



Stanbic IBTC

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STANBIC IBTC HOLDINGS PLC

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2015

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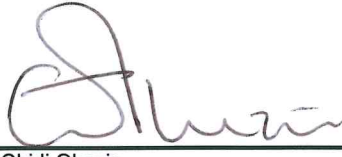
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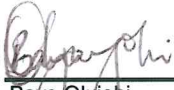
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STANBIC IBTC HOLDINGS PLC

**Interim consolidated and separate statement of financial position
as at 30 September 2015**

	Note	Group		Company	
		30 Sept. 2015 N'million	31 Dec. 2014 N'million	30 Sept. 2015 N'million	31 Dec. 2014 N'million
Assets					
Cash and cash equivalents	5	226,219	143,171	6,743	784
Trading assets	7	83,826	96,345	-	-
Pledged assets	9	54,816	34,172	-	-
Derivative assets	6	5,281	4,860	-	-
Financial investments	8	100,305	204,502	93	58
Loans and advances	10	406,181	407,418	-	-
Loans and advances to banks	10	14,127	8,814	-	-
Loans and advances to customers	10	392,054	398,604	-	-
Equity investment in group companies		-	-	69,171	69,151
Other assets	11	87,162	21,613	2,233	2,541
Current tax and deferred tax assets		11,692	8,457	782	484
Property and equipment		25,340	24,004	2,537	2,653
Total assets		1,000,822	944,542	81,559	75,671
Equity and liabilities					
Equity		117,754	114,275	72,281	72,990
Equity attributable to ordinary shareholders		113,358	110,052	72,281	72,990
Ordinary share capital		5,000	5,000	5,000	5,000
Ordinary share premium		65,450	65,450	65,450	65,450
Reserves		42,908	39,602	1,831	2,540
Non-controlling interest		4,396	4,223	-	-
Liabilities		883,068	830,267	9,278	2,681
Trading liabilities		51,589	85,283	-	-
Derivative liabilities		479	2,677	-	-
Deposits and current accounts		592,508	554,056	-	-
Deposits from banks		88,821	59,121	-	-
Deposits from customers		503,687	494,935	-	-
Other borrowings		64,767	70,151	-	-
Current and deferred tax liabilities		6,590	9,774	98	129
Subordinated debt		23,240	22,973	-	-
Provision and other liabilities		143,895	85,353	9,180	2,552
Total equity and liabilities		1,000,822	944,542	81,559	75,671


 Chidi Okezie
 Company Secretary
 FRC/2013/NBA/00000001082


 Bayo Olujobi
 Chief Financial Officer (Acting)
 FRC/2015/ICAN/00000012619

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 nine months period ended 30 September 2015

	Note	Group		Company	
		30-Sep-15 N'million	30-Sep-14 N'million	30-Sep-15 N'million	30-Sep-14 N'million
Gross earnings		104,418	94,637	10,754	14,051
Net interest income		32,929	34,712	8	-
Interest income	20.1	62,676	52,308	8	-
Interest expense	20.2	(29,747)	(17,596)	-	-
Non-interest revenue		41,324	42,014	10,746	14,051
Net fee and commission revenue	20.3	29,540	28,581	561	605
Fee and commission revenue	20.3	29,958	28,896	561	605
Fee and commission expense	20.3	(418)	(315)	-	-
Trading revenue	20.4	11,144	12,756	-	-
Other revenue	20.5	640	677	10,185	13,446
Total income		74,253	76,726	10,754	14,051
Credit impairment charges	20.6	(12,489)	(2,010)	-	-
Income after credit impairment charges		61,764	74,716	10,754	14,051
Operating expenses		(46,397)	(44,700)	(1,164)	(1,138)
Staff costs		(20,001)	(19,875)	(412)	(364)
Other operating expenses	20.7	(26,396)	(24,825)	(752)	(774)
Profit before tax		15,367	30,016	9,590	12,913
Income tax	20.8	(1,805)	(4,755)	201	344
Profit for the period		13,562	25,261	9,791	13,257
Profit attributable to:					
Non-controlling interests		2,544	2,030	-	-
Equity holders of the parent		11,018	23,231	9,791	13,257
Profit for the period		13,562	25,261	9,791	13,257
Earnings per share					
Basic /diluted earnings per ordinary share (kobo)	21	110	232	98	133

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 nine months period ended 30 September 2015

	Note	Group		Company	
		30-Sep-15 N'million	30-Sep-14 N'million	30-Sep-15 N'million	30-Sep-14 N'million
Profit for the period		13,562	25,261	9,791	13,257
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		2,059	255	-	-
Realised fair value adjustments on available-for-sale financial assets reclassified to income statement		753	(40)	-	-
Income tax on other comprehensive income		-	-	-	-
		2,812	215	-	-
Other comprehensive income for the period, net of tax		2,812	215	-	-
Total comprehensive income for the period		16,374	25,476	9,791	13,257
Total comprehensive income attributable to:					
Non-controlling interests		2,585	2,050	-	-
Equity holders of the parent		13,789	23,426	9,791	13,257
		16,374	25,476	9,791	13,257

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 2015**

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 1 January 2014		5,000	65,450	(19,123)	769	221	273	18,859	22,864	94,313	3,321	97,634
Total comprehensive (loss)/income for the period						195		-	23,231	23,426	2,050	25,476
Profit for the period									23,231	23,231	2,030	25,261
Other comprehensive (loss)/income after tax for the period						195		-		195	20	215
Net change in fair value on available-for-sale financial assets						235				235	20	255
Realised fair value adjustments on available-for-sale financial assets						(40)				(40)		(40)
Statutory credit risk reserve					(769)				769			-
Transactions with shareholders, recorded directly in equity		-					51		(12,000)	(11,949)	(1,882)	(13,831)
Equity-settled share-based payment transactions							51			51		51
Dividends paid to equity holders									(12,000)	(12,000)	(1,882)	(13,882)
Balance at 30 September 2014		5,000	65,450	(19,123)	-	416	324	18,859	34,095	105,790	3,489	109,279
Balance at 1 January 2015		5,000	65,450	(19,123)	3,366	(1,462)	402	22,955	33,464	110,052	4,223	114,275
Total comprehensive income/(loss) for the period						2,771			11,018	13,789	2,585	16,374
Profit for the period									11,018	11,018	2,544	13,562
Other comprehensive income/(loss) after tax for the period						2,771				2,771	41	2,812
Net change in fair value on available-for-sale financial assets						2,018				2,018	41	2,059
Realised fair value adjustments on available-for-sale financial assets						753				753		753
Other						-						
Movement in statutory credit risk reserve					-				-	-		-
Transactions with shareholders, recorded directly in equity		-	-	-	-	-	17	-	(10,500)	(10,483)	(2,412)	(12,895)
Equity-settled share-based payment transactions							17			17		17
Issue of shares												
Dividends paid to equity holders									(10,500)	(10,500)	(2,412)	(12,912)
Balance at 30 September 2015		5,000	65,450	(19,123)	3,366	1,309	419	22,955	33,982	113,358	4,396	117,754

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 2015

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 2014	5,000	65,450	-	8	-	1,388	71,846
Total comprehensive income/(loss) for the period			-			13,257	13,257
Profit for the period	-	-	-	-	-	13,257	13,257
Transactions with shareholders, recorded directly in equity							
Equity-settled share-based payment transactions	-	-	-	5	-	(12,000)	(11,995)
Dividends paid to equity holders			-	5	-	-	5
						(12,000)	(12,000)
Balance at 30 September 2014	5,000	65,450	-	13	-	2,645	73,108
Balance at 1 January 2015	5,000	65,450	-	16	-	2,524	72,990
Total comprehensive income/(loss) for the period			-			9,791	9,791
Profit for the period	-	-	-	-	-	9,791	9,791
Transactions with shareholders, recorded directly in equity							
Equity-settled share-based payment transactions	-	-	-	-	-	(10,500)	(10,500)
Dividends paid to equity holders						-	-
						(10,500)	(10,500)
Balance at 30 September 2015	5,000	65,450	-	16	-	1,815	72,281

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 nine months period ended 30 September 2015

	Note	Group		Company	
		30-Sep-15 N million	30-Sep-14 N million	30-Sep-15 N million	30-Sep-14 N million
Net cash flows from operating activities		(43,986)	15,430	16,538	11,169
Cash flows used in operations		(68,687)	(12,755)	6,511	(2,268)
Profit before tax		15,367	30,016	9,590	12,913
Adjusted for:		(17,791)	(30,436)	(10,016)	(13,331)
Credit impairment charges on loans and advances	20.6	12,489	2,010	-	-
Depreciation of property and equipment	20.7	2,579	2,601	144	102
Dividends included in other revenue	20.5	(163)	(68)	(10,148)	(13,437)
Equity-settled share-based payments		17	51	-	5
Interest expense		29,747	17,596	-	-
Interest income		(62,676)	(52,308)	(8)	-
Non-cash flow movements to subordinated debt		267	186	-	-
Loss/(profit) on sale of property and equipment		(51)	(504)	(4)	(1)
Increase in income-earning assets	16.1	(124,585)	(174,341)	308	(347)
Increase in deposits and other liabilities	16.2	58,322	162,006	6,629	(1,503)
Dividends received		163	68	10,148	13,437
Interest paid		(29,747)	(17,596)	-	-
Interest received		62,676	52,308	8	-
Direct taxation paid		(8,391)	(6,595)	(129)	-
Net cash flows used in investing activities		103,145	(26,870)	(79)	(350)
Capital expenditure on - property		(157)	(68)	-	-
- equipment, furniture and vehicles		(3,935)	(1,306)	(90)	(165)
Proceeds from sale of property, equipment, furniture and vehicles		228	701	66	15
Investment in new subsidiary- Stanbic IBTC Insurance Brokers Limited		-	-	(20)	-
Additional investment in existing subsidiary		-	-	-	(200)
Sale of /(Investment in) financial investment securities, net		107,009	(26,197)	(35)	
Net cash flows used in financing activities		(18,296)	10,406	(10,500)	(12,000)
Net (decrease)/ increase in other borrowings		(5,384)	8,898	-	-
Subordinated debt issued		-	15,390	-	
Net dividends paid	22	(12,912)	(13,882)	(10,500)	(12,000)
Net increase in cash and cash equivalents		40,863	(1,034)	5,959	(1,181)
Effect of exchange rate changes on cash and cash equivalents		5,145	322	-	-
Cash and cash equivalents at beginning of the period		51,556	68,710	784	2,722
Cash and cash equivalents at end of the period	16.3	97,564	67,998	6,743	1,541

The accompanying notes form an integral part of these financial statements

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated interim financial statements

for the nine months period ended 30 September 2015

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 nine months ended 30 September 2015 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 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 2014.

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 2014.

The condensed consolidated interim financial statements was approved by the Board of Directors on 28 October 2015.

(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 2014.

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 2014.

3.1 New standards, interpretations and amendments adopted by the group

On 1 January 2015, the group adopted the following significant new standards and revisions to standards for which the financial effect is insignificant to these interim consolidated financial statements:

(a) IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated interim financial statements

for the nine months period ended 30 September 2015

3 Changes in accounting policies (continued)

(b) Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit.

These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the group, since none of the entities within the group has defined benefit plans with contributions from employees or third parties.

(c) IFRS 2 Share-based Payment

This amendment is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

The above definitions are consistent with how the group has identified any performance and service conditions which are vesting conditions in previous periods, and thus these amendments do not impact the group's accounting policies.

(d) IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

(e) IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar';
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

(f) IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The group did not record any revaluation adjustments during the current interim period.

(g) IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated interim financial statements (continued)

for the nine months period ended 30 September 2015

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 interim financial statements (continued)

for the nine months period ended 30 September 2015

4 Segment reporting

Operating segments

	Personal & Business Banking		Corporate & Investment Banking		Wealth		Eliminations		Group	
	30 Sept. 2015	30 Sept. 2014	30 Sept. 2015	30 Sept. 2014	30 Sept. 2015	30 Sept. 2014	30 Sept. 2015	30 Sept. 2014	30 Sept. 2015	30 Sept. 2014
	N million	N million	N million	N million	N million	N million	N million	N million	N million	N million
Net interest income	16,752	16,498	14,010	16,758	2,167	1,456	-	-	32,929	34,712
Non-interest revenue	5,913	6,650	18,558	20,978	17,465	15,020	(612)	(634)	41,324	42,014
Total income	22,665	23,148	32,568	37,736	19,632	16,476	(612)	(634)	74,253	76,726
Credit impairment charges	(5,016)	(1,472)	(7,473)	(538)	-	-	-	-	(12,489)	(2,010)
Income after credit impairment charges	17,649	21,676	25,095	37,198	19,632	16,476	(612)	(634)	61,764	74,716
Operating expenses in banking activities	(23,724)	(22,121)	(17,235)	(18,291)	(6,050)	(4,922)	612	634	(46,397)	(44,700)
Staff costs	(11,308)	(10,991)	(5,707)	(6,533)	(2,986)	(2,351)	-	-	(20,001)	(19,875)
Other operating expenses	(12,416)	(11,130)	(11,528)	(11,758)	(3,064)	(2,571)	612	634	(26,396)	(24,825)
Profit before direct taxation	(6,075)	(445)	7,860	18,907	13,582	11,554	-	-	15,367	30,016
Direct taxation	1,400	829	1,054	(1,517)	(4,259)	(4,067)	-	-	(1,805)	(4,755)
Profit for the period	(4,675)	384	8,914	17,390	9,323	7,487	-	-	13,562	25,261

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated interim financial statements (continued)

for the nine months period ended 30 September 2015

	Group		Company	
	30 Sept. 2015 N'million	31 Dec. 2014 N'million	30 Sept. 2015 N'million	31 Dec. 2014 N'million
5 Cash and cash equivalents				
Coins and bank notes	39,952	20,310	-	-
Balances with central banks	141,674	96,106	-	-
Current balances with banks within Nigeria	6,914	5,538	6,743	784
Current balances with banks outside Nigeria	37,679	21,217	-	-
	226,219	143,171	6,743	784

Cash and balances with central bank include N128,655 million (Dec. 2014: N91,615 million) that is not available for use by the group on a day to day basis. These restricted balances comprise primarily reserving requirements held with Central Bank of Nigeria (CBN).

The growth in cash and cash equivalents resulted mainly from increase in cash reserve with CBN and increase in trade related balance with local and offshore correspondent banks.

6 Derivative assets and liabilities

	Group		Company	
	30 Sept. 2015 N'million	31 Dec. 2014 N'million	30 Sept. 2015 N'million	31 Dec. 2014 N'million
6.1 Derivative assets				
Foreign exchange derivatives	436	4,596	-	-
Forwards	436	4,596	-	-
Options	-	-	-	-
Interest rate derivatives	4,845	264	-	-
Forwards	-	-	-	-
Swaps	4,845	264	-	-
Total derivative assets	5,281	4,860	-	-
6.2 Derivative liabilities				
Foreign exchange derivatives	468	1,052	-	-
Forwards	468	1,052	-	-
Options	-	-	-	-
Interest rate derivatives	11	1,625	-	-
Forwards	-	-	-	-
Swaps	11	1,625	-	-
Total derivative liabilities	479	2,677	-	-

Decrease in derivative liabilities resulted from decline in volume of foreign currency forward exchange and swap transactions. This decline is on the back of tight foreign exchange regime witnessed during the period.

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated interim financial statements (continued) for the nine months period ended 30 September 2015

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. 2015 N million	31 Dec. 2014 N million	30 Sept. 2015 N million	31 Dec. 2014 N million
7.1 Trading assets				
Classification				
Listed	60,525	26,568	-	-
Unlisted	23,301	69,777	-	-
	83,826	96,345	-	-
Comprising:				
Government bonds	994	8,819	-	-
Corporate bonds	1,285	508	-	-
Treasury bills	58,232	17,239	-	-
Listed equities	14	2	-	-
Reverse repurchase agreements	14,501	-	-	-
Placements	8,800	69,777	-	-
	83,826	96,345	-	-

The decrease in trading assets mainly resulted from matured placements in the trading portfolio.

	Group		Company	
	30 Sept. 2015 N million	31 Dec. 2014 N million	30 Sept. 2015 N million	31 Dec. 2014 N million
7.2 Trading liabilities				
Classification				
Listed	41,347	35,632	-	-
Unlisted	10,242	49,651	-	-
	51,589	85,283	-	-
Comprising:				
Government bonds (short positions)	-	151	-	-
Repurchase agreements	-	9,999	-	-
Deposits	10,242	39,652	-	-
Treasury bills (short positions)	41,347	35,481	-	-
	51,589	85,283	-	-

The decrease in trading liabilities mainly resulted from matured deposits in the trading portfolio.

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated interim financial statements (continued)

for the nine months period ended 30 September 2015

	Group		Company	
	30 Sept. 2015 N million	31 Dec. 2014 N million	30 Sept. 2015 N million	31 Dec. 2014 N million
8 Financial investments				
Short - term negotiable securities	91,477	135,151	-	-
Listed	91,477	135,151	-	-
Unlisted	-	-	-	-
Other financial investments	8,828	69,351	93	58
Listed	7,614	66,043	93	58
Unlisted	1,214	3,308	-	-
	100,305	204,502	93	58

The decline in financial investments relates to matured treasury bills and bonds, the proceeds of which were mainly used in meeting additional cash reserving requirement.

8.1 Comprising:				
Government bonds	1,167	61,691	-	-
Treasury bills	91,477	135,151	-	-
Corporate bonds	260	2,562	-	-
Unlisted equities	954	746	-	-
Mutual funds and unit-linked investments	6,447	4,352	94	58
	100,305	204,502	94	58

	Group		Company	
	30 Sept. 2015 N million	31 Dec. 2014 N million	30 Sept. 2015 N million	31 Dec. 2014 N million
9 Pledged assets				
9.1 Pledged assets				
Financial assets that may be repledged or resold by counterparties				
Treasury bills	54,816	34,172	-	-
	54,816	34,172	-	-

Increase in pledged assets relates to treasury bills pledged in respect of deposits taken under repurchase agreements as disclosed in note 12.

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Notes to the condensed consolidated interim financial statements (continued)

for the nine months period ended 30 September 2015

	Group		Company	
	30 Sept. 2015 N million	31 Dec. 2014 N million	30 Sept. 2015 N million	31 Dec. 2014 N million
10 Loans and advances				
Loans and advances net of impairments				
10.1 Loans and advances to banks	14,127	8,814	-	-
Call loans	237	-	-	-
Placements	13,890	8,814	-	-
10.2 Loans and advances to customers	392,054	398,604	-	-
Gross loans and advances to customers	418,301	413,440	-	-
Mortgage loans	10,370	8,156	-	-
Instalment sale and finance leases	27,535	30,377	-	-
Card debtors	1,324	1,063	-	-
Overdrafts and other demand loans	47,366	44,431	-	-
Medium term loans	328,311	326,038	-	-
Others loans and advances	3,395	3,375	-	-
Credit impairments for loans and advances	(26,247)	(14,836)	-	-
Specific credit impairments	(20,304)	(10,534)	-	-
Portfolio credit impairments	(5,943)	(4,302)	-	-
Net loans and advances	406,181	407,418	-	-

10.3 Analysis of gross loans and advances to customers by performance

Performing loans	387,317	395,489	-	-
Non-performing loans	30,984	17,951	-	-
	418,301	413,440	-	-

	Group		Company	
	30 Sept. 2015 N million	31 Dec. 2014 N million	30 Sept. 2015 N million	31 Dec. 2014 N million
11 Other assets				
Trading settlement assets	67,991	4,217	-	-
Accrued income	332	683	-	-
Indirect / withholding tax receivables	1,199	920	154	73
Accounts receivable	11,208	10,929	2,025	2,185
Prepayments	8,706	6,092	557	400
Other debtors	726	820	-	-
	90,162	23,661	2,736	2,658
Impairment on doubtful recoveries	(3,000)	(2,048)	(503)	(117)
	87,162	21,613	2,233	2,541

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.

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

for the nine months period ended 30 September 2015

	Group		Company	
	30 Sept. 2015 N million	31 Dec. 2014 N million	30 Sept. 2015 N million	31 Dec. 2014 N million
12 Deposits and current accounts				
Deposits from banks	88,821	59,121	-	-
Deposits under repurchase agreement	30,013	-	-	-
Other deposits from banks	58,808	59,121	-	-
Deposits from customers	503,687	494,935	-	-
Current accounts	209,491	219,264	-	-
Call deposits	51,701	42,678	-	-
Savings accounts	24,939	21,451	-	-
Term deposits	169,505	191,540	-	-
Negotiable certificate of deposits	48,051	20,002	-	-
Total deposits and current accounts	592,508	554,056	-	-

	Group		Company	
	30 Sept. 2015 N million	31 Dec. 2014 N million	30 Sept. 2015 N million	31 Dec. 2014 N million
13 Other borrowings				
(i) FMO - Netherland Development Finance Company	8,913	1,372	-	-
(ii) European Investment Bank	-	2,074	-	-
(iii) Bank of Industry	5,255	5,962	-	-
(iv) Standard Bank Isle of Man	38,669	48,229	-	-
(v) CBN Commercial Agricultural Credit Scheme (CACS)	11,930	12,514	-	-
	64,767	70,151	-	-

- (i) Stanbic IBTC Bank PLC ("the bank"), a subsidiary of the company, obtained a new on-lending dollar-denominated loan of USD\$45 million from Netherland Development Finance Company (FMO) during the period after the expiration of the initial loan on 15 January 2015. The new facility is effective from 08 April 2015 and has a maturity date of 20 December 2019. Interest rate on the loan is 6 months LIBOR plus 3.50%. The facility is unsecured.
- (ii) The outstanding balance of the dollar denominated facility from European Investment Bank with original maturity of 14 December 2018 was prepaid during the period.
- (iii) This represents existing Central Bank of Nigeria (CBN) initiated on-lending naira facility obtained from Bank of Industry in September 2010 at a fixed rate of 1% per annum on a tenor based on agreement with individual beneficiary customer. Disbursement of these funds are represented in loans and advances to customers.
- (iv) This represents existing dollar denominated long term on-lending facilities with floating rates tied to LIBOR from Standard Bank Isle of Man with average tenor of 5 years. The dollar value of the facility as at 30 September 2015 was US\$194 million (Dec 2014: USD\$264 million).
- (v) This represents existing facility 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 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. 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 2015 (2014: Nil)

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated interim financial statements (continued)

for the nine months period ended 30 September 2015

	Group		Company	
	30 Sept. 2015 N million	31 Dec. 2014 N million	30 Sept. 2015 N million	31 Dec. 2014 N million
14 Subordinated debt				
(i) Subordinated fixed rate notes- Naira denominated	15,068	15,575	-	-
(ii) Subordinated floating rate notes -Naira denominated	100	103	-	-
(iii) Subordinated debt - US dollar denominated	8,072	7,295	-	-
	23,240	22,973	-	-

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

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

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

The 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 2015 (Dec. 2014: Nil)

	Group		Company	
	30 Sept. 2015 N million	31 Dec. 2014 N million	30 Sept. 2015 N million	31 Dec. 2014 N million
15 Provisions and other liabilities				
Trading settlement liabilities	50,186	956	-	-
Cash-settled share-based payment liability	929	1,245	86	151
Accrued expenses - Staff	3,171	4,081	248	648
Deferred revenue liability	898	1,364	-	-
Accrued expenses - Others	18,217	16,045	2,089	1,372
Collections / remittance payable	8,835	9,735	-	-
Customer deposit for letters of credit	12,349	4,510	-	-
Liability on refinanced letters of credit	14,349	27,675	-	-
Unclaimed balance	7,150	6,832	-	-
Provision for contingent losses	2,816	2,578	-	-
Draft & bank cheque payable	2,767	1,940	-	-
Dividend payable	4,545	-	4,545	-
Sundry liabilities	17,683	8,392	2,212	381
	143,895	85,353	9,180	2,552

The increase in other liabilities is mainly as a result of outstanding payables in respect of unsettled trades on financial instruments. 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 interim financial statements (continued)

for the nine months period ended 30 September 2015

	Group		Company	
	30 Sept. 2015	30 Sept. 2014	30 Sept. 2015	30 Sept. 2014
	N million	N million	N million	N million
16 Statement of cash flows notes				
16.1 Decrease/(increase) in income-earning assets				
Net derivative assets	(2,619)	(420)	-	-
Trading assets	12,519	(103,348)	-	-
Pledged assets	(20,644)	1,456	-	-
Loans and advances	(11,252)	(26,877)	-	-
Other assets	(65,549)	(26,168)	308	(347)
Restricted balance with the Central Bank	(37,040)	(18,984)	-	-
	(124,585)	(174,341)	308	(347)
16.2 Increase/(decrease) in deposits and other liabilities				
Deposit and current accounts	38,452	82,099	-	-
Trading liabilities	(33,694)	1,429	-	-
Other liabilities and provisions	53,564	78,478	6,629	(1,503)
	58,322	162,006	6,629	(1,503)
16.3 Cash and cash equivalents - Statement of cash flows				
Cash and cash equivalents (note 7)	226,219	138,584	6,743	1,541
Less: restricted balance with the Central Bank of Nigeria	(128,655)	(70,586)	-	-
Cash and cash equivalents at end of the period	97,564	67,998	6,743	1,541

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated interim financial statements (continued) for the nine months period ended 30 September 2015

17 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 September 2015							
Assets							
Cash and balances with central banks	5	-	-	-	226,219	226,219	226,219
Derivative assets	6	5,281	-	-	-	5,281	5,281
Trading assets	7	83,826	-	-	-	83,826	83,826
Pledged assets	9	-	-	54,816	-	54,816	54,816
Financial investments	8	-	-	100,305	-	100,305	100,305
Loans and advances to banks	10	-	14,127	-	-	14,127	14,127
Loans and advances to customers	10	-	392,054	-	-	392,054	376,372
Other financial assets		-	76,925	-	-	76,925	76,925
		89,107	406,181	155,121	226,219	953,553	937,871
Liabilities							
Derivative liabilities	6	479	-	-	-	479	479
Trading liabilities	7	51,589	-	-	-	51,589	51,589
Deposits from banks	12	-	-	-	88,821	88,821	88,821
Deposits from customers	12	-	-	-	503,687	503,687	503,687
Subordinated debt		-	-	-	23,240	23,240	21,148
Other borrowings		-	-	-	64,767	64,767	61,529
Other financial liabilities		-	-	-	120,680	120,680	120,680
		52,068	-	-	713,188	765,256	765,256

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated interim financial statements (continued)

for the nine months period ended 30 September 2015

17 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 2014							
Assets							
Cash and balances with central banks	5	-	-	-	143,171	143,171	143,171
Derivative assets	6	4,860	-	-	-	4,860	4,860
Trading assets	7	96,345	-	-	-	96,345	96,345
Pledged assets	9	10,164	-	24,008	-	34,172	34,172
Financial investments	8	-	-	204,502	-	204,502	204,502
Loans and advances to banks	10	-	8,814	-	-	8,814	8,821
Loans and advances to customers	10	-	398,604	-	-	398,604	310,946
Other financial assets		-	13,918	-	-	13,918	13,918
		101,205	407,418	228,510	143,171	904,386	816,735
Liabilities							
Derivative liabilities	6	2,677	-	-	-	2,677	2,677
Trading liabilities	7	85,283	-	-	-	85,283	85,283
Deposits from banks	12	-	-	-	59,121	59,121	59,134
Deposits from customers	12	-	-	-	494,935	494,935	495,906
Subordinated debt		-	-	-	22,973	22,973	20,790
Other borrowings		-	-	-	70,151	70,151	66,736
Other financial liabilities		-	-	-	60,040	60,040	60,040
		87,960	-	-	707,220	795,180	790,566

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.

18 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.

18.1 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.

18.2 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.

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated interim financial statements (continued)

for the nine months period ended 30 September 2015

18.3 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	Level 1 N million	Level 2 N million	Level 3 N million	Total N million
30 September 2015				
Assets				
Derivative assets	-	5,281	-	5,281
Trading assets	60,525	23,301	-	83,826
Pledged assets	54,816	-	-	54,816
Financial investments	99,091	950	264	100,305
	214,432	29,532	264	244,228
Comprising:				
Held-for-trading	60,525	28,582	-	89,107
Available-for-sale	153,907	950	264	155,121
	214,432	29,532	264	244,228
Liabilities				
Derivative liabilities	-	479	-	479
Trading liabilities	41,347	10,242	-	51,589
	41,347	10,721	-	52,068
Comprising:				
Held-for-trading	41,347	10,721	-	52,068
Designated at fair value	-	-	-	-
	41,347	10,721	-	52,068

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

Group	Level 1 N million	Level 2 N million	Level 3 N million	Total N million
31 December 2014				
Assets				
Derivative assets	-	4,860	-	4,860
Trading assets	26,568	69,777	-	96,345
Pledged assets	34,172	-	-	34,172
Financial investments	201,194	3,144	164	204,502
	261,934	77,781	164	339,879
Comprising:				
Held-for-trading	36,732	74,637	-	111,369
Available-for-sale	225,202	3,144	164	228,510
	261,934	77,781	164	339,879
Liabilities				
Derivative liabilities	-	2,677	-	2,677
Trading liabilities	35,632	49,651	-	85,283
	35,632	52,328	-	87,960
Comprising:				
Held-for-trading	35,632	52,328	-	87,960
Designated at fair value	-	-	-	-
	35,632	52,328	-	87,960

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

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Notes to the condensed consolidated interim financial statements (continued)

for the nine months period ended 30 September 2015

18.3 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.

	30 Sept. 2015 N million	31 Dec. 2014 N million
Financial investments - unquoted equities		
Balance at 1 January	164	213
Gain/(loss) recognised in other comprehensive income	-	(49)
Purchases	100	-
Balance at period end	264	164

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

	30 Sept. 2015 N million	31 Dec. 2014 N million
Net change in fair value of available-for-sale financial assets	-	(49)

(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.

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated interim financial statements (continued)

for the nine months period ended 30 September 2015

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

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

Group	Carrying amount N million	Fair value			Total N million
		Level 1 N million	Level 2 N million	Level 3 N million	
30 September 2015					
Assets					
Loans and advances to banks	14,127	-	-	14,127	14,127
Loans and advances to customers	392,054	-	-	376,372	376,372
Other financial assets	76,925	-	76,925	-	76,925
	483,106	-	76,925	390,499	467,424
Liabilities					
Deposits from banks	88,821		88,821	-	88,821
Deposits from customers	503,687	286,131	217,556	-	503,687
Other borrowings	64,767	-	61,529	-	61,529
Subordinated debt	23,240	-	21,148	-	21,148
Other financial liabilities	120,680	-	120,680	-	120,680
	801,195	286,131	509,734	-	795,865

Group		Level 1 N million	Level 2 N million	Level 3 N million	Total N million
31 December 2014					
Assets					
Loans and advances to banks	8,814	-	-	8,821	8,821
Loans and advances to customers	398,604	-	-	310,946	310,946
Other financial assets	13,918	-	13,918	-	13,918
	421,336	-	13,918	319,767	333,685
Liabilities					
Deposits from banks	59,121	-	59,134	-	59,134
Deposits from customers	494,935	-	495,906	-	495,906
Other borrowings	70,151	-	66,736	-	66,736
Subordinated debt	22,973	-	20,790	-	20,790
Other financial liabilities	60,040	-	60,040	-	60,040
	707,220	-	702,606	-	702,606

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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Notes to the condensed consolidated interim financial statements (continued)

for the nine months period ended 30 September 2015

	Group		Company	
	30 Sept. 2015 N million	31 Dec. 2014 N million	30 Sept. 2015 N million	31 Dec. 2014 N million
19	Contingent liabilities and commitments			
19.1	Contingent liabilities			
Letters of credit	41,231	31,020	-	-
Guarantees	27,060	35,543	-	-
	68,291	66,563	-	-

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.

19.2 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 212 legal proceedings outstanding as at 30 September 2015. 125 of these were against the group with claims amounting to N397 billion (Dec. 2014: N350 billion), while 87 other cases were instituted by the group with claims amounting to N8.9 billion (31 Dec. 2014: N7.2 billion).

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

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Notes to the condensed consolidated interim financial statements (continued)

for the nine months period ended 30 September 2015

20 Supplementary income statement information

	Group		Company	
	30 Sept. 2015 N million	30 Sept. 2014 N million	30 Sept. 2015 N million	30 Sept. 2014 N million
20.1 Interest income				
Interest on loans and advances to banks	2,301	2,890		
Interest on loans and advances to customers	44,413	32,973	-	-
Interest on investments	15,962	16,445	8	-
	62,676	52,308	8	-
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 loans and advances to customers as well as the upward re-pricing of customer loans carried out during the period.				
20.2 Interest expense				
Savings accounts	465	327	-	-
Current accounts	1,897	2,352	-	-
Call deposits	4,171	1,803	-	-
Term deposits	18,998	11,124	-	-
Interbank deposits	1,330	1,113	-	-
Borrowed funds	2,886	877	-	-
	29,747	17,596	-	-
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.				
20.3 Net fee and commission revenue				
Fee and commission revenue	29,958	28,896	561	605
Account transaction fees	1,929	2,319	-	-
Card based commission	1,627	1,439	-	-
Brokerage and financial advisory fees	3,603	4,617	-	-
Asset management fees	17,027	14,974	-	-
Custody transaction fees	1,471	1,722	-	-
Electronic banking	585	306	-	-
Foreign currency service fees	1,895	1,307	-	-
Documentation and administration fees	553	634	-	-
Others	1,268	1,578	561	605
Fee and commission expense	(418)	(315)	-	-
	29,540	28,581	561	605
20.4 Trading revenue				
Foreign exchange	10,233	5,825	-	-
Credit	4,296	462	-	-
Interest rates	(3,406)	6,481	-	-
Equities	21	(12)	-	-
	11,144	12,756	-	-

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated interim financial statements (continued)

for the nine months period ended 30 September 2015

20 Supplementary income statement information continued

	Group		Company	
	30 Sept. 2015 N million	30 Sept. 2014 N million	30 Sept. 2015 N million	30 Sept. 2014 N million
20.5 Other revenue				
Dividend income	163	68	10,148	13,437
Others	477	609	37	9
	640	677	10,185	13,446
20.6 Credit impairment charges				
Net specific credit impairment charges	10,832	2,428	-	-
Specific credit impairment charges	10,937	2,964	-	-
Recoveries on loans and advances previously written	(105)	(536)	-	-
Portfolio credit impairment charges/(reversal)	1,657	(418)	-	-
	12,489	2,010	-	-

The slow-down in economic activities resulted in strain on some sectors of the economy especially the oil & gas and government linked contractors and suppliers. In line with these economic realities, thus the credit impairment witnessed a significant increase as reported above.

20.7 Other operating expenses

Information technology	3,522	3,583	11	30
Communication	616	514	(4)	23
Premises and maintenance	2,762	2,442	27	49
Marketing and advertising	1,865	1,356	29	116
Insurance	5,298	4,675	61	59
Professional fees	3,664	4,219	59	129
Depreciation	2,579	2,601	144	102
Stationery and printing	565	484	12	15
Security	886	761	1	2
Travel and entertainment	1,081	948	19	34
Administration and membership fees	1,105	746	25	15
Training	534	332	5	11
Others	1,919	2,164	363	189
	26,396	24,825	752	774

Growth in other operating expenses resulted largely from insurance costs (AMCON - Asset Management Corporation of Nigeria- sinking fund and deposit insurance premium) as well as increased marketing and advertising cost.

'Others' include pension administration expenses, donations, and miscellaneous expenses.

20.8 Income tax

Current tax	5,079	6,662	97	128
Deferred tax	(3,274)	(1,907)	(298)	(472)
	1,805	4,755	(201)	(344)

The decline in income tax is mainly on the back of decrease in profitability as well as deferred tax credit resulting from growth in unutilised tax losses.

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated interim financial statements (continued)

for the nine months period ended 30 September 2015

22 Related party transactions

22.1 Parent

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

22.2 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	70.59%
Stanbic IBTC Nominees Limited	100%
Stanbic IBTC Stockbrokers Limited	100%
Stanbic IBTC Trustees Limited	100%
Stanbic IBTC Insurance Brokers Limited	100%
Stanbic IBTC Investments Limited	100%
Stanbic IBTC Bureau De Change Limited - Indirect subsidiary	100%
Stanbic IBTC Nominees Limited - Indirect subsidiary	100%

22.3 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 Sept. 2015 N million	30 Sept. 2014 N million
Key management compensation		
Salaries and other short-term benefits	1,262	1,074
Post-employment benefits	31	23
Value of share options and rights expensed	15	404
	1,308	1,501

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

	30 Sept. 2015 N million	31 Dec. 2014 N million
Loans and advances		
Loans outstanding at the beginning of the period	200	215
Net movement during the period	47	(15)
Loans outstanding at the end of the period	247	200

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 (2014: 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	352	717
Net movement during the period	58	(365)
Deposits outstanding at end of the period	410	352

Deposits include cheque, current and savings accounts.

Notes to the condensed consolidated interim financial statements (continued)

for the nine months period ended 30 September 2015

22 Related party transactions continued

22.4 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.

Some of the subsidiaries have entered into service agreements with other Standard Bank Group companies for the provision of marketing, technical and other support services. These agreements are entered into at prevailing market rates.

Transactions with Ultimate Holding company (Standard Bank Group)	30 Sept. 2015	30 Sept. 2014
	N million	N million
Revenue		
Trading revenue - (Loss)/profit	(452)	475
Net interest income - (expense)/income	(1,031)	(949)
Total revenue earned	(1,483)	(474)
Operating expenses		
Information technology and professional fee	2,518	2,578
	30 Sept. 2015	31 Dec. 2014
	N million	N million
Loans to group entities		
Loans outstanding at the beginning of the period	82,516	21,392
Net loans given/(repaid) during the period	(69,446)	61,124
Loans outstanding at the end of the period	13,070	82,516
Deposits from group entities		
Deposits outstanding at the beginning of the period	67,463	99,256
Net deposits received/(repaid) during the period	21,504	(31,793)
Deposits outstanding at the end of the period	88,967	67,463
Subordinated debt	8,072	7,295
Other liabilities and other assets		
Other liabilities	9,803	7,561
Dividend payable	4,428	-
Other assets	1,326	432

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated interim financial statements (continued)

for the nine months period ended 30 September 2015

23 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	Consoli-dations / Elimina -tions N'million	Stanbic IBTC Holdings PLC Group N'million
Income statement											
Net interest income	8	30,049	369	1,782	336	96	49	239	1	-	32,929
Non interest revenue	10,746	20,711	2,001	15,492	1,772	150	201	970	-	(10,719)	41,324
Total income	10,754	50,760	2,370	17,274	2,108	246	250	1,209	1	(10,719)	74,253
Staff costs	(412)	(15,389)	(1,008)	(2,127)	(762)	-	(97)	(206)	-	-	(20,001)
Operating expenses	(752)	(21,926)	(836)	(2,579)	(445)	(154)	(39)	(233)	(3)	571	(26,396)
Credit impairment charges	-	(12,489)	-	-	-	-	-	-	-	-	(12,489)
Total expenses	(1,164)	(49,804)	(1,844)	(4,706)	(1,207)	(154)	(136)	(439)	(3)	571	(58,886)
Profit before tax	9,590	956	526	12,568	901	92	114	770	(2)	(10,148)	15,367
Tax	201	2,570	(113)	(3,919)	(305)	(14)	(35)	(190)	-	-	(1,805)
Profit for the period	9,791	3,526	413	8,649	596	78	79	580	(2)	(10,148)	13,562
At 30 September 2014	13,257	16,054	991	6,902	566	92	18	818	-	(13,437)	25,261

Statement of financial position
30 September 2015

Total assets	81,559	962,456	8,076	21,104	4,060	2,719	586	2,866	19	(82,623)	1,000,822
Liabilities	9,278	876,204	2,637	5,992	933	275	136	1,338	1	(13,726)	883,068
Equity and reserves	72,281	86,252	5,439	15,112	3,127	2,444	450	1,528	18	(68,897)	117,754

**Risk management
for the nine months period ended 30 September 2015**

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 2014.

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 2014.

Capital management

Capital adequacy

Capital adequacy ratio, which reflects the capital strength of an entity compared to the minimum regulatory requirements, is monitored by the management, essentially employing approaches based on the guidelines developed by the regulators for supervisory purposes. It is calculated by dividing the regulatory capital held by the bank by its risk-weighted assets. Regulatory capital comprises Tier 1 and Tier 2 capital as disclosed below while risk weighted assets comprise computed risk assets from credit, operational and market risks.

Risk-weighted assets for credit risk adopt the standardised approach using risk weight assigned to individual asset classes by the Central Bank in place of external credit assessment institutions' ratings, and taking into account any eligible collateral or guarantees. A similar treatment is adopted for off balance sheet exposures, with some adjustments to reflect the more contingent nature of the potential losses.

Notional risk weighted asset for market risk is calculated using the standardised approach while operational risk is determined using the basic indicator approach.

The Central Bank requires the bank to hold a minimum regulatory capital of N25 billion and maintain a minimum of 10% capital adequacy ratio.

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 management for the nine months period ended 30 September 2015

Capital management - BASEL II regulatory capital

Stanbic IBTC Bank PLC

	30 Sept. 2015 N'million	31 Dec. 2014 N'million
Tier 1	78,524	80,024
Paid-up ordinary shares	1,875	1,875
Share premium	42,469	42,469
Retained profits	14,751	16,251
Statutory reserve	18,086	18,086
Other reserves	304	304
Non controlling interest	-	-
SMEEIS Reserve	1,039	1,039
Less: regulatory deduction	7,553	7,553
Increase in equity capital resulting from a securitization	-	-
Investment in own shares (treasury stock).	-	-
Losses for the current financial year	-	-
Goodwill	-	-
Deferred tax assets	7,503	7,503
Other intangible assets	-	-
Under-impairment	-	-
	50	50
50% of investments in banking and financial subsidiary/associate companies	-	-
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>70,971</u>	<u>72,471</u>
Tier II	21,671	21,404
Hybrid (debt/equity) capital instruments	-	-
Subordinated term debt	23,240	22,973
Other comprehensive income (OCI)	(1,569)	(1,569)
Less: regulatory deduction	50	50
50% of investments in unconsolidated banking and financial subsidiary/associate companies	50	50
Eligible Tier II capital	<u>21,621</u>	<u>21,354</u>
Total regulatory capital	<u>92,592</u>	<u>93,825</u>
Risk weighted assets:		
Credit risk	468,786	509,846
Operational risk	118,294	99,637
Market risk	1,798	2,336
Total risk weight	<u>588,878</u>	<u>611,819</u>
Total capital adequacy ratio	15.7%	15.3%
Tier I capital adequacy ratio	12.1%	11.8%

STANBIC IBTC HOLDINGS PLC

Quarterly statements of profit or loss and other comprehensive income for the nine months period ended 30 September 2015

	Group			
	Q1 2015 N'million	Q2 2015 N'million	Q3 2015 N'million	Total 2015 N'million
Gross earnings	33,737	34,558	36,123	104,418
Net interest income	10,701	11,434	10,794	32,929
Interest income	19,716	22,002	20,958	62,676
Interest expense	(9,015)	(10,568)	(10,164)	(29,747)
Non-interest revenue	13,917	12,429	14,978	41,324
Net fee and commission revenue	9,544	9,260	10,736	29,540
Fee and commission revenue	9,648	9,387	10,923	29,958
Fee and commission expense	(104)	(127)	(187)	(418)
Trading revenue	4,228	2,905	4,011	11,144
Other revenue	145	264	231	640
Total income	24,618	23,863	25,772	74,253
Credit impairment charges	(3,941)	(3,958)	(4,590)	(12,489)
Income after credit impairment charges	20,677	19,905	21,182	61,764
Operating expenses	(15,862)	(15,183)	(15,352)	(46,397)
Staff costs	(7,094)	(6,378)	(6,529)	(20,001)
Other operating expenses	(8,768)	(8,805)	(8,823)	(26,396)
Profit before tax	4,815	4,722	5,830	15,367
Income tax	(601)	759	(1,963)	(1,805)
Profit for the period	4,214	5,481	3,867	13,562
Other comprehensive income	1,388	799	625	2,812
Total comprehensive income for the period	5,602	6,280	4,492	16,374
Total comprehensive income attributable to:				
Non-controlling interests	726	956	903	2,585
Equity holders of the parent	4,876	5,324	3,589	13,789
	5,602	6,280	4,492	16,374

STANBIC IBTC HOLDINGS PLC

Quarterly statements of profit or loss and other comprehensive income for the nine months period ended 30 September 2014

	Group			
	Q1 2014 N'million	Q2 2014 N'million	Q3 2014 N'million	Total 2014 N'million
Gross earnings	30,221	31,257	33,159	94,637
Net interest income	11,726	11,271	11,715	34,712
Interest income	17,019	16,998	18,291	52,308
Interest expense	(5,293)	(5,727)	(6,576)	(17,596)
Non-interest revenue	13,085	14,175	14,754	42,014
Net fee and commission revenue	8,936	9,828	9,817	28,581
Fee and commission revenue	9,053	9,912	9,931	28,896
Fee and commission expense	(117)	(84)	(114)	(315)
Trading revenue	4,101	4,214	4,441	12,756
Other revenue	48	133	496	677
Total income	24,811	25,446	26,469	76,726
Credit impairment charges	(1,195)	(243)	(572)	(2,010)
Income after credit impairment charges	23,616	25,203	25,897	74,716
Operating expenses	(14,647)	(14,555)	(15,498)	(44,700)
Staff costs	(6,418)	(6,421)	(7,036)	(19,875)
Other operating expenses	(8,229)	(8,134)	(8,462)	(24,825)
Profit before tax	8,969	10,648	10,399	30,016
Income tax	(2,072)	(1,650)	(1,033)	(4,755)
Profit for the period	6,897	8,998	9,366	25,261
Other comprehensive income	(245)	860	(400)	215
Total comprehensive income for the period	6,652	9,858	8,966	25,476
Total comprehensive income attributable to:				
Non-controlling interests	653	659	738	2,050
Equity holders of the parent	5,999	9,199	8,228	23,426
	6,652	9,858	8,966	25,476