 Subsidiaries

Details of effective interest in subsidiaries are disclosed below.

Stanbic IBTC Bank PLC	100%
Stanbic IBTC Ventures Limited	100%
Stanbic IBTC Capital Limited	100%
Stanbic IBTC Asset Management Limited	100%
Stanbic IBTC Pension Managers Limited	88.24%
Stanbic IBTC Stockbrokers Limited	100%
Stanbic IBTC Trustees Limited	100%
Stanbic IBTC Insurance Brokers Limited	Direct 75%, Indirect 25%
Stanbic IBTC Investments Limited	100%
Stanbic IBTC Bureau De Change Limited - Indirect subsidiary	100%
Stanbic IBTC Nominees Limited - Indirect subsidiary	100%

23.3 Key management personnel

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

	31 Mar. 2018 **N million**	31 Mar. 2017 N million
Key management compensation		
Salaries and other short-term benefits	**136**	129
Post-employment benefits	**6**	7
Value of share options and rights expensed	**358**	40
	500	176

The transactions below are entered into in the normal course of business.	**31 Mar. 2018** **N million**	31 Dec. 2017 N million
Loans and advances		
Loans outstanding at the beginning of the period	**143**	214
Net movement during the period	**(17)**	(71)
Loans outstanding at the end of the period	**126**	143

Loans include mortgage loans, instalment sale and finance leases and credit cards. No specific impairments have been recognised in respect of loans granted to key management (2017: nil). The mortgage loans and instalment sale and finance leases are secured by the underlying assets. All other loans are unsecured.

24 Related party transactions continued

	31 Mar. 2018 N million	31 Dec. 2017 N million
Deposit and current accounts		
Deposits outstanding at beginning of the period	**341**	247
Net movement during the period	**6**	94
Deposits outstanding at end of the period	**347**	341

Deposits include cheque, current and savings accounts.

24.1 Service contracts with related parties

In the normal course of business, current accounts are operated and placements of foreign currencies and trades between currencies are made between the parent company and other group companies at interest rates that are in line with the market.

The relevant balances are shown below:

		31 Mar. 2018 N million	31 Dec. 2017 N million
(i)	**Due from group companies**		
	Trading assets	**-**	-
	Loans to banks	**1,686**	9,234
	Current account balances	**16,639**	19,641
	Derivatives	**258**	973
	Other assets	**178**	15
		18,761	29,863
(ii)	**Due to group companies**		
	Deposits and current accounts	**3,610**	38,843
	Derivatives	**21**	186
	Subordinated debt	**13,681**	13,306
	Other borrowings	**33,429**	40,406
	Other liabilities	**709**	17
		51,450	92,758

		31 Mar. 2018 N million	31 Mar. 2017 N million
(iii)	**Profit or loss impact of transactions with group entities**		
	Interest income earned	**205**	82
	Interest expense paid	**(609)**	(446)
	Trading revenue	**(18)**	1 608
	Operating expense incurred	**-**	-

24 Summarised financial statements of the consolidated entities

	Stanbic IBTC Holdings PLC Company N'million	Stanbic IBTC Bank PLC N'million	Stanbic IBTC Capital Ltd N'million	Stanbic IBTC Pension Managers Ltd N'million	Stanbic IBTC Asset Mgt Ltd N'million	Stanbic IBTC Ventures Ltd N'million	Stanbic IBTC Trustees Ltd N'million	Stanbic IBTC Stockbrokers Ltd N'million	Stanbic IBTC Insurance Brokers Ltd N'million	Consolidations / Eliminations N'million	Stanbic IBTC Holdings PLC Group N'million
Income statement											
Net interest income	-	17,038	153	1,444	79	14	28	82	13	-	**18,851**
Non interest revenue	711	15,799	1,073	8,781	1,480	48	83	422	130	(795)	**27,732**
Total income	**711**	**32,837**	**1,226**	**10,225**	**1,559**	**62**	**111**	**504**	**143**	**(795)**	**46,583**
Staff costs	(161)	(8,023)	(414)	(1,124)	(374)	-	(38)	(95)	(46)	-	**(10,275)**
Operating expenses	86	(13,317)	(219)	(1,767)	(179)	(4)	(26)	(73)	(28)	795	**(14,732)**
Credit impairment charges	-	5,100	(2)	17	-	-	-	(1)	-	-	**5,114**
Total expenses	**(75)**	**(16,240)**	**(635)**	**(2,874)**	**(553)**	**(4)**	**(64)**	**(169)**	**(74)**	**795**	**(19,893)**
Profit before tax	**636**	**16,597**	**591**	**7,351**	**1,006**	**58**	**47**	**335**	**69**	**-**	**26,690**
Tax	(68)	(774)	(191)	(2,092)	(363)	(10)	(15)	(87)	(23)	-	**(3,623)**
Profit for the period	**568**	**15,823**	**400**	**5,259**	**643**	**48**	**32**	**248**	**46**	**-**	**23,067**
At 31 March 2017	8,052	11,210	252	4,654	415	94	39	122	64	(8,828)	**16,074**

Risk management

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

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

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

Capital management

Capital adequacy

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

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

Regulatory Capital

The group's regulatory capital is split into two:

Tier 1 capital includes ordinary share capital, share premium, retained earnings, statutory reserves, other reserves and non controlling interest less deferred tax asset.

Tier 2 capital includes subordinated debts and revaluation reserves.

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

STANBIC IBTC HOLDINGS PLC

Risk and capital management (continued)
for the three months period ended 31 March 2018

Capital management - BASEL II regulatory capital

Stanbic IBTC Group	B II **Group** **31 Mar 2018** **N'million**	B II Group 31 Dec 2017 N'million
Tier 1		
	180,026	179,270
Paid-up Share capital	5,025	5,025
Share premium	66,945	66,945
General reserve (Retained Profit)	82,042	85,227
SMEEIS reserve	1,039	1,039
AGSMEIS reserve	749	749
Statutory reserve	21,039	16,863
Other reserves	29	264
Non controlling interests	3,158	3,159
Less: regulatory deduction	9,506	9,506
Goodwill	-	-
Deferred tax assets	8,901	8,901
Other intangible assets	605	605
Current year losses	-	
Under impairment	-	-
Reciprocal cross-holdings in ordinary shares of financial institutions	-	-
Investment in the capital of banking and financial institutions	-	-
Excess exposure(s) over single obligor without CBN approval	-	-
Exposures to own financial holding company	-	-
Unsecured lending to subsidiaries within the same group	-	-
Eligible Tier I capital	170,519	169,763
Tier II		
	34,100	34,239
Hybrid (debt/equity) capital instruments	-	-
Subordinated term debt	28,908	29,046
Other comprehensive income (OCI)	5,192	5,193
Less: regulatory deduction	-	-
Reciprocal cross-holdings in ordinary shares of financial institutions	-	-
Investment in the capital of banking and financial institutions	-	-
Investment in the capital of financial subsidiaries	-	-
Exposures to own financial holding company	-	-
Unsecured lending to subsidiaries within the same group	-	-
Eligible Tier II capital	34,100	34,239
Total regulatory capital	**204,620**	**204,002**
Risk weighted assets:		
Credit risk	541,623	604,262
Operational risk	249,669	249,669
Market risk	14,512	13,270
Total risk weight	**805,804**	**867,200**
Total capital adequacy ratio	25.4%	23.5%
Tier I capital adequacy ratio	21.2%	19.6%

Risk and capital management (continued)
for the three months period ended 31 March 2018

Capital management - BASEL II regulatory capital

Stanbic IBTC Bank PLC	B II 31 Mar 2018 N'million	B II 31 Dec 2017 N'million
Tier 1		
	134,158	133,317
Paid-up share capital	1,875	1,875
Share premium	42,469	42,469
General reserve (Retained profit)	61,637	65,767
SMEEIS reserve	1,039	1,039
AGSMEIS reserve	749	749
Statutory reserve	26,376	21,405
Other reserves	13	13
Non controlling interests	-	-
Less: regulatory deduction	8,976	8,976
Deferred Tax Assets	8,321	8,321
Other intangible assets	605	605
Investment in the capital of financial subsidiaries	50	50
Excess exposure(s) over single obligor without CBN approval	-	
Exposures to own financial holding company	-	-
Unsecured lending to subsidiaries within the same group	-	-
Eligible Tier I capital	125,182	124,341
Tier II		
	32,649	32,787
Hybrid (debt/equity) capital instruments	-	-
Subordinated term debt	28,908	29,046
Other comprehensive income (OCI)	3,741	3,741
Less: regulatory deduction	50	50
Reciprocal cross-holdings in ordinary shares of financial institutions	-	-
Investment in the capital of banking and financial institutions	-	-
Investment in the capital of financial subsidiaries	50	50
Exposures to own financial holding company	-	-
Unsecured lending to subsidiaries within the same group	-	-
	32,599	32,737
Eligible Tier II capital	**157,781**	**157,078**
Risk weighted assets:		
Credit risk	503,047	574,948
Operational risk	179,605	179,605
Market risk	14,512	13,270
Total risk weight	**697,164**	**767,823**
Total capital adequacy ratio	22.6%	20.5%
Tier I capital adequacy ratio	18.0%	16.2%