



Stanbic IBTC

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STANBIC IBTC HOLDINGS PLC

**UNAUDITED CONSOLIDATED AND SEPARATE INTERIM FINANCIAL
STATEMENTS**

30 SEPTEMBER 2017

STANBIC IBTC HOLDINGS PLC
UNAUDITED CONSOLIDATED AND SEPARATE INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2017

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STANBIC IBTC HOLDINGS PLC

Consolidated and separate interim statement of financial position as at 30 September 2017

	Note	Group		Company	
		30 Sept 2017 N'million	31 Dec. 2016 N'million	30 Sept 2017 N'million	31 Dec. 2016 N'million
Assets					
Cash and cash equivalents	5	392,481	301,351	9,793	1,768
Pledged assets	9	52,401	28,303	-	-
Trading assets	7	103,450	16,855	-	-
Derivative assets	6	20,332	14,317	-	-
Financial investments	8	339,701	252,823	1,559	920
Asset held for sale		112	112	-	-
Loans and advances	10	384,956	368,229	-	-
Loans and advances to banks	10	7,940	15,264	-	-
Loans and advances to customers	10	377,016	352,965	-	-
Other assets	11	92,645	39,220	1,826	2,226
Equity investment in group companies		-	-	85,539	85,539
Property and equipment		22,296	22,962	2,425	2,404
Intangible assets		616	713	-	-
Deferred tax assets		8,743	8,638	158	-
Total assets		1,417,733	1,053,523	101,300	92,857
Equity and liabilities					
Equity		168,851	140,798	93,136	72,970
Equity attributable to ordinary shareholders		166,313	137,102	93,136	72,970
Ordinary share capital		5,000	5,000	5,000	5,000
Ordinary share premium		65,450	65,450	65,450	65,450
Reserves		95,863	66,652	22,686	2,520
Non-controlling interest		2,538	3,696	-	-
Liabilities		1,248,882	912,725	8,164	19,887
Trading liabilities	7	73,036	5,325	-	-
Derivative liabilities	6	11,088	11,788	-	-
Current tax liabilities		10,003	9,508	38	68
Deposits and current accounts	12	813,773	614,735	-	-
Deposits from banks	12	117,237	53,766	-	-
Deposits from customers	12	696,536	560,969	-	-
Other borrowings	13	86,738	96,037	-	16,404
Subordinated debt	14	27,667	27,964	-	-
Provisions	16	9,619	10,581	-	-
Other liabilities	15	216,860	136,740	8,126	3,406
Deferred tax liabilities		98	47	-	9
Total equity and liabilities		1,417,733	1,053,523	101,300	92,857

Yinka Sanni
Chief Executive
FRC/2013/CISN/0000001072
26 October 2017

Victor Yeboah-Manu
Chief Financial Officer
FRC/2016/ANAN/00000015802
26 October 2017

Basil Omiyi
Chairman
FRC/2016/IODN/00000014093
26 October 2017

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

STANBIC IBTC HOLDINGS PLC

Consolidated and separate interim statement of profit or loss for the nine months period ended 30 September 2017

	Note	Group				Company			
		3 months 30-Sep-17 N'million	9 months 30-Sep-17 N'million	3 months 30-Sep-16 N'million	9 months 30-Sep-16 N'million	3 months 30-Sep-17 N'million	9 months 30-Sep-17 N'million	3 months 30-Sep-16 N'million	9 months 30-Sep-16 N'million
Gross earnings		57,022	154,220	45,593	114,622	3,333	29,229	234	657
Net interest income		21,912	62,947	16,240	39,089	13	(1,063)	5	10
Interest income	21.1	32,956	89,684	24,472	61,185	13	32	5	10
Interest expense	21.2	(11,044)	(26,737)	(8,232)	(22,096)	0	(1,095)	-	-
Non-interest revenue		23,991	64,280	20,968	52,895	3,320	29,197	229	647
Net fee and commission revenue	21.3	15,416	43,309	12,678	40,084	284	1,010	208	605
Fee and commission revenue	21.3	15,491	43,565	12,831	40,626	284	1,010	208	605
Fee and commission expense	21.3	(75)	(256)	(153)	(542)	-	-	-	-
Trading revenue	21.4	8,229	20,195	7,956	12,272	-	-	-	-
Other revenue	21.5	346	776	334	539	3,036	28,187	21	42
Total income		45,903	127,227	37,208	91,984	3,333	28,134	234	657
Credit impairment charges	21.6	(6,381)	(20,334)	(6,828)	(15,278)	-	-	-	-
Income after credit impairment charges		39,522	106,893	30,380	76,706	3,333	28,134	234	657
Operating expenses		(23,041)	(61,243)	(19,317)	(51,018)	(350)	(1,131)	(292)	(539)
Staff costs		(11,148)	(27,640)	(8,427)	(22,805)	(206)	(581)	(180)	(317)
Other operating expenses	21.7	(11,893)	(33,603)	(10,890)	(28,213)	(144)	(550)	(112)	(222)
Profit before tax		16,481	45,650	11,063	25,688	2,983	27,003	(58)	118
Income tax	21.8	(2,921)	(7,978)	(1,171)	(5,536)	(42)	168	22	(416)
Profit for the period		13,560	37,672	9,892	20,152	2,941	27,171	(36)	(298)
Profit attributable to:									
Non-controlling interests		550	1,617	1,034	2,887	-	-	-	-
Equity holders of the parent		13,010	36,055	8,858	17,265	2,941	27,171	(36)	(298)
Profit for the period		13,560	37,672	9,892	20,152	2,941	27,171	(36)	(298)
Earnings per share									
Basic / diluted earnings per ordinary share (kobo)	22	130	361	89	173				

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

STANBIC IBTC HOLDINGS PLC

Consolidated and separate interim statement of other comprehensive income for the nine months period ended 30 September 2017

Note	Group				Company			
	3 months 30-Sep-17 N'million	9 months 30-Sep-17 N'million	3 months 30-Sep-16 N'million	9 months 30-Sep-16 N'million	3 months 30-Sep-17 N'million	9 months 30-Sep-17 N'million	3 months 30-Sep-16 N'million	9 months 30-Sep-16 N'million
Profit for the period	13,560	37,672	9,892	20,152	2,941	27,171	(36)	(298)
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	347	297	(2,865)	(4,482)	-	-	-	-
Realised fair value adjustments on available-for-sale financial assets reclassified to income statement	(24)	(110)	25	121	-	-	-	-
Income tax on other comprehensive income	-	-	-	-	-	-	-	-
	323	187	(2,840)	(4,361)	-	-	-	-
Other comprehensive income for the period, net of tax	323	187	(2,840)	(4,361)	-	-	-	-
Total comprehensive income for the period	13,883	37,859	7,052	15,791	2,941	27,171	(36)	(298)
Total comprehensive income attributable to:								
Non-controlling interests	569	1,630	972	2,808	-	-	-	-
Equity holders of the parent	13,314	36,229	6,080	12,983	2,941	27,171	(36)	(298)
	13,883	37,859	7,052	15,791	2,941	27,171	(36)	(298)

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

STANBIC IBTC HOLDINGS PLC

**Statement of changes in equity
for the nine months period ended 30 September 2017**

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	AGSMEIS 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
Group												
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 (loss)/income for the period					174			-	36,055	36,229	1,630	37,859
Profit for the period									36,055	36,055	1,617	37,672
Other comprehensive (loss)/income after tax for the period					174			-		174	13	187
Net change in fair value on available-for-sale financial assets					284					284	13	297
Realised fair value adjustments on available-for-sale financial assets					(110)					(110)		(110)
Statutory credit risk reserve									-			-
Transfer to statutory reserves							749		(749)			
Transactions with shareholders, recorded directly in equity	-	-	-	-	-	(18)		-	(7,000)	(7,018)	(2,788)	(9,806)
Equity-settled share-based payment transactions						(18)				(18)		(18)
Dividends paid to equity holders									(7,000)	(7,000)	(2,788)	(9,788)
Balance at 30 Sept 2017	5,000	65,450	(19,123)	1,025	1,116	18	749	33,615	78,463	166,313	2,538	168,851
Balance at 1 January 2016	5,000	65,450	(19,123)	6,684	1,226	56	-	26,218	38,215	123,726	5,241	128,967
Total comprehensive income/(loss) for the period					(4,282)				17,265	12,983	2,808	15,791
Profit for the period									17,265	17,265	2,887	20,152
Other comprehensive income/(loss) after tax for the period					(4,282)					(4,282)	(79)	(4,361)
Net change in fair value on available-for-sale financial assets					(4,403)					(4,403)	(79)	(4,482)
Realised fair value adjustments on available-for-sale financial assets					121					121		121
Statutory credit risk reserve									-			-
Transfer to statutory reserves									-			-
Transactions with shareholders, recorded directly in equity	-	-	-	-	-	43		-	-	43	-	43
Equity-settled share-based payment transactions						43				43		43
Transfer of vested portion of equity settled share based payment to retained earnings						-			-	-	-	-
Dividends paid to equity holders									-	-	-	-
Balance at 30 Sept 2016	5,000	65,450	(19,123)	6,684	(3,056)	99		26,218	55,480	136,752	8,049	144,801

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

STANBIC IBTC HOLDINGS PLC

**Statement of changes in equity
for the nine months period ended 30 September 2017**

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 2017	5,000	65,450	-	5	-	2,515	72,970
Total comprehensive income for the period						27,171	27,171
Profit for the period	-	-	-	-	-	27,171	27,171
Transactions with shareholders, recorded directly in equity	-	-	-	(5)	-	(7,000)	(7,005)
Equity-settled share-based payment transactions				(5)	-	-	(5)
Dividends paid to equity holders						(7,000)	(7,000)
Balance at 30 Sept 2017	5,000	65,450	-	-	-	22,686	93,136
Balance at 1 January 2016	5,000	65,450	-	9	-	1,901	72,360
Total comprehensive loss for the period						(298)	(298)
Loss for the period	-	-	-	-	-	(298)	(298)
Transactions with shareholders, recorded directly in equity	-	-	-	4	-	-	4
Equity-settled share-based payment transactions				4	-	-	4
Transfer of vested portion of equity settled share based payment to retained earnings	-	-	-	-	-	-	-
Dividends paid to equity holders	-	-	-	-	-	-	-
Balance at 30 Sept 2016	5,000	65,450	-	13	-	1,603	72,066

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

STANBIC IBTC HOLDINGS PLC

Consolidated and separate interim statement of cash flows for the nine months period ended 30 September 2017

	Note	Group		Company	
		30-Sep-17 N million	30-Sep-16 N million	30-Sep-17 N million	30-Sep-16 N million
Net cash flows from operating activities		152,321	132,475	32,328	579
Cash flows used in operations		96,856	100,648	5,328	894
Profit before tax		45,650	25,688	27,003	118
Adjusted for:		(40,100)	(17,060)	(26,795)	158
Credit impairment charges on loans and advances	21.6	20,334	15,278	-	-
Depreciation of property and equipment	21.7	3,031	2,749	239	162
Amortisation of intangible asset		97	-	-	-
Dividend income	21.5	(112)	(224)	(28,092)	-
Equity-settled share-based payments		(18)	43	(5)	4
Interest income		(89,684)	(61,185)	(32)	(5)
Interest expense		26,737	22,096	1,095	-
Non-cash flow movements to subordinated debt		(297)	4,199	-	-
Loss/(gain) on sale of property and equipment		(188)	(16)	-	(3)
Increase in loans and other assets	17.1	(254,119)	5,917	400	883
Increase in deposits and other liabilities	17.2	345,425	86,103	4,720	(265)
Dividends received		101	202	28,092	-
Interest paid		89,684	(22,096)	(1,095)	-
Interest received		(26,737)	61,185	32	5
Direct taxation paid		(7,583)	(7,464)	(29)	(320)
Net cash flows used in investing activities		(88,868)	(128,401)	(899)	(214)
Capital expenditure on - property		(48)	(141)	-	-
- equipment, furniture and vehicles		(2,379)	(1,368)	(260)	(194)
- intangible assets		-	(746)	-	-
Proceeds from sale of property, equipment, furniture and vehicles		250	19	-	-
(Purchase)/sale of financial investments		(86,691)	(126,165)	(639)	(20)
Net cash flows used in financing activities		(19,087)	31,783	(23,404)	-
Movement in other borrowings		(9,299)	31,783	(16,404)	-
Dividends paid	22	(9,788)	-	(7,000)	-
Net increase in cash and cash equivalents		44,366	35,857	8,025	365
Effect of exchange rate changes on cash and cash equivalents		539	68,540	-	-
Cash and cash equivalents at beginning of the period		191,761	107,398	1,768	8
Cash and cash equivalents at end of the period	17.3	236,666	211,795	9,793	373

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

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated and separate interim financial statements

for the nine months period ended 30 September 2017

1 Reporting entity

Stanbic IBTC Holdings PLC (the 'company') is a company domiciled in Nigeria. The company's registered office is at I.B.T.C. Place Walter Carrington Crescent Victoria Island, Lagos, Nigeria. The condensed consolidated interim financial statements as at and for the nine months period ended 30 September 2017 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 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements comply with the Companies and Allied Matters Act of Nigeria, Bank and Other Financial Institution Act, Financial Reporting Council of Nigeria Act, and relevant Central Bank of Nigeria circulars and should be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2016.

This condensed consolidated interim financial statement 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 2016.

(b) Basis of measurement

The condensed consolidated interim 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 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 2016.

3 Statement of significant accounting policies

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 2016.

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated and separate interim financial statements (continued)

for the nine months period ended 30 September 2017

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	<p>Banking and other financial services to individual customers and small-to-medium-sized enterprises.</p> <p>Mortgage lending – Provides residential accommodation loans to mainly personal market customers.</p> <p>Instalment sale and finance leases – Provides instalments finance to personal market customers and finance of vehicles and equipment in the business market.</p> <p>Card products – Provides credit and debit card facilities for individuals and businesses.</p> <p>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.</p>
Corporate & Investment Banking	<p>Corporate and investment banking services to larger corporates, financial institutions and international counterparties.</p> <p>Global markets – Includes foreign exchange, fixed income, interest rates, and equity trading.</p> <p>Transaction process and services - includes transactional banking and investors services.</p> <p>Transactional and lending products – Includes corporate lending and transactional banking businesses, custodial services, trade finance business and property-related lending.</p> <p>Investment banking – Include project finance, structured finance, equity investments, advisory, corporate lending, primary market acquisition, leverage finance and structured trade finance.</p>
Wealth	<p>The wealth group is made up of the company's subsidiaries, whose activities involve investment management, portfolio management, unit trust/funds management, and trusteeship.</p>

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated and separate interim financial statements (continued)

for the nine months period ended 30 September 2017

4 Segment reporting

Operating segments

	Personal & Business Banking		Corporate & Investment Banking		Wealth		Eliminations		Group	
	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016
	N million	N million	N million	N million	N million	N million	N million	N million	N million	N million
Net interest income	23,745	21,922	36,283	14,857	2,919	2,310	-	-	62,947	39,089
Non-interest revenue	9,627	11,205	31,456	22,860	25,481	20,643	(2,284)	(1,813)	64,280	52,895
Total income	33,372	33,127	67,739	37,717	28,400	22,953	(2,284)	(1,813)	127,227	91,984
Credit impairment charges	(14,145)	(5,106)	(6,189)	(10,172)	-	-	-	-	(20,334)	(15,278)
Income after credit impairment charges	19,227	28,021	61,550	27,545	28,400	22,953	(2,284)	(1,813)	106,893	76,706
Operating expenses in banking activities	(30,844)	(27,096)	(24,629)	(18,843)	(8,054)	(6,892)	2,284	1,813	(61,243)	(51,018)
Staff costs	(14,826)	(13,447)	(8,985)	(6,135)	(3,829)	(3,223)	-	-	(27,640)	(22,805)
Other operating expenses	(16,018)	(13,649)	(15,644)	(12,708)	(4,225)	(3,669)	2,284	1,813	(33,603)	(28,213)
Profit before direct taxation	(11,617)	925	36,921	8,702	20,346	16,061	-	-	45,650	25,688
Direct taxation	(202)	550	(1,344)	(877)	(6,432)	(5,209)	-	-	(7,978)	(5,536)
Profit for the period	(11,819)	1,475	35,577	7,825	13,914	10,852	-	-	37,672	20,152

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated and separate interim financial statements (continued)

for the nine months period ended 30 September 2017

	Group		Company	
	30 Sept 2017 N'million	31 Dec. 2016 N'million	30 Sept 2017 N'million	31 Dec. 2016 N'million
5 Cash and cash equivalents				
Coins and bank notes	77,063	66,300	-	-
Balances with central banks	202,419	113,656	-	-
Current balances with banks within Nigeria	1,018	12,047	9,793	1,768
Current balances with banks outside Nigeria	111,981	109,348	-	-
	392,481	301,351	9,793	1,768

Balances with central bank include cash reserve of N134,998 million (Dec. 2016: N88,773 million) and special intervention fund of N20,817 million (Dec. 2016: N20,817) that are not available for use by the group on a day to day basis. These restricted cash balances are held with Central Bank of Nigeria (CBN).

6 Derivative assets and liabilities

	Group		Company	
	30 Sept 2017 N'million	31 Dec. 2016 N'million	30 Sept 2017 N'million	31 Dec. 2016 N'million
6.1 Derivative assets				
Forwards	11,888	13,713	-	-
Swaps	8,444	604	-	-
Total derivative assets	20,332	14,317	-	-
6.2 Derivative liabilities				
Forwards	10,409	11,732	-	-
Swaps	679	56	-	-
Total derivative liabilities	11,088	11,788	-	-

Increase in derivative assets resulted from increase in volume of forward exchange and swap transactions.

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated and separate interim financial statements (continued) for the nine months period ended 30 September 2017

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	
	30 Sept 2017 N million	31 Dec. 2016 N million	30 Sept 2017 N million	31 Dec. 2016 N million
7.1 Trading assets				
Classification				
Listed	103,450	11,854	-	-
Unlisted	-	5,001	-	-
	103,450	16,855	-	-
Comprising:				
Government bonds	2,804	2,185	-	-
Treasury bills	100,646	9,669	-	-
Placements	-	5,001	-	-
	103,450	16,855	-	-

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

	Group		Company	
	30 Sept 2017 N million	31 Dec. 2016 N million	30 Sept 2017 N million	31 Dec. 2016 N million
7.2 Trading liabilities				
Classification				
Listed	37,944	5,325	-	-
Unlisted	35,092	-	-	-
	73,036	5,325	-	-
Comprising:				
Government bonds (short positions)	662	655	-	-
Repurchase agreements	21,506	-	-	-
Deposits	13,586	-	-	-
Treasury bills (short positions)	37,282	4,670	-	-
	73,036	5,325	-	-

Growth in trading liabilities relates to short term funding from repo and interbank deposits.

STANBIC IBTC HOLDINGS PLC
Notes to the condensed consolidated and separate interim financial statements (continued)

for the nine months period ended 30 September 2017

	Group		Company	
	30 Sept 2017	31 Dec. 2016	30 Sept 2017	31 Dec. 2016
	N million	N million	N million	N million
8 Financial investments				
Short - term negotiable securities	328,192	240,059	-	-
Listed	328,192	240,059	-	-
Unlisted	-	-	-	-
Other financial investments	11,509	12,764	1,559	920
Listed	10,054	11,174	1,559	920
Unlisted	1,455	1,590	-	-
	339,701	252,823	1,559	920
8.1 Comprising:				
Government bonds	1,295	1,456	-	-
Treasury bills	328,192	240,059	-	-
Unlisted equities	1,455	1,590	-	-
Mutual funds and unit-linked investments	8,759	9,718	1,559	920
	339,701	252,823	1,559	920

Increase in financial investments relates to purchase of treasury bills to cater for additional liquidity requirement occasioned by growth in deposit liabilities.

	Group		Company	
	30 Sept 2017	31 Dec. 2016	30 Sept 2017	31 Dec. 2016
	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	52,401	28,303	-	-
	52,401	28,303	-	-

Increase in pledged assets relates to treasury bills pledged in respect of deposits taken under repurchase agreements.

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Notes to the condensed consolidated and separate interim financial statements (continued)

for the nine months period ended 30 September 2017

	Group		Company	
	30 Sept 2017 N million	31 Dec. 2016 N million	30 Sept 2017 N million	31 Dec. 2016 N million
10 Loans and advances				
Loans and advances net of impairments				
10.1 Loans and advances to banks	7,940	15,264	-	-
Placements	7,940	15,264	-	-
10.2 Loans and advances to customers	377,016	352,965	-	-
Gross loans and advances to customers	402,958	375,316	-	-
Mortgage loans	8,617	8,924	-	-
Instalment sale and finance leases	13,387	17,272	-	-
Card debtors	1,189	1,501	-	-
Overdrafts and other demand loans	60,214	45,970	-	-
Medium term loans	311,891	298,014	-	-
Others loans and advances	7,660	3,635	-	-
Credit impairments for loans and advances	(25,942)	(22,351)	-	-
Specific credit impairments	(14,515)	(11,249)	-	-
Portfolio credit impairments	(11,427)	(11,102)	-	-
Net loans and advances	384,956	368,229	-	-

Loans and advances to banks includes an amount of N5,817 million (Dec 2016: N5,413 million) that is not available for use by the group on a day to day basis.

10.3 Analysis of gross loans and advances to customers by performance

Performing loans	373,867	356,641	-	-
Non- performing loans	29,091	18,675	-	-
	402,958	375,316	-	-

	Group		Company	
	30 Sept 2017 N million	31 Dec. 2016 N million	30 Sept 2017 N million	31 Dec. 2016 N million
11 Other assets				
Trading settlement assets	36,828	20,863	-	-
Due from group companies	166	561	1,120	1,082
Accrued income	738	432	-	-
Indirect / withholding tax receivables	1,113	784	276	55
Accounts receivable	49,487	11,550	11	92
Receivable in respect of unclaimed dividends	226	817	226	817
Deposit for investment	749	-	-	-
Prepayments	7,727	6,539	299	252
Other debtors	880	-	-	-
	97,914	41,546	1,932	2,298
Impairment on doubtful receivables	(5,269)	(2,326)	(106)	(72)
	92,645	39,220	1,826	2,226

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

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for the nine months period ended 30 September 2017

	Group		Company	
	30 Sept 2017 N million	31 Dec. 2016 N million	30 Sept 2017 N million	31 Dec. 2016 N million
12 Deposits and current accounts				
Deposits from banks	117,237	53,766	-	-
Other deposits from banks	117,237	53,766	-	-
Deposits from customers	696,536	560,969	-	-
Current accounts	327,991	281,523	-	-
Call deposits	51,032	42,303	-	-
Savings accounts	44,698	38,630	-	-
Term deposits	272,815	191,535	-	-
Negotiable certificate of deposits	-	6,978	-	-
Total deposits and current accounts	813,773	614,735	-	-

Growth in deposits and current accounts represents increase in inflows from custody clients as well as growth in wholesale customer deposits.

	Group		Company	
	30 Sept 2017 N million	31 Dec. 2016 N million	30 Sept 2017 N million	31 Dec. 2016 N million
13 Other borrowings				
On-lending borrowings	86,738	79,633	-	-
(i) FMO - Netherland Development Finance Company	21,358	11,562	-	-
(ii) African Development Bank	492	427	-	-
(iii) Nigeria Mortgage Refinance Company	1,668	1,839	-	-
(iv) Bank of Industry	3,255	4,153	-	-
(v) Standard Bank Isle of Man	51,326	50,524	-	-
CBN Commercial Agricultural Credit Scheme (CACS)	8,639	11,128	-	-
(vi) Other debt funding	-	16,404	-	16,404
(vii) Debt funding from banks	-	16,404	-	16,404
	86,738	96,037	-	16,404

- (i) This represents a on-lending dollar denominated loan of US\$90 million (2016: US\$ 45 million) obtained from Netherland Development Finance Company (FMO). The facility was effective from 08 April 2015 and expires on 20 December 2019. Repayment of principal will be made in seven equal instalments commencing from 20 December 2016 up till maturity. Interest is payable semi-annually at 6-month LIBOR plus 3.50%.
- (ii) This represents US\$2.5m on-lending facility obtained during the period from African Development Bank. The facility was disbursed in two tranches of US\$1.25 million each. Tranche A is priced at 6-month LIBOR + 3.6%, while Tranche B is priced at 6-month LIBOR +1.9%. Both tranches expires 09 June 2022 and are unsecured.
- (iii) The bank obtained a Central Bank of Nigeria (CBN) initiated on-lending naira facility from Bank of Industry in September 2010 at a fixed rate of 1% per annum on a tenor based on agreement with individual beneficiary customer. 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.
- (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 periods.
- (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.
- (vi) Other debt funding of N16.4bn billion represents a loan facility obtained from Zenith Bank effective 21 December 2016. The facility was repaid during the period
- (vii) The group has not had any default of principal, interest or any other breaches with respect to its debt securities during the period ended 30 September 2017 (Dec 2016: Nil).

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Notes to the condensed consolidated and separate interim financial statements (continued)

for the nine months period ended 30 September 2017

	Group		Company	
	30 Sept 2017 N million	31 Dec. 2016 N million	30 Sept 2017 N million	31 Dec. 2016 N million
14 Subordinated debt				
(i) Subordinated fixed rate notes- Naira denominated	15,127	15,609	-	-
(ii) Subordinated floating rate notes -Naira denominated	100	104	-	-
(iii) Subordinated debt - US dollar denominated	12,440	12,251	-	-
	27,667	27,964	-	-

(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 periods and is callable after 5 periods 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 periods and is callable after 5 periods from the issue date. The debt is unsecured.

(iii) This represents US dollar denominated term subordinated non-collateralised 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 covenant breaches with respect to its debt securities during the period ended 30 September 2017 (31 Dec 2016: Nil).

	Group		Company	
	30 Sept 2017 N million	31 Dec. 2016 N million	30 Sept 2017 N million	31 Dec. 2016 N million
15 Other liabilities				
Trading settlement liabilities	34,067	19,078	-	-
Cash-settled share-based payment liability	3,865	1,246	382	240
Accrued expenses - Staff	6,183	4,581	184	258
Deferred revenue	7,817	331	-	-
Accrued expenses - Others	2,804	5,445	958	968
Due to group companies	3,218	34,335	3,241	86
Collections / remittance payable	86,031	9,498	382	40
Customer deposit for letters of credit	30,960	41,420	-	-
Unclaimed balance	1,891	1,766	-	-
Payables to suppliers and asset management clients	2,954	1,621	80	12
Draft & bank cheque payable	1,462	1,629	-	-
Electronic channels settlement liability	2,658	1,611	-	-
Unclaimed dividends liability	1,499	1,540	1,499	1 540
Clients cash collateral for derivative transactions	20,237	5,527	-	-
Sundry liabilities	11,214	7,112	1,400	262
	216,860	136,740	8,126	3,406

The increase in other liabilities is mainly as a result of growth in collections and remittance payable, which includes balance held in respect of clearing and settlement activities on behalf of customers. In addition, there was also increase in unsettled trades; by their nature, these payables are transit items and have been settled subsequent to period end.

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Notes to the condensed consolidated and separate interim financial statements (continued)

for the nine months period ended 30 September 2017

16 Provisions

	Legal	Taxes & levies	Restructuring	Interest cost on judgment debt	Penalties & fines	Total
30 Sept 2017	N million	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 period	125	1,877	-	-	-	2,002
Provisions used during the period	(112)	(331)	-	-	-	(443)
Provisions reversed during the period	(944)	(577)	-	(1,000)	-	(2,521)
Balance at 30 Sept 2017	7,109	2,510	-	-	-	9,619

	Legal	Taxes & levies	Restructuring	Interest cost on judgment debt	Penalties & fines	Total
31 December 2016	N million	N million	N million	N million	N million	N million
Balance at 1 January 2016	8,043	984	-	-	1,000	10,027
Provisions made during the period	1,272	610	-	1,000	-	2,882
Provisions used during the period	(371)	(53)	-	-	(1,000)	(1,424)
Provisions reversed during the period	(904)	-	-	-	-	(904)
Balance at 31 Dec 2016	8,040	1,541	-	1,000	-	10,581

	Group		Company	
	30 Sept 2017 N million	30 Sept 2016 N million	30 Sept 2017 N million	30 Sept 2016 N million
17 Statement of cash flows notes				
17.1 Decrease/(increase) in income-earning assets				
Net derivative assets	(6,715)	(3,125)	-	-
Trading assets	(86,595)	6,877	-	-
Pledged assets	(24,098)	53,541	-	-
Loans and advances	(37,061)	(754)	-	-
Other assets	(53,425)	(36,453)	400	883
Restricted balance with the Central Bank	(46,225)	(14,169)	-	-
	(254,119)	5,917	400	883
17.2 Increase/(decrease) in deposits and other liabilities				
Deposit and current accounts	199,038	79,957	-	-
Trading liabilities	67,711	1,978	-	-
Other liabilities and provisions	78,676	4,168	4,720	(265)
	345,425	86,103	4,720	(265)
17.3 Cash and cash equivalents - Statement of cash flows				
Cash and cash equivalents (note 7)	392,481	330,047	9,793	373
Less: restricted balance with the Central Bank of Nigeria	(155,815)	(118,252)	-	-
Cash and cash equivalents at end of the period	236,666	211,795	9,793	373

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Notes to the condensed consolidated and separate interim financial statements (continued) for the nine months period ended 30 September 2017

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	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
30 Sept 2017							
Assets							
Cash and cash equivalents	5	-	392,481	-	-	392,481	392,481
Derivative assets	6	20,332	-	-	-	20,332	20,332
Trading assets	7	103,450	-	-	-	103,450	103,450
Pledged assets	9	-	-	52,401	-	52,401	52,401
Financial investments	8	-	-	339,701	-	339,701	339,701
Loans and advances to banks	10	-	7,940	-	-	7,940	8,680
Loans and advances to customers	10	-	377,016	-	-	377,016	361,634
Other financial assets		-	83,056	-	-	83,056	83,056
		123,782	860,493	392,102	-	1,376,377	1,361,735
Liabilities							
Derivative liabilities	6	11,088	-	-	-	11,088	11,088
Trading liabilities	7	73,036	-	-	-	73,036	73,036
Deposits from banks	12	-	-	-	117,237	117,237	117,237
Deposits from customers	12	-	-	-	696,536	696,536	693,262
Subordinated debt		-	-	-	27,667	27,667	24,704
Other borrowings		-	-	-	86,738	86,738	77,205
Other financial liabilities		-	-	-	209,043	209,043	209,043
		84,124	-	-	1,137,221	1,221,345	1,205,576

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Notes to the condensed consolidated and separate interim financial statements (continued)

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18 Classification of financial instruments continued

	Note	Held-for-trading N million	Loans and receivables N million	Available-for-sale N million	Other amortised cost N million	Total carrying amount N million	Fair value ¹ N million
31 December 2016							
Assets							
Cash and cash equivalents	5	-	301,351	-	-	301,351	301,351
Derivative assets	6	14,317	-	-	-	14,317	14,317
Trading assets	7	16,855	-	-	-	16,855	16,855
Pledged assets	9	-	-	28,303	-	28,303	28,303
Financial investments	8	-	-	252,823	-	252,823	252,823
Loans and advances to banks	10	-	15,264	-	-	15,264	26,790
Loans and advances to customers	10	-	352,965	-	-	352,965	341,941
Other financial assets		-	31,897	-	-	31,897	31,897
		31,172	701,477	281,126	-	1,013,775	1,014,277
Liabilities							
Derivative liabilities	6	11,788	-	-	-	11,788	11,788
Trading liabilities	7	5,325	-	-	-	5,325	5,325
Deposits from banks	12	-	-	-	53,766	53,766	53,766
Deposits from customers	12	-	-	-	560,969	560,969	568,307
Subordinated debt		-	-	-	27,964	27,964	25,423
Other borrowings		-	-	-	96,037	96,037	87,790
Other financial liabilities		-	-	-	136,409	136,409	136,409
		17,113	-	-	875,145	892,258	888,808

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 prices and expected volatilities and correlations.

Specific valuation techniques used to value financial instruments include:

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

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the group believes that a third party market participant would take them into account in pricing a transaction. For measuring derivatives that might change classification from being an asset to a liability or vice versa such as interest rate swaps, fair values take into account 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 independent of front office management and reports to the Chief Financial Officer. The roles performed by both functions include:

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

Significant valuation issues are reported to the audit committee.

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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	Carrying amount N million	Level 1 N million	Level 2 N million	Level 3 N million	Total N million
30 Sept 2017					
Assets					
Derivative assets	20,332	-	16,068	4,264	20,332
Trading assets	103,450	103,450	-	-	103,450
Pledged assets	52,401	52,401	-	-	52,401
Financial investments	339,701	338,246	511	944	339,701
	515,884	494,097	16,579	5,208	515,884
Comprising:					
Held-for-trading	123,782	103,450	16,068	4,264	123,782
Available-for-sale	392,102	390,647	511	5,208	396,366
	515,884	494,097	16,579	9,472	520,148
Liabilities					
Derivative liabilities	11,088	-	11,088	-	11,088
Trading liabilities	73,036	37,944	35,092	-	73,036
	84,124	37,944	46,180	-	84,124
Comprising:					
Held-for-trading	84,124	37,944	46,180	-	84,124
	84,124	37,944	46,180	-	84,124

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	Carrying amount N million	Level 1 N million	Level 2 N million	Level 3 N million	Total N million
31 December 2016					
Assets					
Derivative assets	14,317	-	14,317	-	14,317
Trading assets	16,855	11,854	5,001	-	16,855
Pledged assets	28,303	28,303	-	-	28,303
Financial investments	252,823	251,247	470	1,106	252,823
	312,298	291,404	19,788	1,106	312,298
Comprising:					
Held-for-trading	31,172	11,854	19,318	-	31,172
Available-for-sale	281,126	279,550	470	1,106	281,126
	312,298	291,404	19,788	1,106	312,298
Liabilities					
Derivative liabilities	11,788	-	11,788	-	11,788
Trading liabilities	5,325	5,325	-	-	5,325
	17,113	5,325	11,788	-	17,113
Comprising:					
Held-for-trading	17,113	5,325	11,788	-	17,113
	17,113	5,325	11,788	-	17,113

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

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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 measurements in level 3 of the fair value hierarchy.

	Derivative assets	Financial investments	Total
	N million	N million	N million
Balance at 1 January 2017	-	1,106	1,106
Gains/(losses) included in profit or loss - Trading revenue	(3,661)	-	(3,661)
Gain/(loss) recognised in other comprehensive income		(162)	-162
Originations and purchases		-	-
Day one profit / (loss) recognised	7,925		7,925
Balance at period end	4,264	944	5,208
Balance at 1 January 2016	-	502	502
Gains/(losses) included in profit or loss - Trading revenue	-	-	-
Gain/(loss) recognised in other comprehensive income	-	604	604
Balance at 31 December 2016	-	1,106	1,106

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	Total
	N million	N million	N million
30 September 2017			
Other comprehensive income	-	(162)	(162)
Trading revenue	(3,661)	-	(3,661)
	(3,661)	(162)	(3,823)
30 September 2016			
Other comprehensive income	-	(20)	(20)
Trading revenue	-	-	-
	-	(20)	(20)

(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 - Cash flow estimates	A significant increase in the spread above the risk-free rate would result in a lower fair value.
Derivative assets	Discounted cash flow	- Own credit risk (DVA) - Counterparty credit risk (CVA, basis risk and country risk premium)	A significant move (either positive or negative) in the unobservable input will result in a significant move in the fair value.

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

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

Group	Carrying Amount N million	Level 1 N million	Fair Value			Total N million
			Level 2 N million	Level 3 N million		
30 Sept 2017						
Assets						
Cash and cash equivalents	392,481	-	392,481	-	-	392,481
Loans and advances to banks	7,940	-	-	8,680	-	8,680
Loans and advances to customers	377,016	-	-	361,634	-	361,634
Other financial assets	83,056	-	83,056	-	-	83,056
	860,493	-	475,537	370,314	-	845,851
Liabilities						
Deposits from banks	117,237	-	117,237	-	-	117,237
Deposits from customers	696,536	-	693,262	-	-	693,262
Other borrowings	86,738	-	77,205	-	-	77,205
Subordinated debt	27,667	-	24,704	-	-	24,704
Other financial liabilities	209,043	-	209,043	-	-	209,043
	1,137,221	-	1,121,452	-	-	1,121,452

Group	Carrying Amount N million	Level 1 N million	Level 2 N million	Level 3 N million	Total N million
31 December 2016					
Assets					
Cash and cash equivalents	301,351	-	301,351	-	301,351
Loans and advances to banks	15,264	-	-	15,264	15,264
Loans and advances to customers	352,965	-	-	341,941	341,941
Other financial assets	31,897	-	31,897	-	31,897
	701,477	-	333,248	357,205	690,453
Liabilities					
Deposits from banks	53,766	-	53,766	-	53,766
Deposits from customers	560,969	-	568,307	-	568,307
Other borrowings	96,037	-	87,790	-	87,790
Subordinated debt	27,964	-	25,423	-	25,423
Other financial liabilities	136,409	-	136,409	-	136,409
	875,145	-	871,695	-	871,695

Fair value of loans and advances is estimated using discounted cash flow techniques. Input into the valuation techniques includes interest rates and value of underlying collateral.

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

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	Group		Company	
	30 Sept 2017 N million	31 Dec. 2016 N million	30 Sept 2017 N million	31 Dec. 2016 N million
20	Contingent liabilities and commitments			
20.1	Contingent liabilities			
Letters of credit	92,856	15,620	-	-
Guarantees	60,751	38,523	-	-
	153,607	54,143	-	-

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

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

20.2 Legal proceedings

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

There were a total of 294 legal proceedings outstanding as at 30 September 2017 (Dec. 2016: 282 cases). 215 of these were against the group with claims amounting to N156 billion (31 December 2016: N158 billion), while 79 other cases (Dec 2016: 103 cases) were instituted by the group with claims amounting to N14 billion (31 December 2016: N13 billion).

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

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

The claims against the group are generally considered to have a low likelihood of success and the group is actively defending same. Management believes that the ultimate resolution of any of the proceedings will not have a significantly adverse effect on the group. Where the group envisages that there is a more than average chance that a claim against it will succeed, adequate provisions are raised in respect of such claim.

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated and separate interim financial statements (continued)

for the nine months period ended 30 September 2017

21 Supplementary income statement information

	Group				Company			
	3 months	9 months	3 months	9 months	3 months	9 months	3 months	9 months
	30-Sep-17	30-Sep-17	30-Sep-16	30-Sep-16	30-Sep-17	30-Sep-17	30-Sep-16	30-Sep-16
	N million	N million	N million	N million	N million	N million	N million	N million
21.1 Interest income								
Interest on loans and advances to banks	518	1,698	346	840	-	-	-	-
Interest on loans and advances to customers	16,481	44,522	14,432	40,914	-	-	-	-
Interest on investments	15,957	43,464	9,694	19,431	13	32	5	10
	32,956	89,684	24,472	61,185	13	32	5	10

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 during the period.

21.2 Interest expense								
Savings accounts	307	834	24	305	-	-	-	-
Current accounts	1,908	3,097	169	411	-	-	-	-
Call deposits	480	1,053	637	1,015	-	-	-	-
Term deposits	5,738	14,356	4,946	13,933	-	-	-	-
Interbank deposits	966	3,320	813	2,440	-	-	-	-
Borrowed funds	1,645	4,077	1,643	3,992	-	1,095	-	-
	11,044	26,737	8,232	22,096	-	1,095	-	-

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.

21.3 Net fee and commission revenue								
Fee and commission revenue	15,491	43,565	12,831	40,626	284	1,010	208	605
Account transaction fees	696	2,846	812	6,406	-	-	-	-
Card based commission	769	2,399	1,109	2,678	-	-	-	-
Brokerage and financial advisory fees	1,814	4,363	905	2,306	-	-	-	-
Asset management fees	8,708	24,482	6,963	19,940	-	-	-	-
Custody transaction fees	897	1,916	519	1,217	-	-	-	-
Electronic banking	338	849	239	836	-	-	-	-
Foreign currency service fees	1,722	4,664	1,612	5,716	-	-	-	-
Documentation and administration fees	348	1,445	175	538	-	-	-	-
Others	199	601	497	989	284	1,010	208	605
Fee and commission expense	(75)	(256)	(153)	(542)	-	-	-	-
	15,416	43,309	12,678	40,084	284	1,010	208	605

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated and separate interim financial statements (continued)

for the nine months period ended 30 September 2017

21 Supplementary income statement information continued

	Group				Company			
	3 months 30-Sep-17 N million	9 months 30-Sep-17 N million	3 months 30-Sep-16 N million	9 months 30-Sep-16 N million	3 months 30-Sep-17 N million	9 months 30-Sep-17 N million	3 months 30-Sep-16 N million	9 months 30-Sep-16 N million
21.4 Trading revenue								
Foreign exchange	3,319	8,750	5,260	4,414	-	-	-	-
Fixed income	5,510	11,915	1,053	3,499	-	-	-	-
Interest rates	(599)	(470)	1,643	4,362	-	-	-	-
Equities	(1)	-	-	(3)	-	-	-	-
	8,229	20,195	7,956	12,272	-	-	-	-

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

21.5 Other revenue								
Dividend income	62	112	103	224	3,000	28,092	-	-
Others	284	664	231	315	36	95	21	42
	346	776	334	539	3,036	28,187	21	42
21.6 Credit impairment charges								
Net specific credit impairment charges	6,459	20,009	7,131	12,066	-	-	-	-
Specific credit impairment charges	7,301	21,790	7,218	12,391	-	-	-	-
Recoveries on loans and advances previously written off	(842)	(1,781)	(87)	(325)	-	-	-	-
Portfolio credit impairment charges	(78)	325	(303)	3,212	-	-	-	-
	6,381	20,334	6,828	15,278	-	-	-	-

Increase in credit impairment charges mainly relates to newly classified exposure during the period

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated and separate interim financial statements (continued)

for the nine months period ended 30 September 2017

21 Supplementary income statement information continued

	Group				Company			
	3 months	9 months	3 months	9 months	3 months	9 months	3 months	9 months
	30-Sep-17	30-Sep-17	30-Sep-16	30-Sep-16	30-Sep-17	30-Sep-17	30-Sep-16	30-Sep-16
	N million	N million	N million	N million	N million	N million	N million	N million
21.7 Other operating expenses								
Information technology	1,084	3,588	1,710	3,726	-	-	-	-
Communication expenses	209	830	278	806	-	-	-	-
Premises and maintenance	954	3,141	1,146	3,041	-	-	-	-
Depreciation expense	1,020	3,031	919	2,749	84	239	58	162
Deposit insurance premium	619	1,863	620	1,762	-	-	-	-
AMCON expenses	-	4,926	1,136	3,409	-	-	-	-
Other insurance premium	243	756	173	474	-	-	-	-
Auditors remuneration	90	262	79	230	13	39	5	15
Non-audit service fee	4	17	-	3	-	-	-	-
Professional fees	625	1,697	688	1,587	-	-	-	-
Administration and membership fees	908	2,502	504	1,298	-	-	-	-
Training expenses	268	631	266	551	-	-	-	-
Security expenses	384	1,080	295	895	-	-	-	-
Travel and entertainment	435	1,073	336	1,015	-	-	-	-
Stationery and printing	328	949	330	663	-	-	-	-
Marketing and advertising	982	1,885	717	1,539	-	-	-	-
Pension administration expense	(29)	75	74	276	-	-	-	-
Penalties and fines	(4)	37	39	58	-	20	16	16
Donations	65	376	65	99	57	134	61	74
Operational losses	(6)	(26)	(51)	(21)	-	-	-	-
Directors fees	124	292	87	263	31	170	57	172
Provision for legal costs, levies and fines	285	(520)	444	1,359	-	-	-	-
Impairment of other financial assets	1,855	3,716	619	1,570	-	-	-	-
Indirect tax (VAT)	182	529	130	290	17	40	17	33
Others	1,268	893	286	571	(58)	(92)	(102)	(250)
	11,893	33,603	10,890	28,213	144	550	112	222

Growth in other operating expenses mainly reflects the effect of inflation and unfavourable exchange rates compared to prior year

21.8 Income tax								
Current tax	3,093	8,094	2,257	6,310	-	-	3	324
Deferred tax	(172)	(116)	(1,086)	(774)	42	(168)	(25)	92
	2,921	7,978	1,171	5,536	42	(168)	(22)	416

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated and separate interim financial statements (continued)

for the nine months period ended 30 September 2017

	Group			
	3 months	9 months	3 months	9 months
	30-Sep-17	30-Sep-17	30-Sep-16	30-Sep-16
	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)	13,010	36,055	8,858	17,265
Weighted average number of ordinary shares in issue (number of shares)				
Weighted average number of ordinary shares in issue	10,000	10,000	10,000	10,000
Basic earnings per ordinary share (kobo)	130	361	89	173

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated and separate interim financial statements (continued)

for the nine months period ended 30 September 2017

23 Related party transactions

23.1 Parent

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

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 Nominees Limited	100%
Stanbic IBTC Stockbrokers Limited	100%
Stanbic IBTC Trustees Limited	100%
Stanbic IBTC Insurance Brokers Limited (Direct)	75%
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.

	30-Sep-17 N million	30-Sep-16 N million
Key management compensation		
Salaries and other short-term benefits	752	687
Post-employment benefits	37	39
Value of share options and rights expensed	266	3
	1,055	729

The transactions below are entered into in the normal course of business.

	30-Sep-17 N million	31 Dec. 2016 N million
Loans and advances		
Loans outstanding at the beginning of the period	214	330
Net movement during the period	(71)	(116)
Loans outstanding at the end of the period	143	214

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 (2016: nil). The mortgage loans and instalment sale and finance leases are secured by the underlying assets. All other loans are unsecured.

Deposit and current accounts

Deposits outstanding at beginning of the period	247	373
Net movement during the period	12	(126)
Deposits outstanding at end of the period	259	247

Deposits include cheque, current and savings accounts.

Notes to the condensed consolidated and separate interim financial statements (continued)

for the nine months period ended 30 September 2017

23 Related party transactions continued**23.4 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.

	30-Sep-17	31 Dec. 2016
	N million	N million
(i) Due from group companies		
Loans to banks	7,575	7,760
Current account balances	10,876	15,151
Derivatives	453	265
Other assets	166	561
	19,070	23,737
(ii) Due to group companies		
Deposits and current accounts	41,485	605
Derivatives	1,114	5,336
Subordinated debt	12,440	12,251
Other borrowings	51,326	50,524
Other liabilities	3,218	34,335
	109,583	103,051
(iii) Profit or loss impact of transactions with group entities		
Interest income earned	856	444
Interest expense paid	(1,534)	(2,110)
Trading revenue/ (loss)	(4,935)	(2,640)

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated and separate interim financial statements (continued)

for the nine months period ended 30 September 2017

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 Insurance Brokers Ltd N'million	Stanbic IBTC Investments Ltd N'million	Stanbic IBTC Stockbrokers Ltd N'million	Consoli-dations / Elimina-tions N'million	Stanbic IBTC Holdings PLC Group N'million
Income statement												
Net interest income	(1,063)	59,113	546	3,686	229	125	63	36	-	212	-	62,947
Non interest revenue	29,197	35,456	2,931	22,044	2,827	88	189	420	-	728	(29,600)	64,280
Total income	28,134	94,569	3,477	25,730	3,056	213	252	456	-	940	(29,600)	127,227
Staff costs	(581)	(21,953)	(997)	(2,632)	(983)	-	(104)	(111)	-	(279)	-	(27,640)
Operating expenses	(550)	(29,730)	(369)	(3,518)	(561)	(74)	(66)	(79)	(1)	(163)	1,508	(33,603)
Credit impairment charges	-	(20,334)	-	-	-	-	-	-	-	-	-	(20,334)
Total expenses	(1,131)	(72,017)	(1,366)	(6,150)	(1,544)	(74)	(170)	(190)	(1)	(442)	1,508	(81,577)
Profit before tax	27,003	22,552	2,111	19,580	1,512	139	82	266	(1)	498	(28,092)	45,650
Tax	168	(966)	(528)	(5,834)	(488)	(192)	(14)	(95)	-	(29)	-	(7,978)
Profit for the period	27,171	21,586	1,583	13,746	1,024	(53)	68	171	(1)	469	(28,092)	37,672
At 30 Sept 2016	(298)	10,795	(1,499)	9,815	892	177	58	87	-	125	-	20,152

**Risk management
for the nine months period ended 30 September 2017**

Risk management

Group Risk Management ("Group Risk") objective continues to align with the group's strategic focus "to be the leading end-to-end financial solutions provider in Nigeria through innovative and customer-focused people". The Group Risk function has the responsibility of creating a consistent, comprehensive and strategic approach to the identification, measurement, management and reporting of enterprise-wide risks across the group. This is executed through proactive risk management practices which ensure that the business maintains the right balance in terms of the risk-return trade off whilst limiting the negative variations that could impact the group's risk assets and appetite levels in a constantly changing and dynamic operating environment.

Whilst the Board sets the tone and risk appetite for the organization, the risks are managed in accordance to a set of governance standards, frameworks and policies which align with the global best practices.

The group's integrated risk management architecture, as outlined in the Enterprise Risk Management (ERM) framework, supports the evaluation and prioritization of the risk exposures and mitigation activities in line with the group's approved risk appetite, through prudent management of risk exposures in a way that balance the risk premium and return on equity.

The overarching approach to managing the enterprise-wide risk is based on the Three Lines of Defense principle which requires the first line (risk owners) to own their risks and manage same closest to the point of incidence; second line to review and challenge as well as provide oversight and advisory functions; and the third line to conduct assurance that risk processes are fit for purpose and are implemented in accordance to the standard operating procedures.

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

Tier 2 capital which includes subordinated debts and other comprehensive income. Subordinated debt at the end of the period totalled N28bn and is broken down as follows:

- Naira denominated subordinated debt totalling N15.6bn issued on 30 September 2014 at an interest rate of 13.25% per annum;
- N100 million Naira denominated subordinated debt issued on 30 September 2014. Interest is payable semi-annually at 6-month Nigerian Treasury Bills yield plus 1.20%. It has a tenor of 10 periods and is callable after 5 periods from the issue date. The debt is unsecured;
- USD denominated term subordinated non-collateralised facility of USD40 million obtained from Standard Bank of South Africa effective 31 May 2013. The facility expires on 31 May 2025 and is repayable at maturity. Interest on the facility is payable semi-annually at LIBOR (London Interbank Offered Rate) plus 3.60%.

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

STANBIC IBTC HOLDINGS PLC

Risk management for the nine months period ended 30 September 2017

Capital management - BASEL II regulatory capital

Stanbic IBTC Group	B II Group 30 Sept 2017 N'million	B II Group 31 Dec 2016 N'million
Tier 1	153,628	138,831
Paid-up Share capital	5,000	5,000
Share premium	65,450	65,450
General reserve (Retained Profit)	65,953	50,157
SMEEIS reserve	1,039	1,039
AGSMEEIS reserve	749	-
Statutory reserve	32,591	32,576
Other reserves	(19,123)	(19,087)
Non controlling interests	1,969	3,696
Less: regulatory deduction	9,207	9,351
Goodwill	-	-
Deferred tax assets	8,579	8,638
Other intangible assets	628	713
Current period 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	<u>144,421</u>	<u>129,480</u>
Tier II	28,479	28,906
Hybrid (debt/equity) capital instruments	-	-
Subordinated term debt	27,667	27,964
Other comprehensive income (OCI)	812	942
Less: regulatory deduction	-	-
Reciprocal cross-holdings in ordinary shares of financial institutions	-	-
Investment in the capital of banking and financial institutions	-	-
Investment in the capital of financial subsidiaries	-	-
Exposures to own financial holding company	-	-
Unsecured lending to subsidiaries within the same group	-	-
Eligible Tier II capital	<u>28,479</u>	<u>28,906</u>
Total regulatory capital	<u>172,900</u>	<u>158,386</u>
Risk weighted assets:		
Credit risk	567,597	486,430
Operational risk	207,092	207,092
Market risk	16,949	1,917
Total risk weight	<u>791,638</u>	<u>695,439</u>
Total capital adequacy ratio	21.8%	22.8%
Tier I capital adequacy ratio	18.2%	18.6%

STANBIC IBTC HOLDINGS PLC

Risk management for the nine months period ended 30 September 2017

Capital management - BASEL II regulatory capital

Stanbic IBTC Bank PLC	B II 30 Jun 2017 N'million	B II 31 Dec 2016 N'million
Tier 1	118,532	108,228
Paid-up share capital	1,875	1,875
Share premium	42,469	42,469
General reserve (Retained profit)	50,235	40,664
SMEEIS reserve	1,039	1,039
AGSMEEIS reserve	749	
Statutory reserve	22,153	22,153
Other reserves	12	28
Non controlling interests		-
Less: regulatory deduction	8,999	9,084
Deferred Tax Assets	8,321	8,321
Other intangible assets	628	713
Investment in the capital of financial subsidiaries	50	50
Excess exposure(s) over single obligor without CBN approval		-
Exposures to own financial holding company	-	-
Unsecured lending to subsidiaries within the same group	-	-
Eligible Tier I capital	109,533	99,144
Tier II	27,772	28,149
Hybrid (debt/equity) capital instruments	-	-
Subordinated term debt	27,667	27,964
Other comprehensive income (OCI)	105	185
Less: regulatory deduction	50	50
Reciprocal cross-holdings in ordinary shares of financial institutions	-	-
Investment in the capital of banking and financial institutions	-	-
Investment in the capital of financial subsidiaries	50	50
Exposures to own financial holding company	-	-
Unsecured lending to subsidiaries within the same group	-	-
	27,722	28,099
Eligible Tier II capital	137,255	127,243
Risk weighted assets:		
Credit risk	540,777	458,266
Operational risk	146,986	146,986
Market risk	16,949	1,917
Total risk weight	704,712	607,169
Total capital adequacy ratio	19.5%	21.0%
Tier I capital adequacy ratio	15.5%	16.3%