Stanbic IBTC
A member of Standard Bank Group

STANBIC IBTC BANK PLC

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
31 DECEMBER 2021

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Directors' report
For the year ended 31 December 2021

The directors present their report on the affairs of Stanbic IBTC Bank PLC (“the bank”) and its subsidiary, together with the consolidated and separate annual financial statements and auditor’s report for the year ended 31 December 2021.

a. Legal form

The bank was incorporated in Nigeria under the Companies & Allied Matters Act (CAMA) as a private limited liability company on 2 February 1989. It was granted a licence on 3 February 1989 to carry on the business of merchant banking and commenced business on 1 March 1989. The bank was converted into a public limited liability company on 25 January 2005.

Pursuant to the full implementation of the Central Bank of Nigeria Regulation 3 of 2010, the bank’s shares were de-listed on 23 November 2012 from the official trading list of The Nigerian Exchange Limited and became a wholly owned subsidiary of Stanbic IBTC Holdings PLC.

b. Principal activity and business review

The principal activity of the bank is the provision of banking and related financial services to corporate and individual customers. Such services include the granting of loans and advances and financial market activities. Stanbic IBTC Bank TIN is 00026526-0001

The bank has one wholly owned subsidiary which is Stanbic IBTC Nominees Limited (SINL). SINL carries on the business of nominees for clients, undertakes sub-contracts and acts in any of the businesses of its clients either solely or jointly with any other person, company or corporation.

The bank's financial statements consolidate the affairs of its subsidiary.

c. Operating results and dividends

The group's gross earnings decreased by 21.47%, while the profit before tax decreased by 59.46% for the year ended 31 December 2021. The directors proposed a final dividend of 473 kobo per share (30 December 2020: 438k per share;) from the retained earnings account as at 31 December 2021).
Highlights of the group and bank's operating results for the year under review are as follows:

	31 Dec 2021 Group ₦'million	31 Dec 2020 Group ₦'million	**31 Dec 2021 Bank ₦'million**	31 Dec 2020 Bank ₦'million
Gross earnings	**139,679**	177,846	**140,036**	178,308
Profit before tax	**23,752**	58,600	**23,433**	58,306
Income tax	**5,906**	874	**6,137**	1,183
Profit after tax	**29,658**	59,474	**29,570**	59,489
Appropriations:				
Transfer to reserves	**7,049**	11,895	**7,049**	11,895
Transfer to retained earnings reserve	**22,608**	47,579	**22,520**	47,594
	29,658	59,474	**29,570**	59,489
Dividend paid (Interim)	**-**	6,450	**-**	6,450
Proposed dividend (Final)	**17,737**	16,441	**17,737**	16,441
Total Dividend	**17,737**	22,891	**17,737**	22,891

d. Directors who served during the year and their interest in shares

The direct interest of directors in the issued share capital of the bank as recorded in the register of directors shareholding and / or as notified by the directors for the purposes of section 301 and 303 of CAMA 2020 are as follows:

	Direct shareholding	
	Number of ordinary shares held 31-Dec-21	Number of ordinary shares held 31-Dec-20
Yinka Sanni	**1**	1

In order to ensure that the composition of the Board continues to align with the CBN Code of Corporate Governance, in the year ended 31 December 2021, the Board approved the appointment of one additional Directors - Mr Helmut Engelbrecht. His appointment is undergoing the required regulatory approvals. In addition, Messrs Simon Ridley, Wole Adeniyi and Kolawole Lawal shall be retiring at the next AGM and being eligible, shall offer themselves for re-election.

e. Directors interest in contracts

The directors interest in contract during the year is nil.

f. Property and equipment

Information relating to changes in property and equipment is given in note 16 to the annual financial statements. In the directors' opinion the disclosures regarding the group's properties are in line with the related statement of accounting policy of the group.

g. Shareholding analysis

The shareholding pattern of the bank as at 31 December 2021 is as stated below:

Shareholder	No. of holding 31-Dec-21	Percentage holdings 31-Dec-21	No. of holding 31-Dec-20	Percentage holdings 31-Dec-20
Stanbic IBTC Holdings PLC	3,749,996,653	99.9999999%	3,749,996,653	99.9999999%
Yinka Sanni	1	0.00000001%	1	0.00000001%
Total	**3,749,996,654**	**100%**	**3,749,996,654**	**100%**

h. Substantial interest in shares

According to the register of members as at 31 December 2021, no shareholder held more than 5% of the issued share capital of the Bank except the following:

Shareholder	No of shares held 31-Dec-21	Percentage shareholding 31-Dec-21	No of shares held 31-Dec-20	Percentage shareholding 31-Dec-20
Stanbic IBTC Holdings PLC	3,749,996,653	99.9999999%	3,749,996,653	99.9999999%

i. Dividend payment history

Year ended	Total amount paid	Dividend paid per share
	N'million	Kobo
31 March 2000	240	40
31 March 2001	270	45
31 March 2002	300	30
31 March 2003	400	40
31 March 2004	500	25
31 March 2005	1,174	20
31 March 2006	2,411	20
31 March 2007	3,750	30
31 December 2007	4,688	25
31 December 2008	7,500	40
31 December 2009	5,625	30
31 December 2010	7,313	39
31 December 2011	1,875	10
31 December 2012	3,938	105
31 December 2013	6,675	178
31 December 2014	1,500	40
31 December 2015	Nil	Nil
31 December 2016	Nil	Nil
30 June 2017 (Interim)	3,000	80
31 December 2017	5,000	133
30 June 2018 (Interim)	Nil	Nil
31 December 2018	14,974	399
30 June 2019 (Interim)	7,200	192
31 December 2019	15,686	417
30 June 2020 (Interim)	6,450	172
31 December 2020	16,441	438

j. Share capital history

Year	Authorised (N000)		Issued & fully paid-up (N000)		Consideration
	Increase	Cummulative	Increase	Cummulative	
1989	-	20,000	-	12,000	Cash
1991	30,000	50,000	12,000	24,000	Bonus (1:1)
1992	-	50,000	-	40,000	Bonus (2:3)
1994	100,000	150,000	60,000	100,000	Bonus (3:2)
1996	50,000	200,000	100,000	200,000	Bonus (1:1)
1997	400,000	600,000	400,000	600,000	Bonus (2:1)
2001	400,000	1,000,000	400,000	1,000,000	Bonus (2:3)
2003	1,000,000	2,000,000	1,000,000	2,000,000	Bonus (1:1)
2004	2,000,000	4,000,000	-	2,000,000	
2005	1,000,000	5,000,000	935,492	2,935,492	Cash
2006	1,500,000	6,500,000	3,314,508	6,250,000	Cash and share exchange
2007	3,500,000	10,000,000	3,125,000	9,375,000	Share exchange
2012	(7,500,000)	2,500,000	(7,500,000)	1,875,000	Share exchange
2015	1,500,000	4,000,000		1,875,000	
2016	-	4,000,000	-	1,875,000	
2017	-	4,000,000	-	1,875,000	
2018	-	4,000,000	-	1,875,000	
2019	-	4,000,000	-	1,875,000	
2020	-	4,000,000	-	1,875,000	

k. Donations and Charitable Gifts

The bank made contributions to charitable and non – political organisations amounting to N1.264 billion (Dec 2020: N279.5 million) during the year.

		Group	Bank
		=N=	=N=
1	Donation of Food stuffs, provisions and toiletries to Hope Motherless Babies home	232,500	232,500
2	Donation of food items to the residents at Edo Orphanage Home	250,000	250,000
3	150 trees planted in collaboration with the Nigerian Conservation Foundation at Federal Government Girls College, Calabar.	457,300	457,300
4	Donation to Angel4Life support for children with childhood cancer	500,000	500,000
5	VERRAKI PARTNRS-PROJT MGT AND CONSULT-SHARED IT INFRASTRUCTURE-MILESTONE4	501,726	501,726
6	Payment of school fees for 4 students at KNOSK N100 A-DAY Charity school, Kuje Abuja to school for an academic session.	507,000	507,000
7	Donation of supports items to Abeni orphanage Home, Benin.	509,500	509,500
8	Renovation of the library and toilet of LEA Primary School PAIKO Gwagwalada FCT	535,000	535,000
9	Beneficiaries/STANBIC Scholarship Trust F	625,000	625,000
10	Renovation of a secondary school Library in Port Harcourt	669,250	669,250
11	Donation of health care facilities at Niger State	767,197	767,197
12	Provision of Health supplies to the Ebonyi State health care centre,	899,572	899,572
13	Cerebral Palsy Foundation	1,000,000	1,000,000
14	Batagarawa, Katsina State assistance with pressing needs and modern equipment to deliver better health services	1,000,000	1,000,000
15	Upgrade and Renovation of Toilets and Library in Niyes Community Secondary School, Plateau	1,022,670	1,022,670
16	Donation of Emergency room equipment to Lagos University Teaching Hospital	1,187,875	1,187,875
17	Flooring of the classrooms and renovation of government primary school Fungwuya Mangu, Kerang district, Jos, Plateau state.	1,200,000	1,200,000
18	Donation of Medical and Physiotherapy items for the children of Ketu Special Children’s Centre, Lagos	1,202,834	1,202,834
19	Donation of school items, provisions and food items to residents of ijamido Children’s Home Ota,Ogun state	1,302,000	1,302,000
20	Construction of Borehole with Submersible Solar Powered Pump and donation of stationery to the Community school at Isin, Kwara	1,405,000	1,405,000
21	Purchase of 250 school kits for school children in Oyo state with the help of Destiny’s Trust N.G.O	1,487,446	1,487,446
22	Construction of a borehole for Darangi Chugwi community, Plateau State	1,496,659	1,496,659
23	Grant towards rebuilding Vision Aids Eye Clinic impacted by the ENDSARS Unrest	1,500,000	1,500,000
24	Grant towards rebuilding 2106 Energy Limited impacted by the ENDSARS Unrest	1,500,000	1,500,000
25	Grant towards rebuilding MandK Activity Center Ltd impacted by the ENDSARS Unrest	1,500,000	1,500,000
26	Grant towards rebuilding FFDI Meat and Food Venture impacted by the ENDSARS Unrest	1,500,000	1,500,000
27	Grant towards rebuilding Bukky rehoboth global impacted by the ENDSARS Unrest	1,500,000	1,500,000
28	Grant towards rebuilding ARIKE Signature impacted by the ENDSARS Unrest	1,500,000	1,500,000
29	Grant towards rebuilding Arbitrage And Mercantile Republic impacted by the ENDSARS Unrest	1,500,000	1,500,000
30	Grant towards rebuilding A4 wears impacted by the ENDSARS Unrest	1,500,000	1,500,000
31	Grant towards rebuilding E.O.Eze 'n' Sons merchandize impacted by the ENDSARS Unrest	1,500,000	1,500,000
32	Grant towards rebuilding Bakers and Parties Choice impacted by the ENDSARS Unrest	1,500,000	1,500,000
33	Grant towards rebuilding Datapoint Microsystems LTD impacted by the ENDSARS Unrest	1,500,000	1,500,000
34	Stanbic IBTC Blue Women Network CSI project: - Supplies to three Nursing Homes located at Lagos (Regina Mundi), Ibadan (Divine Senior Citizens) and Calabar (Pope John Paull II) - Skills empowerment for 60 disadvantaged Women in Anambra, Gombe and Rivers State in soap making, baking, shoe and bag making. - Coding workshop for 40 girls in low-income secondary schools in Lagos and Abuja.	1,889,710	1,889,710
35	Donation of Ultrasound machine to Maternal and Child Health Centre Middle Road Sabon Gari Fagae Kano.	1,979,880	1,979,880
36	Renovation of Ante Natal care unit Mushin General Hospital	2,750,000	2,750,000
37	Rehabilitation of 10 classrooms and provision of furniture in the school at Daudu IDP Camp, Daudu, Benue State	3,467,850	3,467,850
38	CONTRBUTION TOWARDS 2021 ANNUAL BANKERS COMMITTEE DINNER	3,500,000	3,500,000
39	Renovation and upgrade of the current library to an Elibrary in Old Kuntunku LEA primary school Gwagalada Abuja.	3,885,819	3,885,819
40	Cardiac intervention for 15 children at UCH Ibadan in collaboration with Healing Little Hearts UK	5,000,000	5,000,000
41	Build new classrooms and furnish the Igwe Ito Okwutungbe Council Ward Junior School, Obi LG Benue State	5,031,876	5,031,876
42	Constuction of a solar powered bore hole for the students of L.E.A. primary school and furnishing staff rooms for the staff of comprehensive seco	5,343,723	5,343,723
43	At Risk Childrens Project Gombe State	6,000,000	6,000,000
44	Renovation of 2 State owned Schools in Port Harcourt namely Community Primary School 2Ahiamakara and Oromenike Girls Secondary School,	7,588,699	7,588,699
45	CONTRIBUTION FOR FINANCIAL LITERACY AND PUBLIC ENLIGHTENMENT AWARENESS CAMPAIGN FOR BANKERS COMMITTEE	7,676,254	7,676,254
46	Construction of a borehole at Berisibe community in Delta state	10,715,542	10,715,542
47	Contribution towards FITC Budget 2021	15,000,000	15,000,000
48	Bankers Committee Charitable Endowment Fund	25,000,000	25,000,000
49	Renovation of Damaged Police Stations	124,177,500	124,177,500
50	Police Trust Fund	1,000,000,000	1,000,000,000
		1,264,265,382	**1,264,265,382**

Directors' report (continued)
For the year ended 31 December 2021

l. Events after the reporting date

There were no events after the reporting date which could have a material effect on the financial position of the bank as at 31 December 2021 which have not been recognised or disclosed.

m. Human resources

Employment of disabled persons

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

Health safety and welfare at work

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

Fire prevention and fire fighting equipment are installed in strategic locations within the bank's premises.

The bank has both Group Personal Accident and Workmen's Compensation Insurance Cover for the benefit of its employees. It also operates a Contributory Pension Plan in line with the Pension Reform Act 2014.

n. Employee involvement and training

The bank ensures, through various fora, that employees are kept informed on matters concerning them. Formal and informal channels are employed for communication with employees with an appropriate two – way feedback mechanism.

In accordance with the bank's policy of continuous staff development, training facilities are provided in the group's well equipped training school (the Blue Academy). Employees of the bank attend training programmes organized by the Standard Bank Group (SBG) in South Africa and elsewhere as well as participating in programmes at the Standard Bank Global Leadership Centre in South Africa. The bank also provides its employees with on the job training in the bank and at various Standard Bank locations.

o. Credit ratings

The revised prudential guidelines, as released by the CBN, requires that banks should have themselves credit rated by a credit rating agency on a regular basis. It is also required that the credit rating be updated on a continuous basis from year to year.

Below are the credit ratings that Stanbic IBTC Group has been assigned by the various credit rating agencies, in no particular order:

Rating Agency	Rated Entity	Report Date	National		Issuer		Outlook
			Long term	Short term	Long term	Short term	
Fitch	Stanbic IBTC Bank	October 2021	AAA(nga)	F1+(nga)	-	-	-
	Stanbic IBTC Holdings		AAA(nga)	F1+(nga)	-	-	-
Standard & Poor's	Stanbic IBTC Bank	August 2021	ngBBB	ngA-2	B-	B	Stable
Global Credit Rating	Stanbic IBTC Bank	June 2021	AA+(NG)	A1+(NG)	-	-	Stable

p. Auditor

The auditor, Messrs. PricewaterhouseCoopers, having been duly appointed as the Bank's External Auditors at the Bank's Annual General Meeting held on 27 May 2021, will continue in office as auditors until the next Annual General Meeting to be held in 2022.

By order of the Board

CHIDI OKEZIE
Company secretary
FRC/2013/NBA/00000001082
3 February 2022

Statement of Directors' responsibilities in relation to the financial statements
For the year ended 31 December 2021

The Directors accept responsibility for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act , 2020, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, 2020 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

SIGNED ON BEHALF OF THE DIRECTORS BY:

Demola Sogunle	Wole Adeniyi
Director	**Chief Executive**
FRC/2013/CIBN/00000001034	**FRC/2013/ICAN/00000001074**
3 February 2022	**3 February 2022**

Corporate governance report
For the year ended 31 December 2021

Introduction

The bank is a wholly owned subsidiary of Stanbic IBTC Holdings PLC ("the Holding Company"), which is a member of the Standard Bank Group. Standard Bank Group now holds 67.51% equity in the Holding Company.

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

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

Stanbic IBTC Bank PLC ("Stanbic IBTC or the bank"), and its subsidiary, as a member of SBG, operates under a governance framework which enables the Board to balance its role of providing oversight and strategic counsel with its responsibility to ensure conformance with regulatory requirements, group standards and acceptable risk tolerance parameters.

The bank has one wholly owned subsidiary: Stanbic IBTC Nominees Limited (SINL). This subsidiary has its own distinct board and takes account of the particular statutory and regulatory requirements of the business it operates. This subsidiary operates under a governance framework that enable its board to balance its role in providing oversight and strategic counsel with its responsibility for ensuring compliance with the regulatory requirements that apply in its area of operation and the standards and acceptable risk tolerance parameters adopted by the bank. In this regard the subsidiary has aligned its governance framework to that of the bank.

On 30th November 2021, Stanbic IBTC Bank PLC disposed Stanbic IBTC Financial Services Limited in its entirety to Stanbic IBTC Holdings PLC. The relinquishment of the investment in Stanbic IBTC Financial Services Limited ultimately resulted to Stanbic IBTC Holdings PLC assuming the role of the new Parent Company.

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

Codes and regulations

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

Compliance with the Nigerian Code of Corporate Governance

As a public company, Stanbic IBTC Bank PLC confirms that for the year ended 31 December 2021, the bank has complied with the principles set out in the Nigerian Code of Corporate Governance 2018 (NCCG) , the Securities and Exchange Commission's (SEC) Guidelines issued pursuant to the NCCG as well as the SEC Code of Corporate Governance. The bank applies the NCCG's principles of transparency, integrity and accountability through its own behaviour, corporate governance best practice and by adopting, as appropriate and proportionate for a company of its size and nature. The policies and procedures adopted by the Board and applicable to the bank's businesses are documented in mandates, which also set out the roles and delegated authorities applying to the Board, Board Committees, and the Executive Committee.

Shareholders' responsibilities

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

Developments during the year ended 31 December 2021

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

- The 32nd Annual General Meeting of the Bank was held on Thursday 27 May 2021, at which the Bank's 2021 Annual Report and Financial Statements were presented to and received by shareholders.
- The Board approved the resignation of Mr Barend Kruger as Chairman and Non-Executive Director of the Bank with effect from 21 October 2021, the appointment of Mrs Sola David-Borha as Chairman of the Bank and the appointment of Mr. Eric Fajemisin as an Executive Director of the Bank. Other Board changes were the appointment of Mr Helmut Engelbrecht as a Non-Executive Director and the resignation of Mr Zweli Manyathi as a Non-Executive Director of the Bank. While the appointment of Mrs. Sola David-Borha as Chairman of the Board of the Bank has been approved by the CBN, regulatory approval for Mr. Engelbrecht is still being awaited.
- The Bank filed its maiden report in respect of the Nigerian Code of Corporate Governance 2018.
- Messrs PriceWaterhouseCoopers were appointed as the bank's new External Auditors.
- Messrs Ernest & Young were appointed as the Bank's new Board Evaluation Consultants.
- The Bank's Board Strategy Session was held in July 2021 in accordance with regulatory and corporate Governance Best Practice Requirements.
- The Memorandum and Articles of Association of the Bank was amended to delete the proviso to Ariticle 83 limiting the bank's powers to borrow funds.
- In continued response to the outbreak of the Coronavirus pandemic, the Board continued to operate virtually, and all Board meetings and other board activities were all held remotely or by virtual means enabled by technology.

Internal Control over Financial Reporting (ICFR) Regulation

The Securities and Exchange Commission issued the 'Guidance on the Implementation of Sections 60-63 of The Investments and Securities Act 2007' in March 2021.

The objective of the SEC guidance issued in March 2021 is to assist management to certify the accuracy of the financial statements prepared as stated in section 60 (2) by submitting on an annual basis, a report of management's assessment of the company's internal control over financial reporting.

The Group engaged the firm of Deloitte & Touche for the project implementation and worked with the Consultant to complete the assessments and put in remedial controls 90days before the end of the reporting period as required by the regulations.

However, in November 2021, SEC extended the deadline by two years with year-end compliance date moved from December 31st, 2021 to December 31st, 2023.

Management continues to review on an ongoing basis, the effectiveness of the internal controls system/processes supporting financial reports prepared.

Focus areas for the year of 2022

The bank intends, during 2022, to:

- continue the focus on directors' education and development via formal training engagements, workshops and seminars as well as other documents and information on the evolving trend in governance, strategy and implementaion;
- continue to enhance the level of information provided to and interaction with shareholders, investors and stakeholders generally; and
- focus on broadening the composition of the board to ensure diversity of experience and gender on the Board in line with the CBN Code of Corporate Governance.

Board and directors

Board structure and composition

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

One of the features of the manner in which the board operates is the role played by board committees, which facilitate the discharge of board responsibilities. The committees each have a board approved mandate that is regularly reviewed. Details on how these committees operate are provided elsewhere in this report.

Strategy

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

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

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

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

Skills, knowledge, experience and attributes of directors

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

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

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

Appointment philosophy

The appointment philosophy ensures alignment with all necessary legislation and regulations which include, but are not limited to the requirements of the Companies & Allied Matters Act and the Banks & Other Financial Institutions Act as well as the Companies and Banks Act of SBG's home country.

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

At the Bank's 32nd Annual General Meeting held on 27 May 2021, the appointments of Mr Eric Fajemisin and Mrs Sola David-Borha's were tabled before shareholders for approval and were duly approved.

The board's size as at 31 December 2021 consists of eleven (11) members, comprising of five (5) executive directors; and seven (6) non-executive directors. It is important to note that Mrs. Miannaya Essien, SAN, Ms. Rabi Isma and Mr Adebowale Oyedeji are designated as Independent Non-Executive Directors.

S/N	NAME OF DIRECTOR	DESIGNATION	CBN APPROVAL	YEARS OF SERVICE as at 31 DECEMBER 2021
1	Sola David- Borha	Chairman	26-Nov-21	Less than 1 Year
2	Wole Adeniyi	Chief Executive	1-Jul-20	1 Year
3	Olubunmi Dayo-Olagunju	Executive Director	9-May-19	2 Years
4	Kola Lawal	Executive Director	24-Mar-20	1 Year
5	Remy Osuagwu	Executive Director	1-Jul-20	1 Year
6	Eric Fajemisin	Executive Director	21-Jan-21	Less than 1 Year
7	Adebowale Oyedeji	Independent Non-Executive Director	8-Sep-20	1 Year
8	Miannaya Essien SAN	Independent Non-Executive Director	27-Sep-17	4 Years
9	Rabi Isma	Independent Non-Executive Director	9-May-19	2 Years
10	Simon Ridley	Non-Executive Director	2-Jul-19	2 Years
11	Demola Sogunle	Non-Executive Director	1-Jul-20	1 Year

Board responsibilities

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

- agree the bank's objectives, strategies and plans for achieving those objectives;
- annually review the corporate governance process and assess achievement against objectives;
- review its mandate at least annually and approve recommended changes;
- delegate to the Chief Executive or any Director holding any executive office or any senior executive any of the powers, authorities and discretions vested in the board's directors, including the power of sub-delegation; and to delegate similarly such powers, authorities and discretions to any committee and subsidiary company boards as may exist or be created from time to time;
- determine the terms of reference and procedures of all board committees and review their reports and minutes;
- consider and evaluate reports submitted by members of the executive;
- ensure that an effective risk management process exists and is maintained throughout the bank and its subsidiaries to ensure financial integrity and safeguarding of the bank's assets;
- review and monitor the performance of the Chief Executive and the executive team;
- ensure consideration is given to succession planning for the chief executive and executive management;
- establish and review annually, and approve major changes to, relevant bank's policies;
- approve the remuneration of non-executive directors on the board and board committees, based on recommendations made by the remuneration committee, and recommend to shareholders for approval;
- approve capital funding for the bank, and the terms and conditions of rights or other issues and any prospectus in connection therewith;
- ensure that an adequate budget and planning process exists, performance is measured against budgets and plans, and approve annual budgets for the bank;
- approve significant acquisitions, mergers, take-overs, divestments of operating companies, equity investments and new strategic alliances by the bank;
- consider and approve capital expenditure recommended by the executive committee;
- consider and approve any significant changes proposed in accounting policy or practice, and consider the recommendations of the statutory audit committee;
- consider and approve the annual financial statements, quarterly results and dividend announcements and notices to shareholders, and consider the basis for determining that the bank will be a going concern as per the recommendation of the audit committee;
- assume ultimate responsibility for financial, operational and internal systems of control, and ensure adequate reporting on these by committees to which they are delegated;
- take ultimate responsibility for regulatory compliance and ensure that management reporting to the board is comprehensive;

Corporate governance report (continued)
For the year ended 31 December 2021

Board responsibilities (continues)

- ensure a balanced and understandable assessment of the bank's position in reporting to stakeholders;
- review non financial matters that have not been specifically delegated to a management committee; and
- specifically agree, from time to time, matters that are reserved for its decision, retaining the right to delegate any of these matters to any committee from time to time in accordance with the articles of association.

Delegation of authority

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

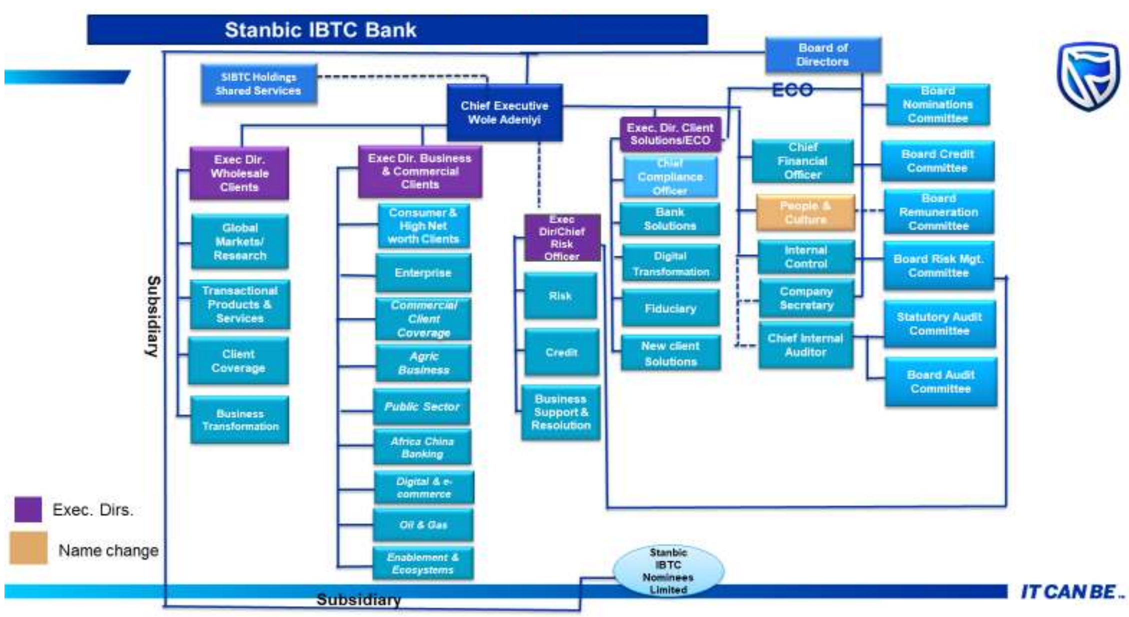
The board delegates authority to the chief executive to manage the business and affairs of the bank. The executive committee assists the chief executive when the board is not in session, subject to specified parameters and any limits on the board's delegation of authority to the chief executive.

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

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

The corporate governance framework adopted by the board on 28 November 2012 and formalised with mandates reviewed and approved on 30 July 2021 is set out below:

STANBIC IBTC BANK GOVERNANCE STRUCTURE



Board effectiveness and evaluation

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

The directors underwent an evaluation by independent consultants as required by Section 2.8.1 of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks in Nigeria (“the Code”). The report of the consultants assessed the performance of the individual Directors for the year under review as perceived by the other directors based on their individual competence, level of attendance to Board and Board Committee meetings, contribution and participation at these meetings and relationship with other Board members. Individual Director’s Assessment reports was prepared and made available to each director while a consolidated report of the performance of all Directors will also submitted to the Chairman of the Board. The performance of the Chairman and Chief Executive will also be assessed, providing a basis to set their remuneration. A summary of the report is produced below

Induction and training

An induction programme designed to meet the needs of each new Director is being implemented. One-on-one meetings are scheduled with management to introduce new directors to the bank and its operations. The company secretary manages the induction programme.

The CBN’s code of conduct is provided to new directors on their appointment.

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

Directors attended various trainings at different periods during the year that included trainings on Risk Management; enhancing Board performance, Anti- Money Laundering and Combating the Financing of Terrorism (AML/CFT) . These trainings were aimed at enhancing the understanding of key issues, and skills of directors.

Executive committee members.

As at 31 December 2021, the executive committee comprised 17 members each with individual responsibilities.

S/N.	Name	Responsibility
1	Wole Adeniyi	Chief Executive
2	Bunmi Dayo- Olagunju	Executive Director, Client Solutions
3	Remy Osuagwu	Executive Director, Business and Commercial Clients
4	Kola Lawal	Executive Director, Risk Management / Chief Risk Officer
5	Eric Fajemisin	Executive Director, Wholesale Clients
6	Chidi Okezie	Company Secretary
7	Bayo Olujobi	Chief Finance and Value Management Officer
8	Adenike Odukomaiya	Head, Internal Controls
9	Anthony Mogekwu	Head, CIB Legal
10	Abiodun Gbadamosi	Head, Internal Audit
11	Sam Ocheho	Head, Global Markets
12	Adekola Adegbite	Ag. Chief Compliance Officer
13	Oladipupo Oyefuga	Head, Risk Management
14	Olu Delano	Head, Client Coverage
15	Ezinne Anosike	Head, People and Culture
16	Iretiola Lawal	Head, Bank Solutions
17	Babatunde Akindele	Head, Commercial Client Coverage

Board meetings

The board meets, at a minimum, once every quarter with ad-hoc meetings being held whenever deemed necessary. The board held a strategy session on 29 July 2021. Directors, in accordance with the articles of association of the bank, attend meetings either in person or via tele or video conferencing.

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

Attendance at board meetings from 01 January – 31 December 2021 is set out in the following table:

	Name	Feb	April	July	Oct
1	Sola David-Boarha	√	√	√	√
2	Ben Kruger	√	√	√	R
3	Wole Adeniyi	√	√	√	√
4	Kola Lawal	√	√	√	√
5	Eric Fajemisin	√	√	√	√
6	Demola Sogunle	√	√	√	√
7	Zweli Manyathi	√	√	√	√
8	Miannaya Essien, SAN	√	√	√	√
9	Rabi Isma	√	√	√	√
10	Bunmi Dayo-Olagunju	√	√	√	√
11	Simon Ridley	√	√	√	√
12	Adebowale Oyedeji	√	√	√	√

√ = Present

R Resigned 21-October 2021

Board committees

Some of the functions of the board have been delegated to board committees, consisting of board members appointed by the board, which operate under mandates originally established on 29 January 2008 and revised in July 2021.

Credit committee

The credit committee during the year under review was vested with the following responsibilities:

- recommend credit policies and guidelines for the board's approval;

- review and approve credit facilities to be granted by the bank that fall under the category of insider related credits or which are being granted to the bank staff in the cadres Assistant General Manager and above ; and

- such other matters relating to the credit operations of the bank as may be specifically delegated to the committee by the board.

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

The mandate ensures that effective frameworks for credit governance are in place across the bank. This involves ensuring that the committees within the structure operate according to clearly defined mandates and delegated authority, and providing for the adequate management, measurement, monitoring and control of credit risk, including country risk. The committee reports on credit portfolios, adequacy of provisions and status of non-performing loans.
The credit committee met its objectives in the year under review.

As at 31 December 2021, the committee consisted of four directors, two of whom, including the chairman were non-executives.

Members' attendance at credit committee meetings during the year ended 31 December 2021 are stated below:

S/n	Name	February	April	July	October
1	Simon Ridley (Chairman)	√	√	√	√
2	Wole Adeniyi	√	√	√	√
3	Zweli Manyathi	√	√	√	√
4	Kolawole Lawal	√	√	√	√
5	Adebowale Oyedeji	√	√	√	√

√ = Present
/= No longer a member of the Committee

Risk management committee

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

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

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

The committee's mandate is in line with SBG's standards, while taking account of local circumstances.
As at 31 December 2021, the committee consisted of seven directors, four of whom, including the chairman were non-executives, while three were executive directors.

Members' attendance at risk management committee meetings for the year ended 31 December 2021 is stated below:

Name	Feb	April	July	Oct
Adebowale Oyedeji	√	√	√	√
Miannaya Essien, SAN Chairman	√	√	√	√
Rabi Isma	√	√	√	√
Wole Adeniyi	√	√	√	√
Bunmi Dayo-Olagunju	√	√	√	√
Simon Ridley	√	√	√	√
Rabi Isma	√	√	√	√

√ = Attendance

Board Audit Committee

The Board Audit Committee was established in July 2014 pursuant to the provisions of the revised CBN Code of Corporate Governance. The Mandate of the Committee was approved at the 29 October 2014 Board Meeting and revised in 29 July 2020 and some of the responsibilities the committee was vested with are:

- Review the bank's interim and audited annual financial statements and all financial information intended for distribution to the shareholders and the general public, prior to submission to the full board;
- Assess the quality and integrity of the financial statements before submission to the board;
- reviewing the performance measures and criteria to be used for annual incentive payments for all employees;
- Assess the performance of financial management and review the quality of internal accounting control systems and reports produced by financial management;
- Review significant adjustments resulting from the audit and the appropriateness of major adjustments processed at year-end;
- Review written reports furnished by the internal audit departments of the Bank and of the Standard Bank Group, detailing the adequacy and overall effectiveness of the Bank's internal audit function and its implementation by Management, the scope and depth of coverage, reports on internal control and any recommendations and confirmation that appropriate action has been taken;
- Review the accounting policies adopted by the bank and all proposed changes in accounting policies and practices, and recommend such changes where these are considered appropriate in terms of generally accepted accounting practices. Consider also the adequacy of disclosures; and
- Obtain assurance from the external auditors that adequate accounting records are being maintained.

The Chief Executive attends meetings by invitation. Other members of executive management are invited to attend when appropriate.

As at 31 December 2021, the committee consisted of three directors, all of whom are non–executives, while the Chairman is an independent non-executive director.

Members' attendance at Board Audit Committee meetings for the year ended 31 December 2021 is stated below:

Name	February	April	July	Oct
Miannaya Essien, SAN (Chairperson)	√	√	√	√
Simon Ridley	√	√	√	√
Demola Sogunle	√	√	√	√

√ = Present

Remuneration committee

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

- reviewing the remuneration philosophy and policy;
- considering the guaranteed remuneration, annual performance bonus and pension incentives of the bank's highest-paid executive directors and managers;
- reviewing the performance measures and criteria to be used for annual incentive payments for all employees;
- determining the remuneration of executive directors;
- determining the remuneration of the chairman and non-executive directors, which are subject to board and shareholder approval;

Remuneration committee (continued)

- considering the average percentage increases of the guaranteed remuneration of executive management across the bank, as well as long-term and short-term incentives; and
- agreeing incentive schemes across the bank.

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

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

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

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

As at 31 December 2021, the committee consisted of three directors, all of whom are non–executive directors, with the Chairperson

Members' attendance at REMCO meetings for the year ended 31 December 2021 is stated below:

Name	February	April	July	Oct
Rabi Isma (Chairperson)	√	√	√	√
Zweli Manyathi	√	√	√	*
Miannaya Essien, SAN	√	√	√	√
Adebowale Oyedeji	/	/	/	/

√ = Attendance
/ not yet a member
* No longer a member of the Committee

Remuneration

Introduction

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

Remuneration philosophy

The bank's board and remuneration committee set a remuneration philosophy which is guided by SBG's philosophy as well as the specific social, regulatory, legal and economic context of Nigeria.
In this regard, the bank employs a cost to company structure, where all benefits are included in the listed salary and appropriately taxed.

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

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

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

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

Remuneration philosophy (continued)

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

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

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

Remuneration policy

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

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

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

Remuneration structure

Non-executive directors

Terms of service

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

Non-executive directors are required to retire in accordance with the provisions of the Companies and Allied Matters Act and may offer themselves for re-election. If recommended by the board, their re-election is proposed to shareholders at the AGM at which they are retiring.

In terms of regulations, a non-executive director can not hold office for more than 12 consecutive years. If a director over the age of 70 is seeking re-election to the board, his age must be disclosed to shareholders at the meeting at which such re-election is to occur.

Fees

Non-executive directors receive fixed annual fees and sitting allowances for service on boards and board committees in line with the Central Bank of Nigeria's guidelines on the remuneration payable to such directors. There are no contractual arrangements for compensation for loss of office. Non-executive directors do not receive short-term incentives, nor do they participate in any long-term incentive schemes.

REMCO reviews the non-executive directors' fees annually and make recommendations on same to the board for consideration. Based on these recommendations the Board in turn recommends a gross fee to shareholders for approval at the Annual General Meeting (AGM) Fees are payable for the reporting year 1 January to 31 December of each year.

Category	**2022**[(i)]	**2021**
Chairman	50,000,000	44,500,000
Non-Executive Directors	37,300,000	33,200,000
Sitting Allowances for Board Meetings[(ii)]		
- Chairman	720,000	640,000
- Non-Executive Directors	630,000	562,000

[(i)] This will be approved by Shareholders at the 33rd AGM of the Bank to be held in May 2022

[(ii)]Fees quoted as sitting allowance represent per meeting sitting allowance paid for board, board committee and ad hoc meetings. No annual fees are payable to committee members with respect to their roles on such committees.

Retirement benefits
Non-executive Directors do not participate in the pension scheme.

Executive Directors
The bank had five executive directors as at 31 December 2021

Executive Directors receive a remuneration package and qualify for long-term incentives on the same basis as other employees.

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

The employment contracts of executive directors have a termination clause of three months.

Like every other Director, Executive directors are required to retire from the board on a rotational basis, as required under the Companies and Allied Matters Act and may offer themselves for re-election. If recommended by the board, their re-election is proposed to shareholders at the AGM.

Management and general staff

Total remuneration packages for employees comprises the following:

• guaranteed remuneration – based on market value and the role played;

• annual bonus – used to stimulate the achievement of group objectives;

• long term incentives – rewards the sustainable creation of shareholder value and aligns behaviour to this goal;

• pension – provides a competitive post-retirement benefit in line with other employees, and

• where applicable, expatriate benefits in line with other expatriates in Nigeria.

Terms of service

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

Fixed remuneration

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

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

All employees (executives, managers and general staff) are rated on the basis of performance and potential and this is used to influence performance-related remuneration.

Rating and the consequent pay decision is done on an individual basis. There is therefore a link between rating, measuring individual performance and reward. In addition, the group's remuneration philosophy is designed in such a way as to prevent excessive risk taking by Management.

Short-term incentives
All staff participate in a performance bonus scheme.

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

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

Long-term incentives
It is essential for the group to retain key skills over the longer term. The group has put in place a deferred bonus scheme for top talent. The scheme is designed to reward and retain top talent in the Senior Management cadre.

Corporate governance report (continued)
For the year ended 31 December 2021

Post-retirement benefits

Pension
Retirement benefits are typically provided on the same basis for employees of all levels and are in line and comply with the Pension Reform Act 2014.

Remuneration for 2021
The amounts specified below represent the total remuneration paid to executive and non-executive directors for the year under review:

	Dec 2021 (N'm)	Dec 2020 (N'm)
Fees, sitting allowance & expenses	279	215
Executive compensation	566	458
Total	845	673

Fees, sitting allowance and expenses include N16.6m paid to and acknowledged by Stanbic Africa Holdings Limited for a non-executive director.
The bank will continue to ensure its remuneration policies and practices remain competitive, drive performance and are aligned across the bank and with its values.

The Board nomination committee (NOMCO)
The board nominations committee is a sub-committee of the Board of Directors ("the board") of the bank and has the responsibility to:

a) provide oversight on the selection nomination and re – election process for directors;

b) provide oversight on the performance of directors on the various committees established by the board; and

c) provide oversight in relation to the board evaluation and governance process and the reports that are to be made to the Securities & Exchange Commission, Central Bank of Nigeria and shareholders with respect to same.

The goal of the committee is to review nomination and election and re- election for directors in such a way as to attract and retain the highest quality directors whose attributes will ensure that their membership of the board will be of benefit and add value to the bank.

The committee consists of such number of directors as may be approved by the board, but shall not be less than three and shall include the Chief Executive. In addition, any member of senior management may be invited to attend meetings of the committee.

Members' attendance at Board Nomination Committee meetings for the year ended 31 December 2021 is stated below:

Name	February	October
Miannaya Essien, SAN (Chairman)	√	√
Zweli Manyathi	√	/
Demola Sogunle	√	√

√ = Present
/= Not a member of the Committee at the relevant time

The Statutory Audit Committee

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

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

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

As specified in the Central Bank of Nigeria (CBN) Code of Corporate Governance ("the CBN code"), the audit committee members have recent and relevant financial experience.

Composition

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

As at 31 December 2021, the committee consisted of the following persons:

Mr. Samuel Ayininuola*	Chairman
Barrister Jude Nosagie*	Member
Mr. Ayodeji Gbeleyi*	Member
Mrs. Miannaya Essien, SAN**	Member
Mr. Simon Ridley**	Member

* = Shareholders representative
** = Non Executive Director

Members' attendance at audit committee meetings during the financial year ended 31 December 2021 is stated below:

Name	February	April	July	October
Mr. Samuel Ayininuola (Chairman)	√	√	√	√
Mrs. Miannaya Essien, SAN	√	√	√	√
Barr Jude Nosagie	√	√	√	√
Mr Ayodeji Gbeleyi	√	√	√	√
Simon Ridley	√	√	√	√

√ = Attendance

Company secretary

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

Going concern

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

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

Management committees

The bank has the following management committees:

- Stanbic IBTC Bank executive committee (EXCO)
- Wholesale Clients (WC) ManCo
- Business and Commercial Clients (BCC) ManCo
- Consumer and High Net worth Clients (CHNW) ManCo
- Credit Committee
- Credit Risk committee
- Asset and Liability Committee (ALCO)
- Pricing committee

Relationship with shareholders, and majority shareholder

With the implementation of the Scheme of Arrangement dated 04 July 2012 between the Bank and its shareholders, which Scheme became effective on 08 November 2012, Stanbic IBTC Holdings PLC became majority shareholder in the bank, with 99.99% shareholding. Mr. Yinka Sanni holds 1 share as a nominee shareholder.

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

Dealing in securities

In line with its commitment to conduct business professionally and ethically, the Bank has introduced policies to restrict the dealing in securities by directors, shareholder representatives on the audit committee and employees.

Sustainability

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

Stanbic IBTC is committed to contributing to sustainable development through ethical, responsible financing and business practice which unlocks value for our stakeholders. We manage the environmental and social aspects that impact our activities, products and services whilst ensuring sustainable value creation for our customers. We are passionately committed to encouraging financial inclusion through the provision of banking and other financial services to all cadres of the society and a promoter of gender equality. We would continue to make a difference in our environment through our activities to provide a brighter and better tomorrow.

Social responsibility

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

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

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

Ethics and organisational integrity

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

Compliance with the Nigerian code of Corporate Governance.

Although Stanbic IBTC Bank PLC is primarily regulated by the Central Bank of Nigeria ("CBN"), we confirm that for the year ended 31 December 2021, the bank has complied with the principles set out in the Nigerian Code of Corporate Governance 2018 (NCCG) , the Securities and Exchange Commission's (SEC) Guidelines issued pursuant to the NCCG, SEC Code of Corporate Governance, the CBN Code of Corporate Governance, as well as all regulations issued by the CBN for banks remain an essential characteristic of its culture. We confirm that as at the year ended 31 December 2020 the Bank has complied in all material respects with the principles set out in the CBN's code of Corporate Governance, SEC code of Corporate Governance and the Nigerian Code of Corporate Governance.

Consumer complaints helpdesk activity

In line with customer experience strategy of the Bank and policy thrust of Central Bank of Nigeria (CBN), the customer complaints management desk of the Bank was set up to manage customer requests from every area of the business.

The activities of the desk for the year are summarised as follows:

	Number		Amount Claimed N'000		Amount Refunded N'000	
Financial year	**Dec '21**	**Dec '20**	**Dec '21**	**Dec '20**	**Dec '21**	**Dec '20**
Pending complaints at start of year	13,202	3,771	207,326	33,571	N/A	N/A
Complaints received	230,220	306,447	4,746,761	3,011,734	N/A	N/A
Complaints resolved	242,410	297,012	4,494,222	2,837,979	1,887,833	1,545,157
Unresolved complaints escalated to CBN for intervention	-	4	N/A	-	N/A	N/A
Unresolved complaints pending with the bank at end of the year	1,017	13,202	454,203	207,326	N/A	N/A

Fraud and forgeries

In accordance with the CBN's Code of Corporate Governance, fraud and forgeries recorded for the year was as follows.

Fraud and forgeries	**Dec '21**	**Dec '20**
Number of fraud incidents	8,624	4,535
Amount involved (N million)	2,425	2,894
Amount involved ($ million)	0.1	0.58
Actual/ expected loss (N million)	28	4
Amount prevented/ recovered (N million)	2,419	2,277
Amount prevented/ recovered ($ million)	0.09	0.12

Whistle blowing

In line with the Central Bank of Nigeria's (CBN) guidelines on whistle blowing, the bank has a whistle blowing policy (policy) which has been approved by the Board. The Board supports the implementation of the policy which actively encourages the bank's employees and other stakeholders to report any unlawful, irregular or unethical conduct that is observed through the requisite whistle blowing channels through confidential or anonymous disclosures. A whistle blower may choose to reveal his or her identity when a report or disclosure is made, and the bank will respect and protect the confidentiality and identity of the whistle blower. A whistle-blower may also choose not to reveal his or her identity when reporting or disclosing any unlawful or unethical conduct and such report could be made through the bank's whistle blowing channels.

The dedicated whistle blowing channels are +234 1 2717739 or 01 4227777/fraud@stanbicibtc.com or fraud@kpmg.co.za and are managed by an independent third party. The policy also includes the CBN's whistle blowing channel which is anticorruptionunit@cbn.gov.ng

Whistle blowing disclosures are treated in confidence and the bank does not subject whistle blowers to any detriment, reprisals etc in relation to disclosures made in line with the policy.

Training and awareness on whistle blowing is conducted. Yearly returns on whistle blowing are also rendered to the CBN and Nigeria Deposit Insurance Company (NDIC) respectively.

Disclosure on diversity in employment

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

i) Persons with disability:

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

Succession planning policy

The group has a talent and succession policy. Succession management is a proactive approach to ensure that talent is available, in critical roles, at various levels, when needed, to drive organisational sustainability, in line with Stanbic IBTC's value of 'growing our people', it creates a culture that promotes the ongoing development of talent.

ii) Gender diversity within the Bank

	December 2021		December 2020	
	Workforce	**% of gender composition**	**Workforce**	**% of gender compositi on**
Total workforce:				
Women	840	44%	893	44%
Men	1,062	56%	1,162	56%
	1,902	**100%**	2,055	**100%**
Recruitments made during the year:				
Women	82	51%	67	42%
Men	78	49%	99	58%
	160	**100%**	166	**100%**
Diversity of members of board of directors - *Number of Board members*				
Women	4	36.4%	4	27%
Men	7	63.6%	8	73%
	11	**100%**	12	**100%**
Diversity of board executives - *Number of Executive directors to Chief executive officer*				
Women	1	20%	1	20%
Men	4	80%	4	80%
	5	**100%**	5	**100%**
Diversity of senior management team - *Number of Assistant General Manager to General Manager*				
Women	17	28%	17	27%
Men	44	72%	41	73%
	61	**100%**	58	**100%**

Mobile money activities

The following disclosure is made as required by the Central Bank of Nigeria's (CBN) regulations which mandate mobile operators to
Our transaction statistics for the last 2 years are as follows:

Transaction type	**Volume of transaction (Number)**		**Value of transaction (N'000)**	
	31-Dec-21	31-Dec-20	**31-Dec-21**	31-Dec-20
Deposits via agents	**-**	1	**-**	7
Money transfer (wallet to wallet)	**266,125**	303,823	**905,775**	1,197,261
Money transfer (bank account transfer)	**497,513**	680,849	**2,381,478**	3,572,180
Telephone airtime purchase	**470,569**	507,567	**221,242**	236,686
Bills payments	**7,622**	8,005	**11,613**	12,866
Withdrawals	**6,280**	6,570	**26,228**	28,249
Wallet funding	**348,442**	579,292	**388,626**	1,811,327
Voucher transactions	**25**	25	**27**	27
Merchant transactions	**-**	-	**-**	-
Total	**1,596,576**	2,086,132	**3,934,991**	6,858,603

Payment card activities

In line with the Central Bank of Nigeria cashless policy, the group has as its priority a drive to issue cards of various types to meet the payment needs of various customer types and segments.

Our transaction statistics for the last 2 years are as follows:

Card type	**Volume of transaction (Number)**		**Value of transaction (N'000)**	
	31-Dec-21	31-Dec-20	**31-Dec-21**	31-Dec-20
Debit cards	**63,753,254**	50,641,924	**723,196,787**	607,981,624
Credit cards	**306,044**	279,670	**5,661,476**	4,784,225
Prepaid cards	**128,364**	188,658	**2,203,024**	3,446,921

Certification by Chief Executive Officer and Chief Financial Officer
For the year ended 31 December 2021

Certification Under Section 405 (1) of the Companies and Allied Matters Act 2020

We the undersigned hereby certify the following with regards to our audited financial statements (AFS) for the year ended 31 December 2021 that:

1. We have reviewed the AFS and to the best of our knowledge:

i. the AFS do not contain any untrue statement of material facts or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and

ii. the AFS and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for, the years covered by the AFS.

2. We are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the company and its subsidiaries is made known to the officer by other officers of the companies, particularly during the year in which the audited financial statement report is being prepared;

3. We have evaluated the effectiveness of the company's internal controls within 90 days before the date of AFS, and certify that the company's internal controls are effective as of that date;

4. We have disclosed to the company's auditors and audit committee –

i. all significant deficiencies in the design or operation of internal controls which could adversely affect the company's ability to record, process, summarise and report financial data, and has identified for the company's auditors any material weaknesses in internal controls, and

ii. any fraud whether or not, material that involves management or other employees who have a significant role in the company's internal control.

5. There were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Wole Adeniyi
Chief Executive
FRC/2013/ICAN/00000001074
3 February 2022

Bayo Olujobi
Chief Financial Officer
FRC/2015/ICAN/00000012619
3 February 2022

Report of the audit committee
For the year ended 31 December 2021

To the members of Stanbic IBTC Bank PLC
In compliance with the provisions of Section 404(2) to (7) of the Companies & Allied Matters Act 2020, the Audit Committee considered the audited consolidated and separate financial statements for the year ended 31 December 2021 together with the management controls report from the auditors and the bank's response to this report at its meeting held on 31 January 2022.

In our opinion, the scope and planning of the audit for the year ended 31 December 2021 was adequate.
We have exercised our statutory functions under Section 404 (7) of the Companies and Allied Matters Act of Nigeria and acknowledge the co-operation of management and staff in the conduct of these responsibilities.

We are of the opinion that the accounting and reporting policies of the bank and the Group are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year 31 December 2021 were satisfactory and reinforce the Group's internal control systems.

After due consideration, the Audit Committee accepted the report of the auditors that the financial statements were in accordance with ethical practice and generally accepted accounting principles.

The Committee reviewed Management's response to the auditors' findings in respect of management matters and is satisfied with management's response thereto.

We are satisfied that the bank has complied with the provisions of Central Bank of Nigeria circular BSD/1/2004 dated 18 February 2004 on "Disclosure of insider related credits in the financial statements of banks", and hereby confirm that an aggregate amount of N29,637,684,713 (31 December 2020: N54,320,123,791) was outstanding as at 31 December 2021. The status of performance of insider related credits is as disclosed in Note 37.

The Committee also approved the provision made in the consolidated and separate annual financial statements in relation to the remuneration of the auditors.

Mr. Samuel Ayininuola
Chairman, Audit Committee
FRC/2016/ICAN/00000015248
31 January 2022

Members of the audit committee are:

1.	Mr. Samuel Ayininuola	Chairman
2.	Barrister Jude Nosagie	Member
3.	Mr. Ayodeji Gbeleyi	Member
4.	Mrs. Miannaya Essien, SAN	Member
5.	Mr. Simon Ridley	Member

Independent auditor's report

To the Members of Stanbic IBTC Bank PLC

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Stanbic IBTC Bank PLC ("the bank") and its subsidiary (together "the group") as at 31 December 2021, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Stanbic IBTC Bank PLC's consolidated and separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2021;
- the consolidated and separate statements of profit or loss for the year then ended;
- the consolidated and separate statements of other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment allowance of loans and advances to customers – N25.2 billion (refer to notes 4.3, 6.2 and 12.1b) This is considered a key audit matter because of the size of the loans and advances to customers balance net of impairment (N921 billion) and the significant use of management judgement in determining the timing and recognition of impairment. The measurement of impairment allowance involves the exercise of significant judgements and the use of complex models and assumptions. The key areas of significant judgement in the calculation of Expected Credit Loss (ECL) include: • Definition of default applied by the bank; • Assessment of exposures which experienced significant increase in credit risk (SICR); • Estimation of point-in-time probability of default (PD) used in the ECL models; • Estimation of the Loss Given Default (LGD); • estimation of the Exposure at default (EAD) used in computing expected credit losses over the life of risk assets as well as credit conversion factor (CCF) used for off balance sheet exposures; and • Incorporation of forward-looking information (FLI) in the PD parameter within the ECL model. This is considered a key audit matter in the consolidated and separate financial statements.	We adopted a combination of controls and substantive approach in assessing the allowance for impairment made by the management. We evaluated and tested the design and operating effectiveness of controls around the system's computation of days past due and we tested controls over inputs into the credit rating system. We evaluated management's default definition against the 90 days past due rebuttable presumption and performed a detailed review of selected customer files and account statements to assess the appropriateness of the days past due on sampled loan accounts. We assessed the classification of loan accounts into the various stages by reviewing the identified indicators of SICR for selected exposures. With the assistance of our credit - modelling experts, we: • evaluated the appropriateness of the IFRS 9 impairment methodology; • assessed the modelling principles implemented in the ECL framework which includes definition of default, historical behavioural performance and forward-looking macroeconomic information in the estimation of risk parameters used in the ECL calculation; • assessed the reasonableness of the PD by performing a recalculation of the probability of default estimate; • checked the accuracy of the computed LGD. For stage 3 loans, we assessed the reasonableness of collateral information as well as the validity of recoveries applied; • checked the appropriateness of the EAD estimation for on balance sheet exposures and CCF estimation used for loan commitments and off-balance sheet

exposures by reviewing the methodology and logic applied;

- checked the methodology for incorporating FLI into the ECL model and assessed the FLI for reasonableness given current economic factors;
- assessed the methodology applied in the IFRS 9 impairment calculation engine used to combine PD, LGD and EAD term structures to arrive at an expected credit loss.

We checked the IFRS 9 disclosures for reasonableness.

Valuation of Derivative financial instruments– Derivative Assets – N41.2 billion and Derivative liabilities – N25.4bn (refer to notes 4.3, 4.4, 10, 28.3 and 28.4) This is considered a key audit matter due to the complexity of the instruments and the significant assumptions and judgments made in estimating the fair value of these instruments. The Group's derivative financial instruments comprise foreign currency swaps and foreign exchange forward contracts used to manage foreign exchange risk. In estimating the fair value of the derivative financial instruments, the Group uses complex valuation methodologies involving multiple inputs which include discount rates, exchange rates, earnings yield among others. The fair valuation of the swap transaction that gave rise to Day one gain was calculated using Interest rate parity method as the fair value exceeded the transaction price. In determining the fair value of derivative instruments, some of the valuation inputs were not directly observable from publicly available market transactions in the same instrument. Unobservable inputs into the model included Own credit risk, Counterparty credit risk and Cross-correlation risk. As a result of these unobservable inputs, the Day one gain was deferred on initial recognition. This is considered a key audit matter in the consolidated and separate financial statements.	We adopted a substantive approach in assessing the fair valuation of Derivative financial instruments. We compared sample derivative contract documents against the terms of the respective transactions. For the swap transaction that gave rise to a Day one gain; • We understood the method for calculating Day one gain and checked the calculation performed on the transaction date. • With the assistance of our Accounting Consulting experts, we assessed the appropriateness of the treatment of the instrument as a derivative transaction and the recognition of Day one gain in line with IFRS 9. With the assistance of our Valuation experts, we: • assessed the appropriateness of the methodology and assumptions to determine whether the valuation model was in line with acceptable market practice; and • checked the fair value of derivative assets and liabilities by comparing the rates used in the valuation model to publicly available information. We checked the appropriateness of disclosures made on derivative financial instruments.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report are the Directors' report, Statement of Directors' responsibilities, Corporate governance report, Report of the external consultants on Board effectiveness and evaluation, Certification by Chief Executive Officer and Chief Financial Officer, Report of the audit committee, Other national disclosures: Value added statement, Other national disclosures: Financial summary, COVID-19 Impact and Professionals, but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors and those charged with governance for the consolidated and separate financial statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the bank has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

iii) the bank's statement of financial position, statement of profit or loss and statement of other comprehensive income are in agreement with the books of account and returns;

iv) the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 37 to the consolidated and separate financial statements; and

v) as disclosed in Note 39 to the consolidated and separate financial statements, the bank paid penalties in respect of contraventions of relevant circulars issued by the Central Bank of Nigeria during the year ended 31 December 2021.

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

21 February 2022

Engagement Partner: Samuel Abu
FRC/2013/ICAN/00000001495

STANBIC IBTC BANK PLC

Consolidated and separate statements of financial position
As at 31 December 2021

		Group		Bank	
		31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
	Note	**N'million**	N'million	**N'million**	N'million
Assets					
Cash and bank balances	7	**643,014**	613,887	**643,014**	613,887
Trading assets	9.1	**98,739**	169,655	**98,739**	169,655
Pledged assets	8	**182,335**	170,578	**182,335**	170,578
Derivative assets	10.6	**41,212**	46,232	**41,212**	46,232
Financial investments	11	**560,682**	529,202	**560,682**	529,065
Loans and advances	12	**923,317**	631,462	**923,785**	631,462
Loans and advances to banks	12	**2,273**	6,323	**2,741**	6,323
Loans and advances to customers	12	**921,044**	625,139	**921,044**	625,139
Other assets	14	**119,551**	163,756	**119,344**	163,500
Investment in subsidiaries	13	**-**	-	**-**	100
Property and equipment	16	**25,120**	26,430	**25,117**	26,424
Intangible assets	17	**3,972**	4,641	**3,972**	4,641
Right of use assets	18	**2,261**	2,422	**2,261**	2,422
Deferred tax assets	15	**13,638**	12,411	**13,626**	12,381
Total assets		**2,613,841**	2,370,676	**2,614,087**	2,370,347
Equity and liabilities					
Equity		**253,615**	244,003	**251,775**	242,121
Equity attributable to ordinary shareholders		**253,615**	244,003	**251,775**	242,121
Share capital	19	**1,875**	1,875	**1,875**	1,875
Share premium	19	**42,469**	42,469	**42,469**	42,469
Reserves		**209,271**	199,659	**207,431**	197,777
Liabilities		**2,360,226**	2,126,673	**2,362,312**	2,128,226
Trading liabilities	9.2	**112,023**	188,501	**112,023**	188,501
Derivative liabilities	10.6	**25,364**	37,382	**25,364**	37,382
Current tax liabilities	24	**1,118**	7,205	**889**	6,929
Deposits and current accounts	21	**1,571,132**	1,337,508	**1,572,504**	1,338,268
Deposits from banks	21	**431,863**	505,622	**431,863**	505,622
Deposits from customers	21	**1,139,269**	831,886	**1,140,641**	832,646
Other borrowings	22	**136,433**	112,032	**136,433**	112,032
Debts Securities Issued	23	**47,419**	68,269	**47,419**	68,269
Provisions	25	**8,764**	3,916	**8,764**	3,916
Other liabilities	26	**457,973**	371,860	**458,916**	372,929
Total equity and liabilities		**2,613,841**	2,370,676	**2,614,087**	2,370,347

Wole Adeniyi
Chief Executive
FRC/2013/ICAN/00000001074
3 February 2022

Bayo Olujobi
Chief Financial Officer
FRC/2015/ICAN/00000012619
3 February 2022

Demola Sogunle
Director
FRC/2013/CIBN/00000001034
3 February 2022

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

STANBIC IBTC BANK PLC

Consolidated and separate statements of profit or loss
For the year ended 31 December 2021

For the year ended	Note	Group 31-Dec-21 N'million	Group 31-Dec-20 N'million	Bank 31-Dec-21 N'million	Bank 31-Dec-20 N'million
Net interest income		**69,843**	69,308	**69,843**	69,303
Interest income	31.1	**99,747**	101,561	**99,747**	101,556
Interest expense	31.2	**(29,904)**	(32,253)	**(29,904)**	(32,253)
Non-interest revenue		**34,513**	72,333	**34,870**	72,800
Net fee and commission revenue	31.3	**22,060**	19,339	**22,017**	19,313
Fee and commission revenue	31.3	**27,479**	23,291	**27,436**	23,265
Fee and commission expense	31.3	**(5,419)**	(3,952)	**(5,419)**	(3,952)
Trading revenue	31.4	**13,239**	52,081	**13,239**	52,073
Other (loss) / income	31.5	**(786)**	913	**(386)**	1,414
Income before credit impairment charges		**104,356**	141,641	**104,713**	142,103
Net impairment write back/(loss) on financial instruments	31.6	**1,274**	(10,171)	**1,208**	(10,170)
Income after credit impairment charges		**105,630**	131,470	**105,921**	131,933
Operating expenses		**(81,878)**	(72,870)	**(82,488)**	(73,628)
Staff costs	31.7	**(29,298)**	(30,115)	**(28,952)**	(29,761)
Other operating expenses	31.8	**(52,580)**	(42,755)	**(53,536)**	(43,867)
Profit before tax		**23,752**	58,600	**23,433**	58,306
Income tax credit	33.1	**5,906**	874	**6,137**	1,183
Profit for the year		**29,658**	59,474	**29,570**	59,489
Profit attributable to:					
Equity holders of the parent		**29,658**	59,474	**29,570**	59,489
Profit for the year		**29,658**	59,474	**29,570**	59,489
Earnings per share					
Basic earnings per ordinary share (kobo)	34	**791**	1,586	**789**	1,586
Diluted earnings per ordinary share (kobo)	34	**791**	1,586	**789**	1,586

Consolidated and separate statements of other comprehensive income
For the year ended 31 December 2021

		Group		Bank	
For the year ended	**Note**	**31-Dec-21 N'million**	31-Dec-20 N'million	**31-Dec-21 N'million**	31-Dec-20 N'million
Profit for the year		**29,658**	59,474	**29,570**	59,489
Other comprehensive income:					
Items that will not be reclassified to profit or loss		**-**	-	**-**	-
Movement in financial assets at FVOCI (equity instruments):		**508**	491	**508**	491
Net change in fair value		**508**	491	**508**	491
Related income tax		**-**	-	**-**	-
Items that are or may be reclassified subsequently to profit or loss:					
Movement in debt instruments measured at fair value through other comprehensive income (OCI)		**(3,981)**	2,888	**(3,983)**	2,888
Total expected credit loss		**34**	102	**34**	102
Net change in fair value		**(5,597)**	2,103	**(5,599)**	2,103
Realised fair value adjustments transferred to profit or loss		**1,582**	683	**1,582**	683
Other comprehensive (loss)/income for the year net of tax		**(3,473)**	3,379	**(3,475)**	3,379
Total comprehensive (loss)/income for the year		**26,185**	62,853	**26,095**	62,868
Total comprehensive income attributable to:					
Equity holders of the parent		**26,185**	62,853	**26,095**	62,868
		26,185	62,853	**26,095**	62,868

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

STANBIC IBTC BANK PLC

Consolidated statement of changes in equity
For the year ended 31 December 2021

Group	Note	Ordinary share capital N'million	Share premium N'million	Statutory credit risk reserve N'million	Fair value through OCI reserve N'million	Share-based payment reserve N'million	SMIEIS reserves N'million	AGSMIEIS reserves N'million	Statutory reserves N'million	Retained earnings N'million	Ordinary shareholders' equity N'million
Balance at 1 January 2021		**1,875**	**42,469**	**1,460**	**5,797**	**36**	**1,039**	**7,626**	**50,627**	**133,074**	**244,003**
Total comprehensive(loss)/income for the year		**-**	**-**	**-**	**(3,605)**	**-**	**-**	**-**	**-**	**29,658**	**26,053**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**29,658**	**29,658**
Other comprehensive (loss) after tax for the year		**-**	**-**	**-**	**(3,605)**	**-**	**-**		**-**	**-**	**(3,605)**
Net change in fair value on financial assets at FVOCI(debt)		**-**	**-**	**-**	**(5,597)**	**-**	**-**	**-**	**-**	**-**	**(5,597)**
Net changes in fair value on financial assets at FVOCI (equity)		**-**	**-**	**-**	**508**	**-**	**-**	**-**	**-**	**-**	**508**
Disposal of Investment in subsidiary		**-**	**-**	**-**	**(132)**	**-**	**-**	**-**	**-**	**-**	**(132)**
Realised fair value adjustments on financial assets at FVOCI (debt)		**-**	**-**	**-**	**1,582**	**-**	**-**	**-**	**-**	**-**	**1,582**
Expected credit loss movement on debt financial assets at FVOCI		**-**	**-**	**-**	**34**	**-**	**-**	**-**	**-**	**-**	**34**
Statutory credit risk reserve	15	**-**	**-**	**3,979**	**-**		**-**	**-**	**-**	**(3,979)**	**-**
Transfer to statutory reserve		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,435**	**(4,435)**	**-**
Transfer to AGSMIEIS		**-**	**-**	**-**	**-**	**-**	**-**	**2,614**	**-**	**(2,614)**	**-**
Transactions with shareholders, recorded directly in equity		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(16,441)**	**(16 441)**
Dividends paid to equity holders	20	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(16,441)**	**(16,441)**
Balance at 31 December 2021		**1,875**	**42,469**	**5,439**	**2,192**	**36**	**1,039**	**10,240**	**55,062**	**135,263**	**253,615**
Balance at 1 January 2020		1,875	42,469	-	2,412	36	1,039	4,652	41,706	109,048	203,237
Total comprehensive income for the year		-	-	-	3 385	-	-	-	-	59 468	62,853
Profit for the year		-	-	-	-	-	-	-	-	59,474	59,474
Other comprehensive income after tax for the year		-	-	-	3,385	-	-	-	-	(6)	3,379
Net change in fair value on financial assets at FVOCI (debt)					2,103						2,103
Net change in fair value on equity financial assets at FVOCI		-	-	-	491	-	-	-	-	-	491
Realised fair value adjustments on financial assets at FVOCI (debt)		-	-	-	689	-	-	-	-	(6)	683
Expected credit loss movement on debt financial assets at FVOCI		-	-	-	102	-	-	-	-	-	102
Statutory credit risk reserve		-	-	1,460	-	-	-	-	-	(1,460)	-
Transfer to statutory reserve		-	-	-	-		-	-	8,921	(8,921)	-
Transfer to AGSMIEIS		-	-	-	-	-	-	2,974	-	(2,974)	-
Transactions with shareholders, recorded directly in equity		-	-	-	-	-	-	-	-	(22,087)	(22,087)
Dividends paid to equity holders		-	-	-	-	-	-	-	-	(22,087)	(22,087)
Balance at 31 December 2020		1,875	42,469	1,460	5,797	36	1,039	7,626	50,627	133,074	244,003

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

STANBIC IBTC BANK PLC

Separate statement of changes in equity
For the year ended 31 December 2021

Bank	Note	Ordinary share capital N'million	Share premium N'million	Statutory credit risk reserve N'million	Fair value through OCI reserve N'million	Share-based payment reserve N'million	SMIEIS reserves N'million	AGSMIEIS reserves N'million	Statutory reserves N'million	Retained earnings N'million	Ordinary shareholders' equity N'million
Balance at 1 January 2021		**1,875**	**42,469**	**1,460**	**5,796**	**36**	**1,039**	**7,626**	**50,629**	**131,191**	**242,121**
Total comprehensive (loss)/income for the year		**-**	**-**	**-**	**(3,475)**	**-**	**-**	**-**	**-**	**29,570**	26,095
Profit for the year		**-**	**-**	**-**	**-**	**-**	**-**		**-**	**29,570**	29,570
Other comprehensive (loss) after tax for the year		**-**	**-**	**-**	**(3,475)**	**-**	**-**	**-**	**-**	**-**	(3,475)
Net change in fair value on financial assets at FVOCI(debt)		**-**	**-**	**-**	**(5,599)**	**-**	**-**			**-**	**(5,599)**
Net changes in fair value on financial assets at FVOCI (equity)		**-**	**-**	**-**	**508**	**-**	**-**	**-**	**-**	**-**	**508**
Realised fair value adjustments on financial assets at FVOCI (debt)		**-**	**-**	**-**	**1,582**	**-**	**-**	**-**	**-**	**-**	**1,582**
Expected credit loss movement on debt financial assets at FVOCI		**-**	**-**	**-**	**34**	**-**	**-**	**-**	**-**	**-**	**34**
Statutory credit risk reserve		**-**	**-**	**3,979**	**-**	**-**	**-**	**-**	**-**	**(3,979)**	**-**
Transfer to statutory reserve		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,435**	**(4,435)**	**-**
Transfer to AGSMIEIS		**-**	**-**	**-**	**-**	**-**	**-**	**2,614**	**-**	**(2,614)**	**-**
Transactions with shareholders, recorded directly in equity										**(16,441)**	**(16,441)**
Dividends paid to equity holders	20	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(16,441)**	**(16,441)**
Balance at 31 December 2021		**1,875**	**42,469**	**5,439**	**2,321**	**36**	**1,039**	**10,240**	**55,064**	**133,292**	**251,775**

	Ordinary share capital N'million	Share premium N'million	Statutory credit risk reserve N'million	Fair value through OCI reserve N'million	Share-based payment reserve N'million	SMIEIS reserves N'million	AGSMIEIS reserves N'million	Statutory reserves N'million	Retained earnings N'million	Ordinary shareholders' equity N'million
Balance at 1 January 2020	1,875	42,469	-	2,417	36	1,039	4,652	41,706	107,146	201,340
Total comprehensive income for the year				3,379		-	-	-	59 489	62,868
Profit for the year									59 489	59,489
Other comprehensive income after tax for the year				3,379						3,379
Net change in fair value on financial assets at FVOCI(debt)	-	-	-	2,103	-	-	-	-	-	2,103
Net change in fair value on equity financial assets at FVOCI(debt)	-	-	-	491	-	-	-	-	-	491
Realised fair value adjustments on financial assets at FVOCI (debt)				683						683
Expected credit loss movement on debt financial assets at FVOCI	-	-	-	102	-	-	-	-	-	102
										-
Statutory credit risk reserve	-	-	1,460	-	-	-	-	-	(1,460)	-
Transfer to statutory reserve	-	-	-	-		-	-	8,923	(8,923)	-
Transfer to AGSMIEIS	-	-	-	-	-	-	2,974	-	(2,974)	-
Transactions with shareholders, recorded directly in equity	-	-	-	-	**-**	**-**	-	**-**	(22,087)	(22,087)
Dividends paid to equity holders	-	-	-	-	-	-	-	-	(22,087)	(22,087)
Balance at 31 December 2020	1,875	42,469	1,460	5,796	36	1,039	7,626	50,629	131,191	242,121

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

STANBIC IBTC BANK PLC

Consolidated and separate annual statement of cash flows

For the year ended 31 December 2021

		Group		Bank	
		31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
For the year ended	Note	**N'million**	N'million	**N'million**	N'million
Net cash flows used in operating activities		**55,995**	465,552	**55,771**	465,539
Cash flows from operations		**1,854**	414,976	**1,051**	414,195
Profit before tax		**23,752**	58,600	**23,433**	58,306
Adjusted for:		**(91,578)**	(21,609)	**(92,046)**	(22,107)
Credit impairment charges on financial instruments	31.6	**(1,274)**	14,486	**(1,208)**	14,486
Depreciation of property and equipment	16.2	**4,752**	5,187	**4,750**	5,184
Amortisation of intangible assets	31.8	**762**	680	**762**	680
Depreciation of right of use assets	18.2	**1,133**	1,253	**1,133**	1,253
Unobservable valuation difference in derivatives	10.7	**(8,344)**	(14,951)	**(8,344)**	(14,951)
Dividend income	31.5	**(383)**	(153)	**(783)**	(653)
Gain on disposal of investment in subsidiary	10.7	**-**	-	**(132)**	-
Net loss on sale of investment securities	35.8	**(3,605)**		**(3,605)**	
Fair value adjustment for derivatives	35.5	**1,346**	34,629	**1,346**	34,629
Non-cash flow movements in other borrowings	22	**4,748**	5,095	**4,748**	5,095
Non-cash flow movements in debt securities issued	35.6	**(20,850)**	1,501	**(20,850)**	1,501
Interest expense	31.2	**29,904**	32,253	**29,904**	32,253
Interest income	31.1	**(99,747)**	(101,561)	**(99,747)**	(101,556)
Gains on disposal of property and equipment	31.5	**(20)**	(28)	**(20)**	(28)
Increase in loans and other assets	35.1	**(175,755)**	(138,970)	**(176,257)**	(138,843)
Decrease in deposits and other liabilities	35.2	**245,435**	516,955	**245,921**	516,840
Dividends received		**345**	138	**745**	588
Interest paid		**(27,253)**	(34,595)	**(27,253)**	(34,597)
Interest received		**82,422**	86,869	**82,336**	86,809
Direct taxation paid	24.2	**(1,373)**	(1,836)	**(1,108)**	(1,455)
Net cash flows (used in)/ from investing activities		**4,427**	81,252	**4,651**	81,263
Capital expenditure on - property	16	**(255)**	(1,442)	**(255)**	(1,442)
- equipment, furniture and vehicles	16	**(3,542)**	(6,258)	**(3,542)**	(6,253)
- intangible assets	17.1	**(93)**	(89)	**(93)**	(89)
- right of use		**(973)**	(1,175)	**(973)**	(1,175)
Proceed on disposal of investment subsidiary		**-**		**232**	
Proceeds from sale of property, equipment, furniture and vehicles	35.7	**375**	99	**374**	99
Purchase of financial investment	35.8	**(603,493)**	90,117	**(603,493)**	90,123
Sale of Financial Investment	35.8	**612,408**		**612,401**	
Net cash flows used in financing activities		**3,212**	(46,306)	**3,212**	(46,306)
Proceeds from addition to other borrowings	22	**54,390**	32,277	**54,390**	32,277
Repayment of other borrowings	22	**(34,737)**	(17,505)	**(34,737)**	(17,505)
Proceeds from debt securities issued	23	**-**	76,498	**-**	76,498
Repayment of debt securities issued	23	**-**	(115,489)	**-**	(115,489)
Cash dividends paid		**(16,441)**	(22,087)	**(16,441)**	(22,087)
Net (decrease)/ increase in cash and cash equivalents		**63,634**	500,498	**63,634**	500,496
Effect of exchange rate changes on cash and cash equivalents	35.4	**22**	7,228	**22**	7,228
Cash and cash equivalents at beginning of the year		**695,889**	188,163	**695,887**	188,163
Cash and cash equivalents at end of the year	35.3	**759,545**	695,889	**759,543**	695,887

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

1 Reporting entity

Stanbic IBTC Bank PLC ('the bank') is a company domiciled in Nigeria. The Bank's registered office is at I.B.T.C Place, Plot 1C Walter Carrington Crescent, Victoria Island, Lagos. The consolidated and separate annual financial statements as at and for the year ended 31 December 2021 comprise the bank and its subsidiary (together referred to as 'the group'), and individually as group entities.

The group is primarily involved in the provision of corporate, personal and business banking, and custodian services.

2 Basis of preparation

(a) Statement of compliance

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

The consolidated and separate annual financial statements were authorised for issue by the Board of Directors on 03 February 2022.

(b) Basis of measurement

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

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

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

(c) Going concern assumption

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

(d) Functional and presentation currency

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

(e) Use of estimates and judgement

The preparation of the consolidated and separate annual 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 annual 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 2020.

Judgements

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

- Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.
- Determination of the fair value of financial instruments with significant unobservable inputs (see note 6.3).
- Provision for contingent items such as legal claims, fines, penalties and other tax penalties. (see note 6.7).
- Impairment of financial instruments: assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL (see note 12.3).

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2021 is included in the following notes.

- Determination of the fair value of financial instruments with significant unobservable inputs (see note 6.3).
- Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used (see
Included in the recoverability review of deferred tax assets is assumptions about interest rates, exchange rates and inflation rate.
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources (see notes 6.7).

3 Changes in accounting policies

Adoption of amended standards effective for the current financial year

- **IFRS 4 Insurance Contracts (IFRS 4), IFRS 7 Financial Instruments: Disclosures (IFRS 7), IFRS 9 Financial Instruments (IFRS 9), IFRS 16 Leases (IFRS 16), IAS 39 Financial Instruments: Recognition and Measurement (IAS 39) (amendments)**: The second phase of Interest Rate Benchmark Reform (IBOR) resulted in amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 requirements to enable companies to deal with its effect on financial instruments and to continue providing useful information to investors. The amendments require entities to update the effective interest rate to reflect the change to the alternative risk-free rates (ARRs), instead of derecognising or adjusting the carrying amount of financial instruments, for changes required by the reform if the transition from the IBOR rate to the ARR is as a direct consequence of the reform and on an economically equivalent basis. The amendment also provides specific hedge accounting relief, including that an entity will not have to discontinue hedge accounting solely because it makes changes required by the reform to hedge designations and hedge documentation, if the hedge meets the other hedge accounting criteria. The amendments also require companies to provide additional information about new risks arising from the reform and how it manages the transition to ARRs. The group will transition to ARRs as each interest rate benchmark is replaced.

  The practical expedient to update the effective interest rate to reflect the change to the ARR was applied to loans and advances. Any other changes to the conceptual cash flows that are as a result of the interest rate benchmark reform are accounted for in terms of the group's modifications policy.

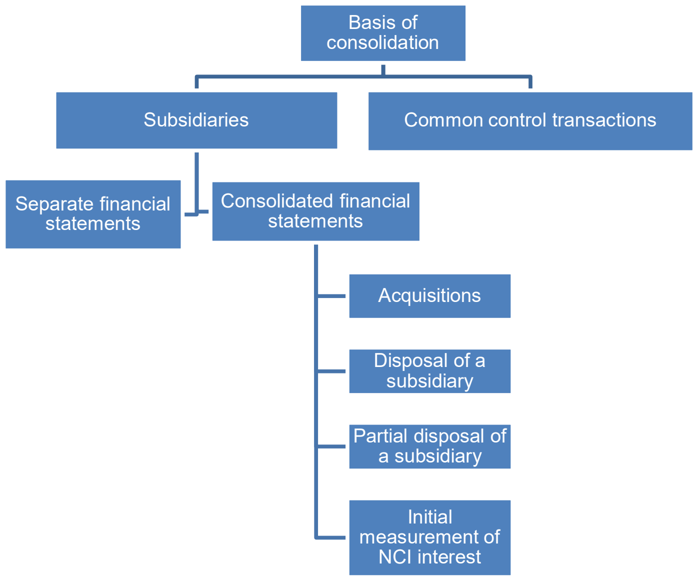
  IFRS 16 Leases (amendment): In light of the recent Covid-19 pandemic and resultant rent concessions to be granted by lessors, the amendment permits lessees, as a practical expedient, not to assess whether particular Covid-19 related rent concessions are lease modifications and instead account for those rent concessions as if they were not lease modifications. The amendment permits lessees to apply the practical expedient as an accounting policy choice to rent concessions for which any reduction in lease payments affects payments originally due on or before 30 June 2021. The group elected not to apply this practical expedient.

- The above mentioned amendments and interpretation to the IFRS standards, adopted on 1 January 2021, did not effect the group’s previously reported financial results, disclosures or accounting policies and did not impact the group’s results materially upon transition.

4 Statement of significant accounting policies

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

4.1 Basis of consolidation



Subsidiaries (including mutual funds, in which the group has both an irrevocable asset management agreement and a significant investment)

Separate financial statements

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

Consolidated financial statements

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

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

4 Statement of significant accounting policies (continued)

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

Common control transactions

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

Foreign currency translations

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

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

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

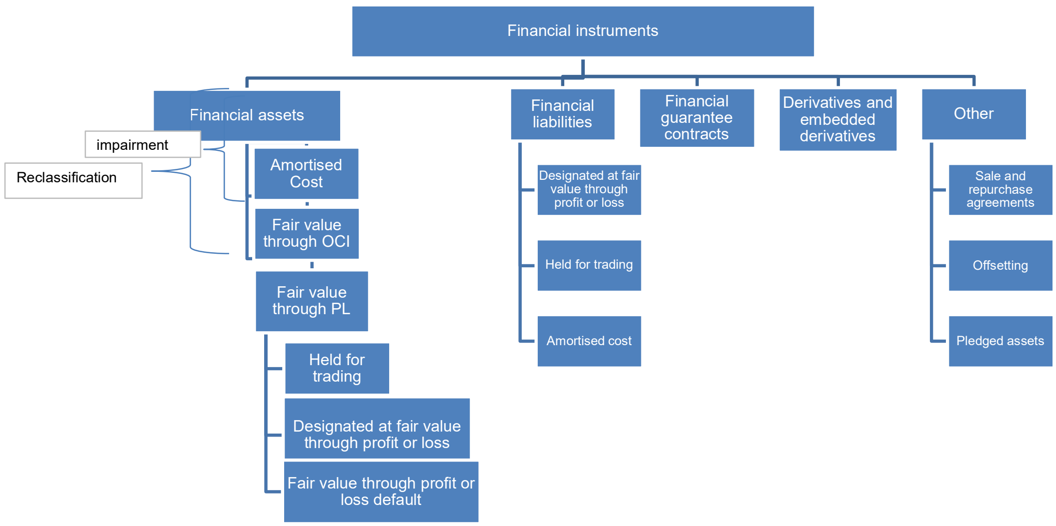
4.2 Cash and cash equivalents

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

4 Statement of significant accounting policies (continued)

4.3 Financial instruments

The relevant financial instruments are financial assets classified at amortised cost, fair value through OCI, fair value through Profit or Loss and financial liabilities.



Recognition and initial measurement – financial instruments

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

Financial assets

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

4 Statement of significant accounting policies (continued)

Subsequent measurement

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

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

Impairment

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

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

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

4 Statement of significant accounting policies (continued)

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

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

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

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

Reclassification

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

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

4 Statement of significant accounting policies (continued)

Financial liabilities

Nature

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

Subsequent measurement

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

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

Derecognition of financial assets and liabilities

Financial assets and liabilities are derecognised in the following instances:

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

Modification of financial assets and liabilities

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

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

4 Statement of significant accounting policies (continued)

Financial guarantee contracts

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

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

• the ECL calculated for the financial guarantee; and
• unamortised premium.

Derivatives and embedded derivatives

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

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

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

Pledged assets

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

Sale and repurchase agreements

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

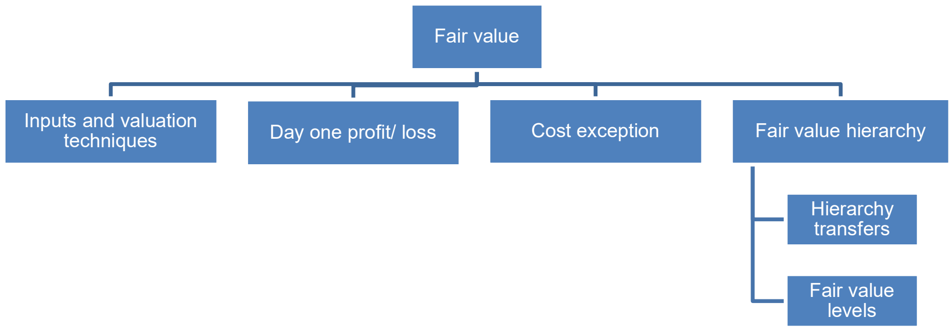
Securities purchased under agreements to resell (reverse repurchase agreements), at either a fixed price or the purchase price plus a lender's rate of return, are recorded as loans and included under trading assets or loans and advances, as appropriate. For repurchase and reverse repurchase agreements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

Offsetting

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

4 Statement of significant accounting policies (continued)

4.4 Fair value



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

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

Inputs and valuation techniques

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

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

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

Item	Description	Valuation technique	Main inputs and assumptions (Level 2 and 3 fair value hierarchy items)
Derivative financial instruments	Derivative financial instruments comprise foreign exchange, and interest rate.	Standard derivative contracts are valued using market accepted models and quoted parameter inputs. More complex derivative contracts are modelled using more sophisticated modelling techniques applicable to the instrument. Techniques include: • Discounted cash flow model • Black-Scholes model	• Discount rate* • Spot prices of the underlying assets • Correlation factors • Volatilities • Dividend yields • Earnings yield • Valuation multiples
Trading assets and Trading liabilities	Trading assets and liabilities comprise instruments which are part of the group's underlying trading activities. These instruments primarily include sovereign and corporate debt, and collateral.	Where there are no recent market transactions in the specific instrument, fair value is derived from the last available market price adjusted for changes in risks and information since that date.	

4 Statement of significant accounting policies (continued)

Item	Description	Valuation technique	Main inputs and assumptions (Level 2 and 3 fair value hierarchy items)
Pledged assets	Pledged assets comprise instruments that may be sold or repledged by the group's counterparty in the absence of default by the group. Pledged assets include sovereign debt (government treasury bills and bonds) pledged in terms of repurchase agreements.	Where a proxy instrument is quoted in an active market, the fair value is determined by adjusting the proxy fair value for differences between the proxy instrument and the financial investment being fair valued. Where proxies are not available, the fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks. Combination techniques are used to value unlisted equity securities and include inputs such as earnings and dividend yields of the underlying entity.	• Discount rate* • Spot prices of the underlying • Correlation factors • Volatilities • Dividend yields • Earnings yield • Valuation multiples
Financial investments	Financial investments are non-trading financial assets and primarily comprise of sovereign and corporate debt, unlisted equity instruments, investments in mutual fund investments and unit-linked investments.		
Loans and advances to banks and customers	Loans and advances comprise: • Loans and advances to banks: call loans, loans granted under resale agreements and balances held with other banks. • Loans and advances to customers: mortgage loans (home loans and commercial mortgages), other asset-based loans, including collateralised debt obligations (instalment sale and finance leases), and other secured and unsecured loans (card debtors, overdrafts, other demand lending, term lending and loans granted under resale agreements).	For certain loans, fair value may be determined from the market price of a recently occurring transaction adjusted for changes in risks and information between the transaction and valuation dates. Loans and advances are reviewed for observed and verified changes in credit risk and the credit spread is adjusted at subsequent dates if there has been an observable change in credit risk relating to a particular loan or advance. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value. Discounted cash flow models incorporate parameter inputs for interest rate risk, foreign exchange risk, liquidity and credit risk, as appropriate. For credit risk, probability of default and loss given default parameters are determined using the relevant terms of the loan and loan counterparty such as the industry classification and subordination of the loan.	• Discount rate. • Probability of default. • Loss given default.
Deposits from bank and customers	Deposits from banks and customers comprise amounts owed to banks and customers, deposits under repurchase agreements, negotiable certificates of deposit, credit-linked deposits and other deposits.	For certain deposits, fair value may be determined from the market price on a recently occurring transaction adjusted for all changes in risks and information between the transaction and valuation dates. In the absence of an observable market for these instruments discounted cash flow models are used to determine fair value based on the contractual cash flows related to the instrument. The fair value measurement incorporates all market risk factors including a measure of the group's credit risk relevant for that financial liability. The market risk parameters are valued consistently to similar instruments held as assets stated in the section above. For collateralised deposits that are designated to be measured at fair value through profit or loss, such as securities repurchase agreements, the credit enhancement is incorporated into the fair valuation of the liability.	• Discount rate. • Probability of default. • Loss given default.

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

4 Statement of significant accounting policies (continued)

Day one profit or loss

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

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

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

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

Fair value hierarchy

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

Hierarchy levels

The levels have been defined as follows:

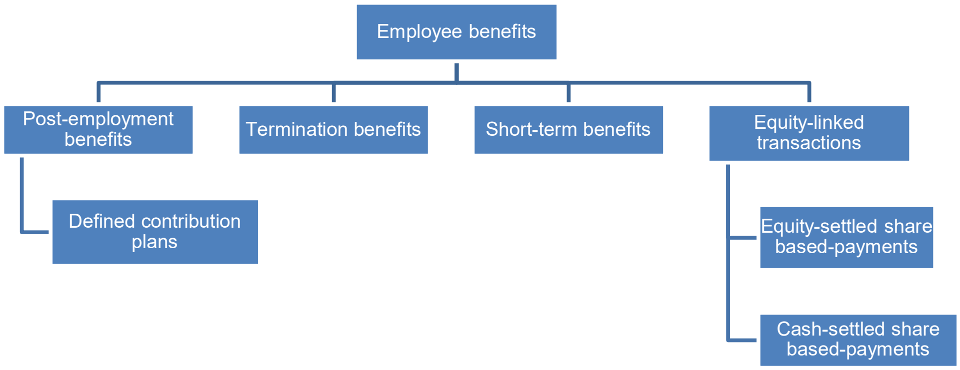
Level 1	Fair value is based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing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

Hierarchy transfer policy

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

4 Statement of significant accounting policies (continued)

4.5 Employee benefits



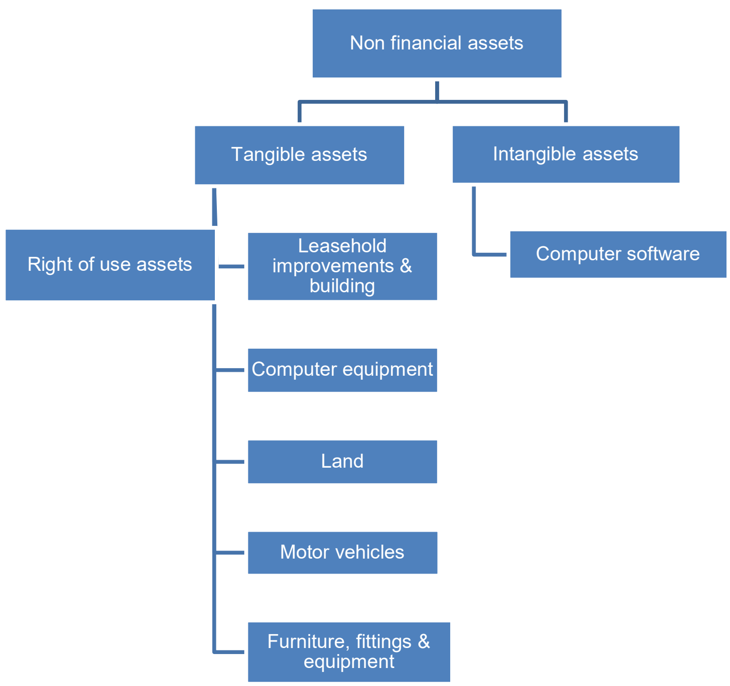
Type	Description	Statement of financial position	Statement of other comprehensive income	Income statement
Defined contribution plans	The group operates a contributory pension plan in line with the Pension Reform Act 2014. Employees and the Bank contribute 8% and 10% respectively of each of the qualifying staff salary in line with the provisions of the Pension Reforms Act 2014.	Liability is recognised for unpaid contributions.	No impact.	Contributions are recognised as an expense in profit or loss in the year during which services are rendered by employees.
Termination benefits	Termination benefits are recognised when the group is committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy when it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.	A liability is recognised for the termination benefit representing the best estimate of the amount payable.	No impact.	Termination benefits are recognised as an expense if the group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.
Short-term benefits	Short-term benefits consist of salaries, accumulated leave payments, profit share, bonuses and any non-monetary benefits such as medical aid contributions.	A liability is recognised for the amount expected to be paid under short-term cash bonus plans or accumulated leave if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.	No direct impact.	Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

4 Statement of significant accounting policies (continued)

Equity-linked transactions

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

4.6 Non-financial assets (Intangible assets, Property and equipment, Right of Use)



4 Statement of significant accounting policies (continued)

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

4 Statement of significant accounting policies (continued)

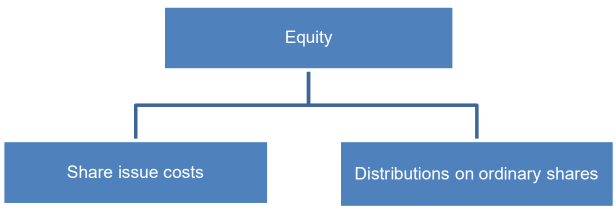
Type	Description	Statement of financial position	Income statement
	All leases are accounted for by recognising a right-of-use asset and a lease liability except for: ● leases of low value assets; and ● leases with a duration of twelve months or less. All leases that meet the criteria as either a lease of a low value asset or a short term lease are accounted for on a straight-line basis over the lease term.	**Lease liabilities:** Initially measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless (as is typically the case for the Group) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. The Group's standardised funding transfer pricing rate is the base on which the incremental borrowing rate is calculated. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the year to which they relate. On initial recognition, the carrying value of the lease liability also includes: ● Amounts expected to be payable under any residual value guarantee; ● The exercise price of any purchase option granted in favour of the Group, should it be reasonably certain that this option will be exercised; ● Any penalties payable for terminating the lease, should the term of the lease be estimated on the basis of this termination option being exercised. Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets: Initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for: • lease payments made at or before commencement of the lease; • initial direct costs incurred; and • the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset. The Group applies the cost model subsequent to the initial measurement of the right-of-use assets. The Group measures the right-of-use assets at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability Termination of leases: When the Group or lessor terminates or cancels a lease, the right-of-use asset and lease liability are derecognised. Accruals for unpaid lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease	**Interest expense on lease liabilities:** A lease finance cost, determined with reference to the interest rate implicit in the lease or the Group's incremental borrowing rate, is recognised within interest expense over the lease period. **Depreciation on right-of-use assets:** Subsequent to initial measurement, the right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset should this term be shorter than the lease term unless ownership of the underlying asset transfers to the Group at the end of the lease term, whereby the right-of-use assets are depreciated on a straight-line basis over the remaining economic life of the asset. This depreciation is recognised as part of operating expenses. **Termination of leases:** On derecognition of the right-of-use asset and lease liability, any difference is recognised as a derecognition gain or loss together with termination or cancelation costs in profit or loss. Payments made under these leases, net of any incentives received from the lessor, are recognised in operating expenses on a straight-line basis over the term of the lease. When these leases are terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as operating expenses in the period in which termination takes place.
Reassessment and modification of leases	**Reassessment of lease terms and lease modifications that are not accounted for as a separate lease:** When the Group reassesses the terms of any lease (i.e. it re-assesses the probability of exercising an extension or termination option) or modifies the terms of a lease without increasing the scope of the lease or where the increased scope is not commensurate with the stand-alone price, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate at the date of reassessment or modification. The carrying amount of lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. For reassessments to the lease terms, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, if the carrying amount of the right-of-use asset is reduced to zero any further reduction in the measurement of the lease liability, is recognised in profit or loss.		
Finance leases	Leases, where the Group transfers substantially all the risks and rewards incidental to ownership, are classified as finance leases.	Finance lease receivable, including initial direct costs and fees, are primarily accounted for as financing transactions in banking activities, with rentals and instalments receivable, less unearned finance charges, being included in loans and advances.	Finance charges earned within interest income are computed using the effective interest method, which reflects a constant periodic rate of return on the investment in the finance lease. The tax benefits arising from investment allowances on assets leased to clients are accounted for within direct taxation.
Operating leases	All leases that do not meet the criteria of a finance lease are classified as operating leases.	The asset underlying the lease continues to be recognised and accounted for in terms of the relevant group accounting policies. Accruals for outstanding lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease income are recognised.	Operating lease income net of any incentives given to lessees, is recognised on the straight-line basis, or a more representative basis where applicable, over the lease term and is recognised in operating income. When an operating lease is terminated before the lease period has expired, any payment received/(paid) by the group by way of a penalty is recognised as income/(expense) in the period in which termination takes place.

4 Statement of significant accounting policies (continued)

Operating leases	All leases that do not meet the criteria of a finance lease are classified as operating leases.	The asset underlying the lease continues to be recognised and accounted for in terms of the relevant group accounting policies. Accruals for outstanding lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease income are recognised.	Operating lease income net of any incentives given to lessees, is recognised on the straight-line basis, or a more representative basis where applicable, over the lease term and is recognised in operating income. When an operating lease is terminated before the lease period has expired, any payment received/(paid) by the group by way of a penalty is recognised as income/(expense) in the year in which termination takes place.

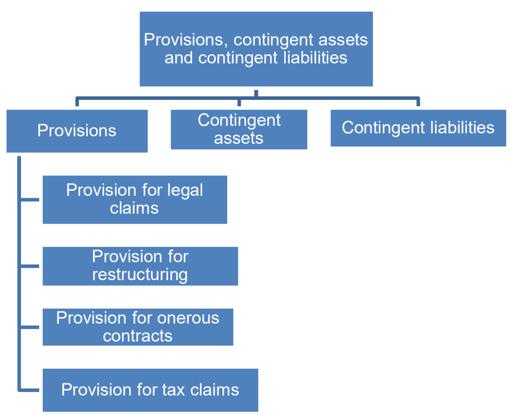
IFRS 16 - Lessor lease modifications	
Finance leases	When the Group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the Group accounts for these modifications as a separate new lease.
Operating leases	Modifications are accounted for as a new lease from the effective date of the modification.

4.7 Equity



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

4.8 Provisions, contingent assets and contingent liabilities

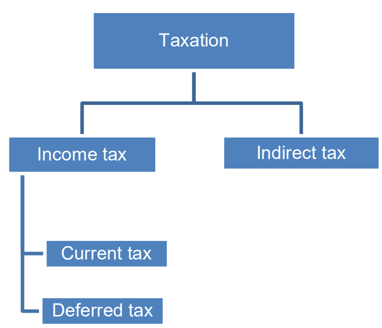


Provisions	Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can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

4 Statement of significant accounting policies (continued)

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

4.9 Taxation

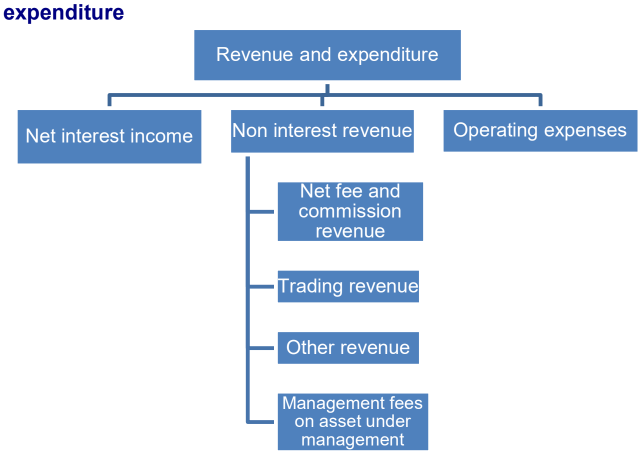


Type	Description, recognition and measurement	Offsetting
Current tax- determined for current year transactions and events	Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividend. Current tax is recognised as an expense for the year and adjustments to past years except to the extent that current tax related to items that are charged or credited in OCI or directly to equity. Nigerian tax laws mandates a minimum tax assessment for companies having no taxable profits for the year or where the tax on profits is below the minimum tax. Minimum tax is computed at flat rate of 0.25% of turnover. Further, the Nigerian tax laws mandates that where a dividend is paid out of profit on which no tax is payable due to either: (a) no total profit; or (b) the total profit is less than the amount of dividend paid, the company paying the dividend will be subjected to tax at 30% of the dividends paid, as if the dividend is the total profits of the company for the year of assessment to which the accounts, out of which the dividends paid relates. When applicable, minimum tax is recorded under current income tax in profit or loss	

4 Statement of significant accounting policies (continued)

Type	Description, recognition and measurement	Offsetting
Deferred tax-determined for future tax consequences	Deferred tax is recognised in profit or loss except to the extent that it relates to a business combination (relating to a measurement period adjustment where the carrying amount of the goodwill is greater than zero), or items recognised directly as part of OCI. Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if there is any. Deferred tax is not recognised for the following temporary differences: • the initial recognition of goodwill; • the initial recognition of assets and liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits or losses; and • investments in subsidiaries, associates and jointly controlled arrangements (excluding mutual funds) where the group controls the timing of the reversal of temporary differences and it is probable that these differences will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.	Current tax assets and liabilities, deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.
Indirect taxation	Indirect taxes are recognised in profit or loss, as part of other operating expenses.	N/A
Dividend tax	Taxes on dividends declared by the group are recognised as part of the dividends paid within equity as dividend tax represents a tax on the shareholder and not the group.	N/A

4.10 Revenue and expenditure



Description	Recognition and measurement
Net interest income	Interest income and expense (with the exception of borrowing costs that are capitalised on qualifying assets, that is assets that necessarily take a substantial period of time to get ready for their intended use or sale and which are not measured at fair value) are recognised in profit or loss using the effective interest method for all interest-bearing financial instruments.

4 Statement of significant accounting policies (continued)

4.11 Revenue and expenditure (continued)

Description	Recognition and measurement
Net interest income	In terms of the effective interest method, interest is recognised at a rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. Direct incremental transaction costs incurred and origination fees received, including loan commitment fees, as a result of bringing margin- yielding assets or liabilities into the statement of financial position, are capitalised to the carrying amount of financial instruments that are not at fair value through profit or loss and amortised as interest income or expense over the life of the asset or liability as part of the effective interest rate. Where the estimates of payments or receipts on financial assets or financial liabilities are subsequently revised, the carrying amount of the financial asset or financial liability is adjusted to reflect actual and revised estimated cash flows. The carrying amount is calculated by computing the present value of the adjusted cash flows at the financial asset or financial liability's original effective interest rate. Any adjustment to the carrying value is recognised in net interest income. When a financial asset is classified as Stage 3 impaired, interest income is calculated on the impaired value (gross carrying value less specific impairment) based on the original effective interest rate. Dividends received on preference share investments classified as debt form part of the group's lending activities and are included in interest income.
Net fee and commission revenue	Fee and commission revenue, including transactional fees, account servicing fees, investment management fees, sales commissions and placement fees are recognised as the related services are performed. Loan commitment fees for loans that are not expected to be drawn down are recognised on a straight-line basis over the commitment period. Loan syndication fees, where the group does not participate in the syndication or participates at the same effective interest rate for comparable risk as other participants, are recognised as revenue when the syndication has been completed. Syndication fees that do not meet these criteria are capitalised as origination fees and amortised as interest income. The fair value of issued financial guarantee contracts on initial recognition is amortised as income over the term of the contract. Fee and commission expenses, included in net fee and commission revenue, are mainly transaction and service fees relating to financial instruments, which are expensed as the services are received. Expenditure is recognised as fee and commission expenses where the expenditure is linked to the production of fee and commission revenue.
Trading revenue	Trading revenue comprises all gains and losses from changes in the fair value of trading assets and liabilities, together with related interest income and expense.
Other revenue	Other revenue includes dividends on equity financial assets and re-measurement gains and losses from contingent consideration on disposals and purchases. Gains and losses on equity instruments designated at fair value through profit or loss are recognised within other revenue. Gains and losses on equity instruments classified as fair value through other comprehensive income (FVOCI) financial assets are reclassified from OCI to other revenue on derecognition or impairment.
Dividend income	Dividends are recognised in profit or loss when the right to receipt is established. Scrip dividends are recognised as dividends received where the dividend declaration allows for a cash alternative.
Management fees on assets under management	Fee income includes management fees on assets under management and administration fees. Management fees on assets under management are recognised over the period for which the services are rendered, in accordance with the substance of the relevant agreements.
Operating expenses	Expenses are recognized on an accrual bases regardless of the time of cash outflows. Expenses are recognized in the income statement when a decrease in future economic benefit related to a decrease in an assets or an increase of a liability has arisen that can be measured reliably. Expenses are recognized in the same reporting period when they are incurred in cases when it is not probable to directly relate them to particular income earned during the current reporting period and when they are not expected to generate any income during the coming periods. Expenses that are not related to the income earned during the year, but expected to generate future economic benefits, are recorded in the financial statements as assets.

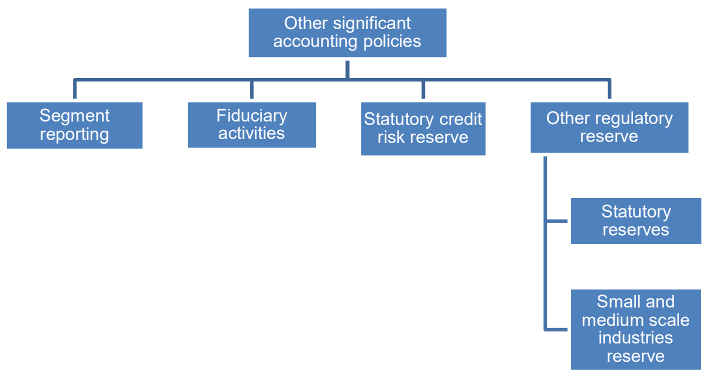
4 Statement of significant accounting policies (continued)

Interest in suspense (IIS) (refers to contractual interest which accrues on financial assets which are classified as non-performing) is presented as follows:

IFRS 9 accounting treatment

IFRS 9 requires that interest for financial assets classified as stage 3 (i.e. in default) only be calculated on the gross carrying amount less impairments (i.e. amortised cost balance). The group has applied this requirement by suspending all contractual interest on such financial assets and recognising interest on the amortised cost balance utilising the financial assets' effective interest rate. IFRS 9 requires that the suspended contractual interest be recognised as part of the financial assets' gross carrying amount and be deducted as part of the reconciliation to the net carrying amount which is reported in the balance sheet. Whilst the IIS is recognised in the gross carrying amount it does not impact the net carrying amount of the financial asset as presented on the face of the statement of financial position. Given the IFRS 9 requirement that the gross carrying amount would include the contractual suspended interest on financial assets classified as stage 3, the group will, report the balance sheet interest in suspense account as part of stage 3 impairment when calculating the financial assets' net carrying amount. The group has elected to continue to present upon the curing of the non-performing financial asset, this suspended contractual interest (previously unrecognised interest) within credit impairment line in the income statement.

4.12 Other significant accounting policies



Segment reporting	An operating segment is a component of the group engaged in business activities, whose operating results are reviewed regularly by management in order to make decisions about resources to be allocated to segments and assessing segment performance. The group's identification of segments and the measurement of segment results is based on the group's internal reporting to management. Transactions between segments are priced at market-related rates.
Fiduciary activities	The group commonly engages in trust or other fiduciary activities that result in the holding or placing of assets on behalf of individuals, trusts, post-employment benefit plans and other institutions. These assets and the income arising directly thereon are excluded from these annual financial statements as they are not assets of the group. However, fee income earned and fee expenses incurred by the group relating to the group's responsibilities from fiduciary activities are recognised in profit or loss.
Statutory credit risk reserve	The statutory credit risk reserve represents a reserve component created when credit impairment on loans and advances as accounted for under IFRS using the expected loss model differ from the Prudential Guidelines set by the Central Bank of Nigeria.
Statutory reserve	Nigerian banking industry regulations require banks to make an annual appropriation to a statutory reserve. An appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. See note 19.3 (a)(i)

4.13 Statement of significant accounting policies

Type	Description	Statement of financial position	Income statement
Non-current assets/disposal groups that are held for sale	Comprising assets and liabilities that are expected to be recovered primarily through sale rather than continuing use (including regular purchases and sales in the ordinary course of business).	Immediately before classification, the assets (or components of a disposal group) are remeasured in accordance with the group's accounting policies and tested for impairment. Thereafter, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Assets and liabilities (or components of a disposal group) are presented separately in the statement of financial position.	Impairment losses on initial classification as well as subsequent gains and losses on remeasurement of these assets or disposal groups are recognised in profit or loss. Property and equipment and intangible assets are not depreciated or amortised.

4.14 New standards and interpretations not yet effective

Pronounceme	
Title	**IFRS 17 Insurance Contracts**
	This standard replaces IFRS 4 Insurance Contracts which provided entities with dispensation to account for insurance contracts (particularly measurement) using local actuarial practice, resulting in a multitude of different approaches. The overall objective of IFRS 17 is to provide a more useful and consistent accounting model for insurance contracts among entities issuing insurance contracts globally. The standard requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. A general measurement model (GMM) will be applied to long-term insurance contracts and is based on a fulfilment objective (risk-adjusted present value of best estimate future cash flows) and uses current estimates, informed by actual trends and investment markets. IFRS 17 establishes what is called a contractual service margin (CSM) in the initial measurement of the liability which represents the unearned profit on the contract and results in no gain on initial recognition. The CSM is released over the life of the contract, but interest on the CSM is locked in at inception rates. The CSM will be utilised as a "shock absorber" in the event of changes to best estimate cash flows. On loss making (onerous) contracts, no CSM is set up and the full loss is recognised at the point of contract inception. The GMM is modified for contracts which have participation features. An optional simplified premium allocation approach (PAA) is available for all contracts that are less than 12 months at inception. The PAA is similar to the current unearned premium reserve profile over time. The requirement to eliminate all treasury shares has been amended such that treasury shares held for a group of direct participating contracts or investment funds are not required to be eliminated and can be accounted for as financial assets. These requirements will provide transparent reporting about an entities' financial position and risk and will provide metrics that can be used to evaluate the performance of insurers and how that performance changes over time. An entity may re-assess its classification and designation of financial instruments under IFRS 9, on adoption of IFRS 17. The amendment will be applied retrospectively and is not expected to have a material impact on the group.
Effective date	1 January 2023 earlier application permitted
Title	**IAS 1 Presentation of Financial Statements (amendments)**
	The amendment clarifies how to classify debt and other liabilities as current or non-current. The objective of the amendment is aimed to promote consistency in applying the requirements by helping entities determine whether, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendment also includes clarifying the classification requirements for debt an entity might settle by converting it into equity. These are clarifications, not changes, to the existing requirements, and so are not expected to affect entities' financial statements significantly. However, these clarifications could result in reclassification of some liabilities from current to non-current, and vice versa. The amendment will be applied retrospectively. The impact on the annual financial statements has not yet been fully determined.
Effective date	1 January 2023 earlier application permitted
Title	**Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)**
	The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Group has determined that all contracts existing at 31 December 2021 will be completed before the amendments become effective.
Title	**Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)**
	The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.
Title	**Annual improvements 2018-2020 cycle**
	The IASB has issued various amendments and clarifications to existing IFRS, none of which is expected to have a significant impact on the Group's annual financial statements.
Effective date	1 January 2022.

5 Segment reporting

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

Business unit	
Business & Commercial Clients	The Business & Commercial Client (BCC) segment provides broad based client solutions for a wide spectrum of small- and medium-sized businesses as well as large commercial enterprises. Our client coverage support extends across a wide range of industries, sectors and solutions that deliver the necessary advisory, networking and sustainability support required by our clients to enable their growth. Home services - Residential accommodation financing solutions, including related value added services. Vehicle and Asset Finance - Comprehensive finance solutions in instalment credit, fleet management and related services across our retail and business markets.
Consumer & High Net worth Clients	The Consumer & High Net worth (CHNW) Client segment is responsible for the end-to-end lifecycle of clients. CHNW services individual clients across Nigeria. We enable our clients' daily lives by providing relevant solutions throughout their life journeys. Card and payments - Credit card facilities to individuals and businesses. Merchant acquiring services. Enablement of digital payment capabilities through various products and platforms. Mobile money and cross-border businesses. Retail lending - Comprehensive suite of lending products provided to individuals and small and medium-sized businesses. Retail transactional - Comprehensive suite of transactional, savings, payment and liquidity management solutions.
Wholesale Clients	Wholesale Clients Banking services to larger corporates, financial institutions and international counterparties. Global markets – Includes foreign exchange, fixed income, interest rates, and equity trading. Transactional and lending products – Includes corporate lending and transactional banking businesses, custodial services, trade finance business and property-related lending.

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

5 Segment reporting

Operating segments

	Business & Commercial Clients		Wholesale Clients		Consumer & High Net worth Clients		Eliminations		Group	
	31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
	N million	N million	**N million**	N million	**N million**	N million	**N million**	N million	**N million**	N million
Net interest income	**23,928**	14,968	**23,953**	56,344	**12,070**	7,463	**-**	-	**59,951**	78,775
Interest income -external source	**29,460**	18,134	**61,581**	88,645	**13,268**	11,463	**-**	-	**104,309**	118,242
Interest expense -external source	**(2,549)**	(3,166)	**(39,732)**	(32,301)	**(2,077)**	(4,000)	**-**	-	**(44,358)**	(39,467)
Inter-segment revenue	**(2,983)**	-	**2,104**	-	**879**	-	**-**	-	**-**	-
Non-interest revenue	**9,068**	7,344	**33,265**	53,639	**3,171**	3,044	**(1119)**	(1,188)	**44,385**	62,839
Net fee and commission revenue	**8,710**	7,004	**11,675**	10,777	**2,795**	2,747	**(1119)**	(1,188)	**22,061**	19,340
Trading revenue	**739**	342	**21,836**	42,014	**557**	258	**-**	-	**23,132**	42,614
Other revenue	**(381)**	(2)	**(246)**	848	**(181)**	39	**-**	-	**(808)**	885
Income before credit impairment	**32,996**	22,312	**57,218**	109,983	**15,241**	10,507	**(1119)**	-	**104,336**	141,614
Credit impairment charges	**683**	(2,365)	**1,018**	(6,969)	**(493)**	(559)	**-**	-	**1,208**	(9,892)
Income after credit impairment charges	**33,679**	19,947	**58,236**	103,015	**14,748**	9,948	**(1,119)**	-	**105,544**	131,722
Operating expenses	**(25,951)**	(22,177)	**(32,363)**	(30,914)	**(23,122)**	(19,796)	**1,119**	-	**(80,317)**	(72,886)
Staff costs	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Other operating expenses	**(25,951)**	(22,177)	**(32,363)**	(30,914)	**(23,122)**	(19,796)	**1119**	-	**(80,317)**	(72,886)
Net income before indirect taxation	**7,728**	(2,230)	**25,873**	72,101	**(8,374)**	(9,848)	**-**	-	**25,227**	60,023
Indirect taxation	**(399)**	(387)	**(522)**	(507)	**(554)**	(527)	**-**	-	**(1,475)**	(1,420)
Profit/(loss) before tax	**7,728**	(2,230)	**25,873**	71,594	**(8,374)**	(10,374)	**-**	-	**25,227**	58,603
Income tax	**930**	139	**4,353**	683	**623**	52	**-**		**5,906**	874
Profit/ (loss) for the year	**8,259**	(2,478)	**29,704**	71,770	**(8,305)**	(10,849)	**-**	-	**29,658**	59,477

	31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
	N million	N million	**N million**	N million	**N million**	N million	**N million**	N million	**N million**	N million
Total assets	**579,793**	304,882	**1,579,593**	2,023,549	**458,811**	2,023,549	**-**	-	**2,618,197**	4,351,980
Total liabilities	**509,281**	257,480	**1,442,699**	1,853,592	**414,881**	1,853,592	**-**	-	**2,366,861**	3,964,664

	31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
	N million	N million	**N million**	N million	**N million**	N million	**N million**	N million	**N million**	N million
Depreciation and amortisation	**2,452**	2,813	**280**	456	**280**	456	**-**	-	**2,733**	3,269

	31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
Number of employees	**286**	1,871	**539**	275	**1,077**	275	**-**	-	**1,902**	2,146

The business operation of the "bank" is carried out within Nigeria, and segmented into Business & Commercial Clients, Consumer & High Net worth Clients, and Wholesale Clients

6 Key management assumptions

6.1 Credit impairment losses on loans and advances

Determination of statutory credit risk reserves

Provisions under prudential guidelines are determined using the time based provisioning regime prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the expected loss model required by IFRS under IFRS 9. As a result of the differences in the methodology/provision regime, there will be variances in the impairments allowances required under the two methodologies.

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

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

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

The bank has complied with the requirements of the guidelines as follows:

	Note	31 Dec. 2021 N'million	31 Dec. 2020 N'million
Statement of prudential adjustments			
Prudential Provision			
Specific provision on loans and advances		**12,141**	19,020
General provision on loans and advances		**18,513**	12,593
Impairment on other financial assets		**10,538**	5,689
		41,192	37,302
IFRS Provision			
12-month ECL	12.1	**8,025**	6,681
Lifetime ECL not credit-impaired	12.1	**1,283**	1,509
Lifetime ECL credit-impaired	12.1	**15,907**	21,963
Impairment on other financial assets		**10,538**	5,689
		35,753	35,842
Closing regulatory reserve		**5,439**	**1,460**
Opening regulatory reserve		**1,460**	-
Appropriation:Transfer (to)/from retained earnings		**3,979**	1,460

Key management assumptions (Cont'd)

6.2 Expected credit loss on On-balance Sheet and Off-balance sheet exposures

Significant increase in credit risk

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

- Change in the probability of default from initial recognition to the reporting date.
- A 30-day past due rebuttal, requiring exposures to be classified in stage 2. It is however not considered sufficient to only look at arrears data such as days past due in considering whether there is a significant increase in credit risk and the group would need to assess for significant increase in credit risk through other means. Arrears data are used after exhausting all other methods of determining whether there has been a significant increase in credit risk.
- Other means of considering whether there is a significant increase in credit risk includes the evaluation of internal and external credit ratings as well as information from external credit bureaus. Information about the economic sector and geographical region of the borrower are also be taken into account.
- For stage 3 exposures, being exposures that are either in default or where default is imminent, this would include consideration of cures and subsequent re-default. A lifetime ECL is calculated for financial assets that are assessed to be credit impaired. The following criteria are used in determining whether the financial asset is impaired; default, significant financial difficulty of borrower and/or modification, probability of bankruptcy or financial reorganisation and disappearance of an active market due to financial difficulties.
- Where a single customer has more than one loan with the group (for example, a home loan, revolving facility, vehicle and asset finance, etc.), a one customer view is taken when considering whether there has been a significant increase in credit risk. In this instance, a significant increase in the customer's credit risk on one loan account is taken into account when assessing the customer's other loan accounts. If it is assessed that there is a significant increase in credit risk in one exposure, then there is a presumption that the customer's other loans also have a significant increase in credit risk.

- In terms of IFRS 9, the group is required to incorporate both historical experience as well as forward looking information when assessing whether an instrument's credit risk has increased significantly since initial recognition. A useful reference tool that is used in the assessment of significant increase in credit risk is the exposure's credit rating.

Low credit risk financial instruments

Management assesses whether an instrument would be considered as having a low credit risk. In this regard:

- If internal risk gradings are based on external credit risk ratings, all instruments within the 'investment grade' category would be considered as having a low credit risk.
- If internal risk gradings are not based on external credit risk ratings, internal ratings is utilised in order to determine a low credit risk threshold. The threshold reflects a low credit risk assumption from a market participant's perspective taking into account the exposure's terms and conditions.

Default

The group has Wholesale Clients (WC), Business & Commercial Clients (BCC) as well as Consumer & High Net worth Clients (CHNW) exposures. Due to the different nature of financial instruments that the group holds, the group uses a single definition of default which applies to all financial assets, with implementation guidance for specific circumstances which would meet default in terms of this definition. Default is defined as follows:

- Based on objective evidence the counterparty is unlikely to pay amounts payable to the group on due date or shortly thereafter without recourse to actions such as realisation of security; or
- the counterparty is past due (or, in the case of revolving facilities such as overdrafts, is in excess of the current limit) for more than 90 days (for the avoidance of doubt, the overdue period may be measured using either a 'days past due' or a 'number of missed payments or part thereof' approach.), on any material credit obligation to the group, whichever occurs first.

Write-off

An impaired loan is written off once all reasonable attempts at collection have been made and there is no economic benefit expected from attempting to recover the balance outstanding.

Modified financial assets

A modification is a change to the contractual cash flows of a financial asset. It involves the renegotiation of the terms of the financial asset such that the contractual cash flows (amount, timing, basis, etc.) are changed or the contractual terms materially change the probability that the cash flows will be received (e.g. change in counterparty).

In calculating impairment losses, the group to assesses whether there has been a significant increase in the credit risk of modified financial assets that do not qualify for derecognition at the reporting date by comparing:

- the credit risk of the modified instrument at the reporting date based on the modified contractual terms; and
- the credit risk at initial recognition based on the original unmodified contractual terms.

Incorporation of forward-looking information

Forward-looking information

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

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

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

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

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

Forward-looking economic expectations applied in the determination of the ECL at the reporting date

- the credit risk of the modified instrument at the reporting date based on the modified contractual terms; and
- the credit risk at initial recognition based on the original unmodified contractual terms.
- the credit risk of the modified instrument at the reporting date based on the modified contractual terms; and
- the credit risk at initial recognition based on the original unmodified contractual terms.
- the credit risk at initial recognition based on the original unmodified contractual terms.

6.3 Fair value of financial instruments

The fair value of financial instruments, such as unlisted equity investments and certain derivatives, that are not quoted in active markets is determined using valuation techniques. Wherever possible, models use only observable market data. Where required, these models incorporate assumptions that are not supported by prices from observable current market transactions in the same instrument and are not based on available observable market data. Such assumptions include risk premiums, liquidity discount rates, credit risk, volatilities and correlations. Changes in these assumptions could affect the reported fair values of financial instruments. Additional disclosures on fair value measurements of financial instruments are set out in note 27.

6 Key management assumptions (continued)

6.4 Recognition of deferred tax assets:

Deferred tax assets are reviewed at each reporting date and are reversed to the extent that it is probable that the related tax benefit will be realised. The most significant management assumption is the forecasts used to support the probability assessment that sufficient taxable profits will be generated by the entities in the group in order to utilise the deferred tax assets. The forecasts of taxable profits are determined based on approved budgets for future years and adjusted for any adjustments that management deems necessary and are supportable at the time of reporting.

The tax exempt status of income realised on Nigerian government securities is one of the major drivers for the negative taxable income. The tax exemption on short term Government securities expired on the 31 December 2021. The uncertainty surrounding the ability to generate sufficient future taxable income after the termination of the tax exempt status in 2022 has made management to conclude that not all tax losses carried forward should be recorded as deferred tax assets. The assessment of availability of future taxable profit against which carry forward tax losses can be

6.5 Share-based payment

The group have both cash and equity-settled share incentive schemes which are issued to qualifying employees based on the rules of the respective schemes. The group uses the Black-Scholes option pricing model to determine the fair value of awards on grant date for its equity-settled share incentive schemes. The valuation of the group’s obligations with respect to its cash-settled share incentive scheme obligations is determined with reference to the parent and ultimate parent’s share price, which is an observable market input. In determining the expense to be recognised for both the cash and equity-settled share schemes, the group estimates the expected future vesting of the awards by considering staff attrition levels. The group also makes estimates of the future vesting of awards that are subject to non-market vesting conditions by taking into account the probability of such conditions being met.

Refer to Note 31.9 for further details regarding the carrying amount of the liabilities arising from the group’s cash-settled share incentive schemes and the expenses recognised in the income statement.

6.6 Depreciation and useful life of property and equipment

The estimation of the useful lives of assets is based on management’s judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

6.7 Provisions

The group make provisions for contingent items such as legal claims, fines, penalties and other taxes penalties. The amount provided are based on the management best estimate of the amounts that will be required to settle the obligation in the event that it crystallises. Provisions are determined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. Any material difference in management best estimates will have an impact to the carrying amount of the provisions. Refer to Note 25 for further details.

		Group		Bank	
		31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
		N million	N million	**N million**	N million
7	**Cash and Bank Balances**				
	Coins and bank notes	**19,056**	46,238	**19,056**	46,238
	Balances with central bank	**466,696**	434,706	**466,696**	434,706
	Current balances with banks within Nigeria	**-**	-	**-**	-
	Current balances with banks outside Nigeria	**157,262**	132,943	**157,262**	132,943
		643,014	613,887	**643,014**	613,887

Balances with Central Bank of Nigeria include mandatory reserve deposits of N423,178 million (Dec. 2020: N348,170 million) and special intervention fund of N20,817million (Dec. 2020: N20,817 million). These restricted balances comprise primarily reserving requirements held with Central Bank of Nigeria (CBN).

Included in current balances with banks outside Nigeria is N25,897 million (Dec. 2020: N26,100 million) which represents Naira value of foreign currency bank balances held on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities (See Note 25).

Included in current balances with banks outside Nigeria is N8,878 million (Dec. 2020: N17,921 million) held with Standard Bank Group. See Note 36.3 for details.

		Group		Bank	
		31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
		N million	N million	**N million**	N million
8	**Pledged assets**				
8.1	**Pledged assets**				
	Financial assets that may be repledged or resold by counterparties				
	Treasury bills - Trading	**95,187**	3,499	**95,187**	3,499
	Treasury bills - FVOCI	**87,148**	167,079	**87,148**	167,079
		182,335	170,578	**182,335**	170,578
	Maturity analysis				
	The maturities represent years to contractual redemption of the pledged assets recorded.				
	Maturing after 6 months but within 12 months	**-**	25,220	**-**	25,220
	Maturing after 1 month but within 6 months	**96,889**	38,256	**96,889**	38,256
	Maturing within 1 month	**85,445**	107,102	**85,445**	107,102
		182,334	170,578	**182,334**	170,578
	Current	**182,334**	170,578	**182,334**	170,578
	Non-current	**-**	-	**-**	-
		182,334	170,578	**182,334**	170,578.00

8.2 Pledged Assets

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

To the extent that the counterparty is permitted to sell and/or repledge the assets in the absence of default, the assets are classified in the statement of financial position as pledged assets. Risks to which the group remains exposed include credit and interest rate risk.

Financial assets pledged as collateral for liabilities

The carrying amount of total financial assets that have been pledged as collateral for liabilities as at 31 Dec 2021 was N182.3 billion (Dec 2020: N170.5 billion). The transactions in respect of which the collaterals were pledged are as follows:

(i) N14.7 billion was pledged with the Central Bank of Nigeria with respect of real sector funding.
(ii) N125.7 billion was pledged in respect of repurchase lending agreements (Dec. 2020: N109.8 billion). These transactions are conducted under terms that are usual and customary to standard lending, and securities borrowing and lending activities.
(iii) N41.9 billion (Dec. 2020: N46.7 billion) pledged with FMDQ in respect of OTC futures.

9 Trading assets and trading liabilities

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

	Group		Bank	
	31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
	N million	N million	**N million**	N million
9.1 Trading assets				
Classification				
Listed	**98,294**	169,655	**98,294**	169,655
Unlisted	**445**	-	**445**	-
	98,739	169,655	**98,739**	169,655
Comprising:				
Government bonds	**571**	56,076	**571**	56,076
Treasury bills	**87,725**	113,579	**87,725**	113,579
Reverse repurchase agreements	**9,998**	-	**9,998**	-
Placements	**445**	-	**445**	-
	98,739	169,655	**98,739**	169,655
Maturity analysis				
The maturities represent years to contractual redemption of the trading assets recorded.				
Maturing within 1 month	**13,298**	1,191	**13,298**	1,191
Maturing after 1 month but within 6 months	**55,436**	47,255	**55,436**	47,255
Maturing after 6 months but within 12 months	**29,507**	120,728	**29,507**	120,728
Maturing after 12 months	**498**	481	**498**	481
	98,739	169,655	**98,739**	169,655
Current	**98,241**	169,174	**98,241**	169,174
Non-current	**498**	481	**498**	481
	98,739	169,655	**98,739**	169,655

	Group		Bank	
	31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
	N million	N million	**N million**	N million
9.2 Trading liabilities				
Classification				
Listed	**117**	53,492	**117**	53,492
Unlisted	**111,906**	135,009	**111,906**	135,009
	112,023	188,501	**112,023**	188,501
Comprising:				
Government, state and utility bonds (short position)	**117**	53,318	**117**	53,318
Deposits with banks	**44,285**	135,009	**44,285**	135,009
Repurchase agreements	**67,621**	-	**67,621**	-
Treasury bills (short position)	**-**	174	**-**	174
	112,023	188,501	**112,023**	188,501
Dated liabilities	**112,023**	188,501	**112,023**	188,501
Undated liabilities	**-**	-	**-**	-
	112,023	188,501	**112,023**	188,501
Maturity analysis				
The maturity analysis is based on the remaining years to contractual maturity from year end.				
Maturing within 1 month	**71,192**	389	**71,192**	389
Maturing after 1 month but within 6 months	**29,834**	9,990	**29,834**	9,990
Maturing after 6 months but within 12 months	**10,880**	124,804	**10,880**	124,804
Maturing after 12 months	**117**	53,318	**117**	53,318
	112,023	188,501	**112,023**	188,501
Current	**111,906**	135,183	**111,906**	135,183
Non-current	**117**	53,318	**117**	53,318
	112,023	188,501	**112,023**	188,501

10 Derivative assets and liabilities

All derivatives are classified as derivatives held for trading and measured at fair value through profit or loss.

10.1 Use and measurement of derivative instruments

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

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

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

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

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

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

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

10.2 Derivatives held-for-trading

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

10.2.1 Foreign exchange derivatives

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

10.2.2 Non-deliverable foreign exchange derivatives contract

Non-deliverable foreign exchange derivative contracts (NDFs) is a variation of foreign exchange derivatives described above. NDFs are cash settled and do not require physical delivery of foreign currency. The counterparties settle the difference between the contracted NDF price or rate and the prevailing spot price or rate on an agreed notional amount.

10.2.3 Interest rate derivatives

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

10.3 Unobservable valuation differences on initial recognition

If fair value on initial recognition is not evidenced by a quoted price in an active market or based on a valuation technique that uses data only from observable markets, then any difference between the fair value at initial recognition and the transaction price is not recognised in profit and loss immediately but is deferred. The unobservable valuation difference is disclosed under note 10.7.

10.4 Fair values

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

10.5 Notional amount

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

10.6 Derivative assets and liabilities

	Maturity analysis of net fair value						
	Within 1 year N million	**After 1 year but within 5 years N million**	**After 5 years N million**	**Net fair value N million**	**Fair value of assets N million**	**Fair value of liabilities N million**	**Contract/ notional amount N million**
31 December 2021							
Derivatives held-for-trading							
Forwards	**(42)**	**4,247**	**-**	**4,205**	**27,353**	**(23,148)**	**1,220,284**
Swaps	**5,802**	**5,841**	**-**	**11,643**	**13,859**	**(2,216)**	**260,613**
Total derivative assets/(liabilities)	**5,760**	**10,088**	**-**	**15,848**	**41,212**	**(25,364)**	**1,480,897**

	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Derivative assets	**N million**	N million	**N million**	N million
Current	**18,156**	43,138	**18,156**	43,138
Non-current	**23,056**	3,094	**23,056**	3,094
	41,212	46,232	**41,212**	46,232
Derivative liabilities				
Current	**(12,396)**	(34,287)	**(12,396)**	(34,287)
Non-current	**(12,968)**	(3,095)	**(12,968)**	(3,095)
	(25,364)	(37,382)	**(25,364)**	(37,382)

	Maturity analysis of net fair value						
	Within 1 year N million	After 1 year but within 5 years N million	After 5 years N million	Net fair value N million	Fair value of assets N million	Fair value of liabilities N million	Contract/ notional amount N million
31 December 2020							
Derivatives held-for-trading							
Forwards	7,117	-	-	7,117	43,256	(36,139)	888,393
Swaps	1,733	-	-	1,733	2,976	(1,243)	142,646
Total derivative assets/(liabilities)	8,850	-	-	8,850	46,232	(37,382)	1,031,039

Included in derivative assets was N1,207 million (Dec. 2020: N2,398 million) due from related parties. See Note 36.3 for details.

Included in derivative liabilities was N386 million (Dec. 2020: N8,381 million) due to related parties. See Note 36.3 for details.

10.7 Unobservable valuation differences on initial recognition

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

	Group	
	31 Dec. 2021 N million	31 Dec. 2020 N million
Unrecognised profit at beginning of the year	**994**	6,201
Additional profit on new transactions	**17,749**	9,744
Recognised in profit or loss during the year	**(8,344)**	(14,951)
Unrecognised profit at end of the year	**10,399**	994

	Group		Bank	
	31 Dec. 2021 N million	31 Dec. 2020 N million	**31 Dec. 2021 N million**	31 Dec. 2020 N million
11 Financial investments				
11.1 Summary				
Short - term negotiable securities	**551,098**	508,639	**551,098**	508,639
Listed	**551,098**	508,639	**551,098**	508,639
Unlisted	**-**	-	**-**	-
Other financial investments	**9,602**	20,643	**9,602**	20,506
Listed	**-**	18,158	**-**	18,158
Unlisted	**9,602**	2,485	**9,602**	2,348
Gross financial investments	**560,700**	529,282	**560,700**	529,145
Expected credit loss on financial investments	**(18)**	(80)	**(18)**	(80)
12-month ECL	**(18)**	(80)	**(18)**	(80)
Total expected credit loss on financial investment	**(18)**	(80)	**(18)**	(80)
Net financial investments	**560,682**	529,202	**560,682**	529,065

Analysis of movement in financial investment expected credit loss

As at 31 December 2021	Opening balance	Originated ECL	Subsequent changes	Derecognition	Total
12 Month- ECL	80	17	(79)	-	**18**
Life-time ECL not credit impaired	-	-	-	-	**-**
Life-time ECL credit impaired	-	-	-	-	**-**
	80	**17**	**(79)**	**-**	**18**

	Group		Bank	
	31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
	N million	N million	**N million**	N million

11 Financial investments (continued)

Comprise:				
Government bonds	**-**	18,158	**-**	18,158
Treasury bills	**551,098**	506,827	**551,098**	506,827
Corporate bonds	**6,746**	-	**6,746**	-
Listed equities	**-**	-		
Unlisted equities (see note 11.2 below)	**2,856**	2,348	**2,856**	2,348
Mutual funds and unit-linked investments	**-**	137	**-**	-
Promissory notes	**-**	1,812	**-**	1,812
	560,700	529,282	**560,700**	529,145

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

Redeemable on demand	**-**	**-**	**-**	**-**
Maturing within 1 month	**40,600**	-	**40,600**	-
Maturing after 1 month but within 6 months	**510,498**	517,005	**510,498**	517,005
Maturing after 6 months but within 12 months	**1,071**	1,754	**1,071**	1,754
Maturing after 12 months	**5,675**	8,039	**5,675**	8,039
Undated investments	**2,856**	2,485	**2,856**	2,348
	560,700	529,282	**560,700**	529,145

Current	**552,169**	518,759	**552,169**	518,759
Non-current	**8,531**	10,524	**8,531**	10,387
	560,700	529,282	**560,700**	529,145

11.2 Analysis of unlisted equity investments

Other unquoted equity direct investments	**2,856**	2,348	**2,856**	2,348
Unified Payment Services Ltd (formerly Smart Card Nigeria PLC)	**396**	389	**396**	389
Nigeria Mortgage Refinance Corporation	**145**	146	**145**	146
FMDQ OTC PLC	**483**	373	**483**	373
Nigerian Interbank Settlement System PLC	**1,832**	1,440	**1,832**	1,440
	2,856	2,348	**2,856**	2,348

There were no additions or disposals in the year. Movement in the unquoted equity is due to fair value changes.

	Group		Bank	
	31 Dec. 2021 N million	31 Dec. 2020 N million	31 Dec. 2021 N million	31 Dec. 2020 N million
12 Loans and advances				
12.1 Loans and advances net of impairments				
Loans and advances to banks	2,273	6,323	2,741	6,323
Placements with banks	2,279	6,328	2,747	6,328
12 month Expected credit losses	(6)	(5)	(6)	(5)
Loans and advances to customers	921,044	625,139	921,044	625,139
Gross loans and advances to customers	946,259	655,292	946,259	655,292
Business & Commercial Clients (BCC)	284,151	241,009	284,151	241,009
Mortgage loans	425	4,237	425	4,237
Instalment sale and finance leases	34,239	9,866	34,239	9,866
Card debtors	4	889	4	889
Other loans and advances	249,483	226,017	249,483	226,017
Consumer & High Net worth Clients (CHNW)	78,519	-	78,519	-
Mortgage loans	4,356	-	4,356	-
Instalment sale and finance leases	1,553	-	1,553	-
Card debtors	1,265	-	1,265	-
Other loans and advances	71,345	-	71,345	-
Wholesale Clients (WC)	583,589	414,283	583,589	414,283
Corporate loans	583,589	414,283	583,589	414,283
Credit impairments for loans and advances	(25,215)	(30,153)	(25,215)	(30,153)
12-month ECL	(8,025)	(6,681)	(8,025)	(6,681)
Lifetime ECL not credit-impaired	(1,283)	(1,509)	(1,283)	(1,509)
Lifetime ECL credit-impaired	(15,907)	(21,963)	(15,907)	(21,963)
Net loans and advances	923,317	631,462	923,785	631,462
Comprising:				
Gross loans and advances	948,538	661,620	949,006	661,620
Less: Credit impairments (Note 12.3)	(25,221)	(30,158)	(25,221)	(30,158)
Net loans and advances	923,317	631,462	923,785	631,462

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

Other loans and advances comprises of term loans and overdraft facilities.

loans and advances to banks due to related party is Nil (Dec. 2020: N4,328 million) during the year.

Included in Gross loans and advances is N39,026 million (Dec 2020: N11,041 million) relating to Instalment sales and finance leases for both BCC, CHNW and WC clients. See Note 12.2 for analysis of receivables in respect of the instalment sale and finance leases.

The group has a standby contingency funding agreement with a Tier 1 bank under which the group commits to provide up to N10 billion liquidity cover to the bank. The agreement took effect from 09 February 2017 and is renewable annually. The bank did not draw on the commitment during the year. See page 101 under "Liquidity Contingency" for further details.

Maturity analysis

The maturity analysis is based on the remaining years to contractual maturity from the year end (see maximum exposure to credit risk by credit quality on page 119 for information on neither past due nor impaired assets).

	Group 31 Dec. 2021	Group 31 Dec. 2020	Bank 31 Dec. 2021	Bank 31 Dec. 2020
Redeemable on demand	19,584	16,024	19,584	16,024
Maturing within 1 month	98,643	80,108	98,643	80,108
Maturing after 1 month but within 6 months	358,269	189,463	358,269	189,463
Maturing after 6 months but within 12 months	36,465	23,711	36,465	23,711
Maturing after 12 months	435,577	352,314	435,577	352,314
Gross loans and advances	948,538	661,620	948,538	661,620
Current	512,961	309,306	512,961	309,306
Non-current	435,577	352,314	435,577	352,314
	948,538	661,620	948,538	661,620

	Group		Bank	
	31 Dec. 2021 N million	31 Dec. 2020 N million	31 Dec. 2021 N million	31 Dec. 2020 N million
12.2 Instalment sale and finance leases				
Included in gross loans and advances to customers are finance leases as analysed below				
Net investment in instalment sale and finance leases	39,262	11,041	39,262	11,041
Receivable within 1 year	2,635	3,614	2,635	3,614
Receivable after 1 year but within 5 years	33,122	7,427	33,122	7,427
Receivable after 5 years	3,505	-	3,505	-

N3.4 billion (Dec 2020: N1.2 billion) of instalment sales and finance is included in corporate loans and advances and all loans and advances to customers are held at amortised cost.

12 Loans and advances (contd)

Analysis of gross loans and advances by product	Gross carrying value	Total expected credit loss				Net carrying value
		12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	
Gross loans and advances to customers	**948,538**	**(8,031)**	**(1,283)**	**(15,908)**	**(25,221)**	**923,317**
Business & Commercial Clients (BCC)	**284,151**	**(3,698)**	**(803)**	**(5,053)**	**(9,554)**	**274,597**
Mortgage loans	425	(13)	-	-	(13)	399
Instalment sale and finance leases	34,239	(532)	(173)	(71)	(776)	32,687
Card debtors	4	(1)	-	-	(1)	2
Other loans and advances	249,483	(3,152)	(629)	(4,982)	(8,764)	231,956
Consumer & High Net worth Clients (CHNW)	**78,519**	**(695)**	**(400)**	**(4,573)**	**(5,668)**	**72,851**
Mortgage loans	4,356	(18)	(2)	(71)	(91)	4,174
Instalment sale and finance leases	1,553	(10)	(3)	(16)	(29)	1,494
Card debtors	1,265	(7)	(29)	(135)	(170)	924
Other loans and advances	71,345	(660)	(367)	(4,351)	(5,378)	60,590
Wholesale Clients (WC)	**583,589**	**(3,632)**	**(80)**	**(6,281)**	**(9,993)**	**573,596**
Corporate loans	583,589	(3,632)	(80)	(6,281)	(9,993)	563,604
Loans and advances to banks	2,279	(6)	-	-	(6)	**2,273**
Total	**948,538**	**(8,031)**	**(1,283)**	**(15,907)**	**(25,221)**	**923,317**

December 2020

Analysis of gross loans and advances by product	Gross carrying value	Total expected credit loss				Net Carrying Value
		12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	
Gross loans and advances to customers	**655,292**	**(6,681)**	**(1,509)**	**(21,963)**	**(30,153)**	**625,139**
Business & Commercial Clients (BCC)	**241,009**	**(3,575)**	**(1,046)**	**(9,167)**	**(13,788)**	227,221
Mortgage loans	4,237	(67)	(23)	(68)	(158)	4,079
Instalment sale and finance leases	9,866	(68)	(220)	(68)	(356)	9,510
Card debtors	889	(39)	(34)	(115)	(188)	701
Other loans and advances	226,017	(3,401)	(769)	(8,916)	(13,086)	212,931
Consumer & High Net worth Clients (CHNW)	**241,009**	**(3,575)**	**(1,046)**	**(9,167)**	**(13,788)**	227,221
Mortgage loans	4,237	(67)	(23)	(68)	(158)	4,079
Instalment sale and finance leases	9,866	(68)	(220)	(68)	(356)	9,510
Card debtors	889	(39)	(34)	(115)	(188)	701
Other loans and advances	226,017	(3,401)	(769)	(8,916)	(13,086)	212,931
Wholesale Clients (WC)	**414,283**	**(3,106)**	**(463)**	**(12,796)**	**(16,365)**	**397,918**
Corporate loans	414,283	(3,106)	(463)	(12,796)	(16,365)	397,918
Loans and advances to banks	6,328	-	-	-	-	**6,328**
Total	**661,620**	**(6,681)**	**(1,509)**	**(21,963)**	**(30,153)**	**631,467**

	Group		Bank	
	31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
	N million	N million	**N million**	N million
12 Loans and advances (continued)				
Segmental analysis - industry				
Agriculture	**37,157**	34,976	**37,157**	34,976
Business services	**31,746**	8,348	**31,746**	8,348
Communication	**49,272**	25,350	**49,272**	25,350
Construction & real estate	**58,744**	57,701	**58,744**	57,701
Electricity, gas & water supply	**9,302**	1,477	**9,302**	1,477
Financial intermediaries & insurance	**27,008**	36,463	**27,008**	36,463
Government	**74,788**	37,590	**74,788**	37,590
Hotels, restaurants and tourism	**206**	104	**206**	104
Manufacturing	**304,862**	170,482	**304,862**	170,482
Oil and Gas	**214,640**	168,696	**214,640**	168,696
Private households	**78,022**	59,013	**78,022**	59,013
Transport, storage & distribution	**9,603**	1,879	**9,603**	1,879
Wholesale & retail Trade	**53,188**	59,541	**53,188**	59,541
Gross loans and advances	**948,538**	661,620	**948,538**	661,620

Segmental analysis - geographic area

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

South South	**36,917**	29,737	**36,917**	29,737
South West	**809,446**	563,391	**809,446**	563,391
South East	**20,887**	11,520	**20,887**	11,520
North West	**39,671**	24,776	**39,671**	24,776
North Central	**34,495**	24,721	**34,495**	24,721
North East	**4,843**	1,148	**4,843**	1,148
Outside Nigeria	**2,279**	6,327	**2,279**	6,327
Gross loans and advances	**948,538**	661,620	**948,538**	661,620

	Stage 3 loans and advances	**Stage 3 loans and advances**	**Stage 3 loans and advances**	**Stage 3 loans and advances**
	31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
	N million	N million	**N million**	N million
Agriculture	**4,127**	5,398	**4,127**	5,398
Business services	**3**	32	**3**	32
Communication	**2**	5	**2**	5
Construction & real estate	**8,861**	8,884	**8,861**	8,884
Government	**-**	-	**-**	-
Hotels, restaurants and tourism	**-**	-	**-**	-
Manufacturing	**128**	610	**128**	610
Oil and Gas	**1,238**	6,759	**1,238**	6,759
Private households	**3,356**	2,399	**3,356**	2,399
Transport, storage & distribution	**1,217**	1,340	**1,217**	1,340
Wholesale & retail trade	**1,406**	1,065	**1,406**	1,065
Non-performing loans	**20,338**	26,492	**20,338**	26,492

South South	**1,018**	1,116	**1,018**	1,116
South West	**12,507**	18,974	**12,507**	18,974
South East	**532**	487	**532**	487
North West	**4,606**	4,113	**4,606**	4,113
North Central	**1,590**	1,732	**1,590**	1,732
North East	**85**	70	**85**	70
Non-performing loans	**20,338**	26,492	**20,338**	26,492

12.3 Credit impairments allowance

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

31 December 2021	Opening ECL	Transfers between stages: Transfer to/from 12-month ECL	Transfer to/from Lifetime ECL not credit-impaired	Transfer to/from Lifetime ECL credit-impaired	Total	Income statement movement: Originated "New" impairments raised	Changes in ECL - due to modifications	Subsequent changes in ECL	Derecognised incuding write offs	Total	Impaired accounts written off	Discount recycled to net interest income	Currency translation and other movements	Closing balance	Post write-off recoveries recognized in P/L
12-month ECL		-													
CHNWC															
Mortgage loans	45	-	8	(8)	-	4	-	(30)	(3)	(29)	-	-	-	16	-
Instalment sales and finance lease	2	-	-	(3)	(3)	5	-	7	-	12	-	-	-	11	-
Card debtors	38	-	2	(20)	(18)	2	-	(7)	(8)	(13)	-	-	-	7	-
Other loans and advances	493	-	(84)	(183)	(267)	343	-	207	(116)	434	-	-	-	660	-
BCC															
Mortgage loans	22	-	-	-	-	-	-	(9)	-	(9)	-	-	-	13	-
Instalment sales and finance lease	66	-	(16)	2	(14)	494	-	12	(26)	480	-	-	-	532	-
Card debtors	1	-	-	-	-	1	-	-	(1)	-	-	-	-	1	-
Other loans and advances	2,907	-	(37)	(632)	(669)	1,580	-	274	(939)	915	-	-	-	3,153	-
WC															
Corporate loans	3,106	-	147	-	147	2,034	-	(843)	(812)	379	-	-	-	3,632	-
Total	**6,680**	**-**	**20**	**(844)**	**(824)**	**4,463**	**-**	**(389)**	**(1,905)**	**2,169**	**-**	**-**	**-**	**8,025**	**-**
Lifetime ECL not credit-impaired		-	-												
CHNWC															
Mortgage loans	22	(9)	-	(31)	(40)	-	-	20	-	20	-	-	-	2	-
Instalment sales and finance lease	3	-	-	2	2	1	-	(3)	-	(3)	-	-	-	2	-
Card debtors	35	(2)	-	(12)	(14)	6.83	-	7	(7)	7	-	-	-	29	-
Other loans and advances	177	84	-	(63)	21	178	-	35	(45)	169	-	-	-	367	-
BCC															
Mortgage loans	1	-	-		-	-	-		(1)	(1)	-	-	-	-	-
Instalment sales and finance lease	216	16	-	(16)	0	16	-	(47)	(12)	(43)	-	-	-	173	-
Card debtors	-	-	-		-	0	-		-	0	-	-	-	-	-
Other loans and advances	592	37	-	(464)	(427)	302	-	351	(189)	464	-	-	-	629	-
WC															
Corporate loans	463	(147)	-	-	(147)		-	(196)	(39)	(235)	-	-	-	80	-
Total	**1,509**	**(21)**	**-**	**(584)**	**(605)**	**504**	**-**	**167**	**(291)**	**379**	**-**	**-**	**-**	**1,282**	**-**
Lifetime ECL credit-impaired (including IIS)															
CHNWC															
Mortgage loans	68	8	31	-	39	-	-	6	23	29	(46)	2	-	92	(382)
Instalment sales and finance lease	14	3	(2)	-	1	1	-	-	-	1	0	3	-	19	(7)
Card debtors	114	20	12	-	32	7	-	40	(2)	45	(55)	-	-	136	(19)
Other loans and advances	1,522	183	63	-	246	178	-	20	109	307	(397)	313	-	1,992	(428)
BCC															
Mortgage loans	-	-	-		-	-	-		-	-	-		-	-	
Instalment sales and finance lease	54	(2)	16		14	17	-	18	16	51	(34)	7	-	92	(61)
Card debtors	-	-	-		-	-	-		-	-	(1)	-	-	(1)	(2)
Other loans and advances	7,395	632	464		1,096	314	-	(731)	1,880	1,463	(4,883)	2,071	-	7,142	(3,415)
WC															
Corporate loans	12,796			-	-	-	-	(487)	225	(262)	(6,389)	291	-	6,436	(608)
Total	**21,963**	**844**	**584**	**-**	**1,428**	**517**	**-**	**(1,134)**	**2,251**	**1,634**	**(11,804)**	**2,687**	**-**	**15,907**	**(4,922)**
Total ECL	**30,152**	**823**	**604**	**(1,428)**	**-**	**5,484**	**-**	**(1,357)**	**54**	**4,181**	**(11,804)**	**2,687**	**-**	**25,215**	**(4,922)**

12.3 Credit impairments allowance

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

31 December 2020	Opening ECL	Transfers between stages: Transfer to/from 12-month ECL	Transfers between stages: Transfer to/from Lifetime ECL not credit-impaired	Transfers between stages: Transfer to/from Lifetime ECL credit-impaired	Transfers between stages: Total	Income statement movement: Originated "New" impairments raised	Income statement movement: Subsequent changes in ECL	Income statement movement: Total	Impaired accounts written off	Discount recycled to net interest income	Currency translation and other movements	Closing balance	Post write-off recoveries recognized in P/L
12-month ECL		-											
CHNWC													
Mortgage loans	45	-	18	-	18	5	(23)	(18)	-	-		45	-
Instalment sales and finance lease	84	-	58		58	17	(158)	(141)	-	-	1	2	-
Card debtors	19	-	3	-	3	11	5	16	-	-		38	-
Other loans and advances	942	-	45	-	45	103	(719)	(616)	-	-	122	493	-
BCC												-	
Mortgage loans	20		8	-	8		(6)	(6)	-	-		22	-
Instalment sales and finance lease	154		71	-	71		(159)	(159)	-	-		66	-
Card debtors	6		8	-	8	3	(13)	(10)	-	-	(3)	1	-
Other loans and advances	1,123		51	14	65	(676)	2,079	1,403	-	-	316	2,907	-
WC												-	
Corporate loans	2,556	-	-	-	-	3,125	(2,575)	550	-	-	-	3,106	-
Total	**4,949**	**-**	**262**	**14**	**276**	**2,588**	**(1,569)**	**1,019**	**-**	**-**	**436**	**6,680**	**-**
Lifetime ECL not credit-impaired		-	-										
CHNWC													
Mortgage loans	408	(18)	-	-	(18)		(369)	(369)	-	-	1	22	-
Instalment sales and finance lease	133	(58)	-	1	(57)	13	(83)	(70)	-	-	(3)	3	-
Card debtors	41	(3)	-	3	-	2	(8)	(6)	-	-		35	-
Other loans and advances	211	(45)	-	24	(21)	1,249	-1,150.00	99	-	-	(112)	177	-
BCC													
Mortgage loans	6	(8)	-	-	(8)		3	3	-	-		1	-
Instalment sales and finance lease	154	(71)	-	3	(68)	59	71	130	-	-		216	-
Card debtors	16	(8)	-		(8)		-8	-8	-	-		-	-
Other loans and advances	463	(51)	-	39	(12)	6,414	(5,967)	447	-	-	(306)	592	592
WC		-											
Corporate loans	4,119	-	-	-	-	218	(3,874)	(3,656)	-	-		463	-
Total	**5,551**	**(262)**	**-**	**70**	**(192)**	**7,955**	**(11,385)**	**(3,430)**	**-**	**-**	**(420)**	**1,509**	**592**
Lifetime ECL credit-impaired (including IIS)													
CHNWC													
Mortgage loans	473	-		-	-	16	18	34	(229)	-	(210)	68	(59)
Instalment sales and finance lease	776	-	(1)	-	(1)	1	(472)	(471)	(224)	-	(66)	14	(113)
Card debtors	135	-	(3)	-	(3)	1	60	61	(79)	-	-	114	(9)
Other loans and advances	2,638	-	(24)	-	(24)	137	(80)	57	(1,127)	-	(22)	1,522	(844)
BCC		0											
Mortgage loans	101	-		-	-	4	(85)	(81)	(48)	-	28	-	(10)
Instalment sales and finance lease	928	-	(3)	-	(3)	1	670	671	(1,065)	-	(477)	54	(391)
Card debtors	32	-		-	0		(17)	(17)	(15)	-	-	0	(1)
Other loans and advances	9,942	(14)	(39)	-	(53)	381	1,895	2,276	(4,690)	-	(80)	7,395	(1,432)
WC													
Corporate loans	528			-	-	11,775	478	12,253		-	15	12,796	(1,735)
Total	**15,553**	**(14)**	**(70)**	**-**	**(84)**	**12,316**	**2,467**	**14,783**	**(7,477)**	**-**	**(812)**	**21,963**	**(4,594)**
Total ECL	**26,053**	**(276)**	**192**	**84**	**-**	**22,859**	**(10,487)**	**12,372**	**(7,477)**	**-**	**(796)**	**30,152**	**(4,002)**

During the year under review, the ECL model methodology for Business Banking loans greater than N700m was updated from a portfolio approach to an individual counterparty approach. The portfolio approach is better suited for retail loans which are high volume driven business, while the individual counterparty approach reflects the underlying credit Risk profile on an individual basis

The threshold of N700m was determined after considering:

- Stability of the portfolio impairment modelling approach below the cut-off;
- Number and impact of defaults below the threshold; and
- Number of clients/risk groups in excess of the threshold

12. Loans and advances - continued

Segmental analysis of Lifetime ECL credit-impaired - industry

The following table sets out the segment analysis of the group Lifetime ECL credit-impaired by industry.

	Group		Bank	
	31 Dec. 2021 N million	31 Dec. 2020 N million	**31 Dec. 2021 N million**	31 Dec. 2020 N million
Agriculture	**2,648**	3,953	**2,648**	3,953
Business services	**569**	29	**569**	29
Communication	**201**	3	**201**	3
Construction & real estate	**6,887**	7,034	**6,887**	7,034
Electricity, gas & water supply	**19**	-	**19**	-
Financial intermediaries & insurance	**140**	-	**140**	-
Government	**878**	-	**878**	-
Hotels, restaurants and tourism	**2**	-	**2**	-
Manufacturing	**1,825**	452	**1,825**	452
Oil and Gas	**5,847**	6,552	**5,847**	6,552
Private households	**2,924**	1,717	**2,924**	1,717
Transport, storage & distribution	**1,094**	1,239	**1,094**	1,239
Wholesale & retail trade	**2,187**	984	**2,187**	984
	25,221	21,963	**25,221**	21,963

Segmental analysis of Lifetime ECL credit-impaired - geographic area

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

	Group		Bank	
	31 Dec. 2021 N million	31 Dec. 2020 N million	**31 Dec. 2021 N million**	31 Dec. 2020 N million
South South	**1,351**	846	**1,351**	846
South West	**18,302**	16,589	**18,302**	16,589
South East	**521**	373	**521**	373
North West	**3,022**	2,562	**3,022**	2,562
North Central	**1,869**	1,538	**1,869**	1,538
North East	**158**	55	**158**	55
	25,221	21,963	**25,221**	21,963

		Group		Bank	
		31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
		N million	N million	N million	N million
13 Investment in subsidiaries					
Stanbic IBTC Financial Services Limited("SIFL")	100%	-	-	-	100
Stanbic IBTC Nominees Limited ("SINL")	100%	-	-	-	-
		-	-	-	100

The cost of investment in Stanbic IBTC Nominees Limited as at 31 Dec 2021 was N100,000 (Dec 2020: N100,000). Due to the fact that amounts in these annual financial statements are stated in millions of naira, the cost of investment is rounded as nill. Stanbic IBTC Nominees Limited provides custodial services for Nigerian securities purchased by Stanbic IBTC Bank PLC's customers which does not involve the company making allocation or purchase and sale decisions on behalf of the customers. These securities, which are held in fiduciary capacity, are not included in these annual financial statements.

At the reporting date, SINL had investment custody assets amounting to N4,052billion (December 2020: N3,733billion).

Other details about the bank's subsidiaries:	SIBTC Nominees	
Country of incorporation :	Nigeria	
Nature of business :	Custodial services	
Percentage of capital held :	100%	
Financial year end :	31 December	

Summarised financial information of the subsidiaries

Summarised income statement	SINL N million	SIFL 31 Dec 2020 N million	SINL 31 Dec 2020 N million
Net interest income	-	5	-
Non interest revenue	1,163	8	1,337
Total income	1,163	13	1,337
Staff costs	(346)	(16)	(338)
Other operating expenses	(89)	(6)	(191)
Operating expenses	(435)	(22)	(529)
Proft before tax	728	(9)	808
Tax	(239)	2	(311)
Profit for the year	489	(7)	497

Summarised statement of financial position	N million	31 Dec 2020 N million	31 Dec 2020 N million
Assets			
Cash and cash equivalents	905	100	660
Financial investments	-	137	-
Deferred tax asset	12	4	26
Other assets	1,337	-	1,577
Property and Equipment	2	-	5
Total assets	2 256	241	2,267
Liabilities and equity			
Other liabilities	186	8	238
Current tax liabilities	228	1	275
Equity and reserves	1,842	232	1,754
	2,256	241	2,267

		Group		Bank	
		31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
		N million	N million	**N million**	N million
14	**Other assets**				
	Trading settlement assets	**9,902**	73,185	**9,902**	73,185
	Accrued income	**659**	1,378	**659**	1,378
	Indirect / withholding tax receivables	**276**	435	**76**	132
	Accounts receivable (see note (iii) below)	**80,360**	57,943	**80,349**	57,920
	Due from group companies (see note 36)	**5,819**	8,765	**5,819**	8,765
	Prepayments	**4,802**	4,492	**4,802**	4,492
	Deposit for investment (see note (ii) below)	**10,241**	7,266	**10,241**	7,266
	Other (see note (i) below)	**9,270**	12,135	**9,270**	12,135
		121,329	165,599	**121,118**	165,273
	Expected Credit Loss on doubtful receivables (see 14.2 below)	**(1,778)**	(1,843)	**(1,774)**	(1,773)
		119,551	163,756	**119,344**	163,500

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

(ii) Deposit for investment relates to SIBTC Bank PLC's annual commitment towards Agri-Business Small and Medium Enterprises Investment Scheme (AGSMEIS) based on CBN guidelines. The investment scheme represents 5% of annual profit after tax appropriated from reserve (see note 19.3(iii)). No amount (Dec 2020: Nil) has been disbursed to small and medium scale enterprises through the Bank for the year 31 December 2021.

(iii) Account receivable includes fee receivables and short term receivables in respect of electronic payment transactions.

		Group		Bank	
		31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
		N million	N million	**N million**	N million
14.1	Current	**106,011**	153,406	**106,000**	153,383
	Non- current	**15,318**	12,193	**15,118**	11,890
		121,329	165,599	**121,118**	165,273
	Financial	**119,551**	158,829	**86,168**	66,685
	Expected Credit Loss	**(1,778)**	(1,843)	**(1,774)**	(1,773)
		117,773	156,986	**86,168**	66,685
	Non-financial	**1,778**	6,770	**33,176**	96,815
		119,551	163,756	**119,344**	163,500

14.2 Movement in expected credit loss for doubtful receivables

	Group		Bank	
	N million	N million	N million	N million
At start of year	**1,843**	1,585	**1,773**	1,532
Additions	**533**	258	**533**	241
Amount (written off) /(write back)	**(598)**	-	**(532)**	-
At end of year	**1,778**	1,843	**1,774**	1,773

The Bank has, based on a 5 year historical period, developed a matrix for its expected credit loss. The Bank has arrived at this expectation by computing the average credit loss (on financial assets) as a percentage of the average gross financial asset balance

		Group		Bank	
		31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
		N million	N million	**N million**	N million
15	**Deferred tax assets**				
	Deferred tax assets (note 15.1)	**13,638**	12,411	**13,626**	12,381
		13,638	12,411	**13,626**	12,381

The directors have determined that based on the group's profit forecast, it is probable that there will be future taxable profits against which the temporary differences, from which the deferred tax asset has been recognised, can be utilised. Deferred tax assets amounting to N37,368 million arising from deductible temporary differences, unutilised tax losses and capital allowances have not been recognised as at 31 December 2021 (Dec 2020: N32,589 million), (unrecognised income statement impact of deferred tax for 31 December 2021 is N37,368 million (Dec 2020: N32,589 million)) as it is not probable that future taxable profit will be available against which the group can use the benefits therefrom. The untilised tax losses can be carried forward indefinitely.

Analysis of unrecognised deferred tax asset				
Unutilised tax losses	**37,368**	32,589	**37,368**	32,589
	37,368	32,589	**37,368**	32,589

Analysis of deferred tax asset				
Current	**10,457**	-	**10,457**	-
Non-current	**3,181**	-	**3,169**	-
	13,638	-	**13,626**	-

15.1 Deferred tax analysis by source

	Group		Bank	
	31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
	N million	N million	**N million**	N million
Credit impairment charges (portfolio)	**3,683**	2,825	**3,683**	2,825
Property and equipment	**11,211**	8,855	**11,211**	8,855
MTM Adjustment	**(3,463)**	(2,005)	**(3,463)**	(2,005)
Unutilised losses	**1,330**	1,477	**1,330**	1,471
Provision for employee bonus & share incentive	**819**	1,232	**807**	1,207
Others	**58**	27	**58**	27
Deferred tax closing balance	**13,638**	12,411	**13,626**	12,380

15 Deferred tax assets (continued)

15.2 Deferred tax reconciliation

	Group		Bank	
	31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
	N million	N million	**N million**	N million
Deferred tax at beginning of the year	**12,411**	10,248	**12,380**	10,188
Originating/(reversing) temporary differences for the year	**1,227**	2 163	**1,246**	2 192
Credit impairment charges	**858**	(325)	**858**	(325)
Property and equipment	**2,356**	1,886	**2,356**	1,887
MTM Adjustment	**(1,458)**	5,989	**(1,458)**	5,989
Unutilised losses	**(147)**	(4,866)	**(141)**	(5,005)
Provision for employee bonus & share incentive	**(413)**	(453)	**(400)**	(286)
Other	**31**	(68)	**31**	(68)
Deferred tax at end of the year	**13,638**	12,411	**13,626**	12,380

The bank has assessed the recoverability of the deferred tax assets on the tax loss and has only recognized deferred tax assets to the extent that it is probable to recover from future tax profits. Consequently, additional deferred tax assets of N34,231 million (Dec 2020: N32,589 million) have not been recognised during the year.

16 Property and equipment

Group	Freehold land N million	Leasehold improvements and building N million	Motor vehicle N million	Furniture fittings & equipment N million	Computer equipment N million	Work in progress N million	Total N million
16.1 Cost							
Balance at 1 January 2021	**19,269**	**7,830**	**226**	**9,298**	**22,319**	**409**	**59,352**
Additions	**62**	**193**	**15**	**490**	**1,958**	**1,079**	**3,797**
Disposals	**-**	**(411)**	**-**	**(381)**	**(470)**	**-**	**(1,262)**
Transfers/ reclassifications	**50**	**66**	**-**	**128**	**374**	**(618)**	**-**
Written off (see note (a) below)	**(154)**		**-**	**(483)**	**(1,892)**		**(2,529)**
Balance at 31 December 2021	**19,227**	**7,678**	**241**	**9,052**	**22,289**	**870**	**59,358**
Balance at 1 January 2020	20,726	4,760	226	8,812	17,129	711	52,365
Additions	31	1,411	-	483	4,579	1,196	7,700
Disposals	-	-	-	(158)	(554)	-	(712)
Reclassifications	(1,488)	1,660	-	161	1,165	(1,498)	-
Written off	-	(1)	-	-	-	-	(1)
Balance at 31 December 2020	19,269	7,830	226	9,298	22,319	409	59,352
16.2 Accumulated depreciation							
Balance at 1 January 2021	**12,355**	**1**	**175**	**7,621**	**12,770**	**-**	**32,922**
Charge for the year	**134**	**419**	**31**	**556**	**3,612**	**-**	**4,752**
Disposals	**-**	**(177)**	**-**	**(359)**	**(427)**	**-**	**(963)**
Transfers/ reclassifications	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Written off (see note (a) below)	**(154)**	**-**	**-**	**(456)**	**(1,863)**	**-**	**(2,473)**
Balance at 31 December 2021	**12,335**	**243**	**206**	**7,362**	**14,092**	**-**	**34,238**
Balance at 1 January 2020	11,618	1	133	7,242	9,383	-	28,377
Charge for the year	737	-	42	528	3,879	-	5,186
Disposals	-	-	-	(149)	(492)	-	(641)
Balance at 31 December 2020	12,355	1	175	7,621	12,770	-	32,922
Net book value:							
31 December 2021	**6,892**	**7,435**	**35**	**1,690**	**8,197**	**870**	**25,120**
31 December 2020	6,915	7,829	51	1,678	9,549	409	26,430

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2020: Nil)

(a) The items written off relate to computer equipment, furniture and fittings no longer in use.

16 Property and equipment

	Bank	Leasehold improvements and building N million	Freehold land N million	Motor vehicles N million	Furniture fittings & equipment N million	Computer equipment N million	Work in progress N million	Total N million
16.3	**Cost**							
	Balance at 1 January 2021	**19,268**	**7,831**	**226**	**9,298**	**22,304**	**409**	**59,336**
	Additions	**62**	**193**	**15**	**490**	**1,958**	**1,079**	**3,797**
	Disposals	**(411)**	**-**	**-**	**(381)**	**(469)**	**-**	**(1,261)**
	Written off	**(154)**	**-**	**-**	**(483)**	**(1,889)**	**-**	**(2,526)**
	Transfers/ reclassifications	**50**	**66**	**-**	**128**	**374**	**(618)**	**0**
	Balance at 31 Dec 2021	**18,815**	**8,090**	**241**	**9,052**	**22,278**	**870**	**59,346**
	Balance at 1 January 2020	20,726	4,760	226	8,812	17,119	711	52,354
	Additions	31	1,411	-	483	4,574	1,196	7,695
	Disposals	-	-	-	(158)	(554)	-	(712)
	Written off	(1)	-	-	-	-	-	(1)
	Reclassifications	(1,488)	1,660	-	161	1,165	(1,498)	-
	Balance at 31 December 2020	19,268	7,831	226	9,298	22,304	409	59,336
16.4	**Accumulated depreciation**							
	Balance at 1 January 2021	**12,354**	**1**	**175**	**7,620**	**12,762**	**-**	**32,912**
	Charge for the year	**134**	**419**	**31**	**556**	**3,610**	**-**	**4,750**
	Disposals	**-**	**(178)**	**-**	**(359)**	**(426)**	**-**	**(963)**
	Written off	**(154)**	**-**	**-**	**(456)**	**(1,860)**	**-**	**(2,470)**
	Transfers/ reclassifications	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Balance at 31 Dec 2021	**12,334**	**242**	**206**	**7,361**	**14,086**	**-**	**34,229**
	Balance at 1 January 2020	11,617	1	133	7,241	9,377	-	28,369
	Charge for the year	737	-	42	528	3,877	-	5,184
	Disposals	-	-	-	(149)	(492)	-	(641)
	Written off	-	-	-	-	-	-	-
	Transfers/ reclassifications	-	-	-	-	-	-	-
	Balance at 31 December 2020	12,354	1	175	7,620	12,762	-	32,912
	Net book value:							
	31 Dec 2021	**6,481**	**7,848**	**35**	**1,691**	**8,192**	**870**	**25,117**
	31 December 2020	6,914	7,830	51	1,678	9,542	409	26,424

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2020: Nil)

17 Intangible assets

Reconciliation of carrying amount

Group and Bank	Purchased Software N million	Total N million
17.1 Cost		
Balance at 1 January 2021	5,708	**5,708**
Additions	**93**	**93**
Balance at 31 December 2021	**5,801**	**5,801**
Balance at 1 January 2020	5,619	5,619
Additions	89	89
		-
Balance at 31 December 2020	5,708	5,708
17.2 Accumulated amortisation		
Balance at 1 January 2021	**1,067**	1,067
Amortisation for the year	**762**	762
Balance at 31 December 2021	**1,829**	**1,829**
Balance at 1 January 2020	387	387
Amortisation for the year	**680**	680
Balance at 31 December 2020	1,067	1,067
Carrying amount:		
31 December 2021	**3,972**	**3,972**
31 December 2020	4,641	4,641

There were no capitalised borrowing costs related to the internal development of software during the year (2020: Nil).

18 Right of Use Assets

	Reconciliation of carrying amount	Building N million	Branch Space N million	ATM Space N million	Other Leases N million	Total N million
18.1	**Cost**					
	Balance at 1 January 2021	**630**	**3,723**	**510**	1	**4,864**
	Additions	**164**	**616**	**167**	**26**	**973**
	Transfers	**-**	**-**	**-**	-	**-**
	Balance at 31 December 2021	**794**	**4,339**	**677**	**27**	**5,837**
	Balance at 1 January 2020	578	2,752	359	1	3,690
	Additions	53	971	150	1	1,175
						-
	Balance at 31 December 2020	631	3,723	509	2	4,865
18.2	**Accumulated amortisation**					
	Balance at 1 January 2021	455	1,715	272	1	2,443
	Charge for the year	**120**	**834**	**171**	8	1,133
	Balance at 31 December 2021	**575**	**2,549**	**443**	**9**	**3,576**
	Balance at 1 January 2020	204	874	112		1,190
	Amortisation for the year	251	842	160		1,253
	Balance at 31 December 2020	455	1,716	272	-	2,443
	Carrying amount:					
	31 December 2021	**219**	**1,790**	**234**	**18**	**2,261**
	31 December 2020	176	2,007	237	2	2,422

*The group leases various branch offices, ATM sites, equipment and vehicles. Rental contracts are typically made for fixed periods of one month to eight years but may have extension options (also see note 4.6) and Right of Use assets titles are restricted by the lease liabilities.

	Group		Bank	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	N million	N million	N million	N million
19 Share capital				
19.1 Authorised				
8,000,000,000 Ordinary shares of 50k each (2021: 8,000,000,000 Ordinary shares of 50k each)	4,000	4,000	4,000	4,000
19.2 Issued and fully paid-up				
3,749,996,654 Ordinary shares of 50k each (2020: 3,749,996,654 Ordinary shares of 50k each)	1,875	1,875	1,875	1,875
Share premium	42,469	42,469	42,469	42,469

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

19.3 Reserves

a) Other regulatory reserves

The other regulatory reserve includes movements in the statutory reserves and the small and medium scale industries reserve (SMEEIS).

(i) Statutory reserves

Nigerian banking industry regulations require the bank to make an annual appropriation to a statutory reserve.

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

(ii) Small and medium scale industries reserve (SMEEIS)

The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable. No transfer was made into the small and medium scale idustries reserve for the period (2020: Nil).

(iii) Agri-Business / Small and medium scale industries reserve (AGSMEIS)

The transfer under AGSMEEIS reserve for the year related to appropriation to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (approved by the Bankers' Committee on 9 February 2017), participating banks shall set aside 5% of their profit after tax (PAT) annually. A transfer of N32.72 million (2020: N2,974 million) was made into the AGSMEEIS reserve, which represents 5% of prior year PAT. See note 14(i)

b) Fair value through OCI reserve

This represents unrealised gains or losses arising from changes in the fair value of financial assets held at fair value through OCI which are recognised directly in the other comprehensive income reserve until the financial asset is derecognised or impaired.

c) Statutory credit risk reserve

When credit impairment on loans and advances as accounted for under IFRS using the expected credit loss model differ from the Prudential Guidelines set by the Central Bank of Nigeria the following adjustment is required:

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

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

Analysis of the statutory credit risk reserve is disclosed under Note 6.1.

d) Share based payment reserve

This represents the provision for liabilities under the equity settled portion of the group's share incentive scheme which enables key management personnel and senior employees to benefit from the performance of Stanbic IBTC Bank and its subsidiary.

20 Dividend

The bank is proposing a final dividend of 473 kobo per share year ended Dec 2021 (Dec 2020: (438K per share).

	Bank	
	31 Dec. 2021	31 Dec. 2020
Dividend proposed (million)	17,737	16,441
Number of shares in issue and ranking for dividend	3,749	3,749
Proposed dividend per share (Naira)	473	438
Dividend paid during the year	-	6,450
Total dividend paid during the year	17,737	22,891

The management, pursuant to the powers vested in it by the provisions of Section 426 of the Companies and Allied Matters Act of Nigeria, 2020, proposed a final dividend of 473 kobo per share (30 December 2020: 438k per share;) from the retained earnings account as at 31 December 2021.

The number of shares in issue and ranking for dividend represents the outstanding number of shares as at 31 December 2021 and 31 December, 2020 respectively.

	Group		Bank	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	N million	N million	N million	N million
21 Deposits and current accounts				
Deposits from banks	**431,863**	505,622	**431,863**	505,622
Deposits from banks	**431,863**	505,622	**431,863**	505,622
Deposits from customers	**1,139,269**	831,886	**1,140,641**	832,646
Current accounts	**596,573**	532,728	**597,945**	533,488
Call deposits	**109,013**	42,772	**109,013**	42,772
Savings accounts	**151,543**	150,618	**151,543**	150,618
Term deposits	**282,140**	105,768	**282,140**	105,768
Total deposits and current accounts	**1,571,132**	1,337,508	**1,572,504**	1,338,268

Included in deposits from banks is N26,237 million (Dec 2020: N61,831 million) due to related parties. See Note 36.3.

Maturity analysis

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

	Group		Bank	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	N million	N million	N million	N million
Repayable on demand	**1,200,984**	1,135,435	**1,202,356**	1,136,195
Maturing within 1 month	**146,942**	97,959	**146,942**	97,959
Maturing after 1 month but within 6 months	**218,823**	101,371	**218,823**	101,371
Maturing after 6 months but within 12 months	**3,857**	2,726	**3,857**	2,726
Maturing after 12 months	**526**	17	**526**	17
Total deposits and current accounts	**1,571,132**	1,337,508	**1,572,504**	1,338,268
Current	**1,570,606**	1,337,491	**1,571,978**	1,338,251
Non-current	**526**	17	**526**	17
	1,571,132	1,337,508	**1,572,504**	1,338,268

Segmental analysis - geographic area

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

Group	31 Dec. 2021		31 Dec. 2020	
	%	N million	%	N million
South South	**4**	**68,211**	5	61,986
South West	**55**	**864,340**	45	599,207
South East	**2**	**29,808**	2	30,652
North West	**3**	**44,718**	3	39,699
North Central	**8**	**123,307**	7	91,357
North East	**1**	**8,885**	1	8,985
Outside Nigeria	**27**	**431,863**	37	505,622
Total deposits and current accounts	**100**	**1,571,132**	100	1,337,508

Bank	31 Dec. 2021		31 Dec. 2020	
	%	N million	%	N million
South South	**4**	**68,211**	5	61,986
South West	**55**	**865,712**	45	599,967
South East	**2**	**29,808**	2	30,652
North West	**3**	**44,718**	3	39,699
North Central	**8**	**123,307**	6	91,357
North East	**1**	**8,885**	1	8,985
Outside Nigeria	**27**	**431,863**	38	505,622
Total deposits and current accounts	**100**	**1,572,504**	100	1,338,268

		Group		Bank	
		31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
		N million	N million	**N million**	N million
22	**Other borrowings**				
	African Development Bank (i)	**137**	319	**137**	319
	Nigeria Mortgage Refinance Company (see (ii) below)	**3,479**	3,686	**3,479**	3,686
	Bank of Industry (see (iii) below)	**737**	1,276	**737**	1,276
	Standard Bank Isle of Man (see (iv) below)	**80,108**	54,000	**80,108**	54,000
	CBN Commercial Agricultural Credit Scheme (see (v) below)	**9,155**	10,822	**9,155**	10,822
	CBN Real Sector Support Financing(vi)	**10,999**	11,720	**10,999**	11,720
	CDC Group(vii)	**31,818**	30,209	**31,818**	30,209
		136,433	112,032	**136,433**	112,032

On-lending borrowings are funding obtained from Development Financial Institutions and banks which are simultaneously lent to loan customers. The group bears the credit risk on the loans granted to customers and are under obligation to repay the lenders. Specific terms of funding are provided below.

i. This represents US$2.5million on-lending facility obtained from African Development Bank. The facility was disbursed in two tranches of US$1.25 million each. Tranch A is priced at 6-month LIBOR + 3.6%, while Tranche B is priced at 6-month LIBOR +1.9%. Both tranches expire on 09 June 2022 and are unsecured.

ii. This represents N1.835million (Tranche 1) and N1.543million (Tranche 2) on-lending facilities obtained from Nigeria Mortgage Refinance Company in June 2016 and June 2018 respectively. Tranche 1 is priced at 15.5% while Tranche 2 is priced at 14.5%. The facility is 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. The facility was granted under the Power and Aviation Intervention Fund scheme and Restructuring and Refinancing Facilities scheme. 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 facility was not secured.

iv. The bank obtained an unsecured 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 31 December 2021 was USD$188 million (Dec 2020: USD$144 million). The facility was not secured.

v. The bank obtained an unsecured loan from the Central Bank of Nigeria (CBN) at different periods 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. This represents real sector support funding of N10.9bn from the Central Bank of Nigeria at an interest rate of 1% for 7 years.

vii. This represents US$75 million on-lending facility obtained in October 2020 from the CDC group. The facility which is a senior unsecured debt is priced at 6-month Libor + 4.0% with a maturity date of 10 November 2027.

The group has not had any default of principal, interest or any other breaches with respect to its other borrowings during the year ended 31 December 2021 (Dec 2020: Nil).

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

	Group		Bank	
	31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
	N million	N million	**N million**	N million
Repayable on demand	**47,663**	545	**47,663**	545
Maturing within 3 months	**33,572**	12 422	**33,572**	12,422
Maturing after 3 months but within 6 months	**576**	3 308	**576**	3,308
Maturing after 6 months but within 12 months	**2,621**	4 229	**2,621**	4,229
Maturing after 12 months	**66,316**	91 528	**66,316**	91,528
	150,749	112,032	**150,749**	112,032

Current	**84,433**	20,504	**84,433**	20,504
Non-current	**52,000**	91,528	**52,000**	91,528
	136,433	112,032	**136,433**	112,032

Movement in other borrowings

	Group		Bank	
	31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
	N million	N million	**N million**	N million
At start of year	**112,032**	92,165	**112,032**	92,165
Additions	**54,390**	32,277	**54,390**	32,277
Accrued interests	**-**	248	**-**	248
Effect of exchange rate changes [loss/(profit)]	**4,748**	4,847	**4,748**	4,847
Payments made	**(34,737)**	(17,505)	**(34,737)**	(17,505)
At end of year	**136,433**	112,032	**136,433**	112,032

	Group		Bank	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	N million	N million	N million	N million
23 Debt Securities Issued				
Subordinated debt - US dollar denominated (see (i) below)	17,312	16,066	17,312	16,066
Senior unsecured debt - (see (ii) below)	30,107	30,349	30,107	30,349
Commercial papers issued- (see (iii) below)	-	21,854	-	21,854
	47,419	68,269	47,419	68,269

The terms and conditions of Debt securities issues are as follows:

(i) This represents US dollar denominated term subordinated non-collaterised facility of USD$40 million obtained from Standard Bank of South Africa effective 05 Feb 2021. The facility expires on 05 Feb 2031 and is repayable at maturity. Interest on the facility is payable semi-annually at LIBOR (London Interbank Offered Rate) plus 3.60%.

(ii) This represents Naira denominated Unsecured senior debt of N30bn issued on 05 December 2018 at a fixed interest rate of 15.75% per annum payable semi-annually. It has a tenor of 5 years. The debt is unsecured.

(iii) The Commercial paper is a N100bn multicurrency programme established by the bank under which Stanbic IBTC Bank may from time to time issue Commercial Paper Notes ("CP Notes" or "Notes"), denominated in NGN or USD or in such other currency as may be agreed between the Arranger and the Issuer , in seperate series or tranches. This has been fully repaid at year end.

The bank has not had any default of principal, interest or any other convenants with respect to its debt securities during the year ended 31 December 2021 (Dec. 2020: Nil)

Movement in Debt Securities Issued

	Group		Bank	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	N million	N million	N million	N million
At start of year	68,269	106,658	68,269	106,658
Additions	(242)	76,498	(242)	76,498
Accrued interest for the year	3,296	7,420	3,296	7,420
Interest paid	5,871	(8,319)	5,871	(8,319)
Effect of exchange rate changes ((profit)/loss)	(5,744)	1,501	(5,744)	1,501
Payments made	(24,031)	(115,489)	(24,031)	(115,489)
At end of year	47,419	68,269	47,419	68,269

24 Current tax liabilities

	Group		Bank	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	N million	N million	N million	N million
24.1 Summary				
Current tax liabilities	1,118	7,205	889	6,929
Deferred Taxation	-	-	-	-
	1,118	7,205	889	6,929

24.2 Movement in current tax liabilities

	Group		Bank	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	N million	N million	N million	N million
Balance at beginning of the year	7,205	7,812	6,929	7,390
Charge for the year	(4,714)	1,288	(4,932)	1,009
Payment made	(1,373)	(1,836)	(1,108)	(1,455)
WHT on dividend	-	(59)	-	(15)
Balance at end of the year	1,118	7,205	889	6,929

25 Provisions

31 December 2021	Legal N million	Taxes & levies N million	Expected credit loss for off balance sheet exposures N million	Total N million
Group and Bank				
Balance at 1 January 2021	673	2,018	1,225	3,916
Provisions made during the year	5,490	260	414	6,164
Provisions utilised during the year	-	(420)	-	(420)
Provisions reversed during the year	(50)	-	(846)	(896)
Balance at 31 December 2021	**6,113**	**1,858**	**793**	**8,764**
Current	-	1,858	793	2,651
Non-current	6,113	-	-	6,113
	6,113	**1,858**	**793**	**8,764**

Expected credit loss for off balance sheet exposures relates to off balance sheet letters of credits and commitments

31 December 2020	Legal N million	Taxes & levies N million	Expected credit loss for off balance sheet exposures	Total N million
Group and Bank				
Balance at 1 January 2020	1,121	1,991	1,035	4,147
Provisions made during the year	-	2,263	1,456	3,719
Provisions utilised during the year	(138)	(899)	-	(1,037)
Provisions reversed during the year	(310)	(1,337)	(1,266)	(2,913)
Balance at 31 December 2020	**673**	**2,018**	**1,225**	**3,916**
Current	-	2,018	1,225	3,243
Non-current	673	-	-	673
	673	**2,018**	**1,225**	**3,916**

(a) Legal

In the conduct of its ordinary course of business, the group is exposed to various actual and potential claims, lawsuits. The group makes provision for amounts that would be required to settle obligations that may crystallise in the event of unfavourable outcome of the lawsuits. Estimates of provisions required are based on management judgement supported by legal advice from the Bank's legal advisors. See Note 30.4 for further details.

(b) Taxes & levies

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

(c) Expected credit loss for off balance sheet exposures

This relates to expected credit loss on off balance sheet exposures in accordance with IFRS 9 Financial Instruments and are expected to be carried in the books till the maturity of the transactions.

Analysis of movement in off-balance sheet

As at 31 December 2021	Opening balance	Originated ECL		Subsequent chang	Derecognition	Total
12 Month- ECL	1,153	101		(3)	(535)	**716**
Life-time ECL not credit impaired	73	2		-	(7)	**68**
Life-time ECL credit impaired	-	-		-	-	-
	1,226	**103**	**-**	**-3**	**-542**	**784**

26 Other liabilities

	Group		Bank	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	N million	N million	N million	N million
26.1 Summary				
Trading settlement liabilities(see(iv) below)	38,230	1,281	38,230	1,281
Cash-settled share-based payment liability (note 31.10)	360	350	360	350
Accrued expenses - staff (see (ii) below)	1,991	2,843	1,953	2,774
Deferred income (vi)	17,063	1,064	17,063	1,064
Accrued expenses - Others (see (v) below)	5,013	3,937	4,995	3,899
Due to group companies (see note 36.3)	59,457	57,784	60,465	58,978
Collections / remittance payable (see (v) below)	219,131	225,155	219,123	225,142
Customer deposit for letters of credit	25,897	26,100	25,897	26,100
Unclaimed balances (see (i) below)	2,963	2,809	2,963	2,809
Draft & bank cheque payable	784	1,535	784	1,535
Electronic channels settlement liability	3,997	1,786	3,997	1,786
Clients cash collateral for derivative transactions	46,945	44,854	46,945	44,854
Sundry liabilities (see (iii) below)	35,669	2,273	35,668	2,268
Lease liabilities(vii)	473	89	473	89
	457,973	371,860	458,916	372,929
Current	348,302	319,977	349,245	321,046
Non-current	109,671	51,883	109,671	51,883
	457,973	371,860	458,916	372,929

(i) Unclaimed balances include demand drafts not yet presented for payment by beneficiaries.

(ii) Accrued expense -staff relates to employee bonus and incentives.

(iii) Sundry liabilities include payable to vendors, sales agent commission payable.

(iv) Trade settlement liabilities relates to unsettled trade payables in respect of trading instruments

(v) Accrued expenses - Others includes accruals for audit fees and other miscellaneous provisions.

(vi) In determining the fair value of derivative instruments such as Swap contracts, all valuation inputs used by management were not directly observable which gave raise to deferral Day one gain. Day one profit or loss could arise due to the fact that the counterparty credit risk, Own credit risk and Cross-Correlation Quanto Risk inherent in the swap contracts are not directly or are indirectly observable from current market transactions in the same instrument.

(vii) Collections and remittance payable includes N9.8bn (Dec 2020: N51bn) relating to balance held in respect of clearing and settlement activites from NIBBS,FMDQ over the counter foreign exchange transactions.

(viii) Lease liabilities represents the Lease liabilities which are initially measured at the present value of the contractual payments due to the lessor over the lease term,

Movements in lease liabilities

	Group		Bank	
	31 Dec. 2021 N million	31 Dec. 2020 N million	31 Dec. 2021 N'million	31 Dec. 2020 N'million
Opening balance for the year	89	132	89	132
Additions	705	-	705	-
Finance cost	6	-	6	-
Payments during the year		(43)		(43)
Closing balance for the year	800	89	800	89

Maturity analysis
The maturity analysis is based on the remaining years over the lease term.

	Group		Bank	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	N million	N million	N million	N million
1-5 yrs	481	-	481	-
6-12mths	75	-	75	-
On demand	219	-	219	-
Within 3mths	8	-	8	-
Within 6mths	17	-	17	-
	800	-	800	-

Notes to the consolidated and separate financial statements
For the year ended 31 December 2021

27 Classification of financial instruments
Accounting classifications and fair values

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

	Note	Fair Value through P&L		Amortised cost	Fair-value through other comprehensive income		Carrying amount	Fair value
		Held for trading	Fair value through P/L - default		Debt Instruments	Equity Instruments		
		N million	N million	N million	N million	N million	N million	N million
31 December 2021								
Assets								
Cash and cash equivalents	7	-	-	643,014	-	-	643,014	**643,014**
Trading assets	0.0	-	-	-	-	-	-	**-**
Pledged assets	8	95,187	-	-	87,148	-	182,335	**182,335**
Derivative assets	10.6	41,212	-	-	-	-	41,212	**41,212**
Financial investments	11	-	-	5,109	552,735	2,856	560,700	**560,700**
Loans and advances to banks	12	-	-	2,273	-	-	2,273	**2,273**
Loans and advances to customers	12	-	-	921,044	-	-	921,044	**921,044**
Other assets (see (a) below)		-	-	114,474	-	-	114,474	**114,474**
		136,399		**1,685,914**	**639,883**	**2,856**	**2,465,052**	**2,465,052**
Liabilities								
Derivative liabilities	10.6	25,364	-	-	-	-	25,364	**25,364**
Trading liabilities	9.2	112,023	-	-	-	-	112,023	**112,023**
Deposits from banks	21	-	-	431,863	-	-	431,863	**431,863**
Deposits from customers	21	-	-	1,139,269	-	-	1,139,269	**1,139,269**
Other borrowings	22	-	-	136,433	-	-	136,433	**136,433**
Subordinated debt	23	-	-	47,419	-	-	47,419	**47,419**
Other liabilities (see (b) below)		-	-	440,910	-	-	440,910	**440,910**
		137,387	**-**	**2,195,894**	**-**	**-**	**2,333,281**	**2,333,281**

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

(b) Other liabilities presented in the table above comprise financial liabilities only. The following items have been excluded: deferred revenue.

27 Classification of financial instruments - (continued)

	Note	Fair Value through P&L		Amortised cost	Fair-value through other comprehensive income		Carrying amount	Fair value
		Held for trading	Designated at fair value		Debt Instruments	Equity Instruments		
		N million	N million	N million	N million	N million		
31 December 2020								
Assets								
Cash and cash equivalents	7	-	-	613,887	-	-	613,887	613,887
Trading assets	0.0	0	-	-	-	-	0	0
Pledged assets	8	3,499	-	-	167,079	-	170,578	170,578
Derivative assets	10.6	46,232	-	-	-	-	46,232	46,232
Financial investments	11	-	137	16,326	510,470	2,348	529,281	529,281
Loans and advances to banks	12	-	-	6,323	-	-	6,323	6,323
Loans and advances to customers	12	-	-	625,139	-	-	625,139	625,139
Other assets (see (a) below)		-	-	158,829	-	-	158,829	158,829
		49,731	137	1,420,505	677,549	2,348	**2,150,269**	**2,150,269**
Liabilities								
Derivative liabilities	10.6	37,382	-	-	-	-	37,382	37,382
Trading liabilities	9.2	188,501	-	-	-	-	188,501	188,501
Deposits from banks	21	-	-	505,622	-	-	505,622	505,622
Deposits from customers	21	-	-	831,886	-	-	831,886	831,886
Other borrowings	22	-	-	112,032	-	-	112,032	112,032
Subordinated debt	23	-	-	68,269	-	-	68,269	68,269
Other liabilities (see (b) below)		-	-	370,796	-	-	370,796	370,796
		225,883	**-**	**1,888,605**	**-**	**-**	**2,114,488**	**2,114,488**

[1] Carrying value has been used where it closely approximates fair values. Fair value estimates 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 hypothetical value applicable at a given reporting date, and hence can only be used as an indicator of the value realisable in a future sale.

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

(b) Other liabilities presented in the table above comprise financial liabilities only. The following item has been excluded: deferred revenue.

28 Fair values of financial instruments

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.

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value; and
- 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 the credit valuation adjustment (CVA) when market participants take this into consideration in pricing the derivatives.

28.2 Valuation framework

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

- verification of observable pricing;
- re-performance of model valuations;
- review and approval process for new models and changes to models
- calibration and back-testing 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.

28.3 Financial instruments measured at fair value - fair value hierarchy

The tables below analyse financial instruments carried at fair value at the end of the year, 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. See note 4.5 on accounting policies on fair value.

Group	Note	**Fair value N million**	**Level 1 N million**	**Level 2 N million**	**Level 3 N million**	**Total N million**
31 December 2021						
Assets						
Derivative assets	10.6	41,212	-	29,843	11,369	**41,212**
Trading assets	0	-	98,294	445	-	**98,739**
Pledged assets	8	182,335	182,335	-	-	**182,335**
Financial investments	11	560,682	519,381	38,445	2,856	**560,682**
		784,229	**800,010**	**68,733**	**14,225**	**882,968**
Comprising:						
Held-for-trading		136,399	193,481	30,288	11 369	**235,138**
Amortised Cost		5,109	5,109	-	-	**5,109**
FV through Other Comprehensive Income		642,721	601,420	38,445	2,856	**642,721**
		784,229	**800,010**	**68,733**	**14,225**	**882,968**
Liabilities						
Derivative liabilities	10.6	25,364	-	25,364	-	**25,364**
Trading liabilities	9.2	112,023	117	111,906	-	**112,023**
		137,387	**117**	**137,270**	**-**	**137,387**
Comprising:						
Held-for-trading		137,387	117	137,270	-	**137,387**
		137,387	**117**	**137,270**	**-**	**137,387**

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

Group	Note	Fair value N million	Level 1 N million	Level 2 N million	Level 3 N million	Total N million
31 December 2020						
Assets						
Derivative assets	10.6	46,232	-	39,660	6 572	46,232
Trading assets	0.0	-	169,655	-	-	169,655
Pledged assets	8	170,578	170,578	-	-	170,578
Financial investments	11	512,876	508,716	1,812	2,348	512,876
		729,686	848,949	41,472	8,920	899,341
Comprising:						
Held-for-trading		219,386	173,154	39,660	6 572	219,386
FV through Other Comprehensive Income		679,955	675,795	1,812	2,348	679,955
		899,341	848,949	41,472	8,920	899,341
Liabilities						
Derivative liabilities	10.6	37,382	-	37,382	-	37,382
Trading liabilities	9.2	188,501	53,492	135,009	-	188,501
		225,883	53,492	172,391	-	225,883
Comprising:						
Held-for-trading		225,883	53,492	172,391	-	225,883
		225,883	53,492	172,391	-	225,883

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

28.4 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 N million	Financial investments N million	Total N million
Balance at 1 January 2021	**6,572**	**2 348**	**8,920**
Gains/(losses) included in profit or loss - Trading revenue	**(10,930)**	-	**(10,930)**
Gain/(loss) recognised in other comprehensive income	-	**508**	**508**
Recognised in profit or loss during the year	-	-	-
Originations and purchases	-	-	-
Day one profit/ (loss) recognised	**15,727**	-	**15,727**
Sales and settlements	-	-	-
Balance at 31 December 2021	**11,369**	**2 856**	**14 225**
Balance at 1 January 2020	26,143	1,905	28,048
(Losses) included in profit or loss - Trading revenue	1,781	-	1,781
Gain/(loss) recognised in other comprehensive income	-	443	443
Recognised in profit or loss during the year	7,197	-	7,197
Origination and purchases	-	-	-
Day one profit/ (loss) recognised	-	-	-
Sales and settlements	(28,549)	-	(28,549)
Balance at 31 December 2020	**6,572**	**2,348**	8,920

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

	Derivative assets N million	Financial investments N million	Total N million
31 December 2021			
Other comprehensive income	**-**	**508**	**508**
Trading revenue	**(10,930)**	**-**	**(10 930)**
	(10,930)	**508**	**(10,422)**
31 December 2020			
Other comprehensive income	**-**	443	443
Trading revenue	**1,781**	**-**	**1,781**
	1,781	**443**	**2,224**

28.4 Level 3 fair value measurement (continued)

(ii) Unobservable inputs used in measuring fair value

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

Type of financial instrument	Fair value as at 31-Dec-2021 Nmillion	Valuation technique	Significant unobservable input	Fair value measurement sensitivity to unobservable input
Unquoted equities	2,856 (2020: 2,348)	Discounted cash flow	- Risk adjusted discount rate	A significant increase in the spread above the risk-free rate would result in a lower fair value.
Derivative assets	11,368 (2020: 6,572)	Discounted cash flow technique	• Own credit risk (DVA) • Counterparty credit risk (CVA, basis risk and country risk premium) • USD/NGN Quanto Risk • FX Volatility	A significant move (either positive or negative) in the unobservable input will result in a significant move in the fair value.

(iii) Effect of unobservable inputs on fair value measurement (Sensitivity analysis)

The table below indicates the valuation techniques and main assumptions used in the determination of the fair value of the level 3 assets and liabilities measured at fair value on a recurring basis. The table further indicates the effect that a significant change in one or more of the inputs to a reasonably possible alternative assumption would have on profit or loss at the reporting date.

	Valuation technique	Significant unobservable input	Variance in fair value measurment	Effect on OCI/Profit or Loss	
				Favourable Nmillion	Unfavourable Nmillion
31 December 2021					
Unquoted equities	Discounted cash flow	Risk adjusted discount rate	From (2%) to 2%	**122**	**(111)**
Derivative assets	Discounted cash flow technique	• Own credit risk (DVA) • Counterparty credit risk (CVA, basis risk and country risk premium) • USD/NGN Quanto Risk • FX Volatility	From (1%) to 1%	**441**	**(445)**
31 December 2020					
Unquoted equities	Discounted cash flow	Risk adjusted discount rate	From (2%) to 2%	122	(111)
Derivative assets	Discounted cash flow technique	• Own credit risk (DVA) • Counterparty credit risk (CVA, basis risk and country risk premium) • USD/NGN Quanto Risk • FX Volatility	From (1%) to 1%	586	(580)

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

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

Where carrying amount of financial instruments approximates their fair value, the fair values of such financial instruments are not disclosed in the table below. These annual financial instruments includes, short term receivables, and short term payables, other assets and other liabilities.

Group	Carrying Amount N million	Level 1 N million	Level 2 N million	Level 3 N million	Total Fair Value N million
31 December 2021					
Assets					
Cash and bank balances	643,014	-	643,014	-	**643,014**
Loans and advances to banks	2,273	-	2,273	-	**2,273**
Loans and advances to customers	921,044	-	921,044	-	**921,044**
Other financial assets	119,551	-	-	119,551	**119,551**
	1,685,882	-	**1,566,331**	**119,551**	**1,685,882**
Liabilities					
Deposits from banks	431,863	-	431,863	-	**431,863**
Deposits from customers	1,139,269	-	1,139,269	-	**1,139,269**
Other borrowings	136,433	-	136,433	-	**136,433**
Debt securities issued	47,419	-	47,419	-	**47,419**
Other financial liabilities	440,910		440,910	-	**440,910**
	2,195,894	-	**2,195,894**	-	**2,195,894**

Group	Fair value N million	Level 1 N million	Level 2 N million	Level 3 N million	Total Fair Value N million
31 December 2020					
Assets					
Cash and bank balances	613,887	-	613,887	-	613,887
Loans and advances to banks	6,323	-	6,323	-	6,323
Loans and advances to customers	625,139	-	625,139	-	625,139
Other financial assets	158,829	-	-	158,829	158,829
	1,404,178	-	1,245,349	158,829	1,404,178
Liabilities					
Deposits from banks	505,622	-	505,622	-	505,622
Deposits from customers	831,886	-	831,886	-	831,886
Other borrowings	112,032	-	112,032	-	112,032
Debt securities issued	68,269	-	68,269	-	68,269
Other financial liabilites	370,796		370,796		370,796
	1,888,605	-	1,888,605	-	1,888,605

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.

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

IFRS requires financial assets and financial liabilities to be offset and the net amount presented in the statement of financial position when, and only when, the group and company has a current legally enforceable right to set off recognised amounts, as well as the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Accordingly, the following table sets out the impact of offset, as well as financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they have been offset in accordance with IFRS.

It should be noted that the information below is not intended to represent the group and bank's actual credit exposure, nor will it agree to that presented in the statement of financial position.

29 Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements (continued)

Group and bank	Gross amount of recognised financial assets[1] N million	Gross amounts of recognised financial liabilities offset in the statement of financial position[2] N million	Net amounts of financial assets presented in the statement of financial position N million	Financial instruments, financial collateral and cash collateral[3] N million	Net amount N million
Assets					
31 December 2021					
Derivative assets	33,339	-	33,339	(33,339)	-
Loans and advances to customers	14,155	-	14,155	(1,332)	12,823
	47,494	**-**	**47,494**	**(34,671)**	**12,823**
31 December 2020					
Derivative assets	40,225	-	40,225	(40,225)	-
Loans and advances to customers	18,671	-	18,671	(1,760)	16,910
	58,896	**-**	**58,896**	**(41,985)**	**16,910**

Group and bank	Gross amount of recognised financial liabilities[1] N million	Gross amounts of recognised financial assets offset in the statement of financial position[2] N million	Net amounts of financial liabilities presented in the statement of financial position N million	Financial instruments, financial collateral and cash collateral[3] N million	Net amount N million
Liabilities					
31 December 2021					
Derivative liabilities	24,805	-	24,805	(24,805)	-
Deposits from customers	1,332	-	1,332	(1,332)	-
	26,137	**-**	**26,137**	**(26,137)**	**-**
31 December 2020					
Derivative liabilities	(29,494)	-	(29,494)	29,494	-
Deposits from customers	1,760	-	1,760	(1,760)	-
Other liabilities	-	-	-	-	-
	(27,734)	-	(27,734)	27,734	-

[1]Gross amounts are disclosed for recognised assets and liabilities that are either offset in the statement of financial position or subject to a master netting arrangement or a similar agreement, irrespective of whether the offsetting criteria is met.

[2]The amounts that qualify for offset in accordance with the criteria per IFRS.

[3]Related amounts not offset in the statement of financial position that are subject to a master netting arrangement or similar agreement, including financial collateral (whether recognised or unrecognised) and cash collateral.

The table below sets out the nature of agreement and the types of rights relating to items which do not qualify for offset but that are subject to a master netting arrangement or similar agreement.

Nature of agreement	Related rights
International Swaps and Derivative Associations	The agreement allows for set off in the event of default
Global master repurchase agreements	The agreement allows for set off in the event of default

		Group		Bank	
		31 Dec. 2021 N million	31 Dec. 2020 N million	31 Dec. 2021 N million	31 Dec. 2020 N million
30	**Contingent liabilities and commitments**				
30.1	**Contingent liabilities**				
	Letters of credit	185,714	100,654	185,714	100,654
	Bonds and Guarantees	104,418	112,968	104,418	112,968
		290,132	213,622	290,132	213,622

Bonds and Guarantees and letters of credit are given to third parties as security to support the performance of a customer to third parties. As the group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts. The expected credit loss on this has been included in provisions (see note 25).

		Group		Bank	
		31 Dec. 2021 N million	31 Dec. 2020 N million	31 Dec. 2021 N million	31 Dec. 2020 N million
30.2	**Capital commitments**				
	Contracted capital expenditure	794	688	794	688
	Capital expenditure authorised but not yet contracted	-	23,725	-	23,725
		794	24,413	794	24,413

The above commitments relates to capital expenditure on property plant and equipment and the expenditure will be funded from the Group's internal resources.

30.3 Loan commitments

As at 31 December 2021, the group had irrevocable loan commitments amounting to N69.5 billion (Dec 2020: N89.27 billion) in respect of various loan contracts and the expected credit loss on this amounts to N887 million (Dec 2020: 1,087million).

30.4 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 was a total of 324 legal proceedings outstanding as at 31 December 2021. Of these, claims against the Bank amounted to N116.091 Billion, while claims instituted by the group amounted to N19.05 billion. There are also monetary claims against the Bank in other currencies namely: USD$1,447,819.15 and GBP£74,284.64..

Included in the total number of litigation above is the case involving Stanbic IBTC Bank PLC as Appellant where the Court of Appeal, Lagos Division delivered Judgment on Monday 20 September 2021 and reduced the damages awadred by the High Court from N50billion to N5billion. The The Bank being dissatisfied with the Judgment of the Court of Appeal, filed a Notice of Appeal and Motion for stay of execution of the Judgment. The Bank's Motion for stay of execution was granted by the Court of Appeal on 24 November 2021. The Bank has compiled and transmitted the records of appeal to the Supreme Court and the Bank's appeal is duly entered as SC/CV/1075/2021. The same Judgment holds in the CRC Credit Bureau appeal.

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. See note 25 for details of provisions raised.

Below the distribution of cases across the hierarchy of courts for the Bank

	Court	No of Cases
a	Court of first instance (Magistrate, High Court, Federal High Court and National Industrial Court)	273
b	Court of Appeal	38
c	Supreme Court	11

31 Income statement information

		Group		Bank	
		31 Dec. 2021 N million	31 Dec. 2020 N million	31 Dec. 2021 N million	31 Dec. 2020 N million
31.1	**Interest income**				
	Interest on loans and advances to banks	390	1,488	390	1,483
	Interest on loans and advances to customers	77,715	61,083	77,715	61,083
	Interest on investments	21,642	38,990	21,642	38,990
		99,747	101,561	99,747	101,556
	Comprising:				
	Interest income on items measured at amortised cost	78,105	62,571	78,105	62,566
	Interest income on debt instruments measured at FVOCI	21,642	38,990	21,642	38,990
		99,747	101,561	99,747	101,556

The amount reported above include interest income calculated using the effective interest rate method that relates to loans and advances measured at amortised cost and financial assets carried at FVOCI.

Included in interest income reported above is N91 million (Dec 2020: N91 million) from related party transactions. See Note 36.3.

Interest income for the year ended December 2021 includes N237 million(December 2020: N562 million) relating to interest income recognised on credit impaired financial assets.

		Group 31 Dec. 2021	Group 31 Dec. 2020	Bank 31 Dec. 2021	Bank 31 Dec. 2020
31.2	**Interest expense**				
	Savings accounts	1,085	2,330	1,085	2,330
	Current accounts	1,824	3,299	1,824	3,299
	Call deposits	1,193	101	1,193	101
	Term deposits	10,720	6,884	10,720	6,884
	Interbank deposits	4,695	7,403	4,695	7,403
	Borrowed funds	10,382	12,224	10,382	12,224
	Lease liabilities	5	12	5	12
		29,904	32,253	29,904	32,253

Interest expense reported above is on financial liabilities measured at amortized cost. It includes N893 million (Dec 2020:N1,706 million) from related party transactions. See note 36.3

		Group 31 Dec. 2021	Group 31 Dec. 2020	Bank 31 Dec. 2021	Bank 31 Dec. 2020
31.3	**Net fee and commission revenue**				
	Fee and commission revenue	27,479	23,291	27,436	23,265
	Account transaction fees	5,088	3,830	5,088	3,830
	Card based commission	2,391	2,560	2,391	2,560
	Knowledge based fees and commission	4,107	4,917	4,064	4,891
	Electronic banking	3,693	2,737	3,693	2,737
	Foreign currency service fees	7,034	5,421	7,034	5,421
	Documentation and administration fees	3,216	2,088	3,216	2,088
	Other fee and commission revenue	1,950	1,738	1,950	1,738
	Fee and commission expense	(5,419)	(3,952)	(5,419)	(3,952)
		22,060	19,339	22,017	19,313

Other fee and commission revenue includes commission from sale of government securities, account statement fee, funds transfer charges, salary processing and administration charges, reference letter charges, and cash withdrawal charges.

Total fee and commission income recognised at a point in time amount to N13,438 million (31 December 2020: N10,810 million) while an amount of N377 million (31 December 2020: N640 million) was recognised over the year

		Group 31 Dec. 2021	Group 31 Dec. 2020	Bank 31 Dec. 2021	Bank 31 Dec. 2020
31.4	**Trading revenue**				
	Equities	-	-	-	-
	Fixed income& currencies	13,239	52,081	13,239	52,073
		13,239	52,081	13,239	52,073

Included in trading revenue reported above is a profit of N129 million (Dec 2020: loss: N5,022 million) from related party transactions. See Note 36.3 for details.

		Group 31 Dec. 2021	Group 31 Dec. 2020	Bank 31 Dec. 2021	Bank 31 Dec. 2020
31.5	**Other income**				
	Dividend income	383	153	783	653
	Gains on disposal of property and equipment	20	28	20	28
	Others (see (i) below)	(1,189)	732	(1,189)	733
		(786)	913	(386)	1,414

(i) Others includes mainly losses/gains from sale of treasury bills, administrative charges and commissions on non-banking transactions.

		Group		Bank	
		31 Dec. 2021 N million	31 Dec. 2020 N million	**31 Dec. 2021 N million**	31 Dec. 2020 N million
31.6	**Net impairment (write-back)/loss on financial assets**				
	Net expected credit losses raised and released for financial investments	**(27)**	132	**(27)**	132
	12 month ECL	**(27)**	132	**(27)**	132
	Lifetime ECL not credit impaired	**-**	-	**-**	-
	Lifetime ECL credit impaired	**-**	-	**-**	-
	Net expected credit losses raised and released for Loan and advances	**4,182**	14,174	**4,182**	14,174
	12 month ECL	**1,152**	1,300	**1,152**	1,300
	Lifetime ECL not credit impaired	**(32)**	(3,622)	**(32)**	(3,622)
	Lifetime ECL credit impaired	**3,062**	16,496	**3,062**	16,496
	Net expected credit losses raised and released on off balance sheet exposures	**(442)**	180	**(442)**	180
	12 month ECL	**(434)**	120	**(434)**	120
	Lifetime ECL not credit impaired	**(8)**	60	**(8)**	60
	Lifetime ECL credit impaired	**-**		**-**	
	Net expected credit losses raised and released on other assets	**(65)**	279	**1**	278
	12 month ECL	**(65)**	279	**1**	278
	Lifetime ECL not credit impaired	**-**	-	**-**	-
	Lifetime ECL credit impaired	**-**	-	**-**	-
	Recoveries on loans and advances previously written off	**(4,922)**	(4,594)	**(4,922)**	(4,594)
		(1,274)	10,171	**(1,208)**	10,170
31.7	**Staff costs**				
	Salaries and allowances	**28,955**	30,325	**28,609**	29,917
	Staff cost: below-market loan adjustment	**1**	6	**1**	6
	Equity-linked transactions (Note 31.9)	**342**	(216)	**342**	(162)
		29,298	30,115	**28,952**	29,761
31.8	**Other operating expenses**				
	Information technology	**8,195**	7,148	**8,194**	7,145
	Communication expenses	**1,140**	1,725	**1,135**	1,722
	Premises expenses	**3,075**	2,488	**3,067**	2,473
	Depreciation	**5,885**	6,439	**5,883**	6,437
	Amortisation of intangible asset	**762**	680	**762**	680
	Deposit insurance premium	**5,223**	2,391	**5,223**	2,391
	AMCON expenses	**12,920**	9,828	**12,920**	9,828
	Other insurance premium	**1,910**	2,567	**1,910**	2,566
	Auditors' renumeration	**243**	222	**239**	214
	Non-audit service fee (see note (i))	**-**	26	**-**	26
	Professional fees	**1,341**	1,131	**2,378**	2,321
	Administration and membership fees	**779**	397	**778**	395
	Training expenses	**160**	(13)	**156**	(16)
	Security expenses	**1,699**	1,541	**1,699**	1,541
	Travel and entertainment	**310**	480	**303**	478
	Stationery and printing	**772**	594	**772**	594
	Marketing and advertising	**486**	709	**486**	708
	Donations	**1,179**	297	**1,179**	297
	Operational losses	**525**	559	**525**	559
	Directors' fees	**279**	215	**274**	210
	Penalties and fines	**432**	37	**432**	37
	Indirect tax (VAT)	**1,475**	1,420	**1,468**	1,411
	Others (see note (ii))	**3,790**	1,874	**3,753**	1,849
		52,580	42,755	**53,536**	43,867

Included in staff costs is N566 million (Dec 2020: N458 million) representing salaries and allowances paid to executive Directors for the year. See note 32.

The equity-linked transactions in staff cost are cash settled.

31.8 Other operating expenses (continued)

(i) Non-audit services

The details of prior year non-audit services provided by the erstwhile auditor (Messrs KPMG Professional Services), other than

	Group		Bank	
	31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
	N million	N million	**N million**	N million
Professional Fees on NDIC Certification	-	4	-	4
Comfort Letter on Financial Summary - SIBTC	-	3	-	3
Risk management review	-	7	-	7
Corporate Governance Review	-	8	-	8
Assurance services- audit procedures on BA 610 reporting		4		4
		26		26

No non-audit service was provided by Messrs PwC during the year as the NDIC certification was contracted in 2022.

(ii) Others

Included in others are FMDQ OTC futures charges, Bank charges, motor vehicle maintenance expense amongst others and 2020 includes a recovery of N3.1bn on a litigation.

31.9 Share-based payment transactions

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

At 31 Dec 2021, the group had the following share-based arrangements:

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

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

(c) Deferred bonus scheme.

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

Expenses recognised in staff costs (see note 31.7)	31 Dec. 2021 N million	31 Dec. 2020 N million
Expenses recognised in staff costs		
Stanbic IBTC Equity Growth Scheme	-	(284)
Deferred bonus scheme (DBS)	(43)	68
	(43)	(216)

	31 Dec. 2021 N million	31 Dec. 2020 N million
Liabilities recognised in other liabilities		
Deferred bonus scheme	-	350
	-	350

(a) Stanbic IBTC Equity Growth Scheme

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

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

The terms and conditions of the grants are as follows:

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

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

	Units 31 Dec. 2021	31-Dec-20
Reconciliation		
Units outstanding at beginning of the year	-	12,839,931
Exercised	-	(12,839,931)
Units outstanding at end of the year.		-

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

31.9 Share-based payment transactions (continued)

(b) Parent company share incentive schemes

Equity compensation plans

Standard Bank Group (SBG) has two equity-settled schemes, namely the Group Share Incentive Scheme and the Equity Growth Scheme. The Group Share Incentive Scheme confers rights to employees to acquire ordinary shares at the value of the SBG share price at the date the option is granted. The Equity Growth Scheme was implemented in 2005 and represents appreciation rights allocated to employees. The eventual value of the right is effectively settled by the issue of shares equivalent in value to the value of the rights.

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

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

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

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

	Option price range		Number of options	
	(ZAR)	(Naira)		
	31 Dec. 2021		31 Dec. 2021	31-Dec-20
Options outstanding at beginning of the year		-	**-**	15,625
Lapsed		-	-	(15,625)
Options outstanding at end of the year		**-**	**-**	-

No options were outstanding at 31 December 2021.

31.9 Share-based payment transactions (continued)

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

	Number of rights	
	31 Dec. 2021	31 Dec. 2020
Rights outstanding at beginning of the year	**36,026**	36,026
Net transfers	**(22,713)**	-
Granted	**-**	-
Exercised	**-**	-
Lapsed	**-**	-
Rights outstanding at end of the year	**13,313**	36,026

The following rights granted to employees had not been exercised at 31 December 2021:

Number of rights	Price range (ZAR)	Weighted average price (ZAR)	Expiry period
15,005	156.96	156.96	Year to 31 December 2025
21,021	122.24	122.24	Year to 31 December 2026
36,026			

The following rights granted to employees had not been exercised at 31 December 2020:

Number of rights	Price range (ZAR)	Weighted average price (ZAR)	Expiry period
15,005	156.96	156.96	Year to 31 December 2025
21,021	122.24	122.24	Year to 31 December 2026
36,026			

(c)(i) Deferred bonus scheme (DBS)

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

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

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

(c)(ii) Deferred bonus scheme 2012 (DBS 2012)

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

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

	Units	
	31-Dec-21	31-Dec-20
Reconciliation		
Units outstanding at beginning of the year	**-**	15,434
Granted	**-**	-
Transfers	**-**	(15,434)
Exercised	**(1,471)**	-
Transferred to group companies	**3,039**	-
Units outstanding at end of the year	**1,568**	-
Weighted average fair value at grant date (R)	**-**	-
Expected life (years)	**2.51**	2.51

31.9 Share-based payment transactions (continued)

(c)(iii) Cash settled deferred bonus scheme (CSDBS)

Employees granted an annual performance award over a threshold have part of their award deferred. In addition the group makes special awards of CSDBS to qualifying employees.

The award units are demoninated in employee's host countries' local contract, the value of which moves parrallel to the changes in the proce of the SBG shares listed on the JSE and accrue notional dividends over the vesting period which are payable on vesting.

Awards vest in three equal tranches at 18 months, 30 months and 42 months from the date of award. Final payout is determined with referenace to SBG share price on vesting date.

	Naira Units		**Rand Units**	
	31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
Reconciliation				
Units outstanding at beginning of the year	5,175,191	3,945,441	-	-
Granted	2,621,980	3,198,598	487,234	-
Forfeited	(6,035)	(215,675)	-	
Transferred to group companies	(1,105,887)	(6,703)	911,312	-
Exercised	(1,773,730)	(1,746,470)	(407,254)	-
Units outstanding at end of the year	**4,911,519**	**5,175,191**	**991,292.00**	**-**
Weighted average fair value at grant date (NGN)	**142**	**142**		
Expected life at grant date (years)	**2.51**	**2.51**		

(d) Performance Reward Plan (PRP)

The PRP is a long-tern performance drive share plan which incentivises a group of senior executives to meet the strategic long-term objectives that deliver value to shareholders, to align the interests of those executives with those of shareholders and to act as an attraction and retention mechanism in a highly competitive marketplace for skills. The PRP operates alongside the existing conditional, equity-settled long-term plans, namely the EGS, the group share incentive scheme (GSIS) and DBS post 2011.

The PRP is settled in shares to the employee on the applicable vesting dates together with notional dividends that are settled in cash. The shares that vest (if any) and that are delivered to the employee are conditional on the pre-specified performance metrics.

			Units
Number of ordinary shares	**Option price range**	**Weighted average price**	**Option expire period**
5,839	220.97	220.97	Year to 31 March 2022
5,839	220.97	220.97	Year to 31 March 2023
5,841	220.97	220.97	Year to 31 March 2024
5,305	183.43	183.43	Year to 31 March 2023
5,305	183.43	183.43	Year to 31 March 2024
5,307	183.43	183.43	Year to 31 March 2025

The following rights granted to employees had not been exercised at 31 December 2021:

Number of ordinary shares	**Option price range(ZAR)**	**Weighted average price**	**Option expire period**
5,839	220.97	220.97	Year to 31 March 2022
5,839	220.97	220.97	Year to 31 March 2023
5,841	220.97	220.97	Year to 31 March 2024
5,305	183.43	183.43	Year to 31 March 2023
5,305	183.43	183.43	Year to 31 March 2024
5,307	183.43	183.43	Year to 31 March 2025

	Units	
	31-Dec-21	**31-Dec-20**
Reconciliation		
Units outstanding at beginning of the year	**41,600**	25,200
Granted	**21,200**	16,400
Exercised	**-**	-
Cancelled	**-**	-
Transferred to group companies	**(41,600)**	-
Units outstanding at end of the year	**21,200**	41,600
Weighted average fair value at grant date (ZAR)	**142**	152.64
Expected life at grant date (years)	**3**	3

		31 Dec. 2021 N million	31 Dec. 2020 N million
32	**Emoluments of Stanbic IBTC Bank PLC directors**		
	Executive directors		
	Emoluments of directors in respect of services rendered[1]:		
	While directors of Stanbic IBTC Bank PLC		
	- as directors of the bank and/ or subsidiary company	**566**	458
	- otherwise in connection with the affairs of Stanbic IBTC Bank PLC or its subsidiaries		
	Non-executive directors		
	Emoluments of directors in respect of services rendered:		
	While directors of Stanbic IBTC Bank PLC		
	- as directors of the bank and/ or subsidiary company	**279**	215
	- otherwise in connection with the affairs of Stanbic IBTC Bank PLC or its subsidiaries		
	Pensions of directors and past directors	**33**	25
		878	698

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

	31 Dec. 2021 N million	31 Dec. 2020 N million
Emoluments disclosed above include amounts paid to:		
(i) the chairman	**50**	45
(ii) the highest paid director	**158**	124

		Group		Bank	
		31 Dec. 2021 N million	31 Dec. 2020 N million	**31 Dec. 2021 N million**	31 Dec. 2020 N million
33	**Taxation**				
	Income tax (credit) (note 33.1)	**(5,906)**	(874)	**(6,137)**	(1,183)
		(5,906)	(874)	**(6,137)**	(1,183)
33.1	**Income tax**				
	Current year			**-**	
	Current tax	**576**	834	**383**	570
	Reversal of prior year over provision		(172)	**-**	(172)
	NITDA Levy	**238**	598	**231**	584
	Tertiary Education Tax	**16**	27	**1**	27
	Police Trust Fund	**1**	-		-
	NASENI	**59**		**57**	
	Withholding tax on dIvidend	**36**	-	**36**	-
	Deferred tax	**(1,232)**	(2,162)	**(1,245)**	(2,192)
	Prior year tax	**(5,600)**		**(5,600)**	
	Taxation per income statement	**(5,906)**	(874)	**(6,137)**	(1,183)

33.2 Rate reconciliation

	Group		Bank	
	31 Dec. 2021 %	31 Dec. 2020 %	**31 Dec. 2021 %**	31 Dec. 2020 %
Rate reconciliation including indirect and direct tax				
The total tax charge for the year as a percentage of profit before taxation	**2**	1	**8**	1
Information technology levy	**0**	1	**1**	1
Education tax	**2**			
The corporate tax charge for the year as a percentage of profit before taxation	**4**	**2**	9	2
Net tax charge	**4**	**2**	**9**	**2**
The charge for the year has been reduced/(increased) as a consequence of:				
Tax exempt income and government securities	**28**	20	**29**	20
Non taxable profits from other tax jurisdictions	**0**	-	**0**	-
IT Levy Paid	**1**	-	**1**	-
Other Non-deductible expense	**(10)**	(2)	**(10)**	(2)
Unrecognised deferred tax assets	**8**	0	**8**	0
Temporary Difference not accounted for in defered tax asset	**(25)**	(12)	**(27)**	(12)
Profit/Loss on sale of fixed assets	**0**	-	**0**	
Non-taxable income - other	**28**	22	**29**	22
Standard rate of tax	**30**	30	**30**	30

Temporary differences not accounted for in deferred tax asset relate to temporary differences on mainly tax losses carried forward for which no deferred tax asset is recognized although the tax losses will continue to be available to offset future tax liability. The tax law permits the Company to continue to carry forward the tax losses indefinitely.

33.3 Income tax recognised in other comprehensive income

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

Group and bank	Gross value N million	Tax N million	Net of tax N million
31 Dec 2021			
Net change in fair value on financial assets at FVOCI (debt)	**(5,597)**	**-**	**(5,597)**
Net change in fair value on financial assets at FVOCI (equities)	**-**	**-**	**-**
Realised fair value adjustment on financial assets at FVOCI (equity)	**1,582**	**-**	**1,582**
	(4,015)	**-**	**(4,015)**
31 Dec 2020			
Net change in fair value on financial assets at FVOCI (debt)	2,103	-	2,103
Net change in fair value on financial assets at FVOCI (equities)	491	-	491
Realised fair value adjustments on FVOCI financial assets transferred to profit or loss	683		683
	3,277	-	3,277

	Group		Bank	
	31 Dec. 2021 N million	31 Dec. 2020 N million	**31 Dec. 2021 N million**	31 Dec. 2020 N million
34 Earnings per ordinary share				
The calculations of basic earnings per ordinary share has been based on the following profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding				
Earnings attributable to ordinary shareholders	**29,658**	59,474	**29,570**	59,489
Weighted average number of ordinary shares in issue	3,750	3,750	**3,750**	3,750
Basic earnings per ordinary share (kobo)	**791**	1,586	**789**	1,586

Diluted earnings per ordinary share

The group has no dilutive instruments. As a result diluted earnings per share is same as basic earnings per ordinary share.

35 Statement of cash flow notes

	Group		Bank	
	31 Dec. 2021 N million	31 Dec. 2020 N million	**31 Dec. 2021 N million**	31 Dec. 2020 N million
35.1 (Increase)/Decrease in loans & advances & other assets				
Trading assets	**70,916**	79,254	**70,916**	79,254
Pledged assets	**(11,757)**	61,394	**(11,757)**	61,394
Loans and advances	**(277,048)**	(91,745)	**(277,435)**	(91,659)
Other assets	**44,270**	(11,555)	**44,155**	(11,515)
Restricted balance with the Central Bank	**(2,136)**	(176,318)	**(2,136)**	(176,318)
	(175,755)	(138,970)	**(176,257)**	(138,843)

		Group		Bank	
		31 Dec. 2021 N million	31 Dec. 2020 N million	31 Dec. 2021 N million	31 Dec. 2020 N million
35.2	**Increase or Decrease in deposits and other liabilities**				
	Deposit and current accounts	**230,974**	442,026	**231,586**	442,360
	Trading liabilities	**(76,478)**	(61,702)	**(76,478)**	(61,702)
	Other liabilities and provisions	**90,939**	136,631	**90,813**	136,182
		245,435	516,955	**245,921**	516,840
35.3	**Cash and cash equivalents - Statement of cash flows**				
	Cash and cash equivalents (Note 7)	**643,014**	613,887	**643,014**	613,887
	Treasury Bills (90 days tenor or less)	**551,099**	510,704	**551,099**	510,704
	Loans and Advances to Banks (90 days tenor or less)	**2,273**	6,004	**2,273**	6,004
	Less: restricted balance with the Central Bank of Nigeria	**(436,842)**	(434,706)	**(436,842)**	(434,706)
	Cash and cash equivalents at end of the year	**759,544**	695,889	**759,544**	695,889
35.4	**Effect of exchange rate changes on cash and cash equivalents**				
	Currency				
	USD	**1**	4,862	**1**	4,862
	EUR	**0**	1,393	**0**	1,393
	GBP	**0**	727	**0**	727
	Other currency	**21**	246	**21**	246
	Effect of exchange rate	**22**	7,228	**22**	7,228
35.5	**Net derivative assets**				
	Movement in derivative assets	**5,020**	(13,361)	**5,020**	(13,361)
	Movement in derivative liabilities	**(12,018)**	33,039	**(12,018)**	33,039
	Unobservable valuation difference	**8,344**	14,951	**8,344**	14,951
		1,346	34,629	**1,346**	34,629
35.6	**Non-cash flow movements in debts securities issued**				
	Movement in debts securities issued	**(20,850)**	(38,389)	**(20,850)**	(38,389)
		(20,850)	(38,389)	**(20,850)**	(38,389)
35.7	**Proceeds from sale of property, equipment, furniture and vehicles**				
	Cost(see note 16.1)	**1,262**	712	**1,261**	712
	Accummulated depreciation (see note 16.2)	**(963)**	(641)	**(963)**	(641)
	Net book value	**299**	71	**298**	71
	Sales proceeds	**319**	99	**318**	99
	Profit on disposal	**20**	28	**20**	28
35.8	**Net movement in financial investment**				
	Purchase of financial investment	**(603,493)**	-	**(603,493)**	-
	Disposal of financial investment	**612,408**	-	**612,401**	-
	MTM gain or (loss)	**(3,605)**	-	**(3,605)**	-
		5,310	-	**5,303**	-

36 Related party transactions

36.1 Parent and ultimate controlling party

The Bank is wholly owned by Stanbic IBTC Holdings PLC, a Nigerian company incorporated in Nigeria on the March of 2012 to satisfy the regulatory requirement of the Regulation 3 of 2010 of the Central Bank of Nigeria. The ultimate parent and controlling entity of the bank is Standard Bank Group Limited incorporated in South Africa.
The Bank is related to other companies that are subsidiaries of Standard Bank Group Limited. These include Standard Bank Isle of Man Limited, Standard Bank of South Africa (SBSA), Stanbic Bank Ghana Limited, CfC Stanbic Bank Kenya Limited, Stanbic Bank Botswana, Stanbic Bank Uganda Limited, and Standard Bank (Mauritius) Limited. ICBC Standard Bank PLC, which is an associate of Standard Bank Group Limited, is also a related party.

36.2 Subsidiaries

Details of interest in subsidiaries are disclosed below.

Stanbic IBTC Nominees Limited ("SINL")	100%

36.3 Transactions with Standard Bank of South Africa (SBSA) and other related parties

In the normal course of business, current accounts are operated and placements of foreign currencies and trades between currencies are made with SBSA and other entities within the Standard Bank Group.
The relevant balances are shown below:

		Group		Bank	
		31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
	Note	**N million**	N million	**N million**	N million
Due from group companies					
Loans to banks	12	**-**	4,328	**-**	4,328
Current account balances	7	**8,878**	17,921	**8,878**	17,921
Derivatives	10.6	**399**	2,398	**399**	2,398
Other assets	14	**5,819**	8,765	**5,819**	8,765
		15,096	33,412	**15,096**	33,412

(a) **Loans to banks**:These represent foreign currency placement with Standard Bank Group entities. Placements are usually denominated in US dollars with interest rate ranges between 0.14% - 1.79%. Tenor is usually short ranging between 1-6 months. The contract terms are based on normal market terms. Details per counterparty are as follows:

Standard Bank Isle of Man	**-**	4,328	**-**	4,328
	-	4,328 -	**-**	4,328

(b) **Current account balances:** These represent trade related balances held with SBSA and Stanbic Bank Ghana which are particularly used for letters of credit and other foreign trade transactions. The balances are repayable on demand and usually non interest bearing.

(c) Derivatives: These represent fair value of currency swap and foreign exchange forward transactions with related parties. The transaction includes EUR/ USD swap, USD/ ZAR swap, and USD/ NGN swap with a combined notional principal of N9.06bn (2015: N5.25bn). The contracts maturity ranges from one month to 2 years.

(d) Other assets: These represent reimbursable expenses recoverable from related parties. N4.8million (2017: N225m) is due from the parent entity, Stanbic IBTC Holdings PLC while the balance is due from fellow subsidiaries within the Stanbic IBTC Holdings group.

36 Related party transactions (continued)

36.3 Transactions with Standard Bank of South Africa (SBSA) and other related parties (continued)

		Group		Bank	
		31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
	Note	**N million**	N million	**N million**	N million
Due to group companies					
Deposits and current accounts (see (e) below)	21	**26,237**	61,831	**27,375**	62,590
Derivatives (see (f) below)	10.6	**673**	8,381	**673**	8,381
Subordinated debt	23	**17,312**	16,066	**17,312**	16,066
Other borrowings	22	**80,108**	54,000	**80,108**	54,000
Other liabilities	26	**59,457**	57,784	**60,465**	58,978
		183,787	198,061	**185,933**	200,015

(e) **Deposits and current accounts:** These represent deposits with related parties. Balances are denominated in various currencies including NGN, USD, EUR, GBP, JPY, and CNY.

Standard Bank of South Africa	**9,005**	56,231	**9,005**	56,231
Standard Bank De Angola SA	**3**	3	**3**	3
Stanbic IBTC Holdings PLC	**228**	5,596	**228**	6,356
Fellow subsidiaries within Stanbic IBTC group	**17,001**	-	**18,139**	-
	26,237	61,831 -	**27,375**	62,590

(f) **Derivatives:** These represent fair value of currency swap and forward transactions with entities within the Standard Bank Group. Details per counterparty are as follows:

Standard Bank of South Africa	**344**	2,171	**344**	2,171
ICBC Standard Bank PLC	**329**	6,209	**329**	6,209
	673	8,381 -	**673**	8,381

The contract terms include currency swaps and forward exchange of EUR/ USD, GBB/USD, and USD/ NGN. The contracts have a total notional principal of N198.3bn (Dec 2020: N39bn). Maturity dates of the contracts are within one year.

(g) **Subordinated debt**: See note 23 for details of the transaction.

(h) **Other borrowings**: See note 22iv for details of the transaction.

(i) Other liabilities: These represent short term payables to related entities in respect of reimbursable expense. Amount due to parent entity (Stanbic IBTC Holdings PLC) amounted to N1.2bn.

36 Related party transactions (continued)

		Group		Bank	
	Note	**31 Dec. 2021 N million**	31 Dec. 2020 N million	**31 Dec. 2021 N million**	31 Dec. 2020 N million
Profit or loss impact of transactions with Standard Bank of South Africa and other related parties					
Interest income earned		**26**	91	**26**	91
Interest expense paid		**(2,449)**	(2,956)	**(2,449)**	(2,956)
Trading revenue /(loss)		**(884)**	(5,022)	**(884)**	(5,022)
Other revenue		**-**	-	**(400)**	-
Fee and commission income		**90**	394	**100**	425
Operating expense incurred		**(639)**	(689)	**(2,727)**	(3,104)

Interest income earned: This represent interest earned on placement with group entities. The nature of transaction is presented in Note 36.3(a).

Interest expense: This represents interest expense in respect of deposits, subordinated debt, and other borrowing transactions with group entities. The nature of transaction is presented in Note 36.3(e), (g), & (h).

Trading revenue/ (loss): These represent fair value gain/ (loss) on trading and derivative transactions with group entities. The nature of transaction is presented in Note 36.3(c) and (f) .

Fee and commission income: These represent fee income earned by the bank from technical and management service provided to a subsidiary entities, Stanbic IBTC Nominees Limited (SINL) and Stanbic IBTC Financial Services Limited. Under the agreement, the bank provides managerial and operational support to its subsidiaries. In return, SINL pays 10% (2020: 10%) of its profit before tax to the bank, while SIBDC pays 5% in 2020 of its profit before tax to the bank.

Operating expense incurred (Group): This represents sales commission due to Stanbic IBTC Asset Management Limited and management fee due to the parent, Stanbic IBTC Holdings PLC.

Operating expense incurred (Bank): This includes sales commission paid to Stanbic IBTC Asset Management Limited and Stanbic IBTC Holdings PLC and and staff costs recovery from Standard Bank Group entities in respect of employees with regional roles. It also includes amount incurred under technical and management service agreement with SINL. Under the agreement, SINL operates the custody license on behalf of the bank. In return, the bank pays 50% (2020:50%) of the total custody fee generated to SINL.

36.4 Transactions with key management personnel

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

	31 Dec. 2021 N million	31 Dec. 2020 N million
(i) Key management compensation		
Salaries and other short-term benefits	**1 011**	857
Post-employment benefits	**36**	31
Value of share options and rights expensed/ (credit)	**-**	286
	1 047	1,174

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

	31 Dec. 2021 N million	31 Dec. 2020 N million
(ii) Loans to key management personnel		
Loans outstanding at the beginning of the year	**332**	357
Net movement during the year	**20**	25
Loans outstanding at the end of the year	**312**	332
Net interest earned	**2**	2

36 Related party transactions (continued)

36.4 Transactions with key management personnel (continued)

Loans include mortgage loans, instalment sale and finance leases and credit cards. Loans granted to employees and executive directors are granted at concessionary rates of 14%-16% below the prime lending rate. No specific impairments have been recognised in respect of loans granted to key management at the reporting date (2020: nil). The mortgage loans and instalment sale and finance leases are secured by the underlying assets. All other loans are unsecured.

(iii) Deposit and current accounts - key management personnel

	31 Dec. 2021 N million	31 Dec. 2020 N million
Deposits outstanding at beginning of the year	565	262
Net movement during the year	(37)	303
Deposits outstanding at year end	**528**	565
Net interest expense	**1**	**2**

Deposits include cheque, current and savings accounts.

(iv) Investments
Details of key management personnel's investment transactions and balances with entities related to Stanbic IBTC Bank PLC are set out below. The investment include mutual funds investment managed by fellow subsidiary of the bank.

Investment products

	31 Dec. 2021 N million	31 Dec. 2020 N million
Balance at the beginning of the year	474	476
Net movement during the year	480	(2)
Balance at the end of the year	**954**	474

(vi) Other transactions with key management personnel

The group has some exposures in terms of loans and advances to employees and to customers that are affiliated to its present and past directors. Loans granted to customers that are affiliated to directors are granted at commercial rates while those granted to executive directors and employees are granted at a below-the market rates. There were no non-performing director related exposures as at balance sheet date (2020: Nil). Details of the exposures is presented in Note 37.

36.5 Other related party transactions

Shared service arrangement with parent entity - Stanbic IBTC Holdings PLC

Stanbic IBTC Holdings PLC, the parent entity, provides some business support functions to the bank and other entities related to the bank. The business support functions include internal audit, marketing and branding, internal control, legal and secretarial services, and compliance. The costs incurred by Stanbic IBTC Holdings PLC in respect of the functions are shared by the bank and other related entities in agreed ratio that reflect the rate of consumption by each entity. The costs shared are actual cost incurred with no mark-up included.

Foreign currency revolving facility from Standard Bank of South Africa
Stanbic IBTC Bank PLC entered into a standby funding agreement with Standard Bank of South Africa (Isle of Man Branch) where Standard Bank of South Africa commits to provide up to US$50 million to Stanbic IBTC Bank PLC. The agreement is effective from 18 July 2017 and renewable annually. See page 120 under "Liquidity Contingency" for further details.

Stanbic IBTC Bank PLC did not draw any fund under the agreement during the year (2020: nil).

37 Directors and staff related exposures

The Group has some exposures in terms of loans and advances to employees and to customers that are affiliated to its present and past Directors. Loans granted to customers that are affiliated to Directors are granted at commercial rates while those granted to executive Directors and employees are granted at below-the market rates. There were no non-performing director related exposures as at balance sheet date (2020: Nil). In cases where outstanding balance exceeds approved credit limit, no principal payment was due on the facility and the excess therefore relates to accrued interest.

Name of Company/ Individual	Relationship	Name of related interest	Facility type	Currency	Date granted	Expiry date	Approved credit limit N'	Outstanding plus Accrued Interest N'	Interest Rate %	Status	Security nature
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	21-Jul-20	1-Mar-22	29,014,392	8,271,587	7.00	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	11-Aug-20	6-Jan-22	36,081,338	7,657,441	7.00	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	11-Sep-20	27-Feb-22	13,496,558	1,765,956	6.00	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	20-Oct-20	6-Jan-22	41,371,026	15,110,883	6.00	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	USD	6-Nov-20	27-Feb-22	43,409,253	15,247,293	8.22	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	24-Dec-20	17-Feb-22	1,397,405	375,687	6.00	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	USD	16-Feb-21	27-Feb-22	28,939,502	4,229,081	6.20	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	23-Feb-21	27-Feb-22	20,299,071	5,320,152	6.00	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	GBP	16-Feb-21	27-Feb-22	24,832,423	16,323,762	6.05	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	5-May-21	1-Mar-22	11,866,392	12,414,845	7.00	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	11-Jun-21	6-Jan-22	504,229,963	84,426,299	7.00	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	11-Jun-21	6-Jan-22	628,275,575	78,551,045	7.00	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	3-Jun-21	28-Feb-22	25,309,075	26,338,078	7.00	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	19-Aug-21	15-Feb-22	11,993,910	12,304,438	7.00	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	2-Aug-21	28-Feb-22	45,027,231	46,339,805	7.00	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	24-Dec-21	24-Mar-22	20,936,050	20,968,170	7.00	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	23-Sep-21	20-Feb-22	16,705,339	17,025,717	7.00	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	4-Oct-21	3-Mar-22	109,713,600	111,586,248	7.00	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	5-Oct-21	4-Mar-22	29,479,756	29,977,278	7.00	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	29-Dec-21	29-Mar-22	161,821,665	161,914,768	7.00	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	8-Oct-21	6-Jan-22	11,620,980	11,810,419	7.00	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	21-Sep-21	18-Feb-22	8,840,606	9,013,545	7.00	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	3-Sep-21	2-Mar-22	33,372,967	34,141,000	7.00	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	21-Sep-21	18-Feb-22	8,840,606	9,013,545	7.00	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	16-Sep-21	13-Feb-22	82,251,920	83,939,773	7.00	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	18-Nov-21	16-Feb-22	41,519,919	41,870,280	7.00	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	23-Sep-21	20-Feb-22	61,843,824	63,029,871	7.00	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Term Loan	EUR	29-Sep-21	26-Feb-22	110,676,000	112,671,200	7.00	Performing	NEGATIVE PLEDGE
								1,041,638,166			

37 Directors and staff related exposures

The Group has some exposures in terms of loans and advances to employees and to customers that are affiliated to its present and past Directors. Loans granted to customers that are affiliated to Directors are granted at commercial rates while those granted to executive Directors and employees are granted at below-the market rates. There were no non-performing director related exposures as at balance sheet date (2020: Nil). In cases where outstanding balance exceeds approved credit limit, no principal payment was due on the facility and the excess therefore relates to accrued interest.

Name of Company/ Individual	Relationship	Name of related interest	Facility type	Currency	Date granted	Expiry date	Approved credit limit N'	Outstanding plus Accrued Interest N'	Interest Rate %	Status	Security nature
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	26-Nov-20	27-Feb-22	98,265,439	49,864,805	8.23	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	11-Dec-20	10-Jan-22	84,939,746	87,435,366	8.22	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	18-Mar-21	27-Feb-22	202,145,161	174,172,159	8.19	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	26-Mar-21	27-Feb-22	23,668,052	17,891,678	8.20	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	18-Mar-21	27-Feb-22	107,050,046	88,922,164	8.19	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	23-Mar-21	27-Feb-22	16,323,858	12,464,177	8.19	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	EUR	13-Apr-21	8-Jan-22	32,913,262	34,810,508	8.00	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	22-Apr-21	16-Feb-22	31,987,097	33,834,567	8.19	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	30-Apr-21	24-Feb-22	157,964,859	166,800,504	8.19	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	EUR	22-Apr-21	16-Feb-22	36,996,340	39,055,972	8.00	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	GBP	17-May-21	11-Feb-22	5,200,883	5,464,646	8.08	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	28-May-21	3-Mar-22	9,094,852	7,541,325	8.14	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	25-May-21	19-Feb-22	38,678,832	40,613,295	8.15	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	EUR	21-May-21	15-Feb-22	16,359,356	17,166,117	8.00	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	EUR	30-Jun-21	25-Feb-22	73,245,666	76,215,627	8.00	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	30-Jun-21	25-Feb-22	106,408,792	106,748,148	8.15	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	30-Jun-21	1-Mar-22	53,013,750	54,485,217	8.15	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	30-Jun-21	1-Mar-22	57,726,638	59,490,495	8.15	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	30-Jun-21	25-Feb-22	62,098,186	62,856,665	8.15	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	30-Jun-21	25-Feb-22	78,982,429	81,921,440	8.15	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	EUR	30-Jun-21	25-Feb-22	46,349,184	48,228,549	8.00	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	30-Jun-21	1-Mar-22	79,503,661	82,062,130	8.15	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	28-Jun-21	23-Feb-22	24,133,352	25,154,528	8.15	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	28-Jun-21	22-Feb-22	110,097,802	108,549,220	8.15	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	28-Jun-21	23-Feb-22	32,226,393	33,590,017	8.15	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	28-Jun-21	23-Feb-22	141,080,022	141,592,915	8.15	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	28-Jun-21	23-Feb-22	86,572,993	87,448,428	8.15	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	25-Jun-21	20-Feb-22	14,997,102	15,641,970	8.15	Performing	NEGATIVE PLEDGE

37 Directors and staff related exposures

The Group has some exposures in terms of loans and advances to employees and to customers that are affiliated to its present and past Directors. Loans granted to customers that are affiliated to Directors are granted at commercial rates while those granted to executive Directors and employees are granted at below-the market rates. There were no non-performing director related exposures as at balance sheet date (2020: Nil). In cases where outstanding balance exceeds approved credit limit, no principal payment was due on the facility and the excess therefore relates to accrued interest.

Name of Company/ Individual	Relationship	Name of related interest	Facility type	Currency	Date granted	Expiry date	Approved credit limit N'	Outstanding plus Accrued Interest N'	Interest Rate %	Status	Security nature
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	25-Jun-21	20-Feb-22	106,408,792	106,868,557	8.15	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	25-Jun-21	20-Feb-22	41,410,100	41,857,223	8.15	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	GBP	23-Jun-21	18-Feb-22	194,334,198	202,594,375	8.08	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	EUR	18-Jun-21	14-Jan-22	32,913,262	34,334,395	8.00	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	EUR	9-Jun-21	6-Mar-22	32,890,020	34,375,027	8.00	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	4-Jun-21	1-Mar-22	11,003,356	11,527,577	8.13	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	4-Jun-21	1-Mar-22	20,197,518	21,159,768	8.13	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	EUR	3-Jun-21	28-Feb-22	32,913,262	34,442,602	8.00	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	EUR	3-Jun-21	28-Feb-22	36,996,379	38,715,442	8.00	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	EUR	5-Jul-21	2-Mar-22	249,288,480	259,123,423	8.00	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	EUR	28-Jul-21	23-Feb-22	249,305,793	257,884,646	8.00	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	23-Jul-21	27-Feb-22	142,011,961	147,212,742	8.14	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	8-Jul-21	5-Mar-22	57,726,638	60,035,502	8.13	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	6-Jul-21	3-Mar-22	55,141,043	57,372,235	8.14	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	6-Jul-21	3-Mar-22	55,044,584	57,271,874	8.14	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	23-Jul-21	18-Feb-22	55,092,254	57,109,851	8.14	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	23-Jul-21	18-Feb-22	55,074,611	57,091,559	8.14	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	23-Jul-21	18-Feb-22	33,112,863	34,323,757	8.13	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	EUR	17-Aug-21	14-Jan-22	124,652,897	128,395,896	8.00	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	2-Aug-21	28-Feb-22	62,098,186	64,229,415	8.13	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	EUR	6-Aug-21	4-Mar-22	113,100,093	114,579,292	8.00	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	EUR	6-Aug-21	4-Mar-22	124,664,272	128,708,176	8.00	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	EUR	27-Aug-21	23-Feb-22	130,977,895	134,623,746	8.00	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	20-Aug-21	16-Feb-22	64,078,805	66,018,146	8.13	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	EUR	17-Aug-21	14-Jan-22	123,703,504	127,417,997	8.00	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	17-Dec-21	17-Mar-22	57,726,638	57,923,828	8.20	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	EUR	5-Oct-21	4-Mar-22	56,259,739	55,834,444	8.00	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	EUR	3-Sep-21	2-Mar-22	37,449,072	38,434,036	8.00	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	23-Dec-21	23-Mar-22	86,572,993	86,750,742	8.21	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	10-Nov-21	8-Feb-22	57,726,638	58,405,605	8.14	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	22-Sep-21	19-Feb-22	20,705,050	21,176,962	8.12	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	3-Sep-21	2-Mar-22	41,410,100	42,530,777	8.12	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	30-Dec-21	30-Mar-22	86,572,993	86,612,516	8.22	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	8-Dec-21	8-Mar-22	86,572,993	87,045,681	8.19	Performing	NEGATIVE PLEDGE
Nigerian Bottling Co Plc	EX CHIEF EXECUTIVE (HOLDCO)	OLUSOLA DAVID-BORHA	Overdraft	NGN	31-Dec-21	10-Jan-22	750,000,000		15.00	Performing	NEGATIVE PLEDGE

37 Directors and staff related exposures (Contn)

The Group has some exposures in terms of loans and advances to employees and to customers that are affiliated to its present and past Directors. Loans granted to customers that are affiliated to Directors are granted at commercial rates while those granted to executive Directors and employees are granted at below-the market rates. There were no non-performing director related exposures as at balance sheet date (2020: Nil). In cases where outstanding balance exceeds approved credit limit, no principal payment was due on the facility and the excess therefore relates to accrued interest.

Name of Company/ Individual	Relationship	Name of related interest	Facility type	Currency	Date granted	Expiry date	Approved credit limit N'	Outstanding plus Accrued Interest N'	Interest Rate %	Status	Security nature
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	GBP	10-Sep-21	7-Feb-22	213,014,003	218,328,491	8.06	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	27-Oct-21	25-Jan-22	18,469,804	18,745,251	8.13	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	EUR	8-Oct-21	6-Jan-22	121,744,861	124,012,983	8.00	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	5-Nov-21	3-Feb-22	128,923,698	130,586,332	8.15	Performing	NEGATIVE PLEDGE
Guinness Nigeria Plc	NON-EXECUTIVE DIRECTOR (HOLDCO) NON- EXECUTIVE DIRECTOR (HOLDCO)	NGOZI EDOZIEN (DIAGGEO GUINNESS) FABIAN AJOGWU (SAN)	Term Loan	USD	3-Sep-21	2-Mar-22	20,705,050	21,265,389	8.12	Performing	NEGATIVE PLEDGE
Westport Oil Limited (a subsidary of Seplat Petroleum Development Company Plc)	CHAIRMAN (HOLDCO)	BASIL OMIYI	Term Loan	USD	3-Jan-20	31-Mar-26	16,964,400,004	16,888,869,164	8.16	Performing	(a) the Parent Nigerian Law Assignment; (b) each Parent Share Charge; (c) the Parent English Law Security Agreement; (d) the Borrower Nigerian Law Assignment; (e) the Borrower English Law Security Agreement; (f) the Eland Nigeria Debenture; (g) the Elcrest Debenture; (h) the Elcrest English Law Security Agreement; (i) each Supplemental Security Document; (j) the Second Borrower English Law Security Agreement; (k) the Second Borrower Jersey Share Agreement; (l) the Second Elcrest English Law Security Agreement; (m) the Second Parent English Law Security Agreement;
Westport Oil Limited (a subsidary of Seplat Petroleum Development Company Plc)	CHAIRMAN (HOLDCO)	BASIL OMIYI	Term Loan	USD	31-Jan-20	31-Mar-26	47,122,675	48,115,763	8.16	Performing	
Westport Oil Limited (a subsidary of Seplat Petroleum Development Company Plc)	CHAIRMAN (HOLDCO)	BASIL OMIYI	Term Loan	USD	23-Jul-20	31-Mar-26	37,698,667	38,493,148	8.16	Performing	
Flour Mills of Nigeria Plc (A Subsidiary of Flour Mills Group)	NON-EXECUTIVE DIRECTOR (HOLDCO)	SALAMATU SULEIMAN	Overdraft	NGN	13-Dec-21	15-Jan-22	3,000,000,000	2,931,921,911	13.00	Performing	NEGATIVE PLEDGE
Flour Mills of Nigeria Plc (A Subsidiary of Flour Mills Group)	NON-EXECUTIVE DIRECTOR (HOLDCO)	SALAMATU SULEIMAN	Term Loan	USD	22-Nov-21	20-Feb-22	166,657,536	167,798,146	6.16	Performing	NEGATIVE PLEDGE
Aptics Nigeria Ltd	NON- EXECUTIVE DIRECTOR (HOLDCO)	FABIAN AJOGWU (SAN)	Term Loan	USD	27-Mar-14	30-Jun-22	5,513,430,000	2,757,945,415	8.22	Performing	Legal Mortgage
Elysium Diem (Nigeria) Ltd	NON- EXECUTIVE DIRECTOR (HOLDCO)	FABIAN AJOGWU (SAN)	Term Loan	NGN	3-Sep-18	30-Jun-22	250,000,000	147,266,626	20.25	Performing	Legal Mortgage
Gray-Bar Alliance Ltd	NON- EXECUTIVE DIRECTOR (HOLDCO)	FABIAN AJOGWU (SAN)	Term Loan	NGN	2-Jan-18	30-Jun-22	1,400,000,000	10,515,959	20.25	Performing	Legal Mortgage
Urshday Ltd	NON- EXECUTIVE DIRECTOR (HOLDCO)	FABIAN AJOGWU (SAN)	Term Loan	NGN	28-Mar-17	30-Jun-22	450,000,000	10,396,856	14.84	Performing	Legal Mortgage
ANAP HOLDINGS LIMITED	EX-CHAIRMAN (HOLDCO)	ATEDO PETERSIDE	Card	NGN	17-Aug-20	31-Aug-23	1,500,000	53	30.00	Performing	SHARES
Nampak Bevcan Nigeria Limited	NON EXECUTIVE DIRECTOR (BANK)	SIMON RIDLEY	Term Loan	USD	16-Feb-21	12-Jan-22	106,793,464	48,617,477	8.20	Performing	NEGATIVE PLEDGE
Nampak Bevcan Nigeria Limited	NON EXECUTIVE DIRECTOR (BANK)	SIMON RIDLEY	Term Loan	USD	28-May-21	22-Feb-22	252,946,876	265,407,529	8.14	Performing	NEGATIVE PLEDGE
Nampak Bevcan Nigeria Limited	NON EXECUTIVE DIRECTOR (BANK)	SIMON RIDLEY	Term Loan	USD	29-Nov-21	28-Jan-22	160,190,164	161,383,872	8.13	Performing	NEGATIVE PLEDGE
Nampak Nigeria Plc	NON EXECUTIVE DIRECTOR (BANK)	SIMON RIDLEY	Term Loan	USD	23-Jun-21	18-Feb-22	32,945,798	34,365,739	8.08	Performing	NEGATIVE PLEDGE
			Total-Insider related credits				**39,862,869,685**	**29,637,684,713**			

38 Retirement benefit obligations

The group operates a defined contribution pension scheme in line with the provisions of the Pension Reform Act 2014, with contributions based on the sum of employees' basic salary, housing and transport allowance in the ratio 8% by the employee and 10% by the employer. The minimum rate of contribution as required by Pension Reform Act 2004 is 8% for employee and 10% for employer. The amount contributed by the group, and remitted to the Pension Fund Administrators, during the year was N1,337 million (Dec 2020: N1,033 million).

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

Details of transactions between the bank and the group’s post-employment contribution plans (that is, the contributory pension scheme) are listed below:

	31 Dec. 2021 N million	31 Dec. 2020 N million
Deposits held with the bank	**381,329**	14,132
Interest paid	**3,481**	344
Value of asset under management	**30,210**	30,163
Number of Stanbic IBTC Holdings shares held	**Nil**	Nil

39 Compliance with banking regulation

The bank paid penalties to the Central Bank of Nigeria (CBN) during the year as follows:

- The CBN debited the Bank’s position with the sum of N230million for an alleged contravention of extant FX regulations from January 2013 to July 2020. The Bank wrote a letter to appeal this penalty particularly as no communication was received nor any engagement held with the CBN with respect to the allegations prior to the imposition of the penalty.

- The CBN debited the Bank’s position with the sum of N2million for an alleged Non-Compliance with CBN/CIBN Press Statement/Section 50 of BOFIA

- The CBN debited the Bank’s position with the sum of N200million for an alleged contravention of CBN circular with reference number BSD/DIR/GEN/LAB/14/001 on Cryptocurrency. The bank has written a letter of appeal for a review of the circumstances surrounding these accounts and a waiver of the N200 million fine imposed on the Bank.

- The total penalties paid by the bank amounted to N432 million (Dec 2020: N182.4m)

40 Employees and Directors

a) Employees

The average number of persons employed by the group during the year by category:

	31 Dec. 2021	31 Dec. 2020
	Number	Number
Executive directors	5	4
Management	331	342
Non-management	1,566	1,709
	1,902	2,055

The number of employees of the group, other than directors, who received emoluments in the following ranges (excluding pension contributions), were:

		31 Dec. 2021	31 Dec. 2020
		Number	Number
N2,000,001	- N3,000,000	181	157
N3,000,001	- N4,000,000	277	317
N4,000,001	- N5,000,000	58	70
N5,000,001	- N6,000,000	222	294
N6,000,001 and above		1,164	1,217
		1,902	2,055

41 Risk and capital management

Enterprise risk review

Overview

Risk Management's 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". Effective risk management is fundamental and essential to the achievement of the group’s strategic objectives. It is also one of the pillars of the institution’s strategic value drivers which entails supporting our clients by doing the right business the right way and maintaining the highest possible standards of responsible business practice using frameworks that align with regulatory expectations and standard business practices as well as procedures.

The Risk function continues its oversight and advisory responsibilities by deploying 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 capital, earnings, risk assets and appetite levels in a constantly changing and dynamic operating environment. Furthermore, Risk continues to shape, drive and monitor activities relating to risk and conduct in the institution through various measures including strengthening the risk and control environment, monitoring risk appetite and governance standards across the institution and elevating risk awareness by deploying requisite compliance training programmes for all Stanbic IBTC employees with a standard process of monitoring and escalating deficiencies in meeting the required standards. This is also in line with the established code of conduct and ethics that all members of staff must adhere and attest to on an annual basis.

The Board sets the tone and risk appetite for the organization including the tolerance levels for key risks and ensure the right risk culture is established across the insittution. These risks are however managed in accordance with a set of governance standards, frameworks and policies which align with the global and industry best practices.
The group's integrated risk management architecture, as outlined in the Enterprise Risk Management (ERM) framework, supports the evaluation and prioritisation 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 balances the risk premium and return on equity.

The overarching approach to managing enterprise-wide risk is based on the "Three Lines of Defense" principle which requires the first line (Business risk owners) to appropriately demonstrate ownership and accountability for risks and manage same closest to the point of incidence; second line (including Risk, Compliance, and Internal Control) to review and challenge as well as provide oversight and advisory functions; and the third line (Internal Audit) to conduct assurance that control processes are fit for purpose, are implemented in accordance with standard operating procedures, and operating effectively or as intended.

Risk management framework
Approach and structure

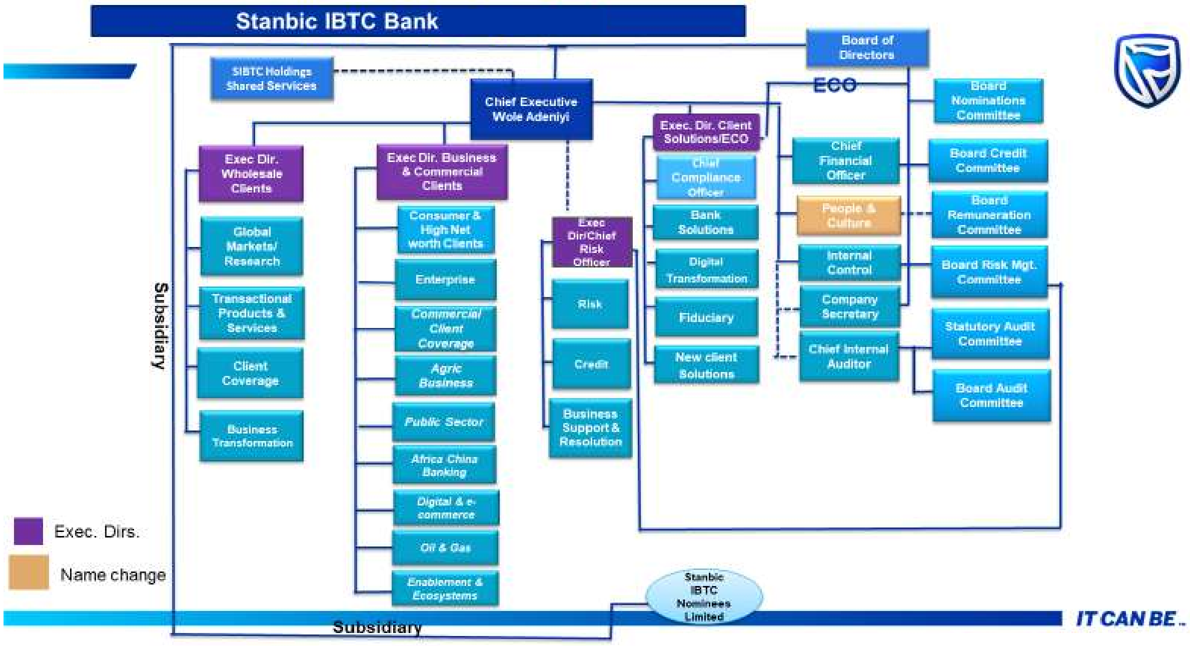
The group’s approach to risk management is based on governance processes that rely on both individual responsibility and collective oversight that is supported by a tailored Management Information System (MIS). This approach balances corporate oversight at senior management level with independent risk management structures in the business where the business unit heads, as part of the first line of defense, are specifically responsible for the management of risk within their businesses using appropriate risk management frameworks that meet required group minimum standards.

An important element that underpins the Group’s approach to the management of all risk is independence and appropriate segregation of responsibilities between Business and Risk. Risk officers report separately to the Head of Group Risk who reports to the Chief Executive of Stanbic IBTC Bank and also through a matrix reporting line to the Standard Bank Group (SBG).
All principal risks are supported by the Risk Management department.

Governance structure

The risk governance structure provides a platform for the board, executive and senior management through the various committees to evaluate and debate material existential and emerging risks which the group is exposed to, and assess the effectiveness of risk responses through the risk profiles of the underlying business units and functional areas (please refer to the pictorial representation of the governance structure below).
The risk-focused board committees include the statutory audit committee, board credit committee, board IT committee, board legal committee, and board risk management committee, while executive management oversight at the subsidiary and group levels is achieved through management committees that focus on specific risks. Each of the board and management committees is governed by mandates that set out the expected committee's terms of reference.

Governance structure[a]



[a]This is continuously evolving to meet changing needs.

Risk governance standards, policies and procedures

The group has developed a set of risk governance standards for each principal risk including credit, market, operational, IT and compliance risks. The standards define the acceptable conditions for the assumption of the major risks and ensure alignment and consistency in the manner in which these risks are identified, measured, managed, controlled and reported, across the group.

All standards are supported by policies and frameworks. They are applied consistently across the group and are approved by the Board. It is the responsibility of the business unit executive management to ensure that the requirements of the risk governance standards, policies and frameworks are implemented within the business units.

Risk appetite

Risk appetite is an expression of the amount, type and tenure of risk that the group is prepared to accept in order to deliver its business objectives. It is the balance of risk and return as the group implements business plans, whilst recognising a range of possible outcomes.

The Board establishes the group's parameters for risk appetite by:

- providing strategic leadership and guidance;
- reviewing and approving annual budgets and forecasts for the group and each subsidiary; and
- regularly reviewing and monitoring the group's performance in relation to set risk appetite.

The risk appetite is defined by several metrics which are then converted into limits and triggers across the relevant risk types, at both entity and business line levels, through an analysis of the risks that impact them.

Stress testing

Stress testing serves as a diagnostic and forward looking tool to improve the group's understanding of its credit; market, liquidity and operational risks profile under event based scenarios.

Management reviews the outcome of stress tests and selects appropriate mitigating actions to minimize and manage the impact of the risks to the group.
Residual risk is then evaluated against the risk appetite.

Risk categories

The group's enterprise risk management framework is designed to govern, identify, measure, manage, control and report on the principal risks to which the group is exposed. The principal financial risks are defined as follows:

Credit risk

Credit risk arises primarily in the group operations where an obligor / counterparty fails to perform in accordance with agreed terms or where the counterparty's ability to meet such contractual obligation is impaired.

Credit risk comprises counterparty risk, wrong-way risk, settlement risk, country risk and concentration risk.

Counterparty risk

Counterparty risk is the risk of loss to the group as a result of failure by a counterparty to meet its financial and/or contractual obligations to the group. It has three components:

• primary credit risk which is the exposure at default (EAD) arising from lending and related banking product activities, including their underwriting;

• pre-settlement credit risk which is the EAD arising from unsettled forward and derivative transactions, arising from the default of the counterparty to the transaction and measured as the cost of replacing the transaction at current market rates; and

• issuer risk which is the EAD arising from traded credit and equity products, and including their underwriting.

Wrong-way risk

Wrong-way risk is the risk that arises when default risk and credit exposure increase together. There are two types of wrong-way risk as follows: specific wrong way risk (which arises through poorly structured transactions, for example, those collateralized by own or related party shares) and general wrong way risk (which arises where the credit quality of the counterparty may for non-specific reasons be held to be correlated with a macroeconomic factor which also affects the credit quality of the counterparty).

Settlement risk

Settlement risk is the risk of loss to the group from a transaction settlement, where value is exchanged, failing such that the counter value is not received in whole or part.

Country and cross border risk

Country and cross border risk is the risk of loss arising from political or economical conditions or events in a particular country which reduce the ability of counterparties in that particular country to fulfill their obligations to the group.

Cross border risks is the risk of restriction on the transfer and convertibility of local currency funds, into foreign currency funds thereby limiting payment by offshore counterparties to the group.

Concentration risk

Concentration risk refers to any single exposure or group of exposures large enough to cause credit losses which threaten the group's capital adequacy or ability to maintain its core operations. It is the risk that common factors within a risk type or across risk types cause credit losses or an event occurs within a risk type which results to credit losses.

Market risk

Market risk is defined as the risk of a change in the actual or effective market value or earnings of a portfolio of financial instruments caused by adverse moves in market variables such as equity, bond and commodity prices, foreign exchange rates, interest rates, credit spreads, recovery rates, correlations and implied volatilities in the market variables. Market risk covers both the impact of these risk factors on the market value of traded instruments as well as the impact on the group's net interest margin as a consequence of interest rate risk on banking book assets and liabilities.

Managing interest rate benchmark reform and associated risks

The Group adopted the interest rate benchmarks including the replacement of some interbank offered rates (IBORs) with alternative "risk-free" reference rates as part of its IBOR reform program. The Group's main IBOR exposures as at 31 December 2021 were indexed to the Euro, GBP and USD LIBOR.

The alternative reference rates for Euro LIBOR adopted by the Group is the EURIBOR while the GBP and USD LIBOR alternative reference rates are the Sterling Overnight Index Average (SONIA) the Secured Overnight Financing Rate (SOFR) respectively.

Amendments to financial instruments with contractual terms indexed to the EUR and GBP LIBORs were transitioned such that they incorporate the new benchmark rates and the transitioning were completed by 31 December 2021. The transition of USD LIBOR exposures to the SOFR benchmark rate has been extended to 30 June 2023 by the Alternative Reference Rate Committee (ARRC). This only applies to certain USD LIBOR tenures such as (o/n, 1-month, 3-month, 6-month, 12-month). However, the Group is working to an internal timeline of 30 June 2022 for the transition of all legacy USD-LIBOR linked exposures.

	LIBOR				ALTERNATIVE "RISK-FREE" REFERENCE RATES			
REGION	Reference rate	Rate economics	Terms	Administrator	Reference rate	Rate economics	Term	Administrator
	GBP LIBOR	Unsecured lending	7 different tenors: ON 1W 1M 2M 3M 6M 12 M	ICE Benchmark Administration	Sterling Overnight Index Average (SONIA)	Unsecured borrowing	Term rates now endorsed for SONIA and SOFR	Bank of England (BoE)
	USD LIBOR	Unsecured lending			Secured Overnight Financing Rate (SOFR)	Secured borrowing		Federal Reserve Bank of New York
	EUR LIBOR	Unsecured lending			Euro Short-Term Rate (€STR)	Unsecured borrowing		European Central Bank (ECB)
	CHF LIBOR	Unsecured borrowing			Swiss Average Rate Overnight (SARON)	Secured borrowing		SIX Swiss Exchange
	JPY LIBOR	Unsecured borrowing			Tokyo Overnight Average Rate (TONA)	Unsecured borrowing		Bank of Japan (BoJ)

- LIBOR is a **forward-looking term rate** published for 7 different tenors, whilst the Risk-Free Rates are **overnight rates** with interest calculated in **arrears** through specific calculation methodologies.
- LIBOR incorporates **credit risk and liquidity premiums** while Risk-Free Rates are nearly risk free.
- Term rates version for SONIA and SOFR have also been developed and endorsed for the loans market as an alternative to the overnight rates.

In accordance with the transition provisions, the amendments have been adopted retrospectively to financial instruments only as the Group has no hedging transactions referencing these IBORs. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption.

During the year, management established a steering committee, consisting of key finance, risk, IT, treasury, legal, marketing, credit, compliance and business segment personnel, to oversee the Group's LIBOR transition plan. This steering committee put in place a transition project for those contracts which reference LIBOR to transition them to the alternative reference rates, with the aim of minimizing the potential disruption to business and mitigating operational and conduct risks and possible financial losses. This transition project considered changes to systems, processes, risk management and valuation models, as well as managing related tax and accounting implications.

As at 31 December 2021, changes required to systems, processes and models have been identified and have been largely implemented. There have been general communications with counterparties on the IBOR reform and specific changes to contracts as required by the IBOR transition plan have also been agreed with and executed by clients.

Financial instruments measured using amortized cost measurement

'Phase 2' of the amendments requires that, for financial instruments measured using amortized cost measurement (that is, financial instruments classified as amortized cost and debt financial assets classified as FVOCI), changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognized. These expedients are only applicable to changes that are required by interest rate benchmark reform, which is the case if, and only if, the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis (that is, the basis immediately preceding the change).

Where some or all of a change in the basis for determining the contractual cash flows of a financial asset and liability does not meet the above criteria, the above practical expedient is first applied to the changes required by interest rate benchmark reform, including updating the instrument's effective interest rate. Any additional changes are accounted for in the normal way (that is, assessed for modification or derecognition, with the resulting modification gain / loss recognized immediately in profit or loss where the instrument is not derecognized).

Effect of IBOR reform

The Group's exposure to the effects of IBOR reform on its financial assets and liabilities are as set out in the table below;

Statement of financial position category	Value of assets and liabilities subject to IBOR reform, yet to transition at reporting date (N'million)		
	GBP LIBOR	USD LIBOR	EUR LIBOR
Cash and balances with central banks	-	74	-
Derivative assets	-	21	-
Loans and advances	2,627	398,962	67,159
Deposits and debt funding	-	(97,192)	-
Subordinated debt	-	(17,312)	-

Liquidity risk

Liquidity risk is defined as the risk that the group, although balance-sheet solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due (as a result of funding liquidity risk), or can only do so at materially disadvantageous terms (as a result of market liquidity risk).

Funding liquidity risk refers to the risk that the counterparties, who provide the group with funding, will withdraw or not roll-over that funding.

Market liquidity risk refers to the risk of a generalised disruption in asset markets that makes normal liquid assets illiquid and the potential loss through the forced-sale of assets resulting in proceeds being below their fair market value.

Credit risk

Principal credit standard and policies

The group's Governance Standard, as reviewed regularly, sets out the broad overall principles to be applied in credit risk decisions and sets out the overall framework for the consistent and unified governance, identification, measurement, management and reporting of credit risk in the group.

The Wholesale Clients (WC), Business & Commercial Clients and the Consumer & High Net worth Clients (BCC & CHNW) Global Credit Policies have been designed to expand the Group Credit Risk Governance Standard requirements by embodying the core principles for identifying, measuring, approving, and managing credit risk. These policies provide a comprehensive framework within which all credit risk emanating from the operations of the bank are legally executed, properly monitored and controlled in order to minimize the risk of financial loss; and assure consistency of approach in the treatment of regulatory compliance requirements.

In addition to the Credit Risk Governance Standard, WC, BCC and CHNW Global Credit Policies, a number of related credit policies and documents have been developed, with contents that are relevant to the full implementation and understanding of the credit policies.

Methodology for risk rating

Internal counterparty ratings and default estimates that are updated and enhanced from time-to-time play an essential role in the credit risk management and decision-making process, credit approvals, internal capital allocation, and corporate governance functions. Ratings are used for the following purposes:

- Credit assessment and evaluation
- Credit monitoring
- Credit approval and delegated authority
- Economic capital calculation, portfolio and management reporting
- Regulatory capital calculation
- RARORC (Risk-Adjusted Return on Regulatory Capital) calculation
- Pricing: PDs, EADs, and LGDs may be used to assess and compare relative pricing of assets/facilities, in conjunction with strategic, relationship, market practice and competitive factors.

The starting point of all credit risk assessment and evaluation lies in the counterparty risk grading, which is quantified and calculated in compliance with the group’s credit rating policy and using such Basel-2 compliant models as are in current use and which are updated or enhanced from time to time.

Credit risk quantification for any exposure or portfolio is summarised by the calculation of the expected loss (EL), which is arrived at in the following way:

Methodology for risk rating (continued)

- Based on the risk grading foundation which yields the counterparty's probability of default (PD), the nature and quantum of the credit facilities are considered;
- A forward-looking quantification of the exposure at default (EAD) is determined in accordance with group standard guidelines.
- Risk mitigants such as security and asset recovery propensities are then quantified to moderate exposure at default to yield the loss given default (LGD).
- Finally, the EL is a function of the PD, the LGD and the EAD.

These parameters are in turn used in quantifying the required regulatory capital reserve, using the Regulatory Capital Calculator developed, maintained and updated in terms of Basel 2, and the economic capital implications through the use of Credit Portfolio Management's (CPM's) Economic Capital tools. Furthermore, bearing in mind the quantum of the facility and the risk/reward thereof, an appropriate consideration of Basel 2 capital requirements (where applicable) and the revenue and return implications of the credit proposal.

Framework and governance

Credit risk remains a key component of financial risks faced by any bank given the very nature of its business. The importance of credit risk management cannot be over emphasised as consequences can be severe when neglected. The bank has established governance principles to ensure that credit risk is managed effectively within a comprehensive risk management and control framework.

In reaching credit decisions and taking credit risk, both the credit and business functions must consistently and responsibly balance risk and return, as return is not the sole prerogative of business neither is credit risk the sole prerogative of credit. Credit (and the other risk functions, as applicable) and business must work in partnership to understand the risk and apply appropriate risk pricing, with the overall aim of optimising the bank's risk adjusted performance.

The reporting lines, responsibilities and authority for managing credit risk in the group are clear and independent. However, ultimate responsibility for credit risk rests with the board.

Credit risk mitigation

Credit risk mitigation is defined as all methods of reducing credit expected loss whether by means of reduction of EAD (e.g. netting), risk transfer (e.g. guarantees) or risk transformation.

Guarantees, collateral and the transaction structures are used by the group to mitigate credit risks both identified and inherent though the amount and type of credit risk is determined on a case by case basis. The group's credit policy and guidelines are used in a consistent manner while security is valued appropriately and reviewed regularly for enforceability and to meet changing business needs.

The credit policy establishes and defines the principles of risk transfer, transformation and reduction. The processes and procedures for accepting, verifying, maintaining, and releasing collateral are well documented in order to ensure appropriate application of the collateral management techniques.

Credit risk measurement

A key element in the measurement of credit risk is the assignment of credit ratings, which are used to determine expected defaults across asset portfolios and risk bands. The risk ratings attributed to counterparties are based on a combination of factors which cover business and financial risks.

The group uses the PD Master Scale rating concept with a single scale to measure the credit riskiness of all counterparty types. The grading system is a 25-point scale, with three additional default grades.

Group's rating	Grade description	Standard & Poor's	Fitch
SB01 - SB12/SB13	Investment grades	AAA to BBB-	AAA to BBB-
SB14 - SB21	Sub Investment grades	BB+ to CCC+	BB+ to CCC+
SB22 – SB25	Cautionary grade	CCC to C	CCC to C

IFRS 9 Financial Instruments

The tables that follow analyse the credit quality of loans and advances measured in terms of IFRS 9.

Impairment model

IFRS 9 requires the recognition of expected credit losses (ECL). This applies to all financial debt instruments held at amortised cost, fair value through other commprehensive income (FVOCI), undrawn loan commitments and financial guarantees.

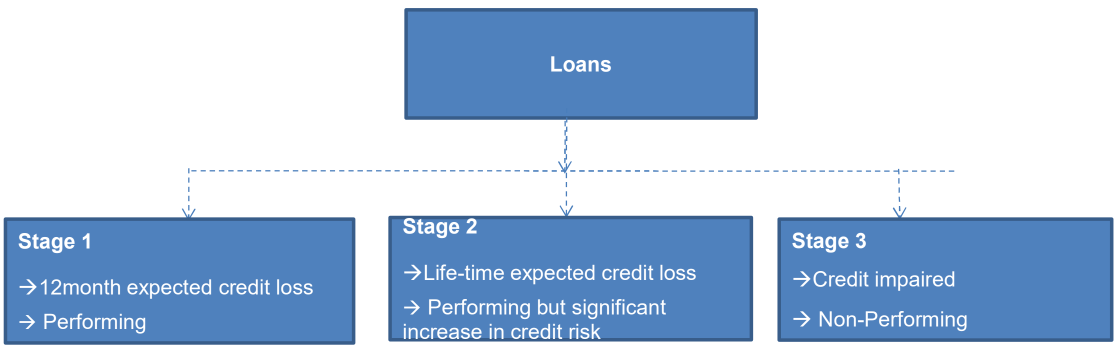
Staging of financial instruments

Financial instruments that are not already credit-impaired are originated into stage 1 and a 12-month expected credit loss allowance is recognised.

Instruments will remain in 'stage 1' until they are repaid, unless they experience significant credit deterioration ('stage 2') or they become credit-impaired ('stage 3').

Instruments will transfer to stage 2 and a lifetime expected credit loss provision recognised when there has been a significant change in the credit risk compared with what was expected at origination.

Instruments are classified as stage 3 when they become credit-impaired.
The framework used to determine a significant increase in credit risk is set out below.



The accounting policies under IFRS 9 are set out in Note 4.3 IFRS 9 disclosures. The main methodology principles and approach adopted by the Group are set out below;

Approach to determining expected credit losses

The accounting policies under IFRS 9 are set out in Note 4.3.

Incorporation of forward looking information

The determination of expected credit loss includes various assumptions and judgements in respect of forward looking macroeconomic information.

Significant increase in credit risk ('SICR')

Expected credit loss for financial assets will transfer from a 12 month basis to a lifetime basis when there is a significant increase in credit risk (SICR) relative to that which was expected at the time of origination, or when the asset becomes credit impaired. On transfer to a lifetime basis, the expected credit loss for those assets will reflect the impact of a default event expected to occur over the remaining lifetime of the instrument rather than just over the 12 months from the reporting date.

SICR is assessed by comparing the risk of default of an exposure at the reporting date with the risk of default at origination (after considering the passage of time). 'Significant' does not mean statistically significant nor is it reflective of the extent of the impact on the Group's financial statements. Whether a change in the risk of default is significant or not is assessed using quantitative and qualitative criteria, the weight of which will depend on the type of product and counterparty.

The Group uses a mix of quantitative and qualitative criteria to assess SICR.

IFRS 7 (Continued)

Assessment of credit-impaired financial assets

Credit-impaired financial assets comprise those assets that have experienced an observed credit event and are in default. Default represents those assets that are at least 90 days past due in respect of principal and interest payments and/or where the assets are otherwise considered unlikely to pay.

Unlikely to pay factors include objective conditions such as bankruptcy, debt restructuring, fraud or death. It also includes credit-related modifications of contractual cash flows due to significant financial difficulty (forbearance) where the bank has granted concessions that it would not ordinarily consider.

Modified financial assets

Where the contractual terms of a financial instrument have been modified, and this does not result in the instrument being derecognised, a modification gain or loss is recognised in the income statement representing the difference between the original cash flows and the modified cash flows, discounted at the effective interest rate. The modification gain/loss is directly applied to the gross carrying amount of the instrument.

If the modification is credit related, such as forbearance or where the Group has granted concessions that it would not ordinarily consider, then it will be considered credit-impaired. Modifications that are not credit related will be subject to an assessment of whether the asset's credit risk has increased significantly since origination by comparing the remaining lifetime probability of default (PD) based on the modified terms with the remaining lifetime PD based on the original contractual terms.

Transfers between stages

Assets will transfer from stage 3 to stage 2 when they are no longer considered to be credit-impaired. Assets will not be considered credit-impaired only if the customer makes payments such that they are paid to current in line with the original contractual terms. In addition:

→ Loans that were subject to forbearance measures must remain current for 12 months before they can be transferred to stage 2;
→ Retail loans that were not subject to forbearance measures must remain current for 180 days before they can be transferred to stage 2 or stage 1.

Assets may transfer to stage 1 if they are no longer considered to have experienced a significant increase in credit risk. This will be immediate when the original PD based transfer criteria are no longer met (and as long as none of the other transfer criteria apply). Where assets were transferred using other measures, the assets will only transfer back to stage 1 when the condition that caused the significant increase in credit risk no longer applies (and as long as none of the other transfer criteria apply).

Governance and application of expert credit judgement in respect of expected credit losses

The determination of expected credit losses requires a significant degree of management judgement which is being assessed by the Credit Risk Management Committee (CRMC).

Maximum exposure to credit risk by credit quality

December 2021	Note	Total Loans and Advances to Customers N'million	Balance sheet impairments for performing loans N'million	Performing loans: Neither past due nor specifically impaired – Normal monitoring N'million Stage 1	Normal monitoring Stage 2	Close monitoring N'million Stage 1	Close monitoring Stage 2	Not specifically impaired – Early arrears N'million Stage 1	Early arrears Stage 2	Non-performing loans: Specifically impaired loans – Stage 3 Sub-standard N'million	Stage 3 Doubtful N'million	Stage 3 Loss N'million	Purchased/Originated as credit impaired Sub-standard N'million	Purchased/Originated as credit impaired Doubtful N'million	Purchased/Originated as credit impaired Loss N'million	Total N'million	Securities and expected recoveries on specifically impaired loans N'million	Net after securities and expected recoveries on specifically impaired loans N'million	Balance sheet impairments for non-performing specifically impaired loans N'million	Gross specific impairment coverage %	Total non-performing loans N'million	Non-performing loans %
Consumer and High Networth Clients (CHNWC)		78,519	1,095	65,920	966	-	31	6,272	1,974	963	547	1,846	-	-	-	3,356	(1,217)	4,573	4,573	136	3,356	4.3
Mortgage loans		4,356	20	3,867	93		-	118	135	83	2	57	-	-	-	143	72	71	71	50	143	3.3
Instalment sale and finance leases		1,552	13	1,452	-		-	14	47	11	20	9	-	-	-	40	24	16	16	40	40	2.6
Card debtors		1,265	35	746	36		-	171	128	49	27	108	-	-	-	185	49	135	135	73	185	14.6
Other loans and advances		71,345	1,027	59,855	837		31	5,970	1,664	820	497	1,672	-	-	-	2,989	(1,362)	4,351	4,351	146	2,989	4.2
Business and Commercial Client (BCC)		284,151	4,501	257,978	505	-	2,855	12,547	2,145	3,177	1,222	3,722	-	-	-	8,121	3,068	5,053	5,053	62	8,121	2.9
Mortgage loans		425	13	425	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Instalment sale and finance leases		34,238	706	32,286	-		1,323	172	224	104	92	38	-	-	-	233	162	71	71	30	233	0.7
Card debtors		4	1	4	-		-	-	0	0	0	-	-	-	-	0	0	-	-	-	0	0.0
Other loans and advances		249,483	3,781	225,263	505		1,532	12,374	1,920	3,073	1,130	3,685	-	-	-	7,888	2,906	4,982	4,982	63	7,888	3.2
Wholesale Clients		583,589	3,712	572,071	1,477	-	-	1,180	0	-	-	8,861	-	-	-	8,861	2,579	6,281	6,281	71	8,861	1.5
Corporate loans		583,589	3,712	572,071	1,477	-	-	1,180	0	-	-	8,861	-	-	-	8,861	2,579	6,281	6,281	71	8,861	1.5
Gross loans and advances		**946,259**	9,308	895,970	2,948	-	2,886	19,999	4,118	4,140	1,769	14,428	-	-	-	20,338	4,431	15,907	15,907	269	20,338	2.1

Less: Total expected credit loss for loans and advances at amortised cost		
12-month ECL		8,025
Lifetime ECL not credit-impaired		1,283
Lifetime ECL credit-impaired		13,169
Purchased/originated credit impaired		
Interest In Suspense (IIS)		2,738
Net loans and advances	12	943,520
Add the following other banking activities exposures:		
Cash and cash equivalents	7	643,014
Derivatives	10.6	41,212
Financial investments (excluding equity)	11	557,844
Loans and advances to banks	12	2,273
Trading assets	9.1	-
Pledged assets	8	182,335
Other financial assets		114,474
Total on-balance sheet exposure		2,484,672
Off balance sheet exposures		

Off balance sheet exposures	Note	Total	BS impairments	Normal Stage 1	Normal Stage 2	Close Stage 1	Close Stage 2	Early arrears Stage 1	Early arrears Stage 2	Sub-standard	Doubtful	Loss	POCI Sub-standard	POCI Doubtful	POCI Loss	Total	Securities	Net after	BS impairments NPL	Gross specific coverage %	Total NPL	NPL %
Letters of credit		185,714	132	184,533	1,181	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Guarantees		104,418	644	103,963	455	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Loan commitments		114,374	206	114,374	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Total exposure to credit risk		**2,889,178**
Expected credit loss for off balance Sheet exposures		
12-month ECL		**784**
Lifetime ECL not credit-impaired		-
Lifetime ECL credit-impaired		-
Total exposure to credit risk on Loans and advances at amortised cost		2,889,962

Maximum exposure to credit risk by credit quality

December 2020	Note	Total Loans and Advances to Customers N'million	Balance sheet impairments for performing loans N'million	Performing loans – Neither past due nor specifically impaired – Normal monitoring N'million – Stage 1	Normal monitoring N'million – Stage 2	Close monitoring N'million – Stage 1	Close monitoring N'million – Stage 2	Not specifically impaired – Early arrears N'million – Stage 1	Early arrears N'million – Stage 2	Non-performing loans – Specifically impaired loans – Stage 3 – Sub-standard N'million	Stage 3 – Doubtful N'million	Stage 3 – Loss N'million	Purchased/Originated as credit impaired – Sub-standard N'million	Purchased/Originated as credit impaired – Doubtful N'million	Purchased/Originated as credit impaired – Loss N'million	Total N'million	Securities and expected recoveries on specifically impaired loans N'million	securities and expected recoveries on specifically impaired loans	sheet impairments for non-performing specifically impaired loans N'million	Gross specific impairment coverage %	Total non-performing loans N'million	Non-performing loans %
Consumer and High Networth Clients (CHNWC)		58,924	814	50,756	1,254	-	-	2,954	1,562	657	828	913	-	-	-	2,399	1,024	1,375	1,375	57	2,399	4.1
Mortgage loans		3,517	67	2,864	325		-	-	232	2	36	57	-	-	-	95	46	49	49	52	95	2.7
Instalment sale and finance leases		1,506	5	1,441	-		-	-	36	26	1	2	-	-	-	30	18	12	12	39	30	2.0
Card debtors		1,196	73	738	64		-	112	114	29	32	109	-	-	-	170	56	114	114	67	170	14.2
Other loans and advances		52,704	669	45,713	865		-	2,842	1,180	601	758	744	-	-	-	2,103	904	1,199	1,199	57	2,103	4.0
Business and Commercial Client (BCC)		182,084	3,807	161,916	316	-	7,241	2,654	422	1,177	1,930	6,428	-	-	-	9,535	1,749	7,786	7,786	82	9,535	5.2
Mortgage loans		719	23	653	-		66	-	-	-	-	-	-	-	-	-	-		-	-	-	-
Instalment sale and finance leases		8,360	282	5,978	11		1,581	491	225	5	25	45	-	-	-	74	34	40	40	54	74	0.9
Card debtors		6	1	4	0		-	0	2	-	-	1	-	-	-	1	0	0	0	68	1	8.5
Other loans and advances		172,999	3,501	155,282	306		5,593	2,163	195	1,173	1,905	6,383	-	-	-	9,460	1,715	7,745	7,745	82	9,460	5.5
Wholesale Clients		414,284	3,569	391,889	5,193	-	-	2,644	-	-	8,885	5,674	-	-	-	14,559	2,495	12,064	12,064	83	14,559	3.5
Corporate loans		414,284	3,569	391,889	5,193		-	2,644	0	-	8,885	5,674	-	-	-	14,559	2,495	12,064	12,064	83	14,559	3.5
Gross loans and advances		**655,292**	8,189	604,561	6,763	-	7,241	8,251	1,984	1,835	11,642	13,016	-	-	-	26,492	5,268	21,224	21,224	222	26,492	4.0

	Note	N'million
Less: Total expected credit loss for loans and advances at amortised cost		
12-month ECL		6,680
Lifetime ECL not credit-impaired		1,509
Lifetime ECL credit-impaired		21,224
Purchased/originated credit impaired		
Interest In Suspense (IIS)		739
Net loans and advances	12	685,444
Add the following other banking activities exposures:		
Cash and cash equivalents	7	613,887
Derivatives	10.6	46,232
Financial investments (excluding e	11	526,934
Loans and advances to banks	12	6,323
Trading assets	9.1	169,655
Pledged assets	8	170,578
Other financial assets		158,829
Total on-balance sheet exposure		2,377,883
Off balance sheet exposures:		

	Total	Balance sheet impairments	Normal Stage 1	Normal Stage 2	Close Stage 1	Close Stage 2	Early Stage 1	Early Stage 2	Stage 3 Sub-standard	Stage 3 Doubtful	Stage 3 Loss	POCI Sub-standard	POCI Doubtful	POCI Loss	Total	Securities and expected recoveries	Net after securities	Balance sheet impairments	Gross specific impairment coverage %	Total non-performing loans	Non-performing loans %
Letters of credit	119,841	145	118,696	1,145	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees	113,312	1,072	113,007	304	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan commitments	49,240	126	48,721	519	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	N'million
Total exposure to credit risk	**2,660,275**
Expected credit loss for off balance Sheet exposures	
12-month ECL	**1,297**
Lifetime ECL not credit-impaired	**45**
Lifetime ECL credit-impaired	
Total exposure to credit risk on Loans and advances at amortised cost	2,661,617

Ageing of loans and advances past due but not specifically impaired

	Less than 31 days N'million	31-60 days N'million	61-89 days N'million	90-180 days N'million	More than 180 days N'million	Total N'million
December 2021						
Consumer and High Networth Clients (CHNWC)	**21,275**	**1,118**	**545**	**-**	**-**	**22,938**
Mortgage loans	180	62	12	-	-	253
Instalment sales and finance lease	339	84	33	-	-	457
Card debtors	222	61	17	-	-	300
Other loans and advances	20,534	911	483	-	-	21,928
Wholesale Clients	1,043	137	0	-	-	1,180
Corporate loans	1,043	137	0	-	-	1,180
Total	**22,318**	**1,255**	**545**	**-**	**-**	**24,118**
December 2020						
Consumer and High Networth Clients (CHNWC)	6,763	2,509	1,049	-	-	10,321
Mortgage loans	122	58	53	-	-	232
Instalment sales and finance lease	584	1,477	64	-	-	2,126
Card debtors	178	38	10	-	-	227
Other loans and advances	5,879	936	921	-	-	7,736
Wholesale Clients	-	-	-	-	-	-
Corporate loans	-	-	-	-	-	-
Total	6,763	2,509	1,049	-	-	10,321

Renegotiated loans and advances

Renegotiated loans and advances are exposures which have been refinanced, rescheduled, rolled over or otherwise modified due to weaknesses in the counterparty's financial position, and where it has been judged that normal repayment will likely continue after the restructure. Renegotiated loans that would otherwise be past due or impaired amounted to N275 million as at 31 Dec 2021 (Dec 2020: N11.7 billion).

Collateral

The table that follows shows the financial effect that collateral has on the group's maximum exposure to credit risk. The table is presented according to Basel II asset categories and includes collateral that may not be eligible for recognition under Basel II but that management takes into consideration in the management of the group's exposures to credit risk. All on- and off-balance sheet exposures which are exposed to credit risk, including non-performing assets, have been included.

Collateral includes:
- financial securities that have a tradable market, such as shares and other securities;
- physical items, such as property, plant and equipment;and
- financial guarantees, suretyships and intangible assets.

All exposures are presented before the effect of any impairment provisions.

Collateral

	Note	Total exposure N'million	Unsecured N'million	Secured N'million	Netting agreements N'million	Secured exposure after netting N'million	Total collateral coverage 1%-50% N'million	50%-100% N'million	Greater than 100% N'million
31 December 2021									
Corporate		834,959	686,755	148,204	-		18,362	10,973	118,869
Sovereign		1,334,894	1,334,894	-	-	-	-	-	-
Bank		164,623	164,623	-	-	-	-	-	-
Retail		522,933	354,479	168,454	-	-	18,238	15,557	2,976,814
Retail Mortgage		4,781	-	4,781	-	-	-	1,936	2,845,000
Other retail		518,152	354,479	163,673	-	-	18,238	13,621	131,814
Total		**2,857,409**	**2,540,751**	**316,658**	**-**	**-**	**36,600**	**26,530**	**3,095,683**

Add: Financial assets not exposed to credit risk	19,056
Less: Impairments for loans and advances	(25,215)
Less: Unrecognised off balance sheet items	(290,132)
Total exposure	**2,561,118**

Reconciliation to statement of financial position:

	Note	
Cash and balances with central bank	7	643,014
Derivatives	10.6	41,212
Financial investments(excluding equities)	11	557,844
Loans and advances	12	923,317
Trading assets	0.0	98,739
Pledged assets	8	182,335
Other financial assets	27	114,657
Total		**2,561,118**

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Collateral

	Note	Total exposure N'million	Unsecured N'million	Secured N'million	Netting agreements N'million	Secured exposure after netting N'million	Total collateral coverage 1%-50% N'million	50%-100% N'million	Greater than 100% N'million
31 December 2020									
Corporate		685,212	443,590	241,622	-	-	34,016	122,850	84,756
Sovereign		1,328,006	1,328,006	-	-	-	-	-	-
Bank		143,435	143,435	-	-	-	-	-	-
Retail		377,511	168,605	208,906	-	-	1,019	96,745	111,142
Retail Mortgage		-	-	-	-	-	-	-	-
Other retail		-		-	-	-	-	-	-
Total		2,534,164	612,195	450,528	-	-	35,035	219,595	195,898
Add: Financial assets not exposed to credit risk		46,238							
Less: Impairments for loans and advances		(30,153)							
Less: Unrecognised off balance sheet items		(232,809)							
Total exposure		2,317,440							

Reconciliation to statement of financial position:

	Note	N'million
Cash and balances with central bank	7	613,887
Derivatives	10.6	46,232
Financial investments(excluding equities)	11	526,796
Loans and advances	12	631,462
Trading assets	0	169,655
Pledged assets	8	170,578
Other financial assets		158,829
Total		2,317,440

Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2021. For this table, the group has allocated exposures to regions based on the region of domicile of our counterparties.

At 31 December 2021	Trading assets N'million	Derivative assets N'million	Pledged assets N'million	Financial investments (excluding equity) N'million	Loans and advances to customers N'million	Loans and advances to banks N'million	Total N'million
South South	-	6,102	-	-	36,917	-	43,019
South West	445	2,818	-	9,557	809,445	-	822,265
South East	-	1	-	-	20,887	-	20,888
North West	-	-	-	-	39,671	-	39,671
North Central	98,294	25,743	182,335	551,143	34,495	-	892,010
North East	-	-	-	-	4,843	-	4,843
Outside Nigeria	-	6,548	-	-	-	-	6,548
Carrying amount	**98,739**	**41,212**	**182,335**	**560,700**	**946,258**	**-**	**1,829,244**

At 31 December 2020	Trading assets N' million	Derivative assets N' million	Pledged assets N'million	Financial investments(excluding equities) N' million	Loans and advances to customers N' million	Loans and advances to banks N' million	Total N' million
South South	-	79	-	-	28,601	-	28,680
South West	-	3,907	-	18,156	565,773	-	587,836
South East	-	9	-	-	12,656	-	12,665
North West	-	-	-	-	21,863	-	21,863
North Central	169,655	37,124	85,947	508,698	26,400	1,995	829,819
North East	-	-	-	-	-	-	-
Outside Nigeria	-	5,114	84,631	-	-	4,328	94,073
	169,655	46,233	170,578	526,854	655,293	6,323	1,574,936

(b) Industry sectors

At 31 December 2021	Trading assets N'million	Derivative assets N'million	Pledged assets N'million	Financial investments (excluding equity) N'million	Loans and advances to customers N'million	Loans and advances to banks N'million	Total N'million
Agriculture	-	48	-	-	37,157	-	37,205
Business services	-	1,637	-	-	31,745	-	33,382
Communication	-		-	-	49,271	-	49,271
Community, social & personal services	-	-	-	-	-	-	-
Construction and real estate	-	-	-	-	58,744	-	58,744
Electricity	-	-	-	-	9,302	-	9,302
Financial intermediaries & insurance	-	6,578	-	2,856	24,728	-	34,162
Government (including Central Bank)	98,739	25,741	182,335	551,143	74,788	-	932,746
Hotels, restaurants and tourism	-	-	-	-	207	-	207
Manufacturing	-	6,812	-	-	304,863	-	311,675
Mining	-	386	-	-	214,640	-	215,026
Private households	-	10	-		78,022	-	78,032
Transport, storage and distribution	-	-	-	-	9,603	-	9,603
Wholesale & retail trade	-	-	-	6,701	53,188	-	59,889
Carrying amount	**98,739**	**41,212**	**182,335**	**560,700**	**946,258**	**-**	**1,829,244**

(b) Industry sectors (continued)

At 31 December 2020	Trading assets N' million	Derivative assets N' million	Pledged assets N'million	Financial investments (excluding equity) N' million	Loans and advances to customers N' million	Loans and advances to banks N' million	Total N' million
Agriculture	-	-	-	-	34,977	-	34,977
Business services	-	-	-	-	8,348	-	8,348
Communication	-	-	-	-	25,350	-	25,350
Construction and real estate	-	-	-	-	57,702	-	57,702
Electricity	-	-	-	-	-	-	-
Financial intermediaries & insurance	-	46,233	84,631	2,485	32,130	4,328	169,807
Government (including Central Bank)	169,655	-	85,947	508,698	35,593	1,995	801,888
Hotels, restaurants and tourism	-	-	-	-	104	-	104
Manufacturing	-	-	-	-	170,482	-	170,482
Mining	-	-	-	-	168,697	-	168,697
Private households	-	-	-	-	59,013	-	59,013
Transport, storage and distribution	-	-	-	-	1,879	-	1,879
Wholesale & retail trade	-	-	-	15,671	59,541	-	75,212
Carrying amount	169,655	46,233	170,578	526,854	653,816	6,323	1,573,459

(c) Analysis of financial assets disclosed above by portfolio distribution and risk rating

	AAA to A- N'million	BBB+ to BBB- N'million	Below BBB- N'million	Unrated N'million	Total N'million
At 31 December 2021	**34,027**	**767,479**	**144,754**	**-**	**946,259**
At 31 December 2020	-	-	-	-	-

Concentration of risks of off-balance sheet engagements

(a) Geographical sectors

At 31 December 2021	**Loan Commitments N'million**	**Bonds and guarantees N'million**	**Letters of credit* N'million**	**Total N'million**
South South	475	26,712		**27,187**
South West	111,301	150,760	104,418	**366,480**
South East	764	13,455		**14,219**
North West	1,399	6,035		**7,434**
North Central	416	904		**1,320**
North East	19	-	-	**19**
Outside Nigeria	-	-	-	**-**
Total	114,374	197,866	104,418	**416,658**

At 31 December 2020	Loan Commitments N'million	Bonds and guarantees N'million	Letters of credit N'million	Total N'million
South South	758	20,642	-	21,400
South West	43,446	86,589	119,841	249,876
South East	902	161	-	1,063
North West	1,803	5,412	-	7,215
North Central	2,332	507	-	2,839
North East	-	-	-	-
Total	49,241	113,311	119,841	282,393

*Amount excludes letters of credit for which cash collateral has been received.

(b) Industry sectors

	31 December 2021				31 December 2020			
	Bonds and guarantees N' million	**Letters of credit N' million**	**Loan Commitments N' million**	**2021 Total N'million**	Bonds and guarantees N' million	Letters of credit N' million	Loan Commitments N' million	2020 Total N' million
Agriculture	1,588	2,869	-	4,457	2,552	3,484	2,930	8,966
Automobile	-	3,994	-	3,994	-	-	-	-
Business services	28,844	16,560	-	45,404	93	468	8,548	9,109
Communication		5,209	-	5,209	870	8,016	153	9,039
Construction and real estate	7,808	7,004	-	14,812	-	-	-	-
General commerce	2,210	-	-	2,210	-	-	-	-
Government	-	-	-	-	11,470	194	5	11,669
Electricity	-	267	-	267	2,094	197		2,291
Telecommunications	-	-	-	-		-		-
Financial intermediaries & insurance	14,332		-	14,332	37,620	-		37,620
Food and Beverages		25,737	-	25,737	-	-		-
Hotels, restaurants and tourism			-	-	1,186	-	354	1,540
Manufacturing	24,550	104,174	-	128,724	14,223	74,725	15,364	104,312
Mining/Oil an Gas	25,086	7,636	-	32,722	33,262	17,851	9,449	60,562
Private households			-	-	-	-	5,309	5,309
Pharmaceutical		74		74	-	-	-	-
Transport, storage and distribution		12,190	-	12,190	10	-	9	19
Wholesale & retail trade	-	-	-	-	9,932	14,906	7,119	31,957
Carrying amount	104,418	185,714	-	290,132	113,312	119,841	49,240	282,393

Credit provisioning based on prudential guidelines

In accordance with the Prudential Guidelines issued by the Central Bank of Nigeria, provision against credit risk is as follows.

Non performing accounts

Interest and/or principal outstanding for over:	**Classification**	**Minimum provision**
Past due date but less than 90days	Watchlist	0%
90 days but less than 180 days	Substandard	10%
180 days but less than 360 days	Doubtful	50%
Over 360 days	Lost	100%

When a loan is deemed uncollectible, it is written off against the related provision for impairments. Subsequent recoveries are credited to the provision for loan losses in the profit and loss account. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited as a reduction of the provision for impairment in the profit and loss account.

Performing accounts

A minimum of 2% general provision on performing loans is made in accordance with the Prudential Guidelines.

Prudential guidelines disclosures

Had the Prudential Guidelines been employed in the preparation of these financial statements, the impairments for loans and advances to customers as well as related disclosures, would have been made as follows:

	Group	
	31 Dec. 2021 N million	**31 Dec. 2020** N million
Prudential disclosure of loan and advances to customers		
Customer exposure for loans and advances	**943,520**	655,292
Mortgage loans	4,781	4,237
Instalment sale and finance leases	35,790	9,866
Card debtors	1,270	889
Overdrafts and other demand loans	57,013	226,017
Other term loans	847,404	414,283
Interest in suspense	**(2,738)**	(739)
Credit impairments for loans and advances	**(22,477)**	(29,413)
Specific credit impairments	(13,169)	(21,224)
Portfolio credit impairments	(9,308)	(8,189)
Net loans and advances to customers	**921,043**	625,140
Prudential disclosure of loan classification		
Performing	**925,921**	628,800
Non performing loans	20,337	26,492
Substandard	4,140	1,835
Doubtful	10,630	11,642
Loss	5,567	13,016
Total performing and non performing loans	**946,258**	655,292
Adjustment for Interest in suspense	(2,738)	(739)
Customer exposure for loans and advances	**943,520**	654,553
Non-performing loan ratio (regulatory)	2.15%	4.04%

Liquidity risk

Framework and governance

The nature of banking and trading activities results in a continuous exposure to liquidity risk. Liquidity problems can have an adverse impact on a group’s earnings and capital and, in extreme circumstances, may even lead to the collapse of a group which is otherwise solvent.

The group's liquidity risk management framework is designed to measure and manage the liquidity position at various levels of consolidation such that payment obligations can be met at all times, under both normal and considerably stressed conditions. Under the delegated authority of the board of directors, the Asset and Liability Committee (ALCO) sets liquidity risk policies in accordance with regulatory requirements, international best practice and SBG stated risk appetite.

Tolerance limits, appetite thresholds and monitoring items are prudently set and reflect the group's conservative appetite for liquidity risk. ALCO is charged with ensuring ongoing compliance with liquidity risk standards and policies. The group must, at all times, comply with the more stringent of Standard Bank imposed tolerance limits or regulatory limits.

Liquidity and funding management

A sound and robust liquidity process is required to measure, monitor and manage liquidity exposures. The group has incorporated the following liquidity principles as part of a cohesive liquidity management process:

• structural liquidity mismatch management;
• long-term funding ratio;
• maintaining minimum levels of liquid and marketable assets;
• depositor restrictions;
• local currency loan to deposit ratio;
• foreign currency loan to deposit ratio;
• interbank reliance limit;
• intra-day liquidity management;
• collateral management;
• daily cash flow management;
• liquidity stress and scenario testing;
• funding plans; and
• liquidity contingency planning.

The cumulative impact of the above principle is monitored, at least monthly by ALCO through a process which is underpinned by a system of controls. The latter includes the application of purpose-built technology, documented processes and procedures, independent oversight and regular independent reviews and evaluations of the effectiveness of the system.

The group ensures that the banking entity (Stanbic IBTC Bank PLC) is within the regulatory liquidity ratio of 30% on a daily basis.

Liquidity ratio	Dec-21	Dec-20
Minimum	95.01%	106.33%
Average	111.63%	130.30%
Maximum	118.23%	163.71%

The minimum, average and maximum liquidity ratio presented in the table above are derived from daily liquidity ratio computations.

Maintaining minimum levels of liquid and marketable assets

Minimum levels of prudential liquid assets are held in accordance with all prudential requirements as specified by the regulatory authorities. The group needs to hold additional unencumbered marketable assets, in excess of any minimum prudential liquid asset requirement, to cater for volatile depositor withdrawals, draw-downs under committed facilities, collateral calls, etc.

The following criteria apply to readily marketable securities:
• the asset class must be regularly traded;
• the asset may be sold or repurchased in a liquid market, for payment in cash; and
• settlement must be according to a prescribed, rather than a negotiated, timetable.

Depositor concentration

To ensure that the group does not place undue reliance on any single entity as a funding source, restrictions are imposed on the short dated (0 – 3 months term) deposits accepted from any entity. These include:

• the sum of 0 – 3 month deposits and standby facilities provided by any single deposit counterparty must not, at any time, exceed 10% of total funding related liabilities to the public; and

• the aggregate of 0 – 3 month deposits and standby facilities from the 10 largest single deposit counterparties must not, at any time, exceed 20% of total funding related liabilities to the public.

Concentration risk limits are used to ensure that funding diversification is maintained across products, sectors, and counterparties. Primary sources of funding are in the form of deposits across a spectrum of retail and wholesale clients. As mitigants, the group maintains marketable securities in excess of regulatory requirements in order to condone occasional breaches of concentration limits.

Loan to deposit limit

A limit is put in place, restricting the local currency loan to deposit ratio to a maximum specified level, which is reviewed periodically. Similarly, in order to restrict the extent of foreign currency lending from the foreign currency deposit base, a foreign currency loan to deposit limit, which is also referred to as own resource lending, is observed. As mitigants, the group maintains high levels of unencumbered marketable and liquid assets in excess of regulatory benchmark.The Central of Bank of Nigeria requires all Bank to maintain a minimum Loan to Deposit ratio of 65% as at December 2021. This ratio is subject to review quarterly. The bank's LDR as at December 2021 was 72%

Intra-day liquidity management

The group manages its exposures in respect of payment and settlement systems. Counterparties may view the failure to settle payments when expected as a sign of financial weakness and in turn delay payments to the group. This can also disrupt the functioning of payment and settlement systems. At a minimum, the following operational elements are included in the group's intra-day liquidity management:

• capacity to measure expected daily gross liquidity inflows and outflows, including anticipated timing where possible;
• capacity to monitor its intraday liquidity positions, including available credit and collateral;
• sufficient intraday funding to meet its objectives;
• ability to manage and mobilise collateral as required;
• robust capacity to manage the timing of its intraday outflows; and
• readiness to deal with unexpected disruptions to its intraday liquidity flows.

Daily cash flow management

The group generates a daily report to monitor significant cash flows. Maturities and withdrawals are forecast at least 3-months The daily cash flow management report forms an integral part of the ongoing liquidity management process and is a crucial tool to proactively anticipate and plan for large cash outflows.

Interbank reliance

Interbank funding traditionally is seen as the most volatile and least stable source of funding, easily influenced by market sentiment and prone to flight under stress situations. Consequently, to ensure prudent liquidity management is enforced, the group restricts the local currency interbank funding as a proportion of the local currency funding base to a maximum of 15% of the total currency funding base.

Liquidity stress testing and scenario testing

Anticipated on- and off-balance sheet cash flows are subjected to a variety of the group specific and systemic stress scenarios in order to evaluate the impact of unlikely but plausible events on liquidity positions. Scenarios are based on both historical events, such as past emerging markets crises, past local financial markets crisis and hypothetical events, such as a entity specific crisis. The results obtained from stress testing provide meaningful input when defining target liquidity risk positions.

Maturity analysis of financial liabilities by contractual maturity

The tables below analyses cash flows on a contractual, undiscounted basis based on the earliest date on which the group can be required to pay (except for trading liabilities and trading derivatives) and may therefore not agree directly to the balances disclosed in the consolidated statement of financial position.

Derivative liabilities are included in the maturity analysis on a contractual, undiscounted basis when contractual maturities are essential for an understanding of the derivatives' future cash flows. Management considers only contractual maturities to be essential for understanding the future cash flows of derivative liabilities that are designated as hedging instruments in effective hedge accounting relationships. All other derivative liabilities are treated as trading and are included at fair value in the redeemable on demand stage since these positions are typically held for short years of time.

The following tables also include contractual cash flows with respect to off-balance sheet items which have not yet been recorded on-balance sheet. Where cash flows are exchanged simultaneously, the net amounts have been reflected.

Maturity analysis of financial liabilities by contractual maturity (continued)

	Redeemable on demand N'million	Maturing within 1 month N'million	Maturing between 1-6 months N'million	Maturing between 6-12 months N'million	Maturing after 12 months N'million	Total N'million
31 December 2021						
Financial liabilities						
Derivative financial instruments	-	-	-	12,396	12,968	25,364
Trading liabilities	-	71,192	29,834	10,880	117	112,023
Deposits and current accounts	857,137	96,180	143,405	42,020	526	1,139,268
Debt securities issued	-	-	-	-	47,419	47,419
Other borrowings	47,663	-	34,148	2,621	66,316	150,748
Other financial liabilities	457,973					457,973
Total	**1,362,773**	**167,372**	**207,387**	**67,917**	**127,346**	**1,932,795**
Unrecognised financial instruments						
Letters of credit		31,082	120,139	34,375	118	185,714
Guarantees	-	36,300	17,185	20,034	30,899	104,418
Total	**-**	**67,382**	**137,324**	**54,409**	**31,017**	**290,132**

	Redeemable on demand N'million	Maturing within 1 month N'million	Maturing between 1-6 months N'million	Maturing between 6-12 months N'million	Maturing after 12 months N'million	Total N'million
31 December 2020						
Financial liabilities						
Derivative financial instruments	-	3,113	27,056	1,294	3,095	34,558
Trading liabilities	-	389	9,990	124,804	53,318	188,501
Deposits and current accounts	738,748	24,571	39,697	2,726	17	805,759
Debt securities issued	-	-	53,621	-	61,677	115,298
Other borrowings	545	12,422	3,308	4,229	91,528	112,032
Other financial liabilities	371,860		-			371,860
Total	1,111,153	40,495	133,673	133,053	209,635	1,628,008
Unrecognised financial instruments						
Letters of credit		8,051	78,326	16,048	-	102,426
Guarantees	-	5,176	35,484	10,384	33,318	84,362
Loan commitments	-	-	-	-	-	-
Total	-	13,227	113,810	26,432	33,318	186,788

Liquidity contingency plans

The group recognises that it is not possible to hold sufficiently large enough quantity of readily available liquidity to cover the least likely liquidity events. However, as such events can have devastating consequences, it is imperative to bridge the gap between the liquidity the group chooses to hold and the maximum liquidity the group might need.

The group recognises that it is not possible to hold sufficiently large enough quantity of readily available liquidity to cover the least likely liquidity events. However, as such events can have devastating consequences, it is imperative to bridge the gap between the liquidity the group chooses to hold and the maximum liquidity the group might need.

The group's liquidity contingency plan is designed to, as far as possible, protect stakeholder interests and maintain market confidence in order to ensure a positive outcome in the event of a liquidity crisis. The plan incorporates an extensive early warning indicator methodology supported by a clear and decisive crisis response strategy. Early warning indicators span group specific crises, systemic crises, contingency planning, and liquidity risk management governance and are monitored based on assigned frequencies and tolerance levels. The crisis response strategy is formulated around the relevant crisis management structures and addresses internal and external communications, liquidity generation, operations, as well as heightened and supplementary information requirements.

Liquidity contingency plans (continues)

The group's liquidity contingency plan is designed to, as far as possible, protect stakeholder interests and maintain market confidence in order to ensure a positive outcome in the event of a liquidity crisis. The plan incorporates an extensive early warning indicator methodology supported by a clear and decisive crisis response strategy. Early warning indicators span group specific crises, systemic crises, contingency planning, and liquidity risk management governance and are monitored based on assigned frequencies and tolerance levels. The crisis response strategy is formulated around the relevant crisis management structures and addresses internal and external communications, liquidity generation, operations, as well as heightened and supplementary information requirements.

To ensure adherence to international best practices for prudent liquidity risk management and in line with the Central Bank of Nigeria's guideline for the development of liquidity contingency funding plans by way of a binding standby funding agreement contracts between banks, Stanbic IBTC Bank PLC has entered into the following funding agreements:

(i) A local currency contingency standby funding agreement with a Tier 1 bank up to a limit of N10 billion effective 09 February 2017 and renewable annually. See note 12.1.

(ii) A foreign currency revolving facility from Standard Bank of South Africa (Isle of Man Branch) of US$50 million. The facility is effective from 18 July 2017 and renewable annually. See note 36.5

The group did not draw on any of the commitments during the year.

Foreign currency liquidity management

A number of indicators are observed to monitor changes in either market liquidity or exchange rates. Foreign currency loans and advances are restricted to the availability of foreign currency deposits.

Funding strategy

Funding markets are evaluated on an ongoing basis to ensure appropriate group funding strategies are executed depending on the market, competitive and regulatory environment. The group employs a diversified funding strategy, sourcing liquidity in both domestic and offshore markets, and incorporates a coordinated approach to accessing capital and loan markets across the group.

Concentration risk limits are used within the group to ensure that funding diversification is maintained across products, sectors, geographic regions and counterparties.

Primary funding sources are in the form of deposits across a spectrum of retail and wholesale clients, as well as long-term capital and loan markets. The group remains committed to increasing its core deposits and accessing domestic and foreign capital markets when appropriate to meet its anticipated funding requirements.

Depositor concentrations

	Dec 2021	Dec. 2020
	%	%
Single depositor	**2**	5
Top 10 depositors	**11**	15

Market risk

The identification, management, control, measurement and reporting of market risk is categorised as follows:

Trading market risk

These risks arise in trading activities where the bank acts as a principal with clients in the market. The group policy is that all trading activities are contained within the bank's Wholesale Clients (WC) trading operations.

Banking book interest rate risk

These risks arise from the structural interest rate risk caused by the differing re-pricing characteristics of banking assets and liabilities.

Foreign currency risk

These risks arise as a result of changes in the fair value or future cash flows of financial exposures due to changes in foreign exchange rates.

Equity investment risk

These risks arise from equity price changes in listed and unlisted investments, and managed through the equity investment committee, which is a sub-committee of the executive committee.

Framework and governance

The board approves the market risk appetite and standards for all types of market risk. The board grants general authority to take on market risk exposure to the asset and liability committee (ALCO). ALCO sets market risk policies to ensure that the measurement, reporting, monitoring and management of market risk associated with operations of the bank follow a common governance framework. The bank's ALCO reports to EXCO and also to the board risk management committee.

The in-country risk management is subject to SBG oversight for compliance with group standards and minimum requirements.

The market risk management unit which is independent of trading operations and accountable to ALCO, monitors market risk exposures due to trading and banking activities. This unit monitors exposures and respective excesses daily, report monthly to ALCO and quarterly to the board risk management committee.

Market risk measurement

The techniques used to measure and control market risk include:
- daily net open position
- daily VaR;
- back-testing;
- PV01;
- annual net interest income at risk; and

Daily net open position

The board on the input of ALCO sets limits on the level of exposure by currency and in aggregate for overnight positions. The latter is also aligned to the net open position limit as specified by the regulators, which is usually a proportion of the groups' capital.

Daily value-at-risk (VaR)

VaR is a technique that estimates the potential losses that may occur as a result of market movements over a specified time year at a predetermined probability.

VaR limits and exposure measurements are in place for all market risks the trading desk is exposed to. The bank generally uses the historical VaR approach to derive quantitative measures, specifically for market risk under normal market conditions. Normal VaR is based on a holding year of one day and a confidence level of 95%. Daily losses exceeding the VaR are likely to occur, on average, 13 times in every 250 days.

The use of historic VaR has limitations as it is based on historical correlations and volatilities in market prices and assumes that future prices will follow the observed historical distribution. Hence, there is a need to back-test the VaR model regularly.

VaR back-testing

The group and the banking business back-test its foreign currency, interest rate and credit trading exposure VaR model to verify the predictive ability of the VaR calculations thereby ensuring the appropriateness of the model. Back-testing exercise is an ex-post comparison of the daily hypothetical profit and loss under the one-day buy and hold assumption to the prior day VaR. Profit or loss for back-testing is based on the theoretical profits or losses derived purely from market moves both interest rate and foreign currency spot moves and it is calculated over 250 cumulative trading-days at 95% confidence level.

Stress tests

Stress testing provides an indication of the potential losses that could occur in extreme market conditions.
The stress tests carried out include individual market risk factor testing and combinations of market factors on individual asset classes and across different asset classes. Stress tests include a combination of historical and hypothetical simulations.

PV01

PV01 is a risk measure used to assess the effect of a change of rate of one basis point on the price of an asset. This limit is set for the fixed income, money market trading, credit trading, derivatives and foreign exchange trading portfolios.

Other market risk measures

Other market risk measures specific to individual business units include permissible instruments, concentration of exposures, gap limits, maximum tenor and stop loss triggers. In addition, only approved products that can be independently priced and properly processed are permitted to be traded.

Pricing models and risk metrics used in production systems, whether these systems are off-the-shelf or in-house developed, are independently validated by the market risk unit before their use and periodically thereafter to confirm the continued applicability of the models. In addition, the market risk unit assesses the daily liquid closing price inputs used to value instruments and performs a review of less liquid prices from a reasonableness perspective at least fortnightly. Where differences are significant, mark-to-market adjustments are made.

Annual net interest income at risk

A dynamic forward-looking annual net interest income forecast is used to quantify the banks' anticipated interest rate exposure. This approach involves the forecasting of both changing balance sheet structures and interest rate scenarios, to determine the effect these changes may have on future earnings. The analysis is completed under both normal market conditions as well as stressed market conditions.

Analysis of Value-at-Risk (VaR) and actual income

The table below highlights the historical diversified normal VaR across the various trading desks. The minimum and maximum trading diversified normal VaR stood at NGN113m and NGN724m respectively with an annual average of NGN245m which translates to a conservative VaR base limit utilisation of 18.4% on average.

Diversified Normal Var Exposures (N'million)

Desk	Maximum	Minimum	Average	31-Dec-21	31-Dec-20	Limit
Bankwide	803	93	374	498	290	2,503
FX Trading	393	1	106	46	73	548
Money markets trading	425	22	128	202	224	712
Fixed income trading	270	6	72	8	30	582
Credit valuation adjustment	410	23	261	291	-	270
Credit trading	-	-	-	-	-	234
Derivatives	-	-	-		-	52

Analysis of PV01

The table below shows the PV01 of the money markets banking and the individual trading books as at year end. The money markets trading book PV01 exposure increased to N4.2m from that of the previous year mainly due to increased T-bills position as well as an increase in the duration of the book, the money markets banking book PV01 exposure stood at N6.7m lower than that of the previous year as a result of the sale of T-bills, while the fixed income trading book PV01 exposure increased to N2.3m from that of pervious year largely on the back of the purchase of long dated bonds. Overall trading PV01 exposure was N6.4m against a limit of N16.6m thus reflecting a very conservative exposure utilisation.

PV01 (NGN'000)	31-Dec-21	31-Dec-20	Limit
Money market trading book	2,301	1,447	8,000
Fixed income trading book	237	1,907	6,000
Credit trading book	-	-	2,050
Derivatives trading book	-	-	539
Total trading book	2,537	3,354	16,589
Money market banking book	6,477	14,163	37,026

Interest rate risk in the banking book

Interest rate risk in the banking book (IRRBB) can be defined as the reduction in banking book net interest income due to changes in interest rates arising from the different re-pricing characteristics of banking book assets and liabilities. IRRBB is further divided into the following sub-risk types:

• Repricing risk referring to the timing differences in the maturity (fixed rate) and repricing (floating rate) of assets and liabilities.

• Yield curve risk arising when unanticipated shifts in the yield curve have adverse effects on the group’s income.

• Basis risk arising from the imperfect correlation in the adjustment of the rates earned and paid on different instruments with otherwise similar repricing characteristics.

• Optionality risk arising from the options embedded in bank asset and liability portfolios, providing the holder with the right, but not the obligation, to buy, sell, or in some manner alter the cash flow of an instrument or financial contract.

• Endowment risk referring to the interest rate risk exposure arising from the net differential between interest rate insensitive assets such as non-earning assets and interest rate insensitive liabilities such as non-paying liabilities and equity.

Approach to managing interest rate risk on positions in the banking book

Banking-related market risk exposure principally involves the management of the potential adverse effect of interest movements on banking book earnings (net interest income and banking book mark-to-market profit or loss).

The group’s approach to managing IRRBB is governed by prudence and is in accordance with the applicable laws and regulations, best international practice and the competitive situation within which it operates in financial markets. Interest rate risk is transferred to and managed within the bank’s treasury operations under supervision of ALCO.

The analyses are done under normal market conditions i.e. under a bullish, expected and bearish interest rate scenario and, under stressed market conditions in which the banking book is subjected to an upward and downward 450 basis points parallel rate shock for local currency and 75 basis points for foreign currency.

Measurement of IRRBB

The analytical technique used to quantify IRRBB is an earnings based approach. A dynamic, forward-looking net interest income forecast is used to quantify the bank’s anticipated interest rate exposure. Desired changes to a particular interest rate risk profile are achieved through the restructuring of on-balance sheet repricing or maturity profiles. All assets and liabilities are allocated to gap intervals based on either their repricing or maturity characteristics. However, assets and liabilities for which no identifiable contractual repricing or maturity dates exist are allocated to gap intervals based on behavioural profiling.

The impact on net interest income due to interest rate changes cover 12 months of forecasting and allows for the dynamic interaction of payments, new business and interest rates. The analyses are done under stressed market conditions in which the banking book is subjected to an upward 300 basis points (2020: 300 basis points) and downward 300 basis points (2020: 300 basis points) parallel rate shocks for local currency and 100 basis points (2020: 100 basis points) upward and downward parallel rate shocks for foreign currency positions. The table below shows the sensitivity of the bank’s net interest income in response to standardised parallel rate shocks.

31 Dec 2021		NGN	USD	Other	Total
Increase in basis points		300	100	100	
Sensitivity of annual net interest income	NGNm	9,279	2284	(16)	7,308
Decrease in basis points		300	100	100	
Sensitivity of annual net interest income	NGNm	(8,779)	(2313)	16	(7,250)

31 Dec 2020		NGN	USD	Other	Total
Increase in basis points		300	100	100	
Sensitivity of annual net interest income	NGNm	9,279	1,044	(16)	7,308
Decrease in basis points		300	100	100	
Sensitivity of annual net interest income	NGNm	(8,779)	(1053)	16	(7,250)

Hedging of endowment risk

IRRBB is predominantly the consequence of endowment exposures, being the net exposure of non-rate sensitive liabilities and equity less non-rate sensitive assets. The endowment risk is hedged using marketable liquid instruments in the same currency as the exposure as and when it is considered opportune. Hedge decisions are made by ALCO following careful consideration of the interest rate views to be hedged against, including magnitude, direction, timing and probability, and the exposure to be hedged.

Market risk on equity investment

The equity committee (EC) has governance and oversight of all investment decisions. The committee is tasked with the formulation of risk appetite and oversight of investment performance. In this regard, a loss trigger is in place for the non-strategic portion.

Exposure to currency risks

The group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The board sets limits on the level of exposure by currency and in aggregate for both overnight and intra day positions, which are monitored daily. The table below summarises the group’s exposure to foreign currency exchange risk as at 31 December 2021.

The group's policy is not to hold open exposures in respect of the banking book of any significance.

The table below summarises foreign currency exposures of the group as at year end and the net open position thereof.

Concentrations of currency risk – on- and off-balance sheet financial instruments

At 31 December 2021	Naira	US Dollar	GBP	Euro	Others*	Total
Financial assets	**N million**	**N million**	**N million**	**N million**	**N million**	**N million**
Cash and bank balances	638,073	3,985	317	320	319	643,014
Trading assets	98,739	-	-	-	-	98,739
Pledged assets	182,334	-	-	-	-	182,334
Derivative assets	40,968	245	-	-	-	41,212
Financial investments	560,682	-	-	-	-	560,682
Loans and advances to banks	2,741	-	-	-	-	2,741
Loans and advances to customers	437,178	404,826	1,889	58,502	18,648	921,044
Other financial assets	35,082	115,223	(3,713)	(26,284)	(965)	119,344
	1,995,797	**524,280**	**(1,506)**	**32,538**	**18,002**	**2,569,110**
Financial liabilities						
Trading liabilities	19,153	92,870	-	-	-	112,023
Derivative liabilities	25,121	245	-	-	-	25,365
Deposits and current accounts from banks	290,621	112,444	651	11,545	16,602	431,863
Deposits and current accounts from customers	783,677	325,709	6,491	24,285	479	1,140,641
Other borrowings	24,370	112,063	-	-	-	136,433
Subordinated debt	30,107	17,312	-	-	-	47,419
Other financial liabilities	414,172	34,391	294	7,391	2,666	458,915
	1,587,221	**695,034**	**7,436**	**43,221**	**19,747**	**2,352,660**
Net on-balance sheet position	408,576	(170,754)	(8,942)	(10,683)	(1,745)	216,450
Off balance sheet	57,389	178,639	420	41,583	12,102	290,133

*Others include ZAR, JPY, CHF, CAD, GHS.

Currency risk (continued)

Concentrations of currency risk – on- and off-balance sheet financial assets and liabilities

At 31 December 2020	**Naira**	**US Dollar**	**GBP**	**Euro**	**Others**	**Total**
Financial assets	**N million**	**N million**	**N million**	**N million**	**N million**	**N million**
Cash and bank balances	485,752	139,289	8,943	6,441	2,589	643,014
Trading assets	169,655	-	-	-	-	169,655
Pledged assets	170,578	-	-	-	-	170,578
Derivative assets	46,208	25	-	-	-	46,233
Financial investments	522,858	6,206	-	-	-	529,064
Loans and advances to banks	1,995	4,328	-	-	-	6,323
Loans and advances to customers	310,250	268,722	803	43,831	1,534	625,140
Other financial assets	(53,774)	253,036	(3,661)	(31,521)	(581)	163,499
	1,653,522	**671,606**	**6,085**	**18,751**	**3,542**	**2,353,506**
Financial liabilities						
Trading liabilities	63,696	124,804	-	-	-	188,500
Derivative liabilities	37,357	25	-	-	-	37,382
Deposits and current accounts from customers	348,690	145,048	422	10,113	1,350	505,623
Deposits and current accounts from banks	583,506	234,504	4,505	9,567	564	832,646
Other borrowings	27,357	84,675	-	-	-	112,032
Subordinated debt	52,202	16,067	-	-	-	68,269
Other financial liabilities	303,124	58,241	339	13,230	1,913	376,847
	1,415,932	**663,364**	**5,266**	**32,910**	**3,827**	**2,121,299**
Net on-balance sheet position	237,590	8,242	819	(14,159)	(285)	232,207
Off balance sheet	48,168	145,691	132	18,231	1,399	213,622

Exchange rates applied

Year-end spot rate*	**2021**	2020
US Dollar	424.11	400.33
GBP	573.10	546.85
Euro	481.20	491.02

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US dollar, GBP or Euro against Naira at year end would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss		**Equity, net of tax**	
Effect in N million	Strengthening	Weakening	Strengthening	Weakening
At 31 December 2021				
USD (20% movement)	**(34,151)**	**34,151**	**(23,906)**	**23,906**
GBP (10% movement)	**(894)**	**894**	**(626)**	**626**
EUR (5% movement)	**(534)**	**534**	**(374)**	**374**
At 31 December 2020				
USD (20% movement)	(2)	2	(2)	2
GBP (10% movement)	-	-	-	-
EUR (5% movement)	1	(1)	1	(1)

Regulatory Capital

The Central Bank of Nigeria (CBN) adopted the Basel III capital framework with effect from 01 November 2021. The group and its banking subsidiary have established processes and necessary measures to ensure full compliance with the requirements of the Basel III capital framework since it was adopted.

Regulatory capital is divided into two tiers:

- Tier 1 capital which comprises Common Equity Tier 1 (CET1) and Additional Tier 1 (AT1) capital. CET1 includes share capital, share premium, retained earnings and reserves created by appropriations of retained earnings. Deferred tax asset, intangible assets and total investment in subsidiaries are deductible in arriving at CET1 capital. AT1 capital is made up of perpetual non-cummulative preference shares, perpetual non-callable bonds and related instruments.
- Tier 2 capital which includes subordinated debt and other comprehensive income. Subordinated debt at the end of the year totalled N16.50 billion and is a USD denominated term subordinated non-collaterised facility of USD40 million obtained from Standard Bank of South Africa effective 05 February 2021. The facility expires on 05 February 2031 and is repayable at maturity. Interest on the facility is payable semi-annually at LIBOR (London Interbank Offered Rate) plus 4.82%.

Total eligible Tier 2 Capital as at 31 December 2021 was N19.64 billion (December 2020: N18.65 billion).
Investment in unconsolidated subsidiaries and associations are deducted from Tier 1 and 2 capital to arrive at total regulatory capital.

Capital Adequacy

The bank’s capital adequacy is measured by both regulatory capital and economic capital. Economic capital measures and reports all quantifiable risks on a consistent risk-adjusted basis.

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

Throughout the year under review, Stanbic IBTC Bank operated above its capital adequacy ratio risk appetite limit and well over the minimum regulatory capital adequacy ratio of 10% as mandated by CBN. The CBN also mandates banks to maintain a capital conservation buffer of one percent of total risk weighted assets in the form of Common Equity Tier I capital during business as usual periods to withstand potential business stress.

Regulatory Recommended transition adjustments of IFRS 9

The Central Bank of Nigeria issued a letter to all banks and discount houses on 18 October 2018 recommending transitional arrangements to cushion the impact of IFRS 9 expected credit loss on transition date on capital adequacy ratio.

Banks are required to hold static the adjusted Day One impact and amortize on a straight-line basis over the four-year transition period. The impact of the transitional adjustments has been incorporated into the bank's capital plan, which covers a three-year horizon and shows adequate capitalization during these periods.

Capital management - BASEL II regulatory capital

Stanbic IBTC Bank PLC	Basel II **31 Dec 2021** **N'million**	*Basel II - Adjusted for impact of IFRS 9 transitional adjustment **31 Dec 2021** **N'million**	Basel II **31 Dec 2020** **N'million**	*Basel II - Adjusted for impact of IFRS 9 transitional adjustment 31 Dec 2020 N'million
	224,903	224,903	219,881	221,940
Paid-up share capital	1,875	1,875	1,875	1,875
Share premium	42,469	42,469	42,469	42,469
General reserve (Retained Profit)	114,178	114,178	114,750	114,750
SMEEIS reserve	1,039	1,039	1,039	1,039
AGSMEEIS reserve	10,241	10,241	7,626	7,626
Statutory reserve	55,065	55,065	52,087	52,087
Other reserves	36	36	36	36
IFRS 9 Transitional Adjustment Relief	-	-	-	2,059
Non controlling interests	-	-	-	-
Less: regulatory deduction	17,598	17,598	17,072	17,072
Goodwill	-	-	-	-
Deferred tax assets	13,626	13,626	12,381	12,381
Other intangible assets	3,972	3,972	4,641	4,641
Investment in the capital of financial subsidiari	-	-	50	50
Excess exposure(s) over single obligor withou	-	-	-	-
Exposures to own financial holding company	-	-	-	-
Unsecured lending to subsidiaries within the sa	-	-	-	-
Unsecured lending to subsidiaries within the sa	-	-	-	-
Eligible Tier I capital	207,305	207,305	202,809	204,868
Tier II	19,635	19,635	18,649	18,650
Hybrid (debt/equity) capital instruments	-	-	-	-
Subordinated term debt	17,312	17,312	12,853	12,853
Other comprehensive income (OCI)	2,323	2,323	5,796	5,797
	-	-	50	50
Reciprocal cross-holdings in ordinary shares of financial institutions	-	-	-	-
Investment in the capital of banking and financial institutions	-	-	-	-
Investment in the capital of financial subsidiaries	-	-	50	50
Exposures to own financial holding company	-	-	-	-
Unsecured lending to subsidiaries within the same group	-	-	-	-
Eligible Tier II capital	19,635	19,635	18,599	18,600
Total regulatory capital	**226,940**	**226,940**	**176,542**	**182,720**
Risk weighted assets:				
Credit risk	1,122,528	1,122,528	871,744	871,744
Operational risk	237,015	237,015	249,987	249,987
Market risk	46,398	46,398	18,665	18,665
Total risk weight asset	**1,405,941**	**1,405,941**	**1,140,396**	**1,140,396**
Total capital adequacy ratio	16.1%	16.1%	19.4%	19.6%
Tier I capital adequacy ratio	14.7%	14.7%	17.8%	18.0%

*Capital adequacy ratio stood at 16.0% under Basel II and Basel III guidelines. The Basel III guidelines were released on 02 September 2021 by the CBN to further strengthen the resilience of Nigerian banks by increasing the minimum requirement for high quality capital which can absorb losses on a going concern basis, and by requiring banks to build up additional capital buffers to cushion against future unexpected losses. The implementation of the Basel III guidelines commenced with a parallel run with the Basel II guidelines effective from November 2021 for an initial period of six months which may be extended by another three months subject to the milestones achieved by banks based on CBN supervisory expectations.

Annexure A: Value added statement

Annexure B: Financial summary

Annexure A: Value added statement

	Group				Bank			
	31 Dec 2021		31 Dec 2020		**31 Dec 2021**		31 Dec 2020	
	N'million	**%**	N'million	**%**	**N'million**	%	N'million	**%**
Gross earnings:								
- local	**139,679**		177,846		**140,036**		178,308	
- foreign								
	139,679		177,846		**140,036**		178,308	
Interest paid:								
- local	**(26,144)**		(32,253)		**(26,144)**		(32,253)	
- foreign	**(3,760)**		-		**(3,760)**		-	
	(29,904)		(32,253)		**(29,904)**		(32,253)	
Administrative overhead:								
- local	**(52,774)**		(41,799)		**(53,745)**		(42,912)	
- foreign	**(473)**		-		**(460)**		-	
	(53,247)		(41,799)		**(54,205)**		(42,912)	
Provision for losses	**1,274**		(9,892)		**1,274**		(9,892)	
Value added	**57,802**	**100**	**93,902**	100	**57,201**	**100**	93,251	100
D I S T R I B U T I O N								
EMPLOYEES & DIRECTORS								
Salaries and benefits	**29,298**	**50**	30,115	32	**28,952**	**51**	29,761	32
GOVERNMENT								
Taxation	**(5,906)**	**(10)**	(874)	(1)	**(6,137)**	**(11)**	(1,183)	(1)
THE FUTURE								
Asset replacement (depreciation)	**4,752**		5,187		**4,752**		5,184	
Expansion (retained in the business)	**29,658**		59,474		**29,570**		59,489	
Total	**34,410**	**60**	64,661	69	**34,322**	**60**	64,673	69
	57,802	**100**	93,902	100	**57,137**	**100**	93,251	100

STANBIC IBTC BANK PLC

Annexure B: Financial summary

	Group	Group	Group	Group	Group	Bank	Bank	Bank	Bank	Bank
	Dec. 2021	**Dec. 2020**	**Dec. 2019**	Dec. 2018	Dec. 2017	**Dec. 2021**	**Dec. 2020**	**Dec. 2019**	**Dec. 2018**	**Dec. 2017**
	N'million	**N'million**	N'million	N'million	N'million	**N'million**	**N'million**	N'million	N'million	N'million
Statement of financial position										
Assets										
Cash and cash equivalents	**643,014**	613,887	451,666	400,838	289,312	**643,014**	613,887	451,666	400,838	289,312
Pledged assets	**182,335**	170,578	142,543	43,240	28,303	**182,335**	170,578	142,543	43,240	28,303
Trading assets	**98,739**	169,655	84,276	151,479	15,657	**98,739**	169,655	84,276	151,479	15,657
Derivative assets	**41,212**	46,232	30,286	11,052	14,317	**41,212**	46,232	30,286	11,052	14,317
Financial investments	**560,682**	529,202	357,574	276,530	217,917	**560,682**	529,065	357,456	276,425	217,917
Loans and advances to banks	**2,273**	6,323	8,548	9,234	15,264	**2,741**	6,323	8,548	9,234	15,264
Loans and advances to customers	**921,044**	625,139	432,713	372,089	352,965	**921,044**	625,139	432,713	372,089	352,965
Other assets	**119,551**	163,756	64,687	40,655	31,307	**119,344**	163,500	64,516	40,743	31,423
Investment in subsidiaries	**-**	-	-	-	-	**-**	100	100	100	100
Property and equipment	**25,120**	26,430	18,004	18,602	19,668	**25,117**	26,424	18,001	18,597	19,665
Intangible assets	**3,972**	4,641	819	605	713	**3,972**	4,641	819	605	713
Right of use assets	**2,261**	2,422	-	-	-	**2,261**	2,422	-	-	-
Deferred tax assets	**13,638**	12,411	8,398	8,346	8,334	**13,626**	12,381	8,321	8,321	8,321
	2,613,841	**2,370,676**	**1,599,514**	**1,332,670**	**993,757**	**2,614,087**	**2,370,347**	**1,599,245**	**1,332,723**	**993,957**
Equity and liabilities										
Share capital	**1,875**	1,875	1,875	1,875	1,875	**1,875**	1,875	1,875	1,875	1,875
Reserves	**251,740**	242,127	170,144	136,825	107,442	**249,900**	240,246	168,466	136,024	107,327
Trading liabilities	**112,023**	188,501	125,684	62,449	5,325	**112,023**	188,501	125,684	62,449	5,325
Derivative liabilities	**25,364**	37,382	4,152	2,592	11,788	**25,364**	37,382	4,152	2,592	11,788
Current tax liabilities	**1,118**	7,205	3,217	2,412	1,865	**889**	6,929	2,866	2,114	1,829
Deposits from banks	**431,863**	505,622	160,272	61,721	53,766	**431,863**	505,622	160,272	61,721	53,766
Deposits from customers	**1,139,269**	831,886	839,473	775,262	568,673	**1,140,641**	832,646	839,709	775,890	569,053
Other borrowings	**136,433**	112,032	69,918	74,892	79,633	**136,433**	112,032	69,918	74,892	79,633
Debts securities issued	**47,419**	68,269	60,595	29,046	27,964	**47,419**	68,269	60,595	29,046	27,964
Provisions & other liabilities	**466,737**	375,776	164,184	185,596	135,426	**467,680**	376,845	165,708	186,120	135,397
	2,613,841	2,370,676	1,599,514	1,332,670	993,757	**2,614,087**	**2,370,347**	1,599,245	1,332,723	993,957
Acceptances and guarantees	**290,132**	**213,622**	**146,481**	93,514	54,143	**290,132**	**213,622**	146,481	93,514	54,143

	Group	Group	Group	Group	Group	Bank	Bank	Bank	Bank	Bank
	Dec. 2021	**Dec. 2020**	**Dec. 2019**	Dec. 2018	Dec. 2017	**Dec. 2021**	**Dec. 2020**	**Dec. 2019**	Dec. 2018	Dec. 2017
	N'million	**N'million**	N'million	N'million	N'million	**N'million**	**N'million**	N'million	N'million	N'million
Statement of profit or loss										
Net operating income	**104,356**	78,844	65,727	65,458	60,607	**104,713**	78,829	66,376	65,428	60,559
Operating expenses and provisions	**(80,604)**	(45,450)	(39,140)	(35,634)	(46,283)	**(81,280)**	(45,891)	(39,846)	(36,185)	(46,730)
Profit/(Loss) before tax	**23,752**	33,394	26,587	29,824	14,324	**23,433**	32,938	26,530	29,243	13,829
Taxation	**5,906**	(817)	(2,758)	(1,069)	(671)	**6,137**	(639)	(2,514)	(926)	(509)
Profit after taxation	**29,658**	32,578	23,829	28,755	13,653	**29,570**	32,299	24,016	28,317	13,320
Transfer to reserves	**29,658**	32,578	23,829	28,755	13,653	**29,570**	32,299	24,016	28,317	13,320
Earnings per share (EPS) - basic	**791k**	869k	635k	767k	364k	**789k**	861k	640k	755k	355k

Annexure C: COVID-19 impact on the Group for the period ended 31 December 2021

The coronavirus pandemic, which was first detected in China (late 2019), has infected more than 200 million people and caused over 4.25 million fatalities around the globe. The pandemic forced governments to implement lockdowns and restriction to movement, which negatively impacted economic activities during the year. The International Monetary Fund (IMF) estimated that the global economy contracted by 3.5% in 2020

In response to the economic downturn owing to the pandemic, global economies and countries with fiscal space resorted to fiscal stimulus to boost retail and economic activities. Fiscal stimulus in emerging market economies averaged about 5% of GDP, while for developed markets the stimulus was mostly higher than 10% of GDP.

Also, central banks across most economies engaged in some form of monetary policy easing either by way of slashing interest rates or asset purhase program and in some cases, both. These actions were aimed at making borrowing cheaper, encourage spending as well as improve production to boost the economy. Most significantly the US Fed slashed its policy rate to 0 - 0.25% range, from 1.50 -1.75% before the pandemic, while also providing up to $2.3 trillion in lending to support households, employers, financial markets, and state and local governments.

Nigeria was not immune to the ravaging human and economic impact of COVID-19. The corona virus which was first detected on the 27th of February 2020 in Nigeria, had infected over 167,000 people and caused over 2,000 fatalities in Nigeria as at 31 December 2021. In order to curb the spread of the virus, the federal government initially implemented a total lockdown in Lagos, Abuja and Ogun state. While other state governments also implemented restrictions. The impact of these restrictions was evident in the significant drop in the private sector activities in the month of April.The Stanbic IBTC Purchasing Market Index (PMI) increased to 53.6 in June-21, from 51.8 recorded in December-20.

The Nigerian economy has continued the gradual recovery process as seen in the Q1 GDP growth rate of 0.51% y/y, slightly higher than 0.11% in Q4 2020, driven by Agric, ICT and Manufacturing sectors. The Manufacturing sector swung to positive, growing by 3.4% y/y after contracting between Q2-Q4 2020. These sectors have continued to spur growth, demonstrating steady resilience in the face of economic downtime. Furthermore, Nigeria's total merchandise trade stood at ₦9.76 Trillion in Q1 2021, representing 6.99% increase over the value recorded in Q4 2020 and 14.13% compared to Q1 2020. However, the country recorded its sixth consecutive quarter of trade deficit at ₦3.94 Trillion as export stood at ₦2.91 Trillion while import was ₦6.85 Trillion.

The headline inflation rose from 16.47% y/y in January to 18.17% y/y in March 2021 but saw a gradual moderation in inflation in Q2:21, taking it to 17.75% y/y in June. In Q1:21 inflation averaged 1.5% m/m, while the 3-m average till June was 1% m/m. The moderation in the headline inflation is mainly attributed to the high base effect from 2020. While food inflation remained elevated at 21.83% y/y in Jun, it was still a deceleration from the 22.28% y/y recorded in May 21. Core inflation, on the other hand, declined for the first time to the to13.09% y/y in June from 13.15% y/y in May.

Liquidity risks, capital deterioration, asset quality decline, business risk and operational risk are some of the principal risks and uncertainties that businesses in the financial sector face as a result of the current COVID-19 pandemic.
Like most Financial Institutions, Stanbic IBTC's operations and performance was fairly hit by the COVID-19 pandemic, though the twin effect of a well-positioned balance sheet and diversified business lines cushioned the impact.
Apart from cost savings on some expense lines such as training, marketing and advertising expenses, the Group had some incremental expenses on donations as disclosed in the directors' reports. However, increased allowance for expected credit loss is the major incremental non-arbitrary impact of COVID-19 on the financial performance of the group as shown below:

Impact of COVID-19 on Loan and advances	**31 Dec. 2021 N million**	31 Dec. 2020 N million
Lifetime ECL credit impaired	-	3,645
COVID-19 related debt relief extension/restructure: Gross amount restructured	-	73,308
Outstanding balance at year-end	-	50,106

The Group is endowed with strong and diversified funding base and this supports our ability to sustain the business throughout this crisis and take advantage of market opportunities as they arise.

The Group remains adequately capitalised with a capital adequacy ratio (CAR) of 20.8% and under further stress scenarios undertaken by the institution in line with CBN's ICAAP policy, CAR remains strong and well above regulatory thresholds. Also, liquidity ratio stood at 104.71% as at 31 Dec 2021 (regulatory minimum is 30%).

The significant doubt associated with the current uncertainties related to COVID-19 virus currently does not result in a material uncertainty related to such events or conditions that may cast significant doubt on the Group's ability to continue as a going concern in the foreseeable future. Notwithstanding, the Group will closely monitor the emerging impact of the pandemic to ensure that they are appropriately mitigated. There was no other event after the end of the reporting period which could have a material effect on the financial statements of the Group for the year ended 31 December 2021 which has not been adjusted for, or disclosed in, the financial statements.

STANBIC IBTC BANK PLC

Annexure D:Details of professionals who provided services to the financial statements
For the period ended 31 December 2021

The following professionals provided a form of service on this audited financial statements:

i	Name	PwC
	Address	5B Water Corporation Road Landmark
		Towers Victoria Island,
		PMB 101233, Eti-Osa
		Lagos
	FRC No	FRC/2013/ICAN/00000001495
	Service provided	Auditor
ii	Name	Bakertilly Nigeria
	Address	4th Floor, Kresta Laurel Complex
		376 Ikorodu road, Maryland
		P.O. Box 15016
		Ikeja, Lagos.
	FRC No	FRC/2013/ICAN/00000002824
	Service provided	Valuation of unquoted securities
iii	Name	Pedabo Professional services
	Address	67 Norman Williams Street
		Off Keffi Street, SW Ikoyi
		Lagos
	FRC No	FRC/2013/ICAN/00000000908
	Service provided	Tax consultancy services
iv	Name	WA Kareem & Co
	Address	Asiyahu Abewon Place
		205B Ikorodu Road, Ilupeju
		Lagos
	FRC No	FRC/2013/ICAN/00000001093
	Service provided	Tax consultancy services
v	Name	Olaniwun Ajayi LP
	Address	The Adunola, Plot L2, 401 Close,
		Banana Island
		Lagos
	FRC No	FRC/2013/00000001615
	Service provided	Legal consultancy services