STANBIC IBTC HOLDINGS PLC

UNAUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2021

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STANBIC IBTC HOLDINGS PLC

Unaudited Consolidated and separate statement of financial position
as at 31 December 2021

		Group		Company	
		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	6	**665,500**	627,111	**53,236**	42,145
Pledged assets	7	**182,335**	170,578	**-**	-
Trading assets	8	**98,743**	169,655	**-**	-
Derivative assets	9	**40,667**	46,233	**-**	-
Financial investments	10	**636,611**	612,276	**2,076**	2,227
Loans and advances	11	**937,140**	632,967	**-**	-
Loans and advances to banks	11	**16,096**	7,828	**-**	-
Loans and advances to customers	11	**921,044**	625,139	**-**	-
Other assets	12	**121,659**	175,980	**6,258**	9,155
Equity investment in group companies		**-**	-	**94,751**	93,519
Property and equipment	14	**42,720**	30,728	**148**	137
Right of Use Assets	16	**3,394**	2,975	**33**	60
Intangible asset	15	**4,011**	4,640	**-**	-
Deferred tax assets	13	**13,998**	13,163	**-**	-
Total assets		**2,746,778**	2,486,306	**156,502**	147,243
Equity and liabilities					
Equity		**376,884**	378,601	**117,620**	138,201
Equity attributable to ordinary shareholders		**368,034**	371,023	**117,620**	138,201
Ordinary share capital	17	**6,479**	5,553	**6,479**	5,553
Ordinary share premium	17	**102,780**	102,780	**102,780**	102,780
Reserves		**258,775**	262,690	**8,361**	29,868
Non-controlling interest		**8,850**	7,578	**-**	
Liabilities		**2,369,894**	2,107,705	**38,882**	9,042
Trading liabilities	8	**112,023**	188,500	**-**	-
Derivative liabilities	9	**24,805**	37,382	**-**	-
Current tax liabilities		**16,359**	20,270	**50**	173
Deposits and current accounts	18	**1,558,202**	1,325,566	**-**	-
Deposits from banks	18	**431,667**	505,622	**-**	-
Deposits from customers	18	**1,126,535**	819,944	**-**	-
Other borrowings	19	**136,638**	112,031	**-**	-
Debt securities issued	20	**47,419**	68,269	**-**	-
Provisions	22	**9,302**	9,354	**-**	-
Other liabilities	21	**465,146**	346,333	**38,832**	8,869
Total equity and liabilities		**2,746,778**	2,486,306	**156,502**	147,243

Demola Sogunle
Chief Executive
FRC/2013/CIBN/00000001034
28 January 2022

Kunle Adedeji
Chief Financial Officer
FRC/2013/ICAN/00000001137
28 January 2022

Basil Omiyi
Director
FRC/2016/IODN/00000014093
28 January 2022

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

STANBIC IBTC HOLDINGS PLC

Consolidated and separate statement of profit or loss for the year ended 31 December 2021

		Group				Company			
		3 months	**12 months**	3 months	12 months	**3 months**	**12 months**	3 months	12 months
		31-Dec-21	**31-Dec-21**	31-Dec-20	31-Dec-20	**31-Dec-21**	**31-Dec-21**	31-Dec-20	31-Dec-20
	Note	**N'million**	**N'million**	N'million	N'million	**N'million**	**N'million**	N'million	N'million
Gross earnings		**60,950**	**205,807**	51,160	234,446	**6,525**	**37,025**	808	30,775
Net interest income		**21,375**	**75,372**	17,958	74,215	**80**	**90**	18	140
Interest income	27.1	**31,748**	**104,751**	23,823	105,776	**80**	**90**	18	140
Interest expense	27.2	**(10,373)**	**(29,379)**	(5,865)	(31,561)	**-**	**-**	-	-
Non-interest revenue		**27,835**	**95,788**	26,256	124,709	**6,445**	**36,935**	790	30,635
Net fee and commission revenue	27.3	**23,225**	**82,877**	18,235	71,190	**1,099**	**1,517**	342	1,327
Fee and commission revenue	27.3	**24,685**	**88,321**	19,316	75,151	**1,099**	**1,517**	342	1,327
Fee and commission expense	27.3	**(1,460)**	**(5,444)**	(1,081)	(3,961)	**-**	**-**	-	-
Income from life insurance activities	27.4	**93**	**176**	-	-	-	-	-	-
Trading revenue	27.5	**4,282**	**13,301**	7,744	52,110	**-**	**-**	-	-
Other revenue	27.6	**235**	**(566)**	277	1,409	**5,346**	**35,418**	448	29,308
Total income		**49,210**	**171,160**	44,214	198,924	**6,525**	**37,025**	808	30,775
Net impairment write-back/(loss) on financial assets	27.7	**4,422**	**1,225**	(2,937)	(9,935)	**-**	**-**	-	-
Income after credit impairment charges		**53,632**	**172,385**	41,277	188,989	**6,525**	**37,025**	808	30,775
Operating expenses		**(27,012)**	**(106,364)**	(23,402)	(94,272)	**(1,111)**	**(4,659)**	(1,487)	(4,402)
Staff costs		**(10,673)**	**(42,041)**	(10,897)	(42,143)	**(437)**	**(2,458)**	(727)	(2,044)
Other operating expenses	27.8	**(16,339)**	**(64,323)**	(12,505)	(52,129)	**(674)**	**(2,201)**	(760)	(2,358)
Profit before tax		**26,620**	**66,021**	17,875	94,717	**5,414**	**32,366**	(679)	26,373
Income tax	27.9	**(8,151)**	**(9,037)**	(804)	(11,506)	**(6)**	**(8)**	(2)	(4)
Profit for the year		**18,469**	**56,984**	17,071	83,211	**5,408**	**32,358**	(681)	26,369
Profit attributable to:									
Non-controlling interests		**621**	**2,588**	475	2,272	**-**	**-**	-	-
Equity holders of the parent		**17,848**	**54,396**	16,596	80,939	**5,408**	**32,358**	(681)	26,369
Profit for the year		**18,469**	**56,984**	17,071	83,211	**5,408**	**32,358**	(681)	26,369
Earnings per share									
Basic earnings per ordinary share (kobo)	28	**338**	**420**	149	729	**256**	**250**	(6)	237
Diluted earnings per ordinary share (kobo)	28	**338**	**420**	149	729	**256**	**250**	(6)	237

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

STANBIC IBTC HOLDINGS PLC

Consolidated and separate statement of comprehensive income
for the year ended 31 December 2021

		Group				Company			
		3 months	**12 months**	3 months	12 months	**3 months**	**12 months**	3 months	12 months
		31-Dec-21	**31-Dec-21**	31-Dec-20	31-Dec-20	**31-Dec-21**	**31-Dec-21**	31-Dec-20	31-Dec-20
	Note	**N'million**	**N'million**	N'million	N'million	**N'million**	**N'million**	N'million	N'million
Profit for the year		**18,469**	**56,984**	17,071	83,211	**5,408**	**32,358**	(681)	26,369
Other comprehensive income									
Items that will never be reclassified to profit or loss									
Movement in fair value reserve (equity instruments):		**835**	**999**	514	140	**-**	**-**	**-**	**-**
Net change in fair value		**835**	**999**	514	140	-	-	-	-
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)		**(1,323)**	**(5,666)**	(4,718)	4,297	**-**	**-**	-	-
Net change in fair value of financial assets at FVOCI		**(1,254)**	**(7,285)**	(3,880)	5,062	**-**	**-**	-	-
Realised fair value adjustments on financial assets at FVOCI reclassified to income statement		**(9)**	**1,582**	(113)	(683)	**-**	**-**	-	-
Expected credit loss on debt financial assets at FVOCI		**(60)**	**37**	(725)	(82)	**-**	**-**	-	-
Income tax on other comprehensive income		**-**	**-**	-	-	**-**	**-**	-	-
Other comprehensive income for the year, net of tax		**(488)**	**(4,667)**	(4,204)	4,437	-	-	-	-
Total comprehensive income for the year		**17,981**	**52,317**	12,867	87,648	**5,408**	**32,358**	(681)	26,369
Total comprehensive income attributable to:									
Non-controlling interests		**611**	**2,367**	526	2,374	**-**	**-**	-	-
Equity holders of the parent		**17,370**	**49,950**	12,341	85,274	**5,408**	**32,358**	(681)	26,369
		17,981	**52,317**	12,867	87,648	**5,408**	**32,358**	(681)	26,369

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

STANBIC IBTC HOLDINGS PLC

Statement of changes in equity
for the year ended 31 December 2021

Group	Note	Ordinary share capital N'million	Share premium N'million	Merger reserve N'million	Statutory credit risk reserve N'million	Fair value through OCI reserve N'million	Share-based payment reserve N'million	AGSMEIS reserve N'million	Other regulatory reserves N'million	Retained earnings N'million	Ordinary shareholders' equity N'million	Non-controlling interest N'million	Total equity N'million
Balance at 1 January 2021		5,553	102,780	(19,123)	1,460	8,656	76	7,626	55,492	208,503	371,023	7,578	378,601
Total comprehensive income for the year						(4,446)			-	54,396	49,950	2,367	52,317
Profit for the year										54,396	54,396	2,588	56,984
Other comprehensive income after tax for the year		-	-	-	-	(4,446)	-	-	-	-	(4,446)	(221)	(4,667)
Net change in fair value on debt financial assets at FVOCI		-	-	-	-	(7,064)	-	-	-	-	(7,064)	(221)	(7,285)
Net change in fair value on equity financial assets at FVOCI		-	-	-	-	999	-	-	-	-	999	-	999
Realised fair value adjustments on financial assets at FVOCI		-	-	-	-	1,582	-	-	-	-	1,582	-	1,582
Expected credit loss on debt financial assets at FVOCI		-	-	-	-	37	-	-	-	-	37	-	37
Income tax on other comprehensive income		-	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory credit reserve		-	-	-	5,357	-	-	-	-	(5,357)	-	-	-
Transfer to statutory reserve		-	-	-	-	-	-	-	-	-	-	-	-
Transfer to AGSMEIS		-	-	-	-	-	-	2,614	-	(2,614)	-	-	-
Transactions with shareholders, recorded directly in equity		926	-	-	-	-	-	-	-	(53,865)	(52,939)	(1,095)	(54,034)
Equity-settled share-based payment transactions		-	-	-	-	-	-	-	-	-	-	-	-
Increase in paid-up capital (bonus issue)	17.2	926	-	-	-	-	-	-	-	(926)	-	-	-
Dividends paid to equity holders	17.3	-	-	-	-	-	-	-	-	(52,939)	(52,939)	(1,095)	(54,034)
Balance at 31 December 2021		**6,479**	**102,780**	**(19,123)**	**6,817**	**4,210**	**76**	**10,240**	**55,492**	**201,063**	**368,034**	**8,850**	**376,884**
Balance at 1 January 2020		5,252	88,181	(19,123)	-	4,321	76	4,652	55,492	157,451	296,302	5,927	302,229
Total comprehensive income/(loss) for the year						**10,758**	**-**		**-**	**80,939**	**85,274**	**2,374**	**87,648**
Profit for the year		-	-	-	-	-	-		-	80,939	80,939	2,272	83,211
Other comprehensive income/(loss) after tax for the year						4,335	-	-	-	-	4,335	102	4,437
Net change in fair value on debt financial assets at FVOCI		-	-	-	-	4,960	-		-	-	4,960	102	5,062
Net change in fair value on equity financial assets at FVOCI		-	-	-	-	140	-		-	-	140		140
Realised fair value adjustments on financial assets at FVOCI		-	-	-	-	(683)	-	-	-	-	(683)	-	(683)
Expected credit loss on debt financial assets at FVOCI		-	-	-	-	(82)	-		-	-	(82)	-	(82)
Income tax on other comprehensive income		-	-	-	-		-		-	-	-	-	-
Transfer to statutory reserves		-	-	-	1,460	-	-	-	-	(1,460)	-	-	-
Transfer to AGSMEIS		-	-	-	-	-	-	2,974	-	(2,974)	-	-	-
Transactions with shareholders, recorded directly in equity		-	-	-	-	-	-	-	-	**(25,453)**	**(10,553)**	**(721)**	**(11,276)**
Equity-settled share-based payment transactions		-	-	-	-	-	-	-	-	-	-		-
Increase in paid-up capital (scrip issue)		301	14,599	-	-	-	-	-	-		**14,900**	-	**14,900**
Dividends paid to equity holders		-	-	-	-	-	-	-	-	(25,453)	**(25,453)**	**(723)**	**(26,176)**
Balance at 31 December 2020		5,553	102,780	(19,123)	1,460	8,656	76	7,626	55,492	208,503	371,023	7,580	378,601

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

STANBIC IBTC HOLDINGS PLC

Statement of changes in equity
for the year ended 31 December 2021

Company	Ordinary share capital N'million	Share premium N'million	Fair value through OCI reserve N'million	Share-based payment reserve N'million	Other regulatory reserves N'million	Retained earnings N'million	Ordinary shareholders' equity N'million
Balance at 1 January 2021	5,553	102,780	-	19	-	29,849	138,201
Total comprehensive income for the year	-	-	-	-	-	32,358	32,358
Profit for the year	-	-	-	-	-	32,358	32,358
Transactions with shareholders, recorded directly in equity	926	-	-	-	-	(53,865)	(52,939)
Equity-settled share-based payment transactions	-	-	-	-	-	-	-
Increase in paid-up capital (scrip issue)	926	-	-	-	-	(926)	-
Dividends paid to equity holders	-	-	-	-	-	(52,939)	(52,939)
Balance at 31 December 2021	6,479	102,780	-	19	-	8,342	117,620
Balance at 1 January 2020	5,252	88,181	-	19	-	28,933	122,385
Total comprehensive income/(loss) for the year	-	-	-	-	-	26,369	26,369
Profit for the year	-	-	-	-	-	26,369	26,369
Transactions with shareholders, recorded directly in equity	301	14,599	-	-	-	(25,453)	(10,553)
Equity-settled share-based payment transactions	-	-	-	-	-	-	-
Transfer of vested portion of equity settled share based payment to retained earnings	-	-	-	-	-	-	-
Increase in paid-up capital (scrip issue)	301	14,599	-	-	-	-	14,900
Dividends paid to equity holders	-	-	-	-	-	(25,453)	(25,453)
Balance at 31 December 2020	5,553	102,780	-	19	-	29,849	138,201

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

STANBIC IBTC HOLDINGS PLC

Consolidated and separate statement of cash flows
for the year ended 31 December 2021

	Note	Group		Company	
		31-Dec-21 N million	31-Dec-20 N million	**31-Dec-21 N million**	31-Dec-20 N million
Net cash flows from operating activities		**63,969**	497,279	**65,192**	24,776
Cash flows used in operations		**16,376**	443,578	**29,829**	(4,214)
Profit before tax		**66,021**	94,717	**32,366**	26,373
Adjusted for:		**(91,237)**	(69,974)	**(35,397)**	(28,902)
Amortisation of intangible assets		**(1,225)**	9,935	**-**	-
Net impairment (write-back)/loss on financial assets	27.7	**5,446**	5,857	**-**	69
Depreciation of non-current assets	27.8	**762**	681	**84**	-
Amortisation of right of use assets	16	**1,584**	1,686	**27**	29
Dividends included in other revenue	27.6	**(636)**	(230)	**(35,404)**	(28,860)
Unobservable valuation difference in derivatives		**(8,344)**	(14,951)	**-**	-
Fair value adjustment for derivatives		**1,333**	34,628	**-**	-
Interest expense		**29,379**	5,094	**-**	-
Interest income		**(104,751)**	(38,389)	**(90)**	(140)
Non-cash flow movements to debt securities issued		**(20,850)**	31,561	**-**	-
Non-cash flow movements in other borrowings		**6,433**	(105,776)	**-**	-
Loss/(profit) on sale of property and equipment		**(368)**	(70)	**(14)**	-
Increase in assets	23.1	**(226,216)**	(92,695)	**2,897**	(6,232)
Increase in deposits and other liabilities	23.2	**267,808**	511,530	**29,963**	4,547
Dividends received		**572**	207	**35,404**	28,860
Interest paid		**87,340**	104,332	**90**	140
Interest received		**(26,729)**	(38,689)	**-**	-
Direct taxation paid		**(13,590)**	(12,149)	**(131)**	(10)
Net cash flows used in investing activities		**(48,269)**	47,924	**(1,162)**	(8,318)
Capital expenditure on - property		**(342)**	(1,559)	**-**	-
- equipment, furniture and vehicles		**(17,461)**	(7,325)	**(98)**	(75)
- right of use		**(133)**	(1,444)	**-**	-
- intangible assets		**(2,003)**	(89)	**-**	(18)
Proceeds from sale of property, equipment, furniture and vehicles		**672**	146	**17**	1
Additional investment in existing subsidiary		**-**	-	**(1,232)**	(246)
Sale of /(Investment in) financial investment securities, net		**(29,002)**	58,195	**151**	
Net cash flows used in financing activities		**(35,859)**	3,496	**(52,939)**	(10,553)
Proceeds from addition to other borrowings		**54,389**	32,277	**-**	-
Repayment of other borrowings		**(36,214)**	(17,505)	**-**	-
Cash dividends paid	17.3	**(54,034)**	(11,276)	**(52,939)**	(10,553)
Net increase in cash and bank balances		**(20,159)**	548,699	**11,091**	5,905
Effect of exchange rate changes on cash and bank balances		**4,393**	7,272	**-**	-
Cash and Bank balances at beginning of the year		**237,271**	198,008	**42,145**	36,240
Cash and Bank balances at end of the year	23.3	**221,505**	753,979	**53,236**	42,145

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

Notes to the condensed consolidated annual financial statements
for the year ended 31 December 2021

1 Reporting entity
Stanbic IBTC Holdings PLC (the 'company') is a company domiciled in Nigeria. The address of the company is IBTC Place, Plot 1C Walter Carrington Crescent, Victoria Island, Lagos. The condensed consolidated interim financial statements as at and for the year ended 31 December 2021 comprise the company and its subsidiaries (together referred to as the 'group'). The group is primarily involved in the provision of banking and other financial services to corporate and individual customers.

2 Basis of preparation

(a) Statement of compliance
This condensed consolidated annual financial statements for the year ended 31 December 2021 does not include all the information required for full interim financial statements prepared in accordance with International Financial reporting Standards (IFRS), and should be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2020

Changes to significant accounting policies are described in note 3.

Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of The Exchange 2015 (Issuers' Rule),Stanbic IBTC Holdings PLC maintains a Security Trading Policy (Policy) which guides Directors, Audit Committee members,employees and all individuals categorized as insiders in relation to their dealings in the Company's shares. The Policy undergoes periodic review by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the Policy during the period.

(b) Basis of measurement
The condensed consolidated annual financial statements for the year ended 31 December 2021 have been prepared on the historical cost basis except for the following material items in the statement of financial position:

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

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

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

(d) Use of estimates and judgement
The preparation of the condensed consolidated 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 condensed consolidated interim financial statements, significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

3 Statement of significant accounting policies
Except as described below, the accounting policies applied by the group in preparation of these condensed interim financial statements are consistent with those applied by the group in the preparation of its consolidated annual financial statements for the period ended 31 December 2020.

3.1 Changes in significant accounting policies (continued)

Adoption of amended standards effective for the current financial year

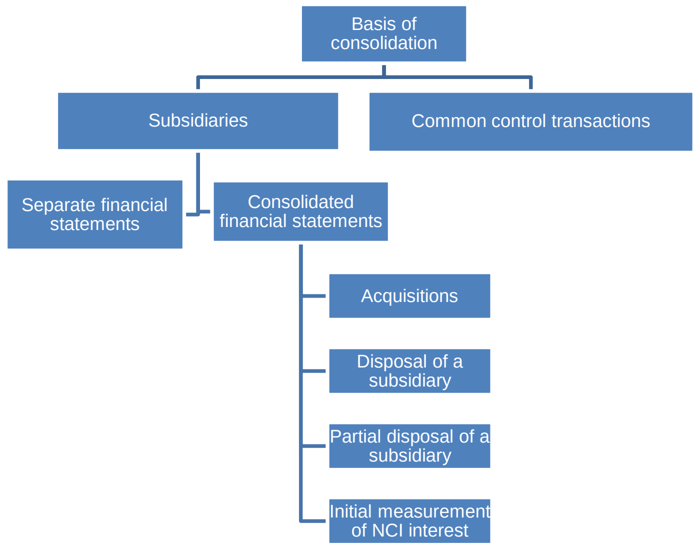
- **IFRS 9 Financial Instruments: General Hedge Accounting (GHA)**: The revised general hedge accounting requirements are better aligned with an entity's risk management activities, provide additional opportunities to apply hedge accounting and various simplifications in achieving hedge accounting. The group has elected to adopt and transition to IFRS 9 GHA for all current and further micro hedges (hedges that minimise/manage the risk exposure of a single instrument), in line with some market competitors both locally and globally. However, due to the IASB's project, Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach (PRA), not yet being finalised, the group will continue to apply IAS 39 for all macro hedges (hedges that minimise/manage the risk exposure of a portfolio). As at 1 January 2021, the risk management objective and the hedge documentation for all micro hedges has been updated to comply with the requirements of IFRS 9 GHA. The micro hedge relationships which existed as at 1 January 2021 were treated as continuing hedge relationships, and qualifying criteria was met which resulted in no transition or profit or loss impact for the group. The group has applied IFRS 9 GHA prospectively for all micro hedge relationships apart from certain hedge relationships where the group has elected to separate the foreign currency basis spread, IFRS 9 GHA has been applied retrospectively for these hedge relationships. This resulted in the group separating the foreign currency basis spread for these hedge relationships from the existing cash flow hedge reserve and separately disclosing the foreign currency basis spread. Accordingly, foreign currency basis spread has be separately disclosed from the cash flow hedge reserves.
- **IFRS 16 Leases (amendment):** The amendment extends the availability of the practical expedient so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The group elected not to apply this practical expedient.
- **IAS 1 Presentation of Financial Statements (amendments), IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (amendments):** In response to the IASB's Disclosure Initiative – Principles of Disclosure, the amendments introduce a requirement on entities to disclose their material accounting policy information rather than significant accounting policies. To support this amendment the IASB also amended its IFRS Materiality Practice Statement to explain and demonstrate the application of the materiality process to accounting policy disclosures. The amendments have been applied prospectively.
- **IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors:** The amendments introduce the definition of accounting estimates and include amendments to assist entities to distinguish changes in accounting estimates from changes in accounting policies. The amendments have been applied prospectively.
- **Annual improvements 2018-2020 cycle:** The IASB has issued various amendments and clarifications to existing IFRS. The amendments have been applied retrospectively.

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 periods presented in these consolidated and separate interim 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 a 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 period-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.

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.

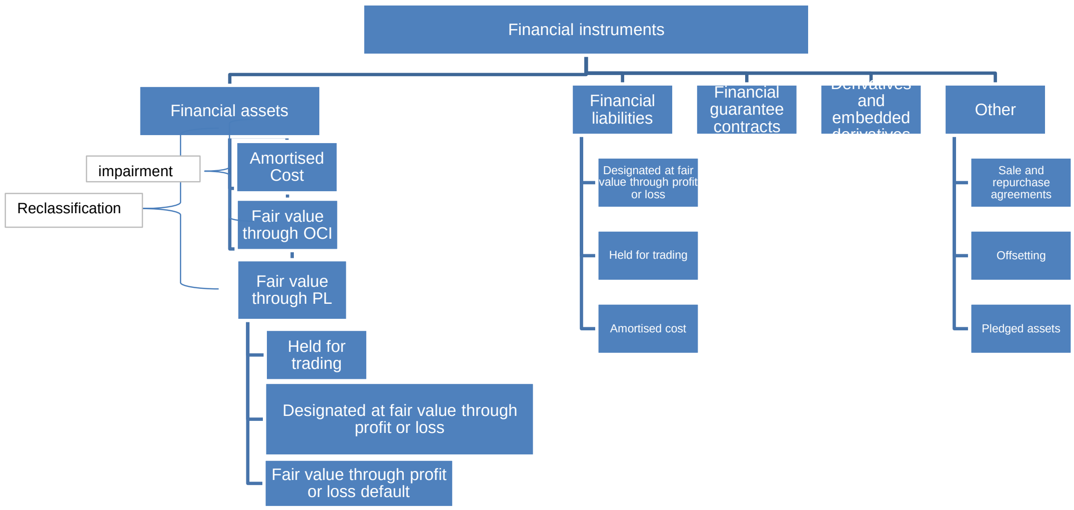
4.2 Cash and cash equivalents

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 P/L 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 atfair value through profit or loss): — held within a business model in which the debt instrument (financial asset) is managed toboth collect contractual cash flows and sell financial assets; and — the contractual terms of the financial asset give rise on specified dates to cash flows thatare solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether thecontractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimisand are inconsistent with a basis lending arrangement, the financial asset is classified as fair value through profit or loss – default. • Equity financial assets which are not held for trading and are irrevocably elected (on aninstrument-by-instrument basis) to be presented at fair value through OCI.
Held for trading	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.
Designated at fair value through profit or loss	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.
Fair value through profit or loss default	Financial assets that are not classified into one of the above-mentioned financial asset categories.

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 throughOCI 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 financialinstruments 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 withinprofit orloss. Equity instrument: Fair value, with gains and losses recognised directly in the fair valuethrough OCI reserve. When equity financial assets are disposed of, the cumulative fair value adjustments in OCIare reclassified within reserves to retained income. Dividends received on equity instruments are recognised in other revenue within non-interest income.
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 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.
Fair value through profit or loss – default	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:

• 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.

Other

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.

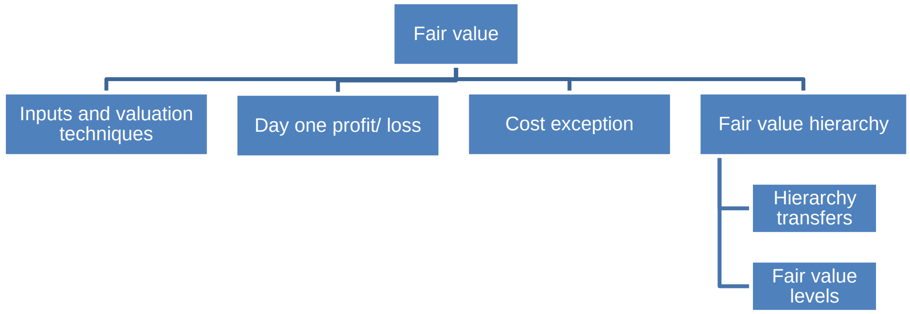
Securities purchased under agreements to resell (reverse repurchase agreements), at either a fixed price or the purchase price plus a lender's rate of return, are recorded as loans and included under trading assets or loans and advances, as appropriate. For repurchase and reverse repurchase agreements 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)

<table>
<tr><th>Item</th><th>Description</th><th>Valuation technique</th><th>Main inputs and assumptions (Level 2 and 3 fair value hierarchy items)</th></tr>
<tr><td>Pledged assets</td><td>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.</td><td rowspan="2">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.</td><td rowspan="2">• Discount rate*
• Spot prices of the underlying
• Correlation factors
• Volatilities
• Dividend yields
• Earnings yield
• Valuation multiples</td></tr>
<tr><td>Financial investments</td><td>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.</td></tr>
<tr><td>Loans and advances to banks and customers</td><td>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).</td><td>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.</td><td>• Discount rate.
• Probability of default.
• Loss given default.</td></tr>
<tr><td>Deposits from bank and customers</td><td>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.</td><td>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.</td><td>• Discount rate.
• Probability of default.
• Loss given default.</td></tr>
</table>

** 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:

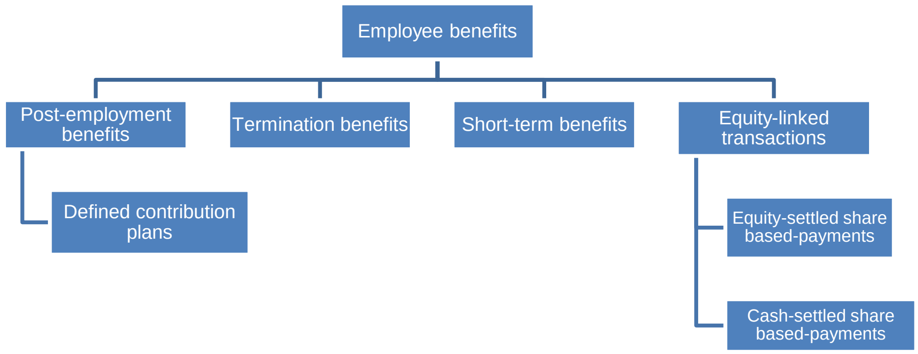
Level 1	Fair value is based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing 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 reporting period during which change occurred.

4 Statement of significant accounting policies (continued)

4.5 Employee benefits



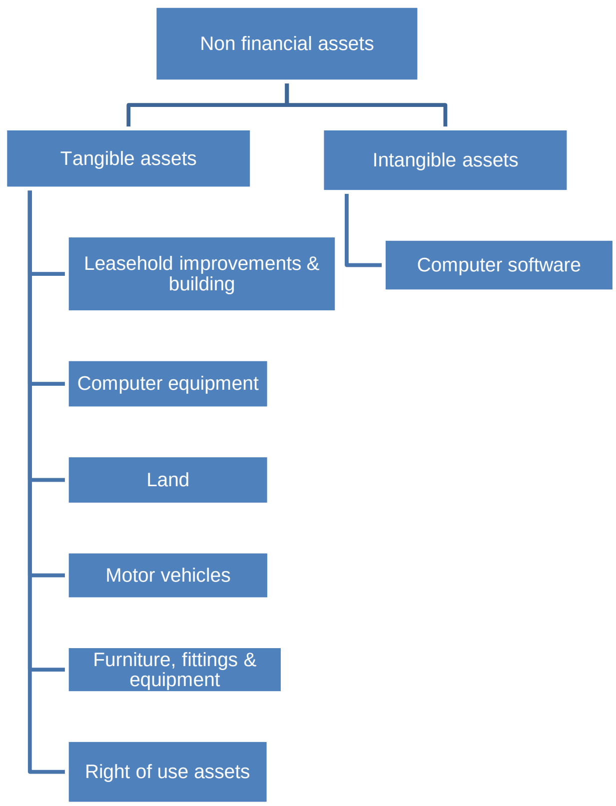
Type	Description	Statement of financial position	Statement of other comprehensive income	Income statement
Defined contribution plans	The group operates a contributory pension plan in line with the Pension Reform Act 2014. Employees and the Bank contribute 8% and 10% respectively of each of the qualifying 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 periods 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 assets)



STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated interim financial statements
for the year ended 31 December 2021

4 Statement of significant accounting policies (continued)

<table>
<tr><th>Type</th><th>Initial and subsequent measurement</th><th>Useful lives, depreciation/ amortisation method or fair value basis</th><th>Impairment</th><th>Derecognition</th></tr>
<tr><td>Tangible assets</td><td>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.</td><td>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 equipments 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 period end.</td><td rowspan="2">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.</td><td rowspan="2">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.</td></tr>
<tr><td>Intangible assets/ Computer software</td><td>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.</td><td>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 periodend and adjusted, if necessary.</td></tr>
<tr><td>Right of use assets</td><td>At cost (initial measurement of the lease liability) plus initial direct costs any lease payments made at or before the commencement date less any lease incentives received and estimate cost of demantling and removing underlying asset.

Cost Model: Cost less accumulated depreciated and accumulated impairment. The ROU asset is depreciated over the shorter of the lease term and useful life, except if ownership transfers to the lessee at the end of the lease term or cost reflects that the lessee will exercise a purchase option use useful life of the asset is used in these instances.</td><td>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.</td><td colspan="2">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.</td></tr>
</table>

4 Statement of significant accounting policies (continued)

Leases

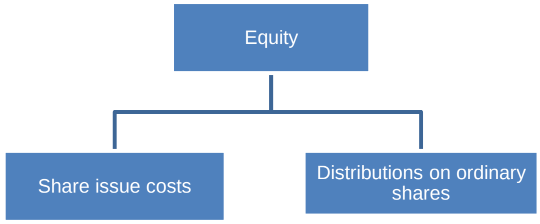
Type	Description	Statement of financial position	Income statement
Single lessee accounting model	All leases are accounted for by recognising a right-of-use asset and a lease liability except for: ● leases of low value assets; and ● leases with a duration of twelve months or less. All leases that meet 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 period 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. 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.

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. All other lease modifications that are not accounted for as a separate lease are accounted for in terms of IFRS 9, unless the classification of the lease would have been accounted for as an operating lease had the modification been in effect at inception of the lease. These lease modifications are accounted for as a separate new lease from the effective date of the modification and the net investment in the lease becomes the carrying amount of the underlying asset.
Operating leases	Modifications are accounted for as a new lease from the effective date of the modification.

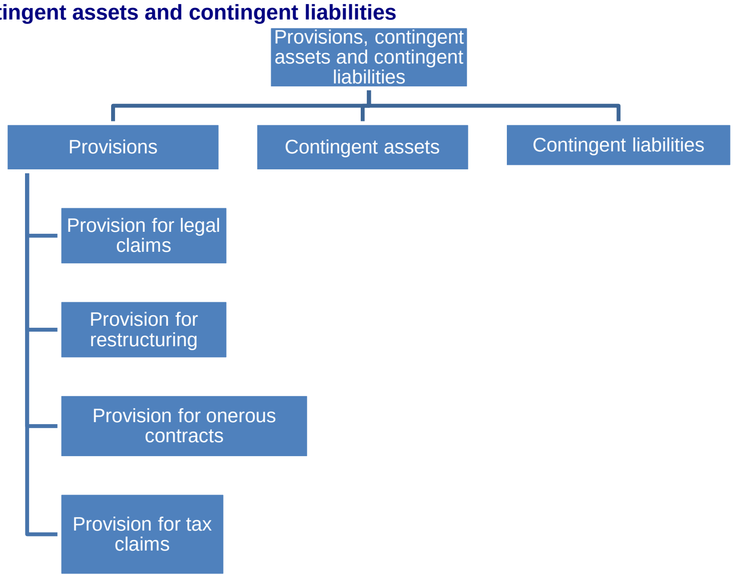
4 Statement of significant accounting policies (continued)

4.8 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 period in which they are declared. Distributions declared after the reporting date are disclosed in the distributions note to the financial statements.

4.10 Provisions, contingent assets and contingent liabilities

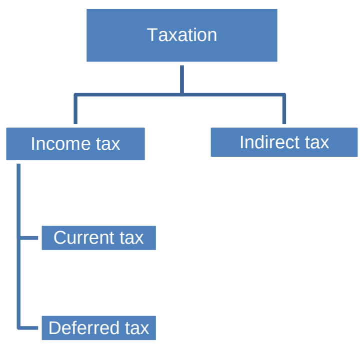


Provisions	Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can 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 interim 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 interim financial statements but are disclosed in the notes to the interim financial statements.

4.11 Taxation

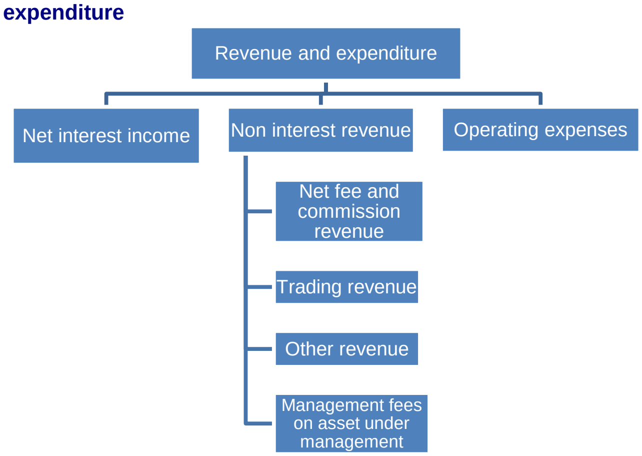


Type	Description, recognition and measurement	Offsetting
Current tax- determined for current period transactions and events	Current tax comprises the expected tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. The amount of current tax payable 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 less franked investment. 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. 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

4.12 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)

4.12 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. **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. 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, expense and dividends.
Other revenue	Other revenue includes dividends on equity financial assets, underwriting profit from the group's short-term insurance operations and related insurance activities 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 available-for-sale 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 reporting period, but expected to generate future economic benefits, are recorded in the financial statements as assets.

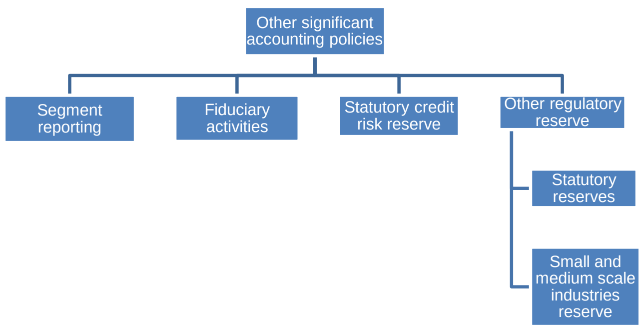
4 Statement of significant accounting policies (continued)

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.

4.13 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 interim 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 and pension industry regulations require the banking and pension subsidiaries to make an annual appropriation to a statutory reserve. For the banking subsidiary, 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 pension subsidiary is required to transfer 12.5% of its profit after tax to a statutory reserve. Statutory reserve is not available for distribution to shareholders. See note 20.4 (b)(i).

4 Statement of significant accounting policies (continued)

4.14 Non-current assets held for sale and disposal groups

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 Statement of significant accounting policies

4.15 New standards and interpretations not yet effective

Pronouncement	
Title	**IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)** The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments will be applied prospectively and are not expected to have a material impact on the group's financial statements.
Effective date	Effective date of this standard deferred indefinitely
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.
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
Effective date	1 January 2023.
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 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.
Wholesale Clients	The Wholesale Client (WC) segment serves large companies (multinational, regional and domestic), governments, parastatals and institutional clients across Africa and internationally. Our clients leverage our in-depth sector and regional expertise, our specialist capabilities and our access to global capital markets for advisory, transactional, trading and funding support. Global markets – Trading and risk management solutions across financial markets, including foreign exchange, money markets, interest rates, equities, credit and commodities. Transactional and lending products – Comprehensive suite of cash management, international trade finance, working capital and investor services solutions. Investment banking – Full suite of advisory and financing solutions, from term lending to structured and specialised products across equity and debt capital 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.

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.

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

5 Segment reporting

Operating segments

	Business and Commercial Clients		Wholesale Clients		Consumer and High Networth Clients		Eliminations		Group	
	31 Dec. 2021 N million	31 Dec. 2020 N million	31 Dec. 2021 N million	31 Dec. 2020 N million	31 Dec. 2021 N million	31 Dec. 2020 N million	31 Dec. 2021 N million	31 Dec. 2020 N million	31 Dec. 2021 N million	31 Dec. 2020 N million
Net interest income	**23,978**	16,204	**34,723**	43,531	**16,671**	14,480	**-**	-	**75,372**	74,215
Non-interest revenue	**8,982**	7,503	**28,491**	68,186	**61,447**	52,672	**(3,132)**	(3,652)	**95,788**	124,709
Total income	**32,960**	23,707	**63,214**	111,717	**78,118**	67,152	**(3,132)**	(3,652)	**171,160**	198,924
Credit impairment charges	**572**	(2,444)	**1,016**	(6,969)	**(363)**	(522)	**-**	-	**1,225**	(9,935)
Income after credit impairment charges	**33,532**	21,263	**64,230**	104,748	**77,755**	66,630	**(3,132)**	(3,652)	**172,385**	188,989
Operating expenses in banking activities	**(27,533)**	(23,754)	**(37,564)**	(35,958)	**(44,399)**	(38,212)	**3,132**	3,652	**(106,364)**	(94,272)
Profit before direct taxation	**5,999**	(2,491)	**26,666**	68,790	**33,356**	28,418	**-**	-	**66,021**	94,717
Direct taxation	**925**	146	**3,328**	(473)	**(13,290)**	(11,179)	**-**	-	**(9,037)**	(11,506)
Profit for the year	**6,924**	(2,345)	**29,994**	68,317	**20,066**	17,239	**-**	-	**56,984**	83,211

		Group		Company	
		31 Dec. 2021 N'million	31 Dec. 2020 N'million	**31 Dec. 2021 N'million**	31 Dec. 2020 N'million
6	**Cash and Bank balances**				
	Coins and bank notes	**19,056**	46,238	**-**	-
	Balances with central bank	**479,126**	434,706	**-**	-
	Current balances with banks within Nigeria	**10,055**	13,223	**53,236**	42,145
	Current balances with banks outside Nigeria	**157,263**	132,944	**-**	-
		665,500	627,111	**53,236**	42,145

Balances with central bank include cash reserve of N423,178 million (Dec. 2020: N348,170 million) and special intervention fund of N20,817 million (Dec. 2020: N20,817 million) that are not available for use by the group on a day to day basis. These restricted cash balances are held with Central Bank of Nigeria (CBN).

		Group		Company	
		31 Dec. 2021 N million	31 Dec. 2020 N million	**31 Dec. 2021 N million**	31 Dec. 2020 N million
7	**Pledged assets**				
7.1	**Pledged assets**				
	Financial assets that may be repledged or resold by counterparties				
	Treasury bills - Trading	**95,187**	3,499	**-**	-
	Treasury bills - FVOCI	**87,148**	167,079	**-**	-
		182,335	170,578	**-**	**-**

8 Trading assets and trading liabilities

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

	Group		Company	
	31 Dec. 2021 N million	31 Dec. 2020 N million	**31 Dec. 2021 N million**	31 Dec. 2020 N million
8.1 Trading assets				
Classification				
Listed	**98,298**	169,655	**-**	-
Unlisted	**445**	-	**-**	-
	98,743	169,655	**-**	-
Comprising:				
Government bonds	**571**	56,311	**-**	-
Treasury bills	**87,725**	113,344	**-**	-
Listed equities	**4**	-	**-**	-
Reverse repurchase agreements	**9,998**	-	**-**	-
Placements	**445**	-	**-**	-
	98,743	169,655	**-**	-

	Group		Company	
	31 Dec. 2021 N million	31 Dec. 2020 N million	**31 Dec. 2021 N million**	31 Dec. 2020 N million
8.2 Trading liabilities				
Classification				
Listed	**117**	53,488	**-**	-
Unlisted	**111,906**	135,012	**-**	-
	112,023	188,500	**-**	-
Comprising:				
Government bonds (short positions)	**117**	53,317	**-**	-
Repurchase agreements	**67,621**	124,804	**-**	-
Deposits	**44,285**	10,208	**-**	-
Treasury bills (short positions)	**-**	171	**-**	-
	112,023	188,500	**-**	-

9	**Derivative assets and liabilities**	**Group**		**Company**	
		31 Dec. 2021 N'million	31 Dec. 2020 N'million	**31 Dec. 2021 N'million**	31 Dec. 2020 N'million
9.1	**Derivative assets**				
	Foreign exchange derivatives	**26,564**	43,267	**-**	**-**
	Forwards	**26,564**	43,267	**-**	**-**
	Options	**-**	-	**-**	**-**
	Interest rate derivatives	**14,103**	2,966	**-**	**-**
	Forwards	**-**	-	**-**	**-**
	Swaps	**14,103**	2,966	**-**	**-**
	Total derivative assets	**40,667**	46,233	**-**	**-**
9.2	**Derivative liabilities**				
	Foreign exchange derivatives	**24,283**	36,297	**-**	**-**
	Forwards	**24,283**	36,297	**-**	**-**
	Options	**-**	-	**-**	**-**
	Interest rate derivatives	**522**	1,085	**-**	**-**
	Forwards	**-**	-	**-**	**-**
	Swaps	**522**	1,085	**-**	**-**
	Total derivative liabilities	**24,805**	37,382	**-**	**-**

		Group		**Company**	
		31 Dec. 2021 N million	31 Dec. 2020 N million	**31 Dec. 2021 N million**	31 Dec. 2020 N million
10	**Financial investments**				
		636,634	612,361	**2,076**	2,227
	Short - term negotiable securities	**568,738**	523,484	**-**	**-**
	Listed	**568,738**	523,484	-	-
	Unlisted	**-**	-	-	-
	Other financial investments	**67,896**	88,877	**2,076**	**2,227**
	Listed	**17,143**	27,376	2,076	2,227
	Unlisted	**50,753**	61,501	-	-
	Gross financial investments	**636,634**	612,361	**2,076**	**2,227**
	Expected credit loss on financial investment				
	12-month ECL	**(23)**	(85)	**-**	-
	Lifetime ECL not credit-impaired	**-**	-	**-**	-
	Lifetime ECL credit-impaired	**-**	-	**-**	-
	Total expected credit loss on financial investment	**(23)**	(85)	**-**	-
	Net financial investments	**636,611**	612,276	**2,076**	2,227

Included in financial investment is N1,117 million (Dec 2020: N1,390 million) investment in mutual fund for Unclaimed dividend.

10.1	**Comprising:**				
	Government bonds	**9,814**	8,737	**-**	-
	Listed equities	**628**	542	**-**	**-**
	Treasury bills	**568,738**	521,673	**-**	-
	Corporate bonds	**6,701**	18,097	**-**	-
	Unlisted equities	**3,021**	3,048	**-**	-
	Mutual funds and unit-linked investments	**47,732**	58,452	**2,076**	2,227
	Promissory notes	**-**	1,811	**-**	**-**
	Deposits	**-**	1	**-**	**-**
		636,634	612,361	**2,076**	2,227

		Group		Company	
		31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
		N million	N million	N million	N million
11	**Loans and advances**				
	Loans and advances net of impairments				
11.1	**Loans and advances to banks**	**16,096**	7,828	**-**	-
	Placements with banks	**16,102**	7,833	**-**	-
	Expected credit losses	**(6)**	(5)	**-**	-
11.2	**Loans and advances to customers**	**921,044**	625,139	**-**	-
	Gross loans and advances to customers	**946,259**	655,292	**-**	-
	Business and Commercial Clients (BCC)	**284,151**	182,084		
	Mortgage loans	**425**	719	**-**	-
	Instalment sale and finance leases	**34,238**	8,360	**-**	-
	Card debtors	**4**	7	**-**	-
	Others loans and advances	**249,484**	172,998	**-**	-
	Consumer and High Networth Clients (CHNWC)	**78,519**	58,924		
	Mortgage loans	**4,356**	3,517	**-**	-
	Instalment sale and finance leases	**1,553**	1,507	**-**	-
	Card debtors	**1,265**	883	**-**	-
	Others loans and advances	**71,345**	53,017	**-**	-
	Wholesale Clients (WC)	**583,589**	414,284		
	Corporate loans	**583,589**	414,284		
	Credit impairments for loans and advances	**(25,215)**	(30,153)	**-**	-
	12-month ECL	**(8,025)**	(6,680)	**-**	-
	Lifetime ECL not credit-impaired	**(1,283)**	(1,509)		
	Lifetime ECL credit-impaired	**(15,907)**	(21,964)	**-**	-
	Net loans and advances	**937,140**	632,967	**-**	-

The increase in loans and advances to customers relates to new originations during the period under review

11.3 Analysis of gross loans and advances to customers by performance

31 Dec 2021

Gross carrying value- *In Nmillions*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
BCC	**270,525**	**5,505**	**8,121**	**284,151**
Mortgage loans	425	-	-	425
Instalment sale and finance leases	32,458	1,547	233	34,238
Card debtors	4	-	-	4
Others term loans	237,638	3,958	7,888	249,484
CHNWC	**72,192**	**2,971**	**3,356**	**78,519**
Mortgage loans	3,985	228	143	4,356
Instalment sale and finance leases	1,466	47	40	1,553
Card debtors	917	164	184	1,265
Others term loans	65,824	2,532	2,989	71,345
WC	**573,251**	**1,477**	**8,861**	**583,589**
Corporate lending	573,251	1,477	8,861	583,589
	915,968	**9,953**	**20,338**	**946,259**

31 Dec. 2020

Gross carrying value- *In Nmillions*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
BCC	**164,571**	**7,978**	**9,535**	**182,084**
Mortgage loans	653	66	-	719
Instalment sale and finance leases	6,469	1,817	74	8,360
Card debtors	4	2	1	7
Others term loans	157,445	6,093	9,460	172,998
CHNWC	**53,710**	**2,816**	**2,398**	**58,924**
Mortgage loans	2,864	558	95	3,517
Instalment sale and finance leases	1,441	36	30	1,507
Card debtors	546	167	170	883
Others term loans	48,859	2,055	2,103	53,017
WC	**394,532**	**5,193**	**14,559**	**414,284**
Corporate lending	394,532	5,193	14,559	414,284
	612,813	**15,987**	**26,492**	**655,292**

		Group		Company	
		31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
12		**N million**	N million	**N million**	N million
	Other assets				
	Trading settlement assets	**9,902**	73,185	**-**	-
	Due from group companies	**706**	7,937	**2,837**	4,523
	Deposit for shares	**-**	-	**368**	1,000
	Insurance receivable	**228**	-	**-**	-
	Accrued income	**659**	1,378	**-**	-
	Indirect / withholding tax receivables	**3,727**	2,936	**486**	459
	Accounts receivable	**81,284**	65,741	**69**	321
	Receivable in respect of unclaimed dividends	**2,418**	1,789	**2,418**	1,789
	Deposit for investment	**10,241**	7,266	**-**	-
	Prepayments	**5,335**	6,006	**100**	1,083
	Other debtors	**9,270**	12,133	**-**	-
		123,770	178,371	**6,278**	9,175
	Impairment on doubtful recoveries	**(2,111)**	(2,391)	**(20)**	(20)
		121,659	**175,980**	**6,258**	9,155

The decrease in other assets is mainly as a result of reduction in unsettled trades on financial instruments and transit items that default into suspense accounts included under account receivables. By their nature,these receivables fluctuate as they will typically be settled or cleared the following day.

13	**Deferred tax analysis**				
	Deferred tax liabilities	**-**	-	**-**	-
	Deferred tax asset	**13,998**	13,163	**-**	-
	Deferred tax closing balance	**13,998**	13,163	**-**	-

14 Property and equipment Group	Leasehold improvements and building N million	Land N million	Motor vehicles N million	Furniture, fittings & equipment N million	Computer equipment N million	Work in progress N million	Total N million
14.1 Cost							
Balance at 1 January 2021	**19,309**	**9,814**	**1,089**	**10,609**	**24,964**	**1,279**	**67,064**
Additions	62	280	414	602	2,834	13,611	**17,803**
Transfers/reclassifications	50	66	-	128	374	(618)	**-**
Disposals	-	(410)	(206)	(456)	(667)	(10)	**(1,749)**
Expensed/Write off	(154)	-	-	(540)	(1,945)	-	**(2,639)**
Balance at 31 December 2021	**19,267**	**9,750**	**1,297**	**10,343**	**25,560**	**14,262**	**80,479**
Balance at 1 January 2020	20,768	6,626	1,183	10,050	20,103	775	59,505
Additions	31	1,528	-	567	4,757	2,001	8,884
Disposals	(1)	-	-	-	-	-	(1)
Write-off	(1,489)	1,660	-	161	1,165	(1,497)	-
Transfers/ reclassifications	-	-	(94)	(169)	(1,061)	-	(1,324)
Balance at 31 December 2020	19,309	9,814	1,089	10,609	24,964	1,279	67,064
14.2 Accumulated depreciation							
Balance at 1 January 2021	**11,660**	**700**	**848**	**8,626**	**14,502**	**-**	**36,336**
Charge for the period	134	424	174	659	4,055	-	**5,446**
Disposals	-	(178)	(209)	(440)	(618)	-	**(1,445)**
Transfers/ reclassifications	-	-	-	-	-	-	**-**
Write-offs	(154)	-	-	(509)	(1,915)	-	**(2,578)**
Balance at 31 December 2021	**11,640**	**946**	**813**	**8,336**	**16,024**	**-**	**37,759**
Balance at 1 January 2020	11,277	342	752	8,136	11,220	-	31,727
Charge for the year	383	358	188	649	4,279	-	5,857
Disposals	-	-	(92)	(159)	(997)	-	(1,248)
Balance at 31 December 2020	11,660	700	848	8,626	14,502	-	36,336
Net book value:							
31 December 2021	**7,627**	**8,804**	**484**	**2,007**	**9,536**	**14,262**	**42,720**
31 December 2020	7,649	9,114	241	1,983	10,462	1,279	30,728

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

14 Property and equipment **Company**	**Leasehold improvements and building N million**	**Motor vehicles N million**	**Furniture, fittings & equipment N million**	**Computer equipment N million**	**Work in progress N million**	**Total N million**
14.3 Cost						
Balance at 1 January 2021	-	-	**196**	**384**	**-**	**580**
Additions	**-**	**-**	**1**	**97**	**-**	**98**
Disposals / expensed	**-**	**-**	**-**	**(12)**	**-**	**(12)**
Write-off	**-**	**-**	**(44)**	**(48)**	**-**	**(92)**
Transfers / reclassifications	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2021	**-**	**-**	**153**	**421**	**-**	**574**
Balance at 1 January 2020	-	-	199	777	-	976
Additions	-	-	5	70	-	75
Disposals	-	-	(8)	(463)	-	(471)
Transfers/ reclassifications	-	-	-	-	-	-
Expensed/Written-off	-	-	-	-	-	-
Balance at 31 December 2020	-	-	196	384	-	580
14.4 Accumulated depreciation						
Balance at 1 January 2021			**145**	**298**	**-**	**443**
Charge for the period	**-**	**-**	**5**	**79**	**-**	**84**
Disposals			**-**	**(12)**	**-**	**(12)**
Impairments			**(42)**	**(47)**		**(89)**
Balance at 31 December 2021	**-**	**-**	**108**	**318**	**-**	**426**
Balance at 1 January 2020	-	-	146	698	-	844
Charge for the year	-	-	7	62	-	69
Disposals	-	-	(8)	(462)	-	(470)
Write-off	-	-	-	-	-	-
Balance at 31 December 2020	-	-	145	298	-	443
Net book value:						
31 December 2021	**-**	**-**	**45**	**103**	**-**	**148**
31 December 2020	-	-	51	86	-	137

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

15 Intangible assets

Group		Purchased Software N million	Total N million
15.1	**Cost**		
	Balance at 1 January 2021	**5,708**	**5,708**
	Additions	**133**	**133**
	Impairments	**-**	**-**
	Balance at 31 December 2021	**5,841**	**5,841**
	Balance at 1 January 2020	5,619	5,619
	Additions	89	89
	Balance at 31 December 2020	5,708	5,708
15.2	**Accumulated depreciation**		
	Balance at 1 January 2021	**1,068**	**1,068**
	Amortisation for the period	**762**	**762**
	Balance at 31 December 2021	**1,830**	**1,830**
	Balance at 1 January 2020	387	387
	Amortisation for the period	681	681
	Balance at 31 December 2020	1,068	1,068
	Net book value:		
	31 December 2021	**4,011**	**4,011**
	31 December 2020	4,640	4,640

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

16 Right of Use Assets

Group	ROU Building Leases N million	ROU ATM Spaces Leases N million	ROU Branch Leases N million	ROU Other Leases N million	Total N million
16.1 Cost					
Balance at 1 January 2021	2,035	510	3,748	2	6,295
Additions	1,174	167	616	46	2,003
Disposals / expensed	-	-	-	-	-
Impairments	-	-	-	-	-
Transfers / reclassifications	-	-	-	-	-
Balance at 31 December 2021	3,209	677	4,364	48	8,298
Balance at 1 January 2020 - Transition adjustment	1,732	359	2,759	1	4,851
Additions	303	151	989	1	1,444
Disposals / expensed	-	-	-	-	-
Impairments	-	-	-	-	-
Transfers / reclassifications	-	-	-	-	-
Balance at 31 December 2020	2,035	510	3,748	2	6,295
16.2 Accumulated depreciation					
Balance at 1 January 2021	1,322	272	1,726	-	3,320
Charge for the period	558	171	840	15	1,584
Disposals	-	-		-	-
Expense/writeoff	-	-	-	-	-
Balance at 31 December 2021	1,880	443	2,566	15	4,904
Balance at 1 January 2020	643	112	879	-	1,634
Charge for the period	679	160	847	-	1,686
Disposals	-	-	-	-	-
Expense/write-off	-	-	-	-	-
Balance at 31 December 2020	1,322	272	1,726	-	3,320
Net book value:					
31 December 2021	1,329	234	1,798	33	3,394
31 December 2020	713	238	2,022	2	2,975

Right of Use Assets

Company	ROU Building Leases N million	ROU ATM Spaces Leases N million	ROU Branch Leases N million	ROU Other Leases N million	Total N million
16.3 Cost					
Balance at 1 January 2021	100	-	25	-	125
Additions	-	-	-	-	-
Disposals / expensed	-	-	-	-	-
Impairments	-	-	-	-	-
Transfers / reclassifications	-	-	-	-	-
Balance at 31 December 2021	100	-	25	-	125
Balance at 1 January 2020 - Transition Adjustment	100	-	7	-	107
Additions	-	-	18	-	18
Disposals / expensed	-	-	-	-	-
Impairments	-	-	-	-	-
Transfers / reclassifications	-	-	-	-	-
Balance at 31 December 2020	100	-	25	-	125
16.4 Accumulated depreciation					
Balance at 1 January 2021	53	-	12	-	65
Charge for the period	22	-	5	-	27
Disposals	-	-	-	-	-
Expense/writeoff	-	-	-	-	-
Balance at 31 December 2021	75	-	17	-	92
Balance at 1 January 2020	30	-	6	-	36
Charge for the period	23	-	6	-	29
Disposals	-	-	-	-	-
Expense/writeoff	-	-	-	-	-
Balance at 31 December 2020	53	-	12	-	65
Net book value:					
31 December 2021	25	-	8	-	33
31 December 2020	47	-	13	-	60

		Group		Company	
		31 Dec. 2021 N million	31 Dec. 2020 N million	**31 Dec. 2021 N million**	31 Dec. 2020 N million
17	**Share capital and reserves**				
17.1	**Mimimum share capital**				
	13,000,000,000 Ordinary shares of 50k each				
	(Dec 2019: 13,000,000,000 Ordinary shares of 50k each)	**6,500**	6,500	**6,500**	6,500
17.2	**Issued and fully paid-up**				
	12,956,997,163 Ordinary shares of 50k each				
	(Dec 2020: 11,105,997,568 Ordinary shares of 50k each)	**6,479**	5,553	**6,479**	5,553
	Ordinary share premium	**102,780**	**102,780**	**102,780**	**102,780**

There was no increase in authorised share capital during the year.
All issued shares are fully paid up.

Reconciliation of shares issued	**Number of ordinary shares million**	**Value of ordinary shares N'million**	**Ordinary share premium N'million**
Balance as at 1 January 2021	**11,106**	**5,553**	**102,780**
Shares issued in terms of the bonus distribution declared in respect of 2020 final dividend*	1,851	926	
Balance as at 31 December 2021	**12,957**	**6,479**	**102,780**

` *The bonus issue was issued at one for every six shares.

		Group		Company	
		31 Dec. 2021 N million	31 Dec. 2020 N million	**31 Dec. 2021 N million**	31 Dec. 2020 N million
17.3	**Dividend Payment**				
	2019 Interim Dividend				
	Scrip dividend	**-**	16,170	**-**	16,170
	Cash dividend	**-**	4,840	**-**	4,840
	Minority Interest	**-**	723	**-**	-
	2020 Interim Dividend				
	Scrip dividend	**-**	-	**-**	-
	Cash dividend	**-**	4,442	**-**	4,442
	2020 Final Dividend				
	Scrip dividend				
	Cash dividend	**39,982**		**39,982**	
	Minority Interest				
	2021 Interim Dividend				
	Scrip dividend	**-**	-	**-**	-
	Cash dividend	**12,957**	-	**12,957**	-
	Minority Interest	**1,095**	-	**-**	-
	Total dividend paid	**54,034**	26,175	**52,939**	25,452

		Group		Company	
		31 Dec. 2021 N million	31 Dec. 2020 N million	**31 Dec. 2021 N million**	31 Dec. 2020 N million
18	**Deposits and current accounts**				
	Deposits from banks	**431,667**	505,622	**-**	-
	Other deposits from banks	**431,667**	505,622	**-**	-
	Deposits from customers	**1,126,535**	819,944	**-**	-
	Current accounts	**591,963**	528,258	**-**	-
	Call deposits	**109,013**	42,772	**-**	-
	Savings accounts	**151,543**	150,618	**-**	-
	Term deposits	**274,016**	98,296	**-**	-
	Total deposits and current accounts	**1,558,202**	1,325,566	**-**	-

Deposits from banks mainly comprise vostro deposits (i.e. current accounts of offshore correspondent banks with Stanbic IBTC Bank) and Letters of credit refinancing deposits.

		Group		Company	
		31 Dec. 2021 N million	31 Dec. 2020 N million	**31 Dec. 2021 N million**	31 Dec. 2020 N million
19	**Other borrowings**				
	On-lending borrowings	**136,638**	112,031	**-**	**-**
	African Development Bank	**137**	318	**-**	-
	Nigeria Mortgage Refinance Company	**3,479**	3,686	**-**	-
	Bank of Industry	**737**	1,276	**-**	-
	Standard Bank Isle of Man	**80,017**	54,000	**-**	-
	CBN Real Sector Support Financing	**10,999**	11,720	**-**	-
	CBN Commercial Agricultural Credit Scheme	**9,155**	10,822	**-**	-
	CDC Development Finance	**32,114**	30,209	**-**	-
		136,638	112,031	**-**	-

		Group		Company	
		31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
		N million	N million	N million	N million
20	**Debts Securities Issued**				
(i)	Senior unsecured debt Naira (see (i) below)	30,107	30,349	-	-
(ii)	Subordinated debt - US dollar denominated	17,312	16,066	-	-
(iii)	Commercial paper	-	21,854	-	-
		47,419	68,269	-	-

(i) This represents Naira denominated unsecured senior debt issued on 5 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.

(ii) This represents US dollar denominated Tier II loan facility of USD$40million from Standard Bank of South Africa re-issued on 05 February 2021. The facility matures on 05 February 2031 and is callable after 5years with the first redemption date falling due on 06 February 2026. Interest on the facility is payable semi-annually at LIBOR (London Interbank Offered Rate) plus 4.82%.

(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. There are no current issuance as at 31 December 2021.

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

		Group		Company	
		31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
		N million	N million	N million	N million
21	**Other liabilities**				
	Trading settlement liabilities	38,230	1,281	-	-
	Cash-settled share-based payment liability	925	687	365	129
	Accrued expenses - Staff	4,371	4,871	753	609
	Deferred revenue (iii)	17,480	1,349	-	-
	Accrued expenses - Others	5,858	5,033	552	512
	Due to group companies	38,765	15,382	33,414	3,701
	Collections / remmitance payable	225,068	225,719	152	145
	Customer deposit for letters of credit	25,897	26,100	-	-
	Unclaimed balance (i)	2,963	2,809	-	-
	Payables to suppliers and asset management clients	2,215	3,358	6	4
	Draft & bank cheque payable	784	1,535	-	-
	Electronic channels settlement liability	3,997	1,786	-	-
	Unclaimed dividends liability (ii)	3,514	3,021	3,514	3,021
	Clients cash collateral for derivative transactions (iv)	46,945	44,854	-	-
	Lease liability (v)	473	89	-	-
	Sundry liabilities	47,661	8,459	76	748
		465,146	346,333	38,832	8,869

Increase in other liabilities is majorly on account of growth in cash collateral for derivative transactions and unsettled dealing balances at reporting period.

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

(ii) Amount represents liability in respect of unclaimed dividends as at 31 December 2021.

(iii) Deferred revenue include unrecognised gains on swaps transaction with the Central Bank

(iv) Amount represents margin cash collateral for FX futures

(v) 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,

22 Provisions

31 December 2021	Legal N million	Taxes & levies N million	Expected credit loss for off balance sheet exposures N million	Penalties & fines N million	Total N million
Balance at 1 January 2021	5,122	3,006	1,226	-	**9,354**
Provisions made during the year	5,939	285	414	-	**6,638**
Provisions used during the year	-	(452)	-	-	**(452)**
Provisions reversed during the year	(4,911)	(481)	(846)	-	**(6,238)**
Balance at 31 December 2021	**6,150**	**2,358**	**794**	**-**	**9,302**

31 December 2020	Legal N million	Taxes & levies N million	Expected credit loss for off balance sheet exposures N million	Penalties & fines N million	Total N million
Balance at 1 January 2020	5,180	2,645	1,035	-	8,860
Provisions made during the year	414	2,821	1,457	-	4,692
Provisions used during the year	(138)	(904)	-	-	(1,042)
Provisions reversed during the year	(334)	(1,556)	(1,266)	-	(3,156)
Balance at 31 December 2020	**5,122**	**3,006**	**1,226**	**-**	**9,354**

(a) Legal

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

(b) Taxes & levies

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

(c) Expected credit loss for off balance sheet exposures

This relates to expected credit loss on off balance sheet exposures in accordance with IFRS 9.

	Group		Company	
	31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
	N million	N million	**N million**	N million
23 Statement of cash flows notes				
23.1 Decrease/(increase) in assets				
Trading assets	**70,912**	79,254	**-**	-
Pledged assets	**(11,757)**	61,394	**-**	-
Loans and advances	**(285,537)**	(100,604)	**-**	-
Other assets	**54,321**	(7,291)		(6,232)
Restricted balance with the Central Bank	**(443,998)**	(131,452)	**-**	-
	(616,059)	(98,699)	**-**	(6,232)
23.2 Increase/(decrease) in deposits and other liabilities				
Deposit and current accounts	**229,986**	440,267	**-**	-
Trading liabilities	**(76,477)**	(61,703)	**-**	-
Other liabilities and provisions	**109,510**	125,693	**29,963**	16,041
Effect of exchange rate on cash and cash equivalents	**4,343**	7,272	**-**	-
	267,362	511,529	**29,963.00**	16,041

23.3 Cash and bank balances - Statement of cash flows

Cash and Bank balances (note 6)	**665,500**	627,111	**53,236**	44,240
Less: restricted balance with the Central Bank of Nigeria	**(443,998)**	(389,840)	**-**	-
Cash and bank balances at end of the period	**221,502**	237,271	**53,236**	44,240

25 Financial instruments measured at fair value

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

25.1 Valuation models

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

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

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

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

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

Specific valuation techniques used to value financial instruments include:

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

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

25.2 Valuation framework

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

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

Significant valuation issues are reported to the audit committee.

Notes to the consolidated and separate annual financial statements

for the year ended 31 December 2021

24 Classification of financial instruments

Accounting classifications and fair values

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

	Note	Fair Value Through P&L			Amortised cost	Fair-value through other comprehensive income		Other amotised cost	Total carrying amount	Fair value [1]
		Held for trading	Designated at fair value	Fair value through P/L - default		Debt Instrument	Equity Instrument			
		N million	N million	N million	N million	N million	N million	N million	N million	N million
31 December 2021										
Assets										
Cash and cash equivalents	6	-	-	630,372	35,128	-	-	-	665,500	665,500
Derivative assets	9	40,667	-	-	-	-	-	-	40,667	40,667
Trading assets	8	98,743	-	-	-	-	-	-	98,743	98,743
Pledged assets	7	95,187	-	-	-	87,148	-	-	182,335	182,335
Financial investments	10	-	-	47,794	5,109	580,710	3,021	-	636,634	636,634
Loans and advances to banks	11	-	-	-	16,096	-	-	-	16,096	16,096
Loans and advances to customers	11	-	-	-	921,044	-	-	-	921,044	921,044
Other assets (see note a below)		-	-	-	114,708	-	-	-	114,708	114,708
		234,597	-	678,166	1,092,085	667,858	3,021	-	2,675,727	2,675,727
Liabilities										
Derivative liabilities	9	24,805	-	-	-	-	-	-	24,805	24,805
Trading liabilities	8	112,023	-	-	-	-	-	-	112,023	112,023
Deposits from banks	18	-	-	-	-	-	-	431,667	431,667	431,667
Deposits from customers	18	-	-	-	-	-	-	1,126,535	1,126,535	1,126,535
Debt securities issued		-	-	-	-	-	-	47,419	47,419	47,419
Other borrowings		-	-	-	-	-	-	136,638	136,638	136,638
Other liabilities (see note b below)		-	-	-	-	-	-	436,512	436,512	436,512
		136,828	-	-	-	-	-	1,994,714	2,131,542	2,315,599

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

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

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

24 Classification of financial instruments continued

	Note	Fair Value Through P&L			Amortised cost	Fair-value through other comprehensive income		Other amotised cost	Total carrying amount	Fair value [1]
		Held for trading	Designated at fair value	Fair value through P/L - default		Debt Instrument	Equity Instrument			
		N million	N million	N million	N million	N million	N million	N million	N million	N million
31 December 2020										
Assets										
Cash and cash equivalents	6	-	-	434,706	192,405	-	-	-	627,111	627,111
Derivative assets	9	46,233	-	-	-	-	-	-	46,233	46,233
Trading assets	8	169,655	-	-	-	-	-	-	169,655	169,655
Pledged assets	7	3,499	-	-	-	167,079	-	-	170,578	170,578
Financial investments	10	-	-	58,994	16,326	533,993	3,048	-	612,361	612,361
Loans and advances to banks	11	-	-	-	7,828	-	-	-	7,828	7,828
Loans and advances to customers	11	-	-	-	625,139	-	-	-	625,139	625,139
Other assets (see note a below)		-	-	-	167,038	-	-	-	167,038	167,038
		219,387	-	493,700	1,008,736	701,072	3,048	-	2,425,943	2,425,943
Liabilities										
Derivative liabilities	9	37,382	-	-	-	-	-	-	37,382	37,382
Trading liabilities	8	188,500	-	-	-	-	-	-	188,500	188,500
Deposits from banks	18	-	-	-	-	-	-	505,622	505,622	505,622
Deposits from customers	18	-	-	-	-	-	-	819,944	819,944	819,944
Debt securities issued		-	-	-	-	-	-	68,269	68,269	68,269
Other borrowings		-	-	-	-	-	-	112,031	112,031	112,031
Other liabilities (see note b below)		-	-	-	-	-	-	344,984	344,984	344,984
		225,882	-	-	-	-	-	1,850,850	2,076,732	2,076,732

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

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

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

25.3 Financial instruments measured at fair value - fair value hierarchy

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

Group	**Fair value N million**	**Level 1 N million**	**Level 2 N million**	**Level 3 N million**	**Total N million**
31 December 2021					
Assets					
Cash and cash equivalents	**35,128**	**-**	**35,128**	**-**	**35,128**
Derivative assets	**40,667**	**-**	**29,298**	**11,369**	**40,667**
Trading assets	**98,743**	**98,298**	**445**	**-**	**98,743**
Pledged assets	**182,335**	**182,335**	**-**	**-**	**182,335**
Financial investments	**631,525**	**580,772**	**47,732**	**3,021**	**631,525**
	988,398	**861,405**	**112,603**	**14,390**	**988,398**
Comprising:					
Fair Value Through P&L	**174,538**	**98,298**	**64,871**	**11,369**	**174,538**
Fair Value Through OCI	**813,860**	**763,107**	**47,732**	**3,021**	**813,860**
	988,398	**861,405**	**112,603**	**14,390**	**988,398**
Liabilities					
Derivative liabilities	**24,805**	**-**	**24,805**	**-**	**24,805**
Trading liabilities	**112,023**	**117**	**111,906**	**-**	**112,023**
	136,828	**117**	**136,711**	**-**	**136,828**
Comprising:					
Fair Value Through P&L	**136,828**	**117**	**136,711**	**-**	**136,828**
Designated at fair value	**-**				**-**
	136,828	**117**	**136,711**	**-**	**136,828**

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

Group	Fair value N million	Level 1 N million	Level 2 N million	Level 3 N million	Total N million
31 December 2020					
Assets					
Cash and cash equivalents	434,706	-	434,706	-	434,706
Derivative assets	46,233	-	39,661	6,572	46,233
Trading assets	169,655	169,655	-	-	169,655
Pledged assets	170,578	170,578	-	-	170,578
Financial investments	596,035	592,987	-	3,048	596,035
	1,417,207	933,220	474,367	9,620	1,417,207
Comprising:					
Fair Value Through P&L	650,594	173,154	474,367	6,572	654,093
Fair Value Through OCI	766,613	760,066	-	3,048	763,114
	1,417,207	933,220	474,367	9,620	1,417,207
Liabilities					
Derivative liabilities	37,382	-	37,382	-	37,382
Trading liabilities	188,500	53,488	135,012	-	188,500
	225,882	53,488	172,394	-	225,882
Comprising:					
Fair Value Through P&L	225,882	53,488	172,394	-	225,882
Designated at fair value	-	-	-	-	-
	225,882	53,488	172,394	-	225,882

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

25.3 Level 3 fair value measurement

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

	31 Dec. 2021		31 Dec. 2020	
	Derivative assets	Financial investments	Derivative assets	Financial investments
	N million	N million	N million	N million
Balance at 1 January	6,572	3,048	26,143	2,685
Day one profit / (loss) recognised	15,727	-	7,197	-
Gains/(losses) included in profit or loss - Trading revenue	(10,930)	-	1,781	-
Sales and settlements	-	-	(28,549)	-
Unrealised gain/(loss) recognised in other comprehensive income	-	(27)	-	363
Balance at period end	**11,369**	**3,021**	6,572	3,048

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

	Derivative assets	Financial investments	Derivative assets	Financial investments
	N million	N million	N million	N million
Trading revenue	(10,930)	-	1,781	-
Other comprehensive income	-	(27)	-	363

(ii) Unobservable inputs used in measuring fair value

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

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

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

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

Group	**Fair value N million**	**Level 1 N million**	**Level 2 N million**	**Level 3 N million**	**Total N million**
31 December 2021					
Assets					
Cash and cash equivalents	**630,372**	**-**	**630,372**	**-**	**630,372**
Financial Investment	**5,109**	**-**	**5,109**	**-**	**5,109**
Loans and advances to banks	**16,096**	**-**	**16,096**	**-**	**16,096**
Loans and advances to customers	**921,044**	**-**	**921,044**	**-**	**921,044**
Other financial assets	**114,708**	**-**	**114,708**	**-**	**114,708**
	1,687,329	**-**	**1,687,329**	**-**	**1,687,329**
Liabilities					
Deposits from banks	**431,667**	**-**	**431,667**	**-**	**431,667**
Deposits from customers	**1,126,535**	**-**	**1,126,535**	**-**	**1,126,535**
Other borrowings	**136,638**	**-**	**136,638**	**-**	**136,638**
Senior debt issued	**47,419**	**-**	**47,419**	**-**	**47,419**
Other financial liabilities	**436,512**	**-**	**436,512**	**-**	**436,512**
	2,178,771	**-**	**2,178,771**	**-**	**2,178,771**

Group	Fair value N million	Level 1 N million	Level 2 N million	Level 3 N million	Total N million
31 December 2020					
Assets					
Cash and cash equivalents	192,405	-	192,405	-	192,405
Financial Investment	16,326	-	16,326	-	16,326
Loans and advances to banks	7,828	-	7,828	-	7,828
Loans and advances to customers	625,139	-	625,139	-	625,139
Other financial assets	167,038	-	167,038	-	167,038
	1,008,736	-	1,008,736	-	1,008,736
Liabilities					
Deposits from banks	505,622	-	505,622	-	505,622
Deposits from customers	819,944	-	819,944	-	819,944
Other borrowings	112,031	-	112,031	-	112,031
Debt securities issued	68,269	-	68,269	-	68,269
Other financial liabilities	344,984	-	344,984	-	344,984
	1,850,850	-	1,850,850	-	1,850,850

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

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

		Group		Company	
		31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020
		N million	N million	**N million**	N million
26	**Contingent liabilities and commitments**				
26.1	**Contingent liabilities**				
	Letters of credit	**185,714**	100,654	**-**	-
	Guarantees	**104,418**	112,968	**-**	-
		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 of N794 million (Dec 2020: N1,226 million) on this has been included in provisions.

26.2 Legal proceedings

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

The Group litigation portfolio as at 31 December 2021 consisted of 373 cases and aggregate value of monetary claims against the Stanbic IBTC Group was N118,012,784,378.45; USD$4,438,678.78 & GB £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 22 for details of provisions.

There were no other events after the reporting date which could have a material effect on the financial position of the group as at 31 Dec 2021 which have not been recognized or disclosed.

27 Supplementary income statement information

		Group				Company			
		3 months 31 Dec. 2021 N million	**12 months 31 Dec. 2021 N million**	3 months 31 Dec. 2020 N million	12 months 31 Dec. 2020 N million	**3 months 31 Dec. 2021 N million**	**12 months 31 Dec. 2021 N million**	3 months 31 Dec. 2020 N million	12 months 31 Dec. 2020 N million
27.1	**Interest income**								
	Interest on loans and advances to banks	**186**	**737**	277	1,773	-	-	-	-
	Interest on loans and advances to customers	**22,954**	**77,715**	14,130	61,099	-	-	-	-
	Interest on investments	**8,608**	**26,299**	9,416	42,904	**80**	**90**	18	140
		31,748	**104,751**	23,823	105,776	**80**	**90**	18	140
	Interest income on items measured at amortised cost	**24,242**	**81,487**	14,003	65,007	-	-	-	-
	Interest income on debt instruments measured at FVOCI	**7,506**	**23,264**	9,820	40,769	**80**	**90**	**18**	**140**
	The amount reported above include interest income calculated using the effective interest rate method that relates to financial assets measured at amortised cost.								
27.2	**Interest expense**								
	Savings accounts	**249**	**1,085**	282	2,330	-	-	-	-
	Current accounts	**604**	**1,825**	353	3,299	-	-	-	-
	Call deposits	**1,027**	**1,193**	10	101	-	-	-	-
	Term deposits	**5,104**	**10,195**	1,008	6,192	-	-	-	-
	Interbank deposits	**1,193**	**4,694**	1,407	7,403	-	-	-	-
	Borrowed funds	**2,193**	**10,382**	2,803	12,224	-	-	-	-
	Lease Expense	**3**	**5**	2	12	-	-	-	-
		10,373	**29,379**	5,865	31,561	-	-	-	-
	Interest expense on items measured at amortised cost	**10,370**	**29,374**	5,863	31,549	-	-	-	-
	Interest expense on lease liabilities	**3**	**5**	2	12	-	-	-	-
27.3	**Net fee and commission revenue**								
	Fee and commission revenue	**24,685**	**88,321**	19,316	75,151	1,099	1,517	342	1,327
	Account transaction fees	**1,314**	**5,088**	982	3,830	-	-	-	-
	Card based commission	**517**	**2,391**	600	2,560	-	-	-	-
	Brokerage and financial advisory fees	**2,411**	**8,027**	1,898	7,245	-	-	-	-
	Asset management fees	**14,117**	**54,726**	12,238	47,025	-	-	-	-
	Custody transaction fees	**553**	**2,146**	612	2,480	-	-	-	-
	Electronic banking	**3,693**	**3,693**	620	2,737	-	-	-	-
	Foreign currency service fees	**4,503**	**7,034**	1,594	5,421	-	-	-	-
	Documentation and administration fees	**(1,790)**	**3,216**	375	2,088	-	-	-	-
	Others	**(633)**	**2,000**	397	1,765	1,099	1,517	342	1,327
	Fee and commission expense	**(1,460)**	**(5,444)**	(1,081)	(3,961)	-	-		-
		23,225	**82,877**	18,235	71,190	1,099	1,517	342	1,327
	Increase in fee and commission revenue is mainly attributable to increase in Assets management related transactions following increase in Asset Under Management coupled with insurance related income in the current year.								
27.4	**Income from life insurance activities**	**93**	**176**						
a)	**Insurance premium received**			-	-	-	-	-	-
	Gross premium written	**3,045**	**6,000**	-	-	-	-	-	-
	Unearned premium	**38**	**(292)**	-	-	-	-	-	-
		3,083	**5,708**	-	-	-	-	-	-
	Change in insurance contract liabilities	**(2,685)**	**(4,856)**						
		398	**852**	-	-	-	-	-	-
	Insurance premium revenue ceded to reinsurers								
	Reinsurance expense	**55**	**172**						
	Commission paid to brokers for reinsurance	**116**	**276**						
	Unexpired risk premium on reinsurance	**(3)**	**(50)**						
	Commission earned from reinsurance	**(12)**	**(44)**						
		156	**354**						
	Insurance benefits and claims paid								
	Unexpired risk premium on reinsurance	**232**	**447**						
	Commission earned from reinsurance	**(83)**	**(125)**						
		149	**322**						
27.5	**Trading revenue**								
	Commodities	-	-	-		-	-	-	-
	Equities	**1**	**(2)**	2	-	-	-	-	-
	Fixed income and currencies	**4,281**	**13,303**	7,742	52,110	-	-	-	-
		4,282	**13,301**	7,744	52,110	-	-	-	-

27 Supplementary income statement information continued

		Group				Company			
		3 months	**12 months**	3 months	12 months	**3 months**	**12 months**	3 months	12 months
		31 Dec. 2021	**31 Dec. 2021**	31 Dec. 2020	31 Dec. 2020	**31 Dec. 2021**	**31 Dec. 2021**	31 Dec. 2020	31 Dec. 2020
		N million	**N million**	N million	N million	**N million**	**N million**	N million	N million
27.6	**Other revenue**								
	Dividend income	**245**	**636**	12	230	**5,349**	**35,404**	-	28,860
	Others	**(10)**	**(1,202)**	265	1,179	**(3)**	**14**	448	448
		235	**(566)**	277	1,409	**5,346**	**35,418**	448	29,308
27.7	**Net impairment write-back/(loss) on financial assets**								
	Net expected credit loses raised and released for financial					**-**	**-**	-	-
	12 month ECL	**66**	**43**	40	174	**-**	**-**	-	-
	Lifetime ECL not credit impaired	**-**	**-**	-	-	**-**	**-**	-	-
	Lifetime ECL credit impaired	**-**	**-**	-	-	**-**	**-**	-	-
	Net expected credit loses raised and released for Loan and					**-**	**-**	-	-
	12 month ECL	**(2,883)**	**(1)**	7	3	**-**	**-**	-	-
	Lifetime ECL not credit impaired	**(161)**	**-**	-	-	**-**	**-**	-	-
	Lifetime ECL credit impaired	**12**	**-**	-	-	**-**	**-**	-	-
	Net expected credit loses raised and released for Loan and					**-**	**-**	-	-
	12 month ECL	**(1,057)**	**(1,151)**	(537)	1,300	**-**	**-**	-	-
	Lifetime ECL not credit impaired	**344**	**32**	(486)	(3,622)	**-**	**-**	-	-
	Lifetime ECL credit impaired	**6,564**	**6,782**	4,339	16,494	**-**	**-**	-	-
	Net expected credit loses raised and released on off balance					**-**	**-**	-	-
	12 month ECL	**4,614**	**434**	138	120	**-**	**-**	-	-
	Lifetime ECL not credit impaired	**9**	**8**	78	60	**-**	**-**	-	-
	Lifetime ECL credit impaired	**-**	**-**	-	-	**-**	**-**	-	-
	Recoveries on loans and advances previously written off	**(3,086)**	**(4,922)**	(642)	(4,594)	**-**	**-**	-	-
		4,422	**1,225**	2,937	9,935	**-**	**-**	-	-
27.8	**Other operating expenses**								
	Information technology	**3,696**	**9,854**	2,797	8,076	**224**	**224**	28	119
	Communication expenses	**406**	**1,273**	738	1,888	**(61)**	**(61)**	17	34
	Premises Expenses	**1,199**	**3,603**	1,304	3,285	**1**	**1**	102	117
	Depreciation Expenses	**1,398**	**6,595**	2,220	7,517	**22**	**106**	29	97
	Amortisation of intangible asset	**192**	**763**	179	680	**-**	**-**	-	-
	Deposit insurance premium	**1,490**	**5,223**	779	3,188	**-**	**-**	-	-
	AMCON expenses	**-**	**12,920**	498	9,828	**-**	**-**	-	-
	Other insurance premium	**719**	**2,273**	92	2,027	**(4)**	**(4)**	-	2
	Auditors remuneration	**95**	**422**	22	376	**14**	**60**	14	46
	Non-audit service fee	**-**	**-**	(5)	26	**-**	**-**	-	-
	Professional fees	**643**	**1,657**	3,134	1,960	**102**	**102**	86	229
	Administration and membership fees	**723**	**2,287**	405	1,713	**73**	**73**	3	22
	Training expenses	**159**	**408**	(196)	58	**106**	**106**	2	12
	Security expenses	**509**	**1,860**	463	1,656	**19**	**19**	7	17
	Travel and entertainment	**255**	**494**	103	676	**63**	**63**	33	78
	Stationery and printing	**193**	**933**	225	724	**73**	**73**	14	71
	Marketing and advertising	**1,574**	**3,289**	1,585	2,929	**847**	**847**	289	851
	Pension administration expense	**147**	**566**	336	337	**-**	**-**	-	-
	Penalties and fines	**207**	**481**	7	53	**-**	**-**	-	-
	Donations	**45**	**1,356**	(10)	663	**(22)**	**122**	-	327
	Operational losses	**34**	**548**	(236)	300	**-**	**-**	-	2
	Directors fees & expenses	**202**	**744**	155	642	**96**	**324**	74	315
	Provision for legal costs and levies	**(251)**	**(607)**	(244)	(2,590)	**-**	**-**	(84)	(46)
	Impairment of other financial assets	**621**	**998**	73	839	**(8)**	**(8)**	73	68
	Motor vehicle maintenance expense	**399**	**1,172**	260	1,175	**22**	**22**	8	38
	Bank Charges	**515**	**888**	474	2,151	**-**	**-**	45	82
	Indirect tax (VAT)	**536**	**1,831**	661	1,772	**33**	**140**	(82)	114
	Commission Paid	**58**	**185**	159	159	**-**	**-**	-	-
	Others	**575**	**2,307**	(3,473)	21	**(926)**	**(8)**	102	(237)
		16,339	**64,323**	12,505	52,129	**674**	**2,201**	760	2,358
27.9	**Income tax**								
	Current tax	**8,596**	**9,037**	2,913	13,766	**6**	**8**	(2)	4
	Deferred tax	**(445)**	**-**	(2,109)	(2,260)	**-**	**-**	-	-
		8,151	**9,037**	804	11,506	**6**	**8**	(2)	4

	Group				Company			
	3 months	**12 months**	3 months	12 months	**3 months**	**12 months**	3 months	12 months
	31 Dec. 2021	**31 Dec. 2021**	31 Dec. 2020	31 Dec. 2020	**31 Dec. 2021**	**31 Dec. 2021**	31 Dec. 2020	31 Dec. 2020
	N million	**N million**	N million	N million	**N million**	**N million**	N million	N million
28 Earnings per ordinary share								
The calculation of basic earnings per ordinary share and diluted earnings per ordinary share are as follows:								
Earnings based on weighted average shares in issue								
Earnings attributable to ordinary shareholders (N million)	**43,761**	**54,396**	5,424	80,939	**33,189**	**32,358**	(397)	26,369
Weighted average number of ordinary shares in issue (number of shares)								
Weighted average number of ordinary shares in issue	**12,957**	**12,957**	11,106	11,106	**12,957**	**12,957**	11,106	11,106
Basic earnings per ordinary share (kobo)	**338**	**420**	49	729	**256**	**250**	(4)	237
Diluted earnings per ordinary share (kobo)	**338**	**420**	49	729	**256**	**250**	(4)	237

29 Related party transactions

29.1 Parent and ultimate controlling party

The company is 67.51% owned by Stanbic Africa Holdings Limited, which is incorporated in the United Kingdom. The ultimate parent and controlling party of the group/ company is Standard Bank Group Limited, incorporated in South Africa. Stanbic IBTC Holdings PLC has 9 direct subsidiaries and 2 indirect subsidiaries as listed below.

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

29.2 Subsidiaries

Details of effective interest in subsidiaries are disclosed below.

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

29.3 Key management personnel

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

	31 Dec. 2021 N million	31 Dec. 2020 N million
Key management compensation		
Salaries and other short-term benefits	**726**	1,508
Post-employment benefits	**25**	56
Value of share options and rights expensed	**-**	127
	751	1,691

The transactions below are entered into in the normal course of business.	**31 Dec. 2021 N million**	31 Dec. 2020 N million
Loans and advances		
Loans outstanding at the beginning of the period	**332**	95
Net movement during the period	**21**	237
Loans outstanding at the end of the period	**353**	332

Loans include mortgage loans, instalment sale and finance leases and credit cards. No specific impairments have been recognised in respect of loans granted to key management (2020: nil). The mortgage loans and instalment sale and finance leases are secured by the underlying assets. All other loans are unsecured.

30 Related party transactions continued

	31 Dec. 2021 N million	31 Dec. 2020 N million
Deposit and current accounts		
Deposits outstanding at beginning of the period	**565**	357
Net movement during the period	**(249)**	208
Deposits outstanding at end of the period	**316**	565

Deposits include cheque, current and savings accounts.

30.1 Service contracts with related parties

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

The relevant balances are shown below:

		31 Dec. 2021 N million	31 Dec. 2020 N million
(i)	**Due from group companies**		
	Loans to banks	**-**	4,328
	Current account balances	**8,411**	18,922
	Derivatives	**399**	2,398
	Other assets	**-**	-
		8,810	25,648
(ii)	**Due to group companies**		
	Deposits and current accounts	**9,008**	63,288
	Derivatives	**673**	8,380
	Subordinated debt	**17,312**	16,066
	Other borrowings	**80,017**	54,000
	Other liabilities	**38,765**	15,382
		145,775	157,116

		31 Dec. 2021 N million	30 Jun. 2020 N million
(iii)	**Profit or loss impact of transactions with group entities**		
	Interest income earned	**27**	61
	Interest expense paid	**(1,923)**	(1,303)
	Trading revenue	**(884)**	(8,173)
	Fee and commission income	**40**	-
	Operating expense incurred	**-**	

30 Summarised financial statements of the consolidated entities

	Stanbic IBTC Holdings PLC Company N'million	Stanbic IBTC Bank PLC N'million	Stanbic IBTC Capital Ltd N'million	Stanbic IBTC Pension Managers Ltd N'million	Stanbic IBTC Asset Mgt Ltd N'million	Stanbic IBTC Ventures Ltd N'million	Stanbic IBTC Trustees Ltd N'million	Stanbic IBTC Stockbrokers Ltd N'million	Stanbic IBTC Insurance Ltd N'million	Stanbic IBTC Insurance Brokers Ltd N'million	Stanbic IBTC Financial Services Ltd N'million	Consolidations / Eliminations N'million	Stanbic IBTC Holdings PLC Group N'million
Income statement													
Net interest income	90	69,843	592	3,634	278	107	30	45	613	124	8	8	**75,372**
Non interest revenue	36,935	34,506	4,043	42,425	12,614	38	867	967	177	917	1	(37,702)	**95,788**
Total income	**37,025**	**104,349**	**4,635**	**46,059**	**12,892**	**145**	**897**	**1,012**	**790**	**1,041**	**9**	**(37,694)**	**171,160**
Staff costs	(2,458)	(29,298)	(1,235)	(5,387)	(2,260)	-	(294)	(295)	(308)	(509)	3	-	**(42,041)**
Operating expenses	(2,201)	(52,491)	(797)	(8,204)	(1,756)	(15)	(144)	(266)	(354)	(251)	(2)	2,158	**(64,323)**
Credit impairment charges	-	1,209	1	119	2	-	(98)	(3)	(2)	(3)	-	-	**1,225**
Total expenses	**(4,659)**	**(80,580)**	**(2,031)**	**(13,472)**	**(4,014)**	**(15)**	**(536)**	**(564)**	**(664)**	**(763)**	**1**	**2,158**	**(105,139)**
Profit before tax	**32,366**	**23,769**	**2,604**	**32,587**	**8,878**	**130**	**361**	**448**	**126**	**278**	**10**	**(35,536)**	**66,021**
Tax	(8)	5,906	(1,008)	(10,583)	(3,045)	44	(124)	(154)	(4)	(61)	-	-	**(9,037)**
Profit for the period	**32,358**	**29,675**	**1,596**	**22,004**	**5,833**	**174**	**237**	**294**	**122**	**217**	**10**	**(35,536)**	**56,984**
At 31 December 2020	26,369	59,476	1,243	19,198	4,773	305	132	246	(44)	253	-	(28,740)	**83,211**

31 Directors and staff related exposures

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
OLUWOLE ADELAJA ADENIYI	CE (BANK)	OLUWOLE ADELAJA ADENIYI	Card	USD	12-Jul-19	31-Jul-22	10,602,750	3,143,529	30.00	Performing	CASH
OLUWOLE ADELAJA ADENIYI	CE (BANK)	OLUWOLE ADELAJA ADENIYI	Card	NGN	5-Oct-21	31-Oct-24	2,916,000	2,134,778	30.00	Performing	CASH
OLUWOLE ADELAJA ADENIYI	CE (BANK)	OLUWOLE ADELAJA ADENIYI	Term Loan	NGN	21-Jan-21	20-Jan-22	30,000,000	1,787,566	12.00	Performing	CASH
DR. A.A.E MRS J.A.O. SOGUNLE	CE (HOLDCO)	DR. A.A.E MRS J.A.O. SOGUNLE	Term Loan	NGN	28-Nov-17	20-Nov-22	60,000,000	14,301,870	15.00	Performing	CASH
DR. A.A.E MRS J.A.O. SOGUNLE	CE (HOLDCO)	DR. A.A.E MRS J.A.O. SOGUNLE	Card	USD	4-Nov-19	30-Nov-22	10,602,750	1,459,621	30.00	Performing	CASH
REMIGIUS AZUBUIKE OSUAGWU	EXECUTIVE DIRECTOR (BANK)	REMIGIUS AZUBUIKE OSUAGWU	VAF	NGN	18-Dec-19	20-Dec-24	19,000,000	11,467,463	18.00	Performing	ASSET FINANCED
REMIGIUS AZUBUIKE OSUAGWU	EXECUTIVE DIRECTOR (BANK)	REMIGIUS AZUBUIKE OSUAGWU	VAF	NGN	18-Dec-19	20-Dec-24	31,000,000	18,710,071	18.00	Performing	ASSET FINANCED
OLUBUNMI ONAJITE DAYO-OLAGUNJU	EXECUTIVE DIRECTOR (BANK)	OLUBUNMI ONAJITE DAYO-OLAGUNJU	VAF	NGN	22-Jul-21	20-Jul-23	16,000,000	13,119,443	15.00	Performing	FINANCED ASSET (VEHICLE)
KOLAWOLE LAWAL	EXECUTIVE DIRECTOR (BANK)	KOLAWOLE LAWAL	VAF	NGN	21-Oct-21	20-Oct-25	15,500,000	15,090,530	15.00	Performing	FINANCED ASSET (VEHICLE)
VARIOUS STAFF	STAFF	VARIOUS STAFF	STAFF LOAN				8,890,695,188	5,906,828,343			
			Total-Insider related credits				9,086,316,688	5,988,043,214			

Risk management

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

The most important types of risk arising from financial instruments are credit risk, liquidity risk and market risk. The management of these risks is discussed in the consolidated financial statements of the group as at and for the year ended 31 December 2020.

There have been no significant change in the group's risk factors and uncertainties relative to those described in the consolidated financial statements as at and for the year ended 31 December 2020.

Capital management

Capital adequacy

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

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

Regulatory Capital

The group's regulatory capital is split into two:

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

Tier 2 capital includes subordinated debts and revaluation reserves.

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

Capital management - BASEL II regulatory capital

Stanbic IBTC Group	Basel II Group 31 Dec 2021 N'million	*Basel III Group 31 Dec 2021 N'million	Basel II Group 31 Dec 2020 N'million	*Basel II - Adjusted for impact of IFRS 9 transitional adjustment Group 31 Dec 2020 N'million
Tier 1	342,189	333,887	329,963	331,999
Paid-up share capital	6,478	6,478	5,553	5,553
Share premium	102,780	102,780	102,780	102,780
General reserve (retained profit)	177,395	177,395	168,521	168,521
SMEEIS reserve	1,039	1,039	1,039	1,039
AGSMEIS reserve	10,241	10,241	7,626	7,626
Statutory reserve	35,330	35,330	36,790	36,790
Other reserves	76	76	76	76
IFRS 9 Transitional Adjustment Relief	-	-	-	2,036
Non controlling interests	8,850	548	7,578	7,578
Less: regulatory deduction	18,008	18,008	17,803	17,803
Goodwill	-	-	-	-
Deferred tax assets	13,997	13,997	13,163	13,163
Other intangible assets	4,011	4,011	4,640	4,640
Current year losses	-	-	-	-
Under impairment	-	-	-	-
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	-	-	-	-
Excess exposure(s) over single obligor without CBN approval	-	-	-	-
Exposures to own financial holding company	-	-	-	-
Unsecured lending to subsidiaries within the same group	-	-	-	-
Eligible Common Equity Tier I capital	324,181	315,879	312,160	314,196
Additional Tier I Capital				
Instruments issued by consolidated subsidiaries and held by third parties	-	34		
Eligible Tier I capital	324,181	315,913	312,160	314,196
	21,024	21,024	21,509	21,509
Hybrid (debt/equity) capital instruments	-	-	-	-
Subordinated term debt	17,312	17,312	12,853	12,853
Other comprehensive income (OCI)	3,712	3,712	8,656	8,656
Less: regulatory deduction	-	-	-	-
Reciprocal cross-holdings in ordinary shares of financial institutions	-	-	-	-
Investment in the capital of banking and financial institutions	-	-	-	-
Investment in the capital of financial subsidiaries	-	-	-	-
Exposures to own financial holding company	-	-	-	-
Unsecured lending to subsidiaries within the same group	-	-	-	-
Eligible Tier II capital	21,024	21,024	21,509	21,509
Total regulatory capital	**345,205**	**336,903**	**333,669**	**335,705**
Risk weighted assets:				
Credit risk	1,256,060	1,256,060	978,727	978,727
Operational risk	348,890	348,890	353,926	353,926
Market risk	52,924	52,924	18,665	18,665
Total risk weighted asset	**1,657,874**	**1,657,874**	**1,351,318**	**1,351,318**
Total capital adequacy ratio	20.8%	20.3%	24.7%	24.8%
Tier I capital adequacy ratio	19.6%	19.1%	23.1%	23.3%
Common Equity Tier I capital adequacy ratio	19.6%	19.1%	23.1%	23.3%
Leverage:				
Total exposure measure	N/A	315,914	N/A	N/A
Capital measure	N/A	2,955,234	N/A	N/A
Leverage ratio	N/A	10.7%	N/A	N/A

*Capital adequacy ratio decreases by 49bps under the Basel III guidelines compared to Basel II largely as a result of decrease in the amount of non-controlling interest that can be recognised due to the new recognition methodology. 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.

Risk and capital management (continued)
for the year ended 31 December 2021

Capital management - BASEL II regulatory capital

Stanbic IBTC Bank PLC	Basel II 31 Dec 2021 N'million	*Basel III 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
Tier 1	227,496	227,496	219,884	221,943
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)	120,028	120,028	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	51,808	51,808	52,089	52,089
Other reserves	36	36	36	36
IFRS 9 Transitional Adjustment Relief	-	-	-	2,059
Non controlling interests	-	-	-	-
Less: regulatory deduction	17,598	17,598	17,102	17,102
Goodwill	-	-	-	-
Deferred tax assets	13,626	13,626	12,411	12,411
Other intangible assets	3,972	3,972	4,641	4,641
Investment in the capital of financial subsidiaries	-	-	50	50
Excess exposure(s) over single obligor without CBN approval	-	-	-	-
Exposures to own financial holding company	-	-	-	-
Unsecured lending to subsidiaries within the same group	-	-	-	-
Unsecured lending to subsidiaries within the same group	-	-	-	-
Eligible Tier I capital	209,898	209,898	202,782	204,841
Tier II	19,635	19,635	18,649	18,649
Hybrid (debt/equity) capital instruments	-	-	-	-
Subordinated term debt	19,635	19,635	12,853	12,853
Other comprehensive income (OCI)	-	-	5,796	5,796
	-	-	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	18,599
Total regulatory capital	**229,533**	**229,533**	**221,381**	**223,440**
Risk weighted assets:				
Credit risk	1,154,612	1,154,612	871,744	871,744
Operational risk	237,024	237,024	249,987	249,987
Market risk	46,398	46,398	18,665	18,665
Total risk weight asset	**1,438,034**	**1,438,034**	**1,140,396**	**1,140,396**
Total capital adequacy ratio	16.0%	16.0%	19.4%	19.6%
Tier I capital adequacy ratio	14.6%	14.6%	17.8%	18.0%
Common Equity Tier I capital adequacy ratio	14.6%	14.6%	17.8%	18.0%
Leverage:				
Capital measure	N/A	209,897	N/A	N/A
Total exposure measure	N/A	2,825,831	N/A	N/A
Leverage ratio	N/A	7.4%	-	-

*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.