STANBIC IBTC HOLDINGS PLC

UNAUDITED CONSOLIDATED AND SEPARATE INTERIM FINANCIAL STATEMENTS

30 September 2023

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Stanbic IBTC Holdings PLC RC 1018051

Directors: Basil Omiyi CON (Chairman) Demola Sogunle (Chief Executive) Kunle Adedeji (Executive) F. Ajogwu (SAN) S. David-Borha N. Edozien I. L. Esiri B.J. Kruger* B. Manu S. Suleiman N. Uwaje

*South African

STANBIC IBTC HOLDINGS PLC
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30 September 2023

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STANBIC IBTC HOLDINGS PLC

Consolidated and separate interim statements of financial position as at 30 September 2023

		Group		Company	
	Note	**30 Sept. 2023 N'million**	31 Dec. 2022 N'million	**30 Sept. 2023 N'million**	31 Dec. 2022 N'million
Assets					
Cash and Cash equivalent	6	**1,249,167**	664,450	**15,115**	50,294
Pledged assets	7	**226,647**	127,990	**-**	-
Trading assets	8	**218,356**	190,431	**-**	-
Derivative assets	9	**424,678**	42,134	**-**	-
Financial investments	10	**521,495**	582,019	**8,679**	27,710
Loans and advances	11	**1,770,795**	1,208,190	**-**	-
Loans and advances to banks	11	**7,849**	3,404	**-**	-
Loans and advances to customers	11	**1,762,946**	1,204,786	**-**	-
Other assets	12	**172,924**	132,390	**18,895**	13,199
Equity investment in group companies		**-**	-	**95,351**	94,751
Property and equipment	14	**74,194**	61,548	**3,276**	2,040
Right of Use Assets	16	**4,348**	3,609	**142**	4
Intangible asset	15	**2,662**	3,223	**-**	-
Deferred tax assets	13	**8,791**	13,042	**-**	-
Total assets		**4,674,057**	3,029,026	**141,458**	187,998
Equity and liabilities					
Equity		**471,055**	407,670	**112,540**	122,965
Equity attributable to ordinary shareholders		**462,473**	399,662	**112,540**	122,965
Ordinary share capital	17	**6,479**	6,479	**6,479**	6,479
Ordinary share premium	17	**102,780**	102,780	**102,780**	102,780
.		**353,214**	290,403	**3,281**	13,706
Non-controlling interest		**8,582**	8,008	**-**	-
Liabilities		**4,203,002**	2,621,356	**28,918**	65,033
Trading liabilities	8	**208,643**	220,971	**-**	-
Derivative liabilities	9	**313,497**	26,099	**-**	-
Current tax liabilities		**16,816**	17,564	**68**	46
Deposits and current accounts	18	**2,494,159**	1,736,426	**-**	-
Deposits from banks	18	**722,263**	491,080	**-**	-
Deposits from customers	18	**1,771,896**	1,245,346	**-**	-
Other borrowings	19	**285,617**	187,957	**-**	-
Debt securities issued	20	**123,442**	71,878	**-**	-
Provisions	22	**11,718**	8,758	**-**	-
Other liabilities	21	**748,284**	351,703	**28,850**	64,987
Deferred tax liabilities		**826**	-	**-**	-
Total equity and liabilities		**4,674,057**	3,029,026	**141,458**	187,998

Demola Sogunle
Chief Executive
FRC/2013/CIBN/00000001034
27 October 2023

Kunle Adedeji
Chief Financial Officer
FRC/2013/ICAN/00000001137
27 October 2023

Basil Omiyi
Chairman
FRC/2016/IODN/00000014093
27 October 2023

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

STANBIC IBTC HOLDINGS PLC

Consolidated and separate interim statements of profit or loss
for the period ended 30 September 2023

		Group				Company			
	Note	**3 months 30-Sep-23 N'million**	**9 months 30-Sep-23 N'million**	3 months 30-Sep-22 N'million	9 months 30-Sep-22 N'million	**3 months 30-Sep-23 N'million**	**9 months 30-Sep-23 N'million**	3 months 30-Sep-22 N'million	9 months 30-Sep-22 N'million
Net interest income		**47,819**	**120,503**	29,307	79,661	**134**	**171**	35	104
Interest income	27.1	**74,332**	**184,591**	38,809	107,057	**134**	**171**	35	104
Interest expense	27.2	**(26,513)**	**(64,088)**	(9,502)	(27,396)	**-**	**-**	-	-
Non-interest revenue		**43,343**	**141,961**	31,439	94,395	**6,451**	**41,248**	22,380	56,263
Net fee and commission revenue	27.3	**28,372**	**79,526**	22,892	68,454	**432**	**1,542**	355	1,200
Fee and commission revenue	27.3	**30,803**	**84,598**	24,273	72,470	**432**	**1,542**	355	1,200
Fee and commission expense	27.3	**(2,431)**	**(5,072)**	(1,381)	(4,016)	**-**	**-**	-	-
Income from life insurance activities	27.4	**(718)**	**(1,231)**	721	857	**-**	**-**	-	-
Net insurance service result before reinsurance contracts held	27.4	**509**	**1,516**	-	-	**-**	**-**	-	-
Net expense from reinsurance contracts held	27.4	**(76)**	**(449)**	-	-	**-**	**-**	-	-
Net insurance finance expenses	27.4	**(8)**	**(1,451)**	-	-	**-**	**-**	-	-
Fair value adjustments	27.4	**(1,143)**	**(847)**	-	-	**-**	**-**	-	-
Insurance premium received	27.4	**-**	**-**	1,626	2,792	**-**	**-**	-	-
Insurance premium revenue ceded to reinsurers	27.4	**-**	**-**	(378)	(781)	**-**	**-**	-	-
Insurance benefits and claims paid	27.4	**-**	**-**	(527)	(1,154)	**-**	**-**	-	-
Trading revenue	27.5	**15,018**	**59,741**	8,566	24,886	**-**	**-**	-	-
Other revenue	27.6	**671**	**3,925**	(740)	198	**6,019**	**39,706**	22,025	55,063
Total income		**91,162**	**262,464**	60,746	174,056	**6,585**	**41,419**	22,415	56,367
Net impairment write-back/(loss) on financial assets	27.7	**(3,977)**	**(9,956)**	(1,993)	(7,460)	**-**	**-**	-	-
Income after credit impairment charges		**87,185**	**252,508**	58,753	166,596	**6,585**	**41,419**	22,415	56,367
Operating expenses		**(40,712)**	**(123,050)**	(29,785)	(97,650)	**(1,593)**	**(6,459)**	(1,801)	(4,229)
Staff costs		**(16,473)**	**(45,986)**	(12,590)	(37,270)	**223**	**(2,174)**	(667)	(1,720)
Other operating expenses	27.8	**(24,239)**	**(77,064)**	(17,195)	(60,380)	**(1,816)**	**(4,285)**	(1,134)	(2,509)
Profit before tax		**46,473**	**129,458**	28,968	68,946	**4,992**	**34,960**	20,614	52,138
Income tax	27.9	**(5,161)**	**(20,209)**	(4,452)	(13,761)	**(11)**	**(36)**	(2)	(7)
Profit for the period		**41,312**	**109,249**	24,516	55,185	**4,981**	**34,924**	20,612	52,131
Profit attributable to:									
Non-controlling interests		**726**	**2,332**	779	2,054	**-**	**-**	-	-
Equity holders of the parent		**40,586**	**106,917**	23,737	53,131	**4,981**	**34,924**	20,612	52,131
Profit for the period		**41,312**	**109,249**	24,516	55,185	**4,981**	**34,924**	20,612	52,131
Earnings per share									
Basic /diluted earnings per ordinary share (kobo)	28	**313**	**825**	183	410	**38**	**270**	159	402

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

STANBIC IBTC HOLDINGS PLC

Consolidated and separate interim statements of other comprehensive income for the period ended 30 September 2023

		Group				Company			
		3 months	**9 months**	3 months	9 months	**3 months**	**9 months**	3 months	9 months
		30-Sep-23	**30-Sep-23**	30-Sep-22	30-Sep-22	**30-Sep-23**	**30-Sep-23**	30-Sep-22	30-Sep-22
	Note	**N'million**	**N'million**	N'million	N'million	**N'million**	**N'million**	N'million	N'million
Profit for the period		**41,312**	**109,249**	24,516	55,185	**4,981**	**34,924**	20,612	52,131
Other comprehensive income									
Items that will never be reclassified to profit or loss									
Movement in fair value reserve (equity instruments):		**(31)**	**9**	632	631	**-**	**-**	**-**	**-**
Net change in fair value		**(31)**	**9**	632	631	-	-	-	-
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)		**(1,984)**	**1,185**	(1,752)	(3,636)	**-**	**-**	-	-
Net change in fair value of financial assets at FVOCI		**(2,615)**	**566**	(2,120)	(3,664)	**-**	**-**	-	-
Realised fair value adjustments on financial assets at FVOCI reclassified to income statement		**315**	**315**	(1)	(127)	**-**	**-**	-	-
Expected credit loss on debt financial assets at FVOCI		**316**	**304**	369	155	**-**	**-**	-	-
Income tax on other comprehensive income		**-**	**-**	-	-	**-**	**-**	-	-
Other comprehensive income for the period, net of tax		**(2,015)**	**1,194**	(1,120)	(3,005)	-	-	-	-
Total comprehensive income for the period		**39,297**	**110,443**	23,396	52,180	**4,981**	**34,924**	20,612	52,131
Total comprehensive income attributable to:									
Non-controlling interests		**654**	**2,284**	936	2,005	**-**	**-**	-	-
Equity holders of the parent		**38,643**	**108,159**	22,460	50,175	**4,981**	**34,924**	20,612	52,131
		39,297	**110,443**	23,396	52,180	**4,981**	**34,924**	20,612	52,131

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

STANBIC IBTC HOLDINGS PLC

Statement of changes in equity
for the period ended 30 September 2023

Group	Note	Ordinary share capital N'million	Share premium N'million	Statutory credit risk reserve N'million	Fair value through OCI reserve N'million	Share-based payment reserve N'million	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 2023		6,479	102,780	3,904	3,083	-	14,476	55,492	213,449	399,663	8,008	407,671
Total comprehensive income for the period		-	-	-	1,242	-		-	106,917	108,159	2,284	110,443
Profit for the period									106,917	106,917	2,332	109,249
Other comprehensive income after tax for the period		-	-	-	1,242	-	-	-	-	1,242	(48)	1,194
Net change in fair value on debt financial assets at FVOCI		-	-		614	-	-	-	-	614	(48)	566
Net change in fair value on equity financial assets at FVOCI		-	-	-	9	-	-	-	-	9	-	9
Realised fair value adjustments on financial assets at FVOCI		-	-	-	315	-	-	-	-	315	-	315
Expected credit loss on debt financial assets at FVOCI		-	-	-	304	-	-	-	-	304	-	304
Income tax on other comprehensive income		-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve		-	-	-	-	-	-	-	-	-	-	-
Statutory credit risk reserve		-	-	636	-	-	-	-	(636)	-	-	-
Transfer to AGSMIEIS		-	-	-	-	-	-	-	-	-	-	-
				-								
Transactions with shareholders, recorded directly in equity		-	-	-	-	-	-	-	(45,349)	(45,349)	(1,710)	(47,059)
Equity-settled share-based payment transactions		-	-	-	-	-	-	-	-	-	-	-
Increase in paid-up capital (bonus issue)	17.1	-	-	-	-	-	-	-	-	-	-	-
Dividends paid to equity holders	17.2	-	-	-	-	-	-	-	(45,349)	(45,349)	(1,710)	(47,059)
Balance at 30 September 2023		**6,479**	**102,780**	**4,540**	**4,325**	**-**	**14,476**	**55,492**	**274,381**	**462,473**	**8,582**	**471,055**
Balance at 1 January 2022		6,479	102,780	5,439	4,210	76	10,240	55,492	183,300	368,016	8,850	376,866
Reclassification of share-based payment						**(76)**			76	-	-	-
Restated balance at 1 January 2022		**6,479**	**102,780**	**5,439**	**4,210**	**-**	**10,240**	**55,492**	**183,376**	**368,016**	**8,850**	**376,866**
Total comprehensive income/(loss) for the period		-	-	-	**(2,956)**	-		-	53,131	50,175	2,005	52,180
Profit for the period									53,131	53,131	2,054	55,185
Other comprehensive income after tax for the period		-	-	-	(2,956)	-	-	-	-	(2,956)	(49)	(3,005)
Net change in fair value on debt financial assets at FVOCI		-	-	-	(3,615)	-	-	-	-	(3,615)	(49)	(3 664)
Net change in fair value on equity financial assets at FVOCI		-	-	-	631	-	-	-	-	631	-	631
Realised fair value adjustments on financial assets at FVOCI		-	-	-	(127)	-	-	-	-	(127)	-	(127)
Expected credit loss on debt financial assets at FVOCI		-	-	-	155	-	-	-	-	155	-	155
Income tax on other comprehensive income		-	-	-	-	-	-	-	-	-	-	
Statutory credit risk reserve		-	-	1,755	-	-	-	-	(1,755)	-	-	-
Transfer to statutory reserves										-	-	-
Transfer to AGSMEIS reserves		-	-	-	-	-	1,479	-	(1,479)	-	-	-
Transactions with shareholders, recorded directly in equity		-	-	-	-	-	-	-	(45,350)	(45,350)	(3,519)	(48,869)
Equity-settled share-based payment transactions		-	-	-	-	-	-	-	-	-	-	-
Increase in paid-up capital (scrip issue)	17.1	-	-	-	-	-	-	-	-	-	-	-
Dividends paid to equity holders	17.2	-	-	-	-	-	-	-	(45,350)	(45,350)	(3,519)	(48,869)
Balance at 30 September 2022		6,479	102,780	7,194	1,254	-	11,719	55,492	187,923	372,841	7,336	380,177

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

STANBIC IBTC HOLDINGS PLC

Statement of changes in equity
for the period ended 30 September 2023

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 2023	6,479	102,780	-	-	-	13,706	122,965
Reclassification of share-based payment						-	-
Total comprehensive income for the period	-	-	-	-	-	34,924	34,924
Profit for the period	-	-	-	-	-	34,924	34,924
Transactions with shareholders, recorded directly in equity	-	-	-	-	-	(45,349)	(45,349)
Equity-settled share-based payment transactions	-	-	-	-	-	-	-
Increase in paid-up capital (bonus issue)	-	-	-	-	-	-	-
Dividends paid to equity holders	-	-	-	-	-	(45,349)	(45,349)
Balance at 30 September 2023	6,479	102,780	-	-	-	3,281	112,540
Balance at 1 January 2022	6,479	102,780	-	19	-	8,342	117,620
Reclassification of share-based payment				(19)		19	-
Total comprehensive income/(loss) for the period	-	-	-	-	-	52,131	52,131
Profit for the period	-	-	-	-	-	52,131	52,131
Transactions with shareholders, recorded directly in equity	-	-	-	-	-	(45,350)	(45,350)
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)	-	-	-	-	-	-	-
Dividends paid to equity holders	-	-	-	-	-	(45,350)	(45,350)
Balance at 30 September 2022	6,479	102,780	-	-	-	15,142	124,401

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

STANBIC IBTC HOLDINGS PLC

Consolidated and separate statement of cash flows
for the period ended 30 September 2023

	Note	Group		Company	
		30-Sep-23 N million	30-Sep-22 N million	30-Sep-23 N million	30-Sep-22 N million
Net cash flows from operating activities		**406,749**	(44,440)	**(6,657)**	57,762
Cash flows used in operations		**351,173**	(105,514)	**(45,538)**	2,613
Profit before tax		**129,458**	68,946	**34,960**	52,138
Adjusted for:		(103,933)	(66,680)	(38,667)	(55,070)
Credit impairment charge on financial instruments		**9,956**	7,460	**-**	-
Amortisation of intangible assets	15.2	**574**	574	**-**	-
Depreciation of property and equipment	14.2	**5,343**	4,310	**192**	71
Amortisation of right of use assets	16	**1,409**	1,152	**38**	22
Dividends included in other revenue	27.6	**(655)**	(435)	**(38,725)**	(55,058)
Interest expense		**64,088**	27,396	**-**	-
Interest income		**(184,591)**	(107,057)	**(171)**	(104)
Loss/(profit) on sale of property and equipment		**(57)**	(80)	**(1)**	(1)
Increase in assets	23.1	**(930,656)**	(273,212)	**(5,696)**	(21,869)
Increase in deposits and other liabilities	23.2	**1,256,304**	165,432	**(36,135)**	27,414
Dividends received		**590**	392	**38,725**	55,058
Interest paid		**(62,078)**	(29,603)	**-**	-
Interest received		**132,287**	105,700	**171**	104
Direct taxation paid		**(15,223)**	(15,415)	**(15)**	(13)
Net cash flows used in investing activities		**(169,110)**	7,866	**16,827**	(241)
Capital expenditure on - property		**(2,707)**	(253)	**-**	-
- equipment, furniture and vehicles		**(18,427)**	(7,236)	**(1,473)**	(175)
- right of use		**(2,148)**	(393)	**(176)**	-
- intangible assets		**(13)**	(652)	**-**	-
Proceeds from sale of property, equipment, furniture and vehicles		**3,202**	180	**45**	16
Additional investment in existing subsidiary		**-**	-	**(600)**	-
Sale of /(Investment in) financial investment securities, net		**(149,017)**	16,220	**19,031**	(82)
Net cash flows used in financing activities		**102,165**	5,362	**(45,349)**	(45,350)
Net increase/(decrease) in other borrowings		**97,660**	27,510	**-**	-
Net increase/(decrease) in debt securities issued		**51,564**	26,721	**-**	-
Cash dividends paid	17.2	**(47,059)**	(48,869)	**(45,349)**	(45,350)
Net increase in Cash and Cash equivalent		**339,804**	(31,212)	**(35,179)**	12,171
Effect of exchange rate changes on Cash and Cash equivalent		**(113,367)**	(4,914)	**-**	-
Cash and cash equivalent at beginning of the period		**611,267**	216,232	**50,294**	53,236
Cash and cash equivalent at end of the Period	23.3	**837,704**	180,106	**15,115**	65,407

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

Notes to the condensed consolidated interim financial statements

for the period ended 30 September 2023

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 period ended 30 September 2023 comprise the company and its subsidiaries (together referred to as the 'group'). The group is primarily involved in the provision of banking and other financial services to corporate and individual customers.

2 Basis of preparation

(a) Statement of compliance

The condensed consolidated interim financial statements for the period ended 30 September 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the last annual consolidated financial statements as at and for the year ended 31 December 2022.

This condensed consolidated interim financial statements for the period ended 30 September 2023 does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS), and should be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2022.

The consolidated and separate financial statements for the period ended 30 September 2023 was approved and authorised for issue by the Board of Directors on 27 October 2023.

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 interim financial statements for the period ended 30 September 2023 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 interim financial statements are presented in Nigerian Naira, which is the company's functional and presentation currency. All financial information presented in Naira has been rounded to the nearest million, except when otherwise stated.

(d) Use of estimates and judgement

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

3 Statement of significant accounting policies

Except as described below, the accounting policies applied by the group in preparation of these condensed annual financial statements are consistent with those applied by the group in the preparation of its consolidated annual financial statements for the year ended 31 December 2022.

3 Changes in accounting policies (continued)

The group has adopted IFRS 17 Insurance C*ontracts* (see 3.1) from 01 January 2023. A number of other new standards are effective from 01 January 2023 such as *Disclosure of Accounting Policies – Amendments to IAS 1, Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), and IFRS Practice Statement 2 and Definition of Accounting Estimate – Amendments to IAS 8*, but they do not have a material effect on the group's financial statements.

3.1 IFRS 17 Insurance Contracts

This standard replaces IFRS 4 Insurance Contracts and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

Scope

The scope of IFRS 17 applies to contracts meeting the definition of:

(i) *Insurance contracts, including reinsurance contracts, it issues;*

(ii) *Reinsurance contracts it holds; and*

(iii) *Investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts.*

Some contracts meet the definition of an insurance contract but have as their primary purpose the provision of services for a fixed fee. Such issued contracts are in the scope of the standard, unless an entity chooses to apply IFRS 15 Revenue from Contracts with Customers and provided the following conditions are met:

- the entity does not reflect an assessment of the risk associated with an individual customer in setting the price of the contract with that customer;
- the contract compensates the customer by providing a service, rather than by making cash payments to the customer; and
- the insurance risk transferred by the contract arises primarily from the customer’s use of services rather than from uncertainty over the cost of those services.

3.1 IFRS 17 Insurance Contract (continues)

Key definitions

- **Insurance contract**: A contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the
- **Portfolio of insurance contracts**: Insurance contracts subject to similar risks and managed together.
- **Contractual service margin**: A component of the carrying amount of the asset or liability for a group of insurance contracts representing the unearned profit the entity will recognise as it provides services under the insurance contracts in the group.
- **Insurance risk**: Risk, other than financial risk, transferred from the holders of a contract to the issuer.
- **Fulfilment cash flows**: An explicit, unbiased and probability-weighted estimate (i.e. expected value) of the present value of the future cash outflows less the present value of the future cash inflows that will arise as the entity fulfils insurance contracts, including a risk adjustment for non-financial risk.
- **Risk adjustment for non-financial risk**: The compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows arising from non-financial risk as the entity fulfils insurance contracts.

Separating components from an insurance contract

An insurance contract may contain one or more components that would be within the scope of another standard if they were separate contracts. For example, an insurance contract may include an investment component or a service component (or both).

The standard provides the criteria to determine when a non-insurance component is distinct from the host insurance contract.
An entity shall apply:

- Apply IFRS 9 Financial Instruments to determine whether there is an embedded derivative to be separated and, if there is, how to account for such a derivative.
- Separate from a host insurance contract an investment component if, and only if, that investment component is distinct. The entity shall apply IFRS 9 to account for the separated investment component.
- After performing the above steps, separate any promises to transfer distinct non-insurance goods or services. Such promises are accounted under IFRS 15 Revenue from Contracts with Customers.

Level of aggregation

IFRS 17 requires entities to identify portfolios of insurance contracts, which comprises contracts that are subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together.

Each portfolio of insurance contracts issues shall be divided into a minimum of:

- A group of contracts that are onerous at initial recognition, if any;
- A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and
- A group of the remaining contracts in the portfolio, if any.

An entity is not permitted to include contracts issued more than one year apart in the same group.

If contracts within a portfolio would fall into different groups only because law or regulation specifically constrains the entity's practical ability to set a different price or level of benefits for policyholders with different characteristics, the entity may include those contracts in the same group.

Recognition of insurance contract

An entity shall recognise a group of insurance contracts it issues from the earliest of the following:

- the beginning of the coverage period of the group of contracts;
- the date when the first payment from a policyholder in the group becomes due; and
- for a group of onerous contracts, when the group becomes onerous.

Measurement of insurance contract

On initial recognition, an entity shall measure a group of insurance contracts at the total of:

(a) the fulfilment cash flows (“FCF”), which comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money (“TVM”) and the financial risks associated with the future cash flows; and
- a risk adjustment for non-financial risk

(b) the contractual service margin (“CSM”).

An entity shall include all the future cash flows within the boundary of each contract in the group. The entity may estimate the future cash flows at a higher level of aggregation and then allocate the resulting fulfilment cash flows to individual groups of contracts.

The estimates of future cash flows shall be current, explicit, unbiased, and reflect all the information available to the entity without undue cost and effort about the amount, timing and uncertainty of those future cash flows. They should reflect the perspective of the entity, provided that the estimates of any relevant market variables are consistent with observable market prices.

3.1 IFRS 17 Insurance Contract (continues)

Discount rates

The discount rates applied to the estimate of cash flows shall:

- reflect the time value of money (TVM), the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;
- be consistent with observable current market prices (if any) of those financial instruments whose cash flow characteristics are consistent with those of the insurance contracts; and
- exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts.

Risk adjustment for non-financial risk

The estimate of the present value of the future cash flows is adjusted to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of future cash flows that arises from non-financial risk.

Contractual service margin

The CSM represents the unearned profit of the group of insurance contracts that the entity will recognise as it provides services in the future. This is measured on initial recognition of a group of insurance contracts at an amount that, unless the group of contracts is onerous, results in no income or expenses arising from:

- the initial recognition of an amount for the FCF;
- the derecognition at that date of any asset or liability recognised for insurance acquisition cash flows; and
- any cash flows arising from the contracts in the group at that date

Subsequent measurement

On subsequent measurement, the carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of:

(a) the liability for remaining coverage comprising:

- the FCF related to future services and;
- the CSM of the group at that date;

(b) the liability for incurred claims, comprising the FCF related to past service allocated to the group at that date.

Onerous contracts

An insurance contract is onerous at initial recognition if the total of the FCF, any previously recognised acquisition cash flows and any cash flows arising from the contract at that date is a net outflow. An entity shall recognise a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the FCF and the CSM of the group being zero.

On subsequent measurement, if a group of insurance contracts becomes onerous (or more onerous), that excess shall be recognised in profit or loss. Additionally, the CSM cannot increase and no revenue can be recognised, until the onerous amount previously recognised has been reversed in profit or loss as part of a service expense.

Premium allocation approach

An entity may simplify the measurement of the liability for remaining coverage of a group of insurance contracts using the Premium Allocation Approach (PAA) on the condition that, at the inception of the group:

(a) the entity reasonably expects that this will be a reasonable approximation of the general model, or

(b) the coverage period of each contract in the group is one year or less.

Where, at the inception of the group, an entity expects significant variances in the FCF during the period before a claim is incurred, such contracts are not eligible to apply the PAA.

Using the PAA, the liability for remaining coverage shall be initially recognised as the premiums, if any, received at initial recognition, minus any insurance acquisition cash flows. Subsequently the carrying amount of the liability is the carrying amount at the start of the reporting period plus the premiums received in the period, minus insurance acquisition cash flows, plus amortisation of acquisition cash flows, minus the amount recognised as insurance revenue for coverage provided in that period, and minus any investment component paid or transferred to the liability for incurred claims.

Practical expedients available under the PAA:

If insurance contracts in the group have a significant financing component, the liability for remaining coverage needs to be discounted, however, this is not required if, at initial recognition, the entity expects that the time between providing each part of the coverage and the due date of the related premium is no more than a year.

In applying PAA, an entity may choose to recognise any insurance acquisition cash flows as an expense when it incurs those costs, provided that the coverage period at initial recognition is no more than a year.

The simplifications arising from the PAA do not apply to the measurement of the group’s liability for incurred claims, measured under the general model. However, there is no need to discount those cash flows if the balance is expected to be paid or received in one year or less from the date the claims are incurred.

3.1 IFRS 17 Insurance Contract (continues)

Investment contracts with a DPF

An investment contract with a DPF is a financial instrument and it does not include a transfer of significant insurance risk. It is in the scope of the standard only if the issuer also issues insurance contracts. The requirements of the Standard are modified for such

Reinsurance contracts held

The requirements of the standard are modified for reinsurance contracts held.

In estimating the present value of future expected cash flows for reinsurance contracts, entities use assumptions consistent with those used for related direct insurance contracts. Additionally, estimates include the risk of reinsurer's non-performance.

The risk adjustment for non-financial risk is estimated to represent the transfer of risk from the holder of the reinsurance contract to the reinsurer.

On initial recognition, the CSM is determined similarly to that of direct insurance contracts issued, except that the CSM represents net gain or loss on purchasing reinsurance. On initial recognition, this net gain or loss is deferred, unless the net loss relates to events that occurred before purchasing a reinsurance contract (in which case it is expensed immediately).

Subsequently, reinsurance contracts held are accounted similarly to insurance contracts under the general model. Changes in reinsurer's risk of non-performance are reflected in profit or loss, and do not adjust the CSM.

Modification and derecognition

Modification of an insurance contract

If the terms of an insurance contract are modified, an entity shall derecognise the original contract and recognise the modified contract as a new contract if there is a substantive modification, based on meeting any of the specified criteria.

The modification is substantive if any of the following conditions are satisfied:

(a) if, had the modified terms been included at contract's inception, this would have led to:

- exclusion from the Standard's scope;
- unbundling of different embedded derivatives;
- redefinition of the contract boundary; or
- the reallocation to a different group of contracts; or

(b) if the original contract met the definition of a direct par insurance contracts, but the modified contract no longer meets that definition, or vice versa; or

(c) the entity originally applied the PAA, but the contract's modifications made it no longer eligible for it.

Derecognition

An entity shall derecognise an insurance contract when it is extinguished, or if any of the conditions of a substantive modification of an insurance contract are met.

Effect of IFRS 17 transition on the consolidated statement of financial position

Statement of financial position line items affected	Group IFRS 17 at 1 January 2023	Previously reported under IFRS 4 31 December 2022	IFRS 17 transition adjustment at 1 January 2023	Note
	N'million	N'million	N'million	
Assets				
Other financial and non-financial assets	2,815,214	2,815,214	-	
Other assets	132,499	132,390	109	(a)
Property and equipment	61,548	61,548	-	
Intangible assets	3,223	3,223	-	
Right Of Use Assets	3,609	3,609	-	
Deferred tax assets	13,042	13,042	-	
Total assets	**3,029,135**	**3,029,026**	**109**	
Liabilities				
Other financial and non-financial liabilities	2,677,323	2,677,323	-	
Other liabilities	351,888	351,703	185	(b)
Deferred tax liabilities	-	-		
Total liabilities	**3,029,211**	**3,029,026**	**185**	
Equity				
Share capital	6,479	6,479	-	
Share premium	102,780	102,780	-	
Reserves	290,109	290,403	(294)	
Non-controlling interest	8,008	8,008	-	
Total equity	**407,376**	**407,670**	**(294)**	
Total equity and liabilities	**3,436,587**	**3,436,696**	**(109)**	

*Other financial and non-financial assets: Included under this category is Cash and cash equivalent, Trading assets, Derivative assets, Pledged assets, Financial Investments and Loans advances

*Other financial and non-financial liabilities: Included under this category is Deposits, Other borrowings, Debt securities issued, Provisions, Trading liabilities and Derivatives liabilities.

Note

(a) The transition adjustment relating to reinsurance assets and deferred acquisition cost

(b) Other assets included reinsurance contract assets, under IFRS 4, and provisions and other liabilities include reinsurance contract liabilities

3 Changes in significant accounting policies (continued)

Adoption of amended standards effective for the current financial year

- **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 adoption of IFRS 17 did not affect the group's previously reported financial results significantly, disclosures or accounting policies and did not impact the group's results materially upon transition.

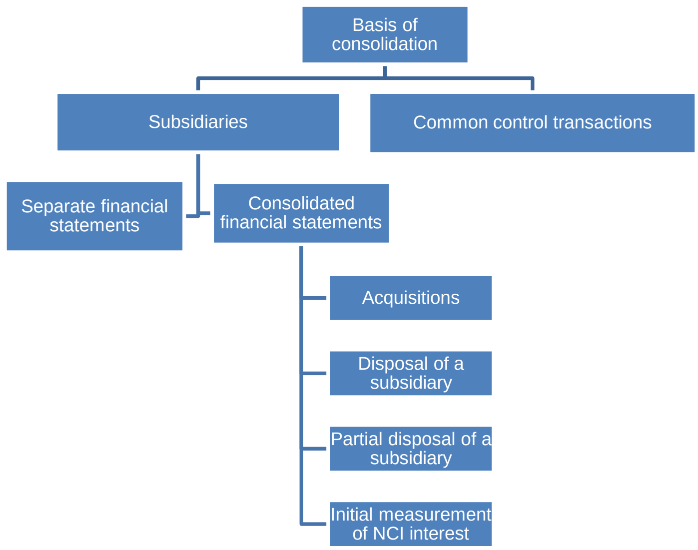
- **Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2:** The amendments seek to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include: requiring companies to disclose their material accounting policies rather than their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.
  The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material: "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements". The adoption of this amendment did not affect the group's previously reported financial results significantly, disclosures or accounting policies and did not impact the group's results materially upon transition.

- **Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12):** The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented. The adoption of this amendment did not affect the group's previously reported financial results significantly, disclosures or accounting policies and did not impact the group's results materially upon transition.
- **Definition of Accounting Estimate – Amendments to IAS 8:** The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both: selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The adoption of this amendment did not affect the group's previously reported financial results significantly, 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.

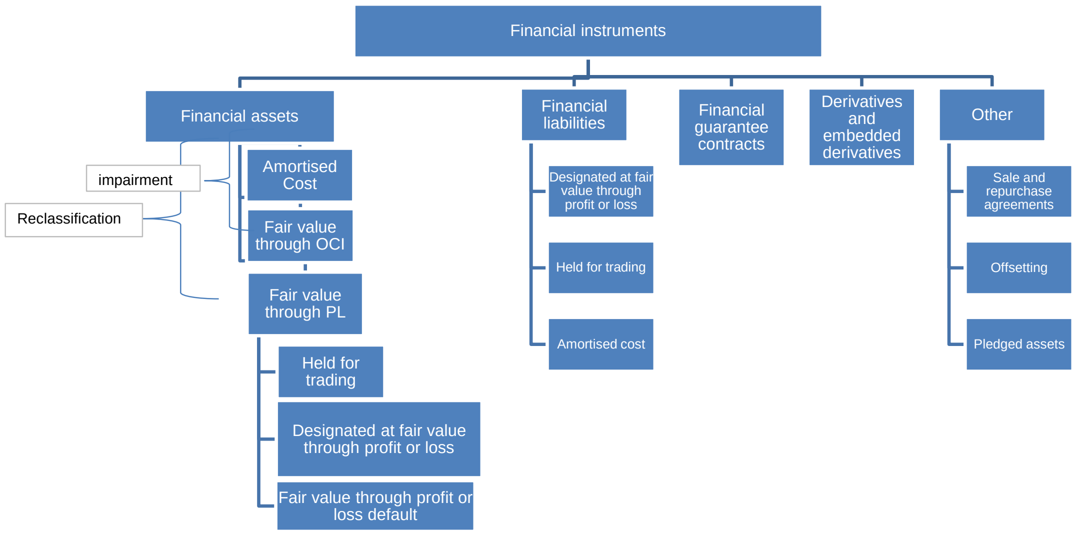
4.2 Cash and cash equivalents

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 but excluding fair value gains and losses attributable to own credit risk) are recognised in the other gains and losses on financial instruments as part of non-interest revenue. Fair value gains and losses attributable to changes in own credit risk are recognised within OCI, unless this would create or enlarge an accounting mismatch in which case the own credit risk changes are recognised within trading revenue.
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.

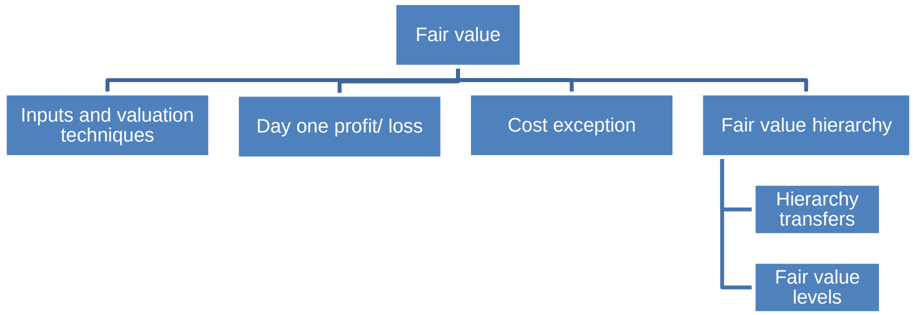
Securities purchased under agreements to resell (reverse repurchase agreements), at either a fixed price or the purchase price plus a lender’s rate of return, are recorded as loans and included under trading assets or loans and advances, as appropriate. For repurchase and reverse repurchase agreements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

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

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

4 Statement of significant accounting policies (continued)

Day one profit or loss

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

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

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

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

Fair value hierarchy

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

Hierarchy levels

The levels have been defined as follows:

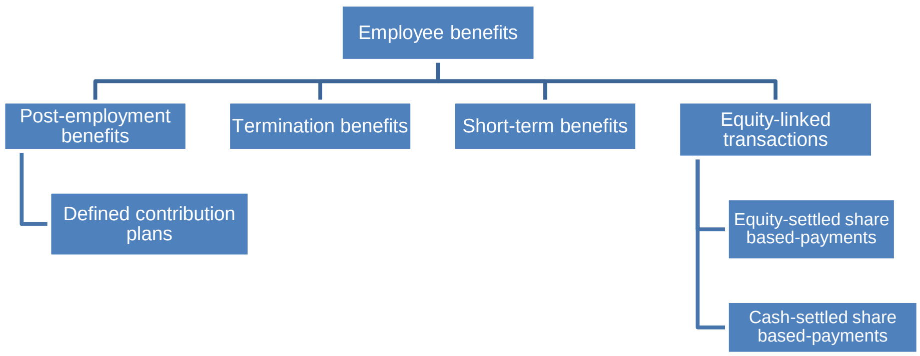
Level 1	Fair value is based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing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

Hierarchy transfer policy

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

4 Statement of significant accounting policies (continued)

4.5 Employee benefits



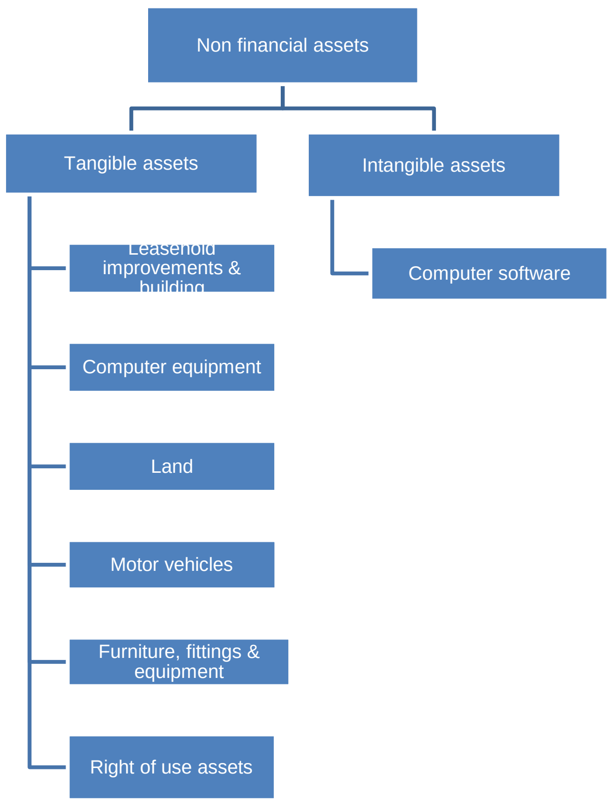
Type	**Description**	**Statement of financial position**	**Statement of other comprehensive income**	**Income statement**
Defined contribution plans	The group operates a contributory pension plan in line with the Pension Reform Act 2014. Employees and the Bank contribute 8% and 10% respectively of each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



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: 4-5years
Office: 6 years
Furniture: 4 years
Capitalised leased assets/ branch refurbishments: greater of 6 years or useful life of underlying asset

The residual values, useful lives and the depreciation method applied are reviewed, and adjusted if appropriate, at each financial 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 years) 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 expense are recognised.	**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

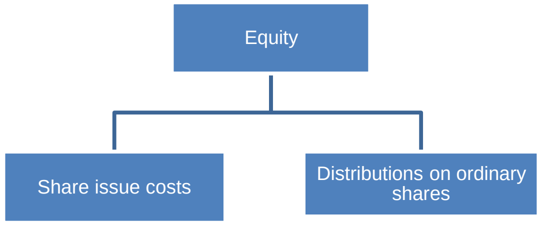
Finance leases	When the Group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the Group accounts for these modifications as a separate new lease. All other lease 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.

STANBIC IBTC HOLDINGS PLC

Notes to the condensed consolidated interim financial statements
for the period ended 30 September 2023

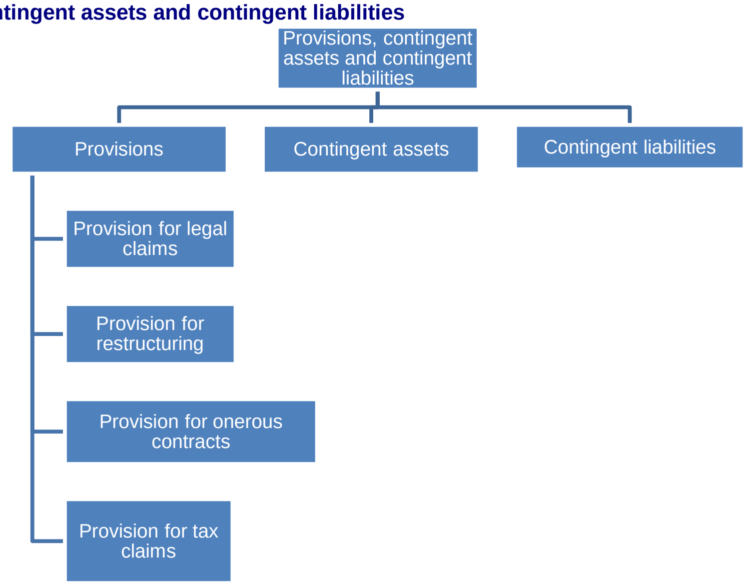
4 Statement of significant accounting policies (continued)

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

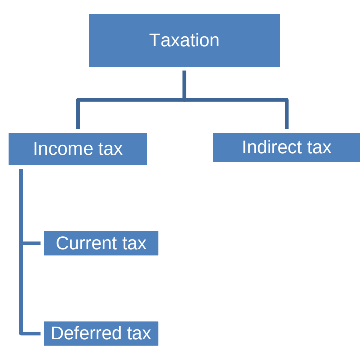


Provisions	Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can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

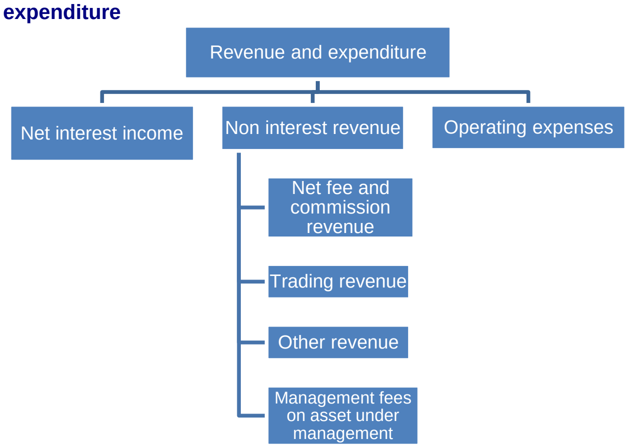


Type	Description, recognition and measurement	Offsetting
Current tax- determined for current period transactions and events	Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividend. Current tax is recognised as an expense for the year and adjustments to past years except to the extent that current tax related to items that are charged or credited in OCI or directly to equity. Nigerian tax laws mandates a minimum tax assessment for companies having no taxable profits for the year or where the tax on profits is below the minimum tax. Minimum tax is computed at flat rate of 0.5% 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 fair value through other comprehensive income financial assets are reclassified from OCI to other retained earnings.
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.

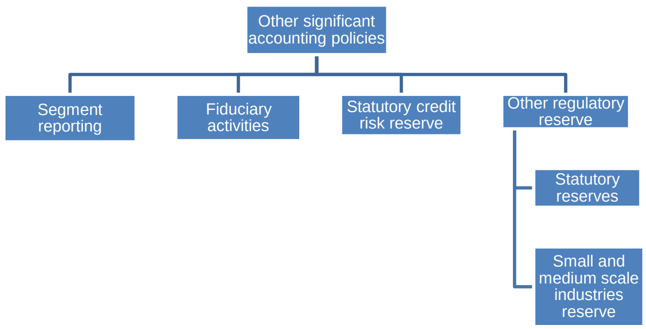
4 Statement of significant accounting policies (continued)

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 annual financial statements as they are not assets of the group. However, fee income earned and fee expenses incurred by the group relating to the group's responsibilities from fiduciary activities are recognised in profit or loss.
Statutory credit risk reserve	The statutory credit risk reserve represents a reserve component created when credit impairment on loans and advances as accounted for under IFRS using the expected loss model differ from the Prudential Guidelines set by the Central Bank of Nigeria.
Statutory reserve	Nigerian banking 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

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

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	**Non-current Liabilities with Covenants (Amendments to IAS 1)** This standard seek to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendment will be applied retrospectively and is not expected to have a material impact on the Group.
Effective date	1 January 2023.
Title	**Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)** The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendment will be applied retrospectively. The impact on the annual financial statements has not yet been fully determined.
Effective date	1 January 2024.

5 Segment reporting

We have shifted the business to be future-ready and client centric. Our reporting has changed to align to this principle. The client segments will be responsible for designing and executing the client value proposition strategy. Client segments will own the client relationship and create multi-product customer experiences to address life events distributed through our client engagement platforms. The principal reporting segments 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.
Corporate and Investment Banking	The Corporate and Investment Banking (CIB) 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.

STANBIC IBTC HOLDINGS PLC

Notes to the consolidated and separate interim financial statements
for the period ended 30 September 2023

5 Segment reporting

Operating segments

	Business & Commercial		Corporate and Investment Banking		Consumer & High Net Worth		Eliminations		Group	
	30 Sept. 2023 N million	30 Sept. 2022 N million	**30 Sept. 2023 N million**	30 Sept. 2022 N million	**30 Sept. 2023 N million**	30 Sept. 2022 N million	**30 Sept. 2023 N million**	30 Sept. 2022 N million	**30 Sept. 2023 N million**	30 Sept. 2022 N million
Net interest income	**30,089**	24,910	**55,662**	39,100	**34,752**	15,651	**-**	-	**120,503**	79,661
Non-interest revenue	**11,878**	8,542	**74,769**	38,276	**60,622**	50,197	**(5,308)**	(2,620)	**141,961**	94,395
Total income	**41,967**	33,452	**130,431**	77,376	**95,374**	65,848	**(5,308)**	(2,620)	**262,464**	174,056
Credit impairment charges	**(5,373)**	(3,231)	**(1,951)**	(2,378)	**(2,632)**	(1,851)	**-**	-	**(9,956)**	(7,460)
Income after credit impairment charges	**36,594**	30,221	**128,480**	74,998	**92,742**	63,997	**(5,308)**	(2,620)	**252,508**	166,596
Operating expenses in banking activities	**(23,490)**	(22,738)	**(48,909)**	(35,915)	**(55,959)**	(41,617)	**5,308**	2,620	**(123,050)**	(97,650)
Profit before direct taxation	**13,104**	7,483	**79,571**	39,083	**36,783**	22,380	**-**	-	**129,458**	68,946
Direct taxation	**(285)**	(397)	**(6,567)**	(2,772)	**(13,357)**	(10,592)	**-**	-	**(20,209)**	(13,761)
Profit for the period	**12,819**	7,086	**73,004**	36,311	**23,426**	11,788	**-**	-	**109,249**	55,185

		Group		Company	
		30 Sept. 2023	31 Dec. 2022	**30 Sept. 2023**	31 Dec. 2022
		N'million	N'million	**N'million**	N'million
6	**Cash and Cash equivalent**				
	Coins and bank notes	**17,986**	24,661	**-**	-
	Balances with central bank	**928,330**	479,839	**-**	-
	Current balances with banks within Nigeria	**24,281**	20,545	**15,115**	50,294
	Current balances with banks outside Nigeria	**278,570**	139,405	**-**	-
		1,249,167	664,450	**15,115**	50,294

Balances with central bank include cash reserve of N607,486 million (Dec. 2022: N457,792 million) and special intervention fund of N20,817 million (Dec. 2022: 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	
		30 Sept. 2023	31 Dec. 2022	**30 Sept. 2023**	31 Dec. 2022
		N million	N million	**N million**	N million
7	**Pledged assets**				
7.1	**Pledged assets**				
	Financial assets that may be repledged or resold by counterparties				
	Treasury bills - Trading	**68,006**	54,804	**-**	-
	Treasury bills - FVOCI	**158,641**	73,186	**-**	-
		226,647	**127,990**	**-**	**-**

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	
	30 Sept. 2023 N million	31 Dec. 2022 N million	**30 Sept. 2023 N million**	31 Dec. 2022 N million
8.1 Trading assets				
Classification				
Listed	**86,962**	161,536	**-**	-
Unlisted	**131,394**	28,895	**-**	-
	218,356	190,431	**-**	-
Comprising:				
Government bonds	**3,005**	394	**-**	-
Treasury bills	**83,895**	161,137	**-**	-
Listed equities	**62**	5	**-**	-
Reverse repurchase agreements	**131,394**	28,895	**-**	-
	218,356	190,431	**-**	-

	Group		Company	
	30 Sept. 2023 N million	31 Dec. 2022 N million	**30 Sept. 2023 N million**	31 Dec. 2022 N million
8.2 Trading liabilities				
Classification				
Listed	**130,761**	11,077	**-**	-
Unlisted	**77,882**	209,894	**-**	-
	208,643	220,971	**-**	-
Comprising:				
Government bonds (short positions)	**9,562**	4,376	**-**	-
Repurchase agreements	**112,038**	47,866	**-**	-
Deposits	**77,882**	162,028	**-**	-
Treasury bills (short positions)	**9,161**	6,701	**-**	-
	208,643	220,971	**-**	-

9	Derivative assets and liabilities	Group		Company	
		30 Sept. 2023 N'million	31 Dec. 2022 N'million	30 Sept. 2023 N'million	31 Dec. 2022 N'million
9.1	**Derivative assets**				
	Foreign exchange derivatives	309,153	22,951	-	-
	Forwards	309,153	22,951	-	-
	Options	-	-	-	-
	Interest rate derivatives	115,525	19,183	-	-
	Forwards	-	-	-	-
	Swaps	115,525	19,183	-	-
	Total derivative assets	424,678	42,134	-	-
9.2	**Derivative liabilities**				
	Foreign exchange derivatives	280,803	22,685	-	-
	Forwards	280,803	22,685	-	-
	Options	-	-	-	-
	Interest rate derivatives	32,694	3,414	-	-
	Forwards	-	-	-	-
	Swaps	32,694	3,414	-	-
	Total derivative liabilities	313,497	26,099	-	-

		Group		Company	
		30 Sept. 2023 N million	31 Dec. 2022 N million	30 Sept. 2023 N million	31 Dec. 2022 N million
10	**Financial investments**				
	Short - term negotiable securities	387,702	428,598	-	-
	Listed	387,702	428,598	-	-
	Unlisted	-	-	-	-
	Other financial investments	134,542	153,618	8,679	27,710
	Listed	76,802	81,497	8,679	27,710
	Unlisted	57,740	72,121	-	-
	Gross financial investments	522,244	582,216	8,679	27,710
	Expected credit loss on financial investment				
	12-month ECL	(749)	(197)	-	-
	Lifetime ECL not credit-impaired	-	-	-	-
	Lifetime ECL credit-impaired	-	-	-	-
	Total expected credit loss on financial investment	(749)	(197)	-	-
	Net financial investments	521,495	582,019	8,679	27,710

Included in financial investment is N1,073 million (Dec 2022: N1,104 million) investment in mutual fund for Unclaimed dividend while the increase in financial investments relates to treasury bills maturities during the period.

		Group		Company	
10.1	**Comprising:**				
	Government bonds	71,793	75,869	-	-
	Treasury bills	362,111	427,085	-	-
	Corporate bonds	5,009	5,629	-	-
	Unlisted equities	3,651	3,643	-	-
	Mutual funds and unit-linked investments	54,089	68,477	8,679	27,710
	Commerical papers	25,591	1,513	-	-
		522,244	582,216	8,679	27,710

		Group		Company	
		30 Sept. 2023 N million	31 Dec. 2022 N million	30 Sept. 2023 N million	31 Dec. 2022 N million
11	**Loans and advances**				
	Loans and advances net of impairments				
11.1	**Loans and advances to banks**	**7,849**	3,404	**-**	-
	Placements with banks	**7,850**	3,408	**-**	-
	Expected credit losses	**(1)**	(4)	**-**	-
11.2	**Loans and advances to customers**	**1,762,946**	1,204,786	**-**	-
	Gross loans and advances to customers	**1,813,675**	1,238,195	**-**	-
	CHNWC- Consumer and High Networt Clients	**120,100**	89,249		
	Mortgage loans	**12,361**	5,217		
	Instalment sale and finance leases	**1,630**	1,687	**-**	-
	Card debtors	**2,905**	1,903	**-**	-
	Others loans and advances	**103,204**	80,442	**-**	-
	BCC- Business and Commercial Clients	**402,563**	334,655		
	Mortgage loans	**-**	156	**-**	-
	Instalment sale and finance leases	**74,081**	43,379	**-**	-
	Card debtors	**16**	1	**-**	-
	Others loans and advances	**328,466**	291,119	**-**	-
	CIB- Corporate and Investment Banking	**1,291,012**	814,291		
	Corporate loans	**1,291,012**	814,291		
	Credit impairments for loans and advances	**(50,729)**	(33,409)	**-**	-
	12-month ECL	**(16,306)**	(11,389)	**-**	-
	Lifetime ECL not credit-impaired	**(1,614)**	(1,403)		
	Lifetime ECL credit-impaired	**(32,809)**	(20,617)	**-**	-
	Net loans and advances	**1,770,795**	1,208,190	**-**	-

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

30 Sept. 2023

Gross carrying value- *In Nmillions*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
CHNWC- Consumer and High Networt Clients	**107,502**	**4,782**	**7,816**	**120,100**
Mortgage loans	11,882	385	94	12,361
Instalment sale and finance leases	1,514	26	90	1,630
Card debtors	2,099	624	182	2,905
Others term loans	92,007	3,747	7,450	103,204
BCC- Business and Commercial Clients	**368,158**	**8,808**	**25,597**	**402,563**
Instalment sale and finance leases	72,324	1,558	199	74,081
Card debtors	16	-	-	16
Others term loans	295,818	7,250	25,398	328,466
CIB- Corporate and Investment Banking	**1,278,548**	**270**	**12,194**	**1,291,012**
Corporate lending	1,278,548	270	12,194	1,291,012
	1,754,208	**13,860**	**45,607**	**1,813,675**

31 Dec. 2022

Gross carrying value- *In Nmillions*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
CHNWC- Consumer and High Networt Clients	**81,089**	**3,167**	**4,992**	**89,248**
Mortgage loans	4,723	402	92	5,217
Instalment sale and finance leases	1,571	34	82	1,687
Card debtors	1,591	143	169	1,903
Others term loans	73,204	2,588	4,649	80,441
BCC- Business and Commercial Clients	**309,703**	**10,448**	**14,504**	**334,656**
Mortgage loans	156	-	-	156
Instalment sale and finance leases	41,651	1,401	327	43,379
Card debtors	1	-	-	1
Others term loans	267,895	9,047	14,177	291,119
CIB- Corporate and Investment Banking	**803,417**	**933**	**9,941**	**814,291**
Corporate lending	803,417	933	9,941	814,291
	1,194,209	**14,548**	**29,437**	**1,238,195**

		Group		Company	
		30 Sept. 2023	31 Dec. 2022	**30 Sept. 2023**	31 Dec. 2022
12		**N million**	N million	**N million**	N million
	Other assets				
	Trading settlement assets	**64,197**	8,248	**-**	-
	Due from group companies	**1,007**	507	**13,937**	8,333
	Accrued income	**917**	779	**-**	-
	Deposit for Shares	**-**	-	**-**	600
	Re-insurance receivables	**467**	558	**-**	-
	Indirect / withholding tax receivables	**3,006**	3,860	**800**	644
	Accounts receivable	**67,902**	87,874	**240**	1,182
	Receivable in respect of unclaimed dividends	**3,758**	2,373	**3,758**	2,373
	Deposit for investment	**14,477**	11,719	**-**	-
	Prepayments	**9,565**	5,914	**180**	87
	Other debtors	**9,323**	12,869	**-**	-
		174,619	134,701	**18,915**	13,219
	Impairment on doubtful recoveries	**(1,695)**	(2,311)	**(20)**	(20)
		172,924	**132,390**	**18,895**	**13,199**

13	**Deferred tax analysis**				
	Deferred tax liabilities	**(826)**	-	**-**	-
	Deferred tax asset	**8,791**	13,042	**-**	-
	Deferred tax closing balance	**7,965**	13,042	**-**	-

14 Property and equipment

Group	Freehold Land and building N million	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
14.1 Cost							
Balance at 1 January 2023	**21,252**	**8,490**	**1,343**	**11,873**	**28,110**	**32,727**	**103,795**
Additions	2,683	24	9,274	659	2,787	5,707	21,134
Disposals / expensed	(1,932)	-	(176)	(366)	(1,367)	-	(3,841)
Write-offs	-	-	(8)	(20)	(41)	(39)	(108)
Transfers / reclassifications	79	94	-	20	348	(541)	-
Balance at 30 September 2023	**22,082**	**8,608**	**10,433**	**12,166**	**29,837**	**37,854**	**120,980**
Balance at 1 January 2022	20,967	8,050	1,297	10,343	25,560	14,262	80,479
Additions	427	53	317	1,850	2,971	19,247	24,865
Disposals	(142)	-	(268)	(420)	(704)	(15)	(1,549)
Impairments	-	-	-	-	-	-	-
Transfers/ reclassifications	-	387	(3)	100	283	(767)	-
Balance at 31 December 2022	21,252	8,490	1,343	11,873	28,110	32,727	103,795
14.2 Accumulated depreciation							
Balance at 1 January 2023	**5,898**	**7,167**	**708**	**8,753**	**19,721**	**-**	**42,247**
Charge for the period	334	96	886	702	3,325	-	5,343
Disposals	-	-	(60)	(348)	(396)	-	(804)
Balance at 30 September 2023	**6,232**	**7,263**	**1,534**	**9,107**	**22,650**	**-**	**46,786**
Balance at 1 January 2022	5,534	7,052	813	8,336	16,024	-	37,759
Charge for the year	433	115	180	768	4,335	-	5,831
Disposals	(69)	-	(285)	(351)	(638)	-	(1,343)
Balance at 31 December 2022	5,898	7,167	708	8,753	19,721	-	42,247
Net book value:							
Balance at 30 September 2023	**15,850**	**1,345**	**8,899**	**3,059**	**7,187**	**37,854**	**74,194**
Balance at 31 December 2022	15,354	1,323	635	3,120	8,389	32,727	61,548

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2022: Nil). None of the assets were pledged as security for liabilities and items written off relate to computer equipment, furniture and fittings no longer in use.

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 2023	-	-	**196**	**501**	**1,822**	**2,519**
	Additions	-	1,034	34	350	55	**1,473**
	Disposals / expensed	-	-	(1)	(27)	(39)	**(67)**
	Transfers / reclassifications	-	-	-	55	(55)	**-**
	Balance at 30 September 2023	**-**	**1,034**	**229**	**879**	**1,783**	**3,925**
	Balance at 1 January 2022	-	-	153	421	-	574
	Additions	-	-	48	142	1,838	2,028
	Disposals	-	-	(5)	(62)	(16)	(83)
	Transfers/ reclassifications	-	-	-	-	-	-
	Balance at 31 December 2022	-	-	196	501	1,822	2,519
14.4	**Accumulated depreciation**						
	Balance at 1 January 2023			**115**	**364**	**-**	**479**
	Charge for the period		74	13	105	-	**192**
	Disposals		-	(1)	(21)	-	**(22)**
	Transfers/ reclassifications		-	-	-	-	**-**
	Balance at 30 September 2023	**-**	**74**	**127**	**448**	**-**	**649**
	Balance at 1 January 2022			108	318	-	426
	Charge for the year			12	87	-	99
	Disposals/expensed			(5)	(41)	-	(46)
	Transfers/ reclassifications	-	-	-	-	-	-
	Balance at 31 December 2022	-	-	115	364	-	479
	Net book value:						
	Balance at 30 September 2023	**-**	**960**	**102**	**431**	**1,783**	**3,276**
	Balance at 31 December 2022	-	-	81	137	1,822	2,040

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2022: Nil). None of the assets were pledged as security for liabilities and items written off relate to computer equipment, furniture and fittings no longer in use.

		Purchased Software N million	Total N million
15	**Intangible assets**		
Group			
15.1	**Cost**		
	Balance at 1 January 2023	**5,818**	**5,818**
	Additions	**13**	**13**
	Expensed	-	-
	Impairments	**-**	**-**
	Balance at 30 September 2023	**5,831**	**5,831**
	Balance at 1 January 2022	5,841	5,841
	Additions	16	16
	Expensed	(39)	(39)
	Balance at 31 December 2022	5,818	5,818
15.2	**Accumulated depreciation**		
	Balance at 1 January 2023	**2,595**	**2,595**
	Amortisation for the period	**574**	**574**
	Balance at 30 September 2023	**3,169**	**3,169**
	Balance at 1 January 2022	1,830	1,830
	Amortisation for the period	765	765
	Balance at 31 December 2022	2,595	2,595
	Net book value:		
	Balance at 30 September 2023	**2,662**	**2,662**
	Balance at 31 December 2022	3,223	3,223

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2022: Nil). None of the assets were pledged as security for liabilities and items written off relate to computer equipment, furniture and fittings no longer in use.

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 2023	3,635	796	5,562	80	10,073
Additions	1,356	24	1,413	19	2,812
Termination	-	-	-	-	-
Impairments	-	-	-	-	-
Transfers / reclassifications	-	-	(664)	-	(664)
Balance at 30 September 2023	4,991	820	6,311	99	12,221
Balance at 1 January 2022	3,209	677	4,364	48	8,298
Additions	545	39	1,298	64	1,946
Termination	(47)	-	(92)	(32)	(171)
Transfers / reclassifications	(72)	80	(8)	-	-
Balance at 31 December 2022	3,635	796	5,562	80	10,073
16.2 Accumulated depreciation					
Balance at 1 January 2023	2,416	614	3,377	57	6,464
Charge for the period	553	132	921	12	1,618
Termination	-	(17)	(192)	-	(209)
Balance at 30 September 2023	2,969	729	4,106	69	7,873
Balance at 1 January 2022	1,880	443	2,566	15	4,904
Charge for the period	536	171	811	42	1,560
Balance at 31 December 2022	2,416	614	3,377	57	6,464
Net book value:					
Balance at 30 September 2023	2,022	91	2,205	30	4,348
Balance at 31 December 2022	1,219	182	2,185	23	3,609

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 2023	100	-	25	-	125
Additions	112	-	64	-	176
Balance at 30 September 2023	212	-	89	-	301
Balance at 1 January 2022	100	-	25	-	125
Additions	-	-	-	-	-
Balance at 31 December 2022	100	-	25	-	125
16.4 Accumulated depreciation					
Balance at 1 January 2023	98	-	23	-	121
Charge for the period	30	-	8	-	38
Balance at 30 September 2023	128	-	31	-	159
Balance at 1 January 2022	75	-	17	-	92
Charge for the period	23	-	6	-	29
Balance at 31 December 2022	98	-	23	-	121
Net book value:					
Balance at 30 September 2023	84	-	58	-	142
Balance at 31 December 2022	2	-	2	-	4

		Group		Company	
		30 Sept. 2023	31 Dec. 2022	**30 Sept. 2023**	31 Dec. 2022
		N million	N million	**N million**	N million
17	**Share capital and reserves**				
17.1	**Issued and fully paid-up**				
	12,956,997,163 Ordinary shares of 50k each				
	(Dec 2022: 12,956,997,163 Ordinary shares of 50k each)	**6,479**	6,479	**6,479**	6,479
	Ordinary share premium	**102,780**	**102,780**	**102,780**	**102,780**
	All issued shares are fully paid up.				

		Group		Company	
		30 Sept. 2023	31 Dec. 2022	**30 Sept. 2023**	31 Dec. 2022
		N million	N million	**N million**	N million
17.2	**Dividend Payment**				
	2021 Final Dividend	**-**	-	**-**	-
	Scrip dividend	**-**	-	**-**	-
	Cash dividend	**-**	25,914	**-**	25,914
	Minority Interest	**-**	1,741	**-**	-
	2022 Interim Dividend				
	Scrip dividend	**-**	-	**-**	-
	Cash dividend	**-**	19,436	**-**	19,436
	Minority Interest		1,778	**-**	-
	2022 Final Dividend	**-**	-		
	Scrip dividend	**-**	-	**-**	-
	Cash dividend	**25,914**	-	**25,914**	-
	Minority Interest	**1,710**	-	**-**	-
	2023 Interim Dividend	**-**	-		
	Scrip dividend	**-**	-	**-**	-
	Cash dividend	**19,435**	-	**19,435**	-
	Minority Interest	**-**	-	**-**	-
	Total dividend paid	**47,059**	48,869	**45,349**	45,350

		Group		Company	
		30 Sept. 2023 N million	31 Dec. 2022 N million	**30 Sept. 2023 N million**	31 Dec. 2022 N million
18	**Deposits and current accounts**				
	Deposits from banks	**722,263**	491,080	**-**	-
	Other deposits from banks	**722,263**	491,080	**-**	-
	Deposits from customers	**1,771,896**	1,245,346	**-**	-
	Current accounts	**1,099,939**	710,767	**-**	-
	Call deposits	**115,741**	105,253	**-**	-
	Savings accounts	**223,659**	182,134	**-**	-
	Term deposits	**332,557**	247,192	**-**	-
	Total deposits and current accounts	**2,494,159**	1,736,426	**-**	-

		Group		Company	
		30 Sept. 2023 N million	31 Dec. 2022 N million	**30 Sept. 2023 N million**	31 Dec. 2022 N million
19	**Other borrowings**				
	On-lending borrowings	**285,617**	187,957	**-**	**-**
	Bank of Industry (see (i) below)	**317**	476	**-**	-
	Standard Bank Isle of Man (see (ii) below)	**213,878**	131,532		
	CBN Commercial Agricultural Credit Scheme (see (iii) below)	**6,596**	8,998	**-**	-
	Nigeria Mortgage Refinance Company (see (iv) below)	**3,118**	3,279	**-**	-
	CBN Real Sector Support Financing (see (v) below)	**5,968**	8,088	**-**	-
	British International Investment (see (vi) below)	**55,740**	35,584	**-**	-
		285,617	187,957	**-**	-

The terms and conditions of other borrowings are as follows:

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

i The bank obtained a Central Bank of Nigeria (CBN) initiated on-lending naira facility from Bank of Industry in September 2010 at a fixed rate of 1% per annum on a tenor based on agreement with individual beneficiary customer. The facility was granted under the Power and Aviation Intervention Fund scheme and Restructuring and Refinancing Facilities scheme. Disbursement of these funds are represented in loans and advances to customers. Based on the structure of the facility, the bank assumes default risk of amount lent to its customers. The facility was not secured.

ii The bank obtained dollar denominated long term on-lending facilities with floating rates tied to SOFR from Standard Bank Isle of Man with average tenor of 5 years. The dollar value of the facility as at 30 September 2023 was USD284 million (Dec 2022: USD219 million). The facilities have different expiry dates with the longest expiring on 30 September 2027.

iii The bank obtained an interest free loan from the Central Bank of Nigeria (CBN) for the purpose of on - lending to customers under the Commercial Agricultural Credit Scheme (CACS). The tenor is also based on agreement with individual beneficiary customer. Disbursement of these funds are represented in loans and advances to customers. Based on the structure of the facility, the bank assumes default risk of amount lent to its customers.

iv This represents N1,223 million (Tranche 1), N1,386 million (Tranche 2) and N770 million (Tranche 3) on-lending facilities obtained from Nigeria Mortgage Refinance Company in June 2016, June 2019 and August 2019 respectively. Tranche 1 is priced at 15.5% while Tranche 2 and 3 are priced at 14.5%. Tranche 1 expires on 07 August 2028, Tranche 2 expires on 07 June 2033 and Tranche 3 expires on 07 August 2034.

v The Bank obtained a real sector support funding of N10.9 billion from the Central Bank of Nigeria at an interest rate of 3% for 7 years. The facilities have different expiry dates with the longest expiring on 17 June 2027.

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

The Group has not had any default of principal, interest or any other breaches with respect to its debt securities during the period ended 30 September 2023 (Dec 2022: Nil).

		Group		Company	
		30 Sept. 2023	31 Dec. 2022	**30 Sept. 2023**	31 Dec. 2022
		N million	N million	**N million**	N million
20	**Debts Securities Issued**				
(i)	Senior unsecured debt Naira (see (i) below)	**31,113**	29,947	**-**	-
(ii)	Subordinated debt - US dollar (see (ii) below)	**55,164**	19,071	**-**	-
(iii)	Commercial Paper Issued (see (iii) below)	**36,119**	21,860	**-**	-
(iv)	Bond issued (see (iv) below)	**1,046**	1,000	**-**	-
		123,442	71,878	**-**	-

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

(ii) This represents US dollar denominated term subordinated non-collaterised facility of $40 million and $30 million obtained from Standard Bank of South Africa effective 05 Feb 2021 & 16 August 2023 respectively. The $40 million facility expires on 05 Feb 2031 while the $30 million facility will expire on 16 August 2033 and is repayable at maturity. Interest on the facility is payable semi-annually at SOFR (Secured Overnight Financing Rate) plus 4.98% and 4.71% respectively

(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.

(iv) This represents Naira denominated Unsecured bond of N1bn issued on 05 December 2022 at a fixed interest rate of 15.75% per annum payable semi-annually. It has a tenor of 5 years. The debt is unsecured.

The group has not had any default of principal, interest or any other convenant breaches with respect to its debt securities during theperiod ended 30 September 2023 (2022: Nil).

		Group		Company	
		30 Sept. 2023	31 Dec. 2022	**30 Sept. 2023**	31 Dec. 2022
		N million	N million	**N million**	N million
21	**Other liabilities**				
	Trading settlement liabilities	**54,950**	4,102	**-**	-
	Cash-settled share-based payment liability	**3,546**	1,855	**1,554**	809
	Accrued expenses - Staff	**8,730**	6,646	**1,406**	987
	Deferred revenue (iii)	**8,821**	3,577	**-**	-
	Accrued expenses - Others	**6,321**	6,190	**882**	761
	Due to group companies	**18,858**	62,422	**17,480**	57,628
	Collections / remmitance payable	**461,214**	146,210	**1,785**	155
	Customer deposit for letters of credit	**68,597**	23,679	**-**	-
	Insurance contract liabilities	**28,512**	-	**-**	-
	Unclaimed balance (i)	**4,610**	3,127	**-**	-
	Payables to suppliers and asset management clients	**4,687**	4,145	**29**	114
	Draft & bank cheque payable	**1,134**	1,014	**-**	-
	Electronic channels settlement liability	**960**	7,157	**-**	-
	Unclaimed dividends liability (ii)	**4,870**	4,513	**4,870**	4,513
	Clients cash collateral for derivative transactions (iv)	**22,732**	7,371	**-**	-
	Lease liability (v)	**1,605**	705	**31**	-
	Sundry liabilities	**48,137**	68,990	**813**	20
		748,284	351,703	**28,850**	64,987

Increase in other liabilities is majorly on account of growth in unsettled dealing balance, deferred revenue and collection activities 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 30 September 2023. The assets held for the liability are presented in note 10 and 12.

(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

30 Sept. 2023	Legal N million	Taxes & levies N million	Expected credit loss for off balance sheet exposures N million	Total N million
Balance at 1 January 2023	5,456	2,652	650	**8,758**
Provisions made during the period	556	7,241	866	**8,663**
Provisions used during the period	-	(4,798)	-	**(4,798)**
Provisions reversed during the period	(10)	-	(895)	**(905)**
Balance at 30 September 2023	**6,002**	**5,095**	**621**	**11,718**

31 Dec. 2022	Legal N million	Taxes & levies N million	Expected credit loss for off balance sheet exposures N million	Total N million
Balance at 1 January 2022	6,150	2,368	784	9,302
Provisions made during the period	1,199	8,737	952	10,888
Provisions used during the period	-	(8,453)	-	(8,453)
Provisions reversed during the period	(1,893)	-	(1086)	(2,979)
Balance at 31 December 2022	**5,456**	**2,652**	**650**	**8,758**

(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	
	30 Sept. 2023 N million	30 Sept. 2022 N million	**30 Sept. 2023 N million**	30 Sept. 2022 N million
23 Statement of cash flows notes				
23.1 Decrease/(increase) in assets				
Net derivative assets	**(95,146)**	3,894	**-**	-
Trading assets	**(27,925)**	(141,495)	**-**	-
Pledged assets	**(98,657)**	69,082	**-**	-
Loans and advances	**(518,150)**	(203,016)	**-**	-
Other assets	**(40,534)**	3,875	**(5,696)**	(21,869)
Restricted balance with the Central Bank	**(150,244)**	(5,552)	**-**	-
	(930,656)	(273,212)	**(5,696)**	(21,869)
23.2 Increase/(decrease) in deposits and other liabilities				
Deposit and current accounts	**755,723**	49,267	**-**	-
Trading liabilities	**(12,328)**	97,778	**-**	-
Other liabilities and provisions	**399,542**	13,473	**(36,135)**	27,414
Effect of exchange rate on cash and cash equivalents	**113,367**	4,914	**-**	-
	1,256,304	165,432	**(36,135)**	27,414
23.3 Cash and cash equivalents - Statement of cash flows				
Cash and Cash equivalent (note 6)	**1,249,167**	622,496	**15,115**	65,407
Less: restricted balance with the Central Bank of Nigeria	**(628,853)**	(867,816)	**-**	-
Treasury bills (90 days' tenor or less)	**209,541**	422,022	**-**	-
Loans and advances to banks (90 days' tenor or less)	**7,849**	3,404	**-**	-
Cash and Cash equivalent at end of the period	**837,704**	180,106	**15,115**	65,407
23.4 Effect of foreign exchange rate changes on cash and cash equivalents				
Currency				
USD	**(97,194)**	6,483	**-**	-
EUR	**(6,868)**	(378)	**-**	-
GBP	**(6,946)**	(735)	**-**	-
Other currency	**(2,359)**	(456)	**-**	-
Effect of exhange rate	**(113,367)**	4,914	**-**	-

Notes to the consolidated and separate interim financial statements

for the period ended 30 September 2023

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
30 September 2023										
Assets										
Cash and cash equivalents	6	-	-	299,449	949,718	-	-	-	1,249,167	1,249,167
Derivative assets	9	424,678	-	-	-	-	-	-	424,678	424,678
Trading assets	8	218,356	-	-	-	-	-	-	218,356	218,356
Pledged assets	7	68,006	-	-	-	158,641	-	-	226,647	226,647
Financial investments	10	-	-	54,088	41,367	423,137	3,651	-	522,243	522,243
Loans and advances to banks	11	-	-	-	7,849	-	-	-	7,849	13,465
Loans and advances to customers	11	-	-	-	1,762,946	-	-	-	1,762,946	1,632,173
Other assets (see note a below)		-	-	-	160,353	-	-	-	160,353	160,353
		711,040	-	353,537	2,922,233	581,778	3,651	-	4,572,239	4,447,082
Liabilities										
Derivative liabilities	9	313,497	-	-	-	-	-	-	313,497	313,497
Trading liabilities	8	208,643	-	-	-	-	-	-	208,643	208,643
Deposits from banks	18	-	-	-	-	-	-	722,263	722,263	722,263
Deposits from customers	18	-	-	-	-	-	-	1,771,896	1,771,896	1,771,896
Debt securities issued		-	-	-	-	-	-	123,442	123,442	123,442
Other borrowings		-	-	-	-	-	-	285,617	285,617	285,617
Other liabilities (see note b below)		-	-	-	-	-	-	739,463	739,463	739,463
		522,140	-	-	-	-	-	3,233,622	4,164,821	4,164,821

(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 2022										
Assets										
Cash and cash equivalents	6	-	-	663,223	1,227	-	-	-	664,450	664,450
Derivative assets	9	42,134	-	-	-	-	-	-	42,134	42,134
Trading assets	8	190,431	-	-	-	-	-	-	190,431	190,431
Pledged assets	7	54,804	-	-	-	73,186	-	-	127,990	127,990
Financial investments	10	-	-	67,893	53,205	457,476	3,643	-	582,217	582,217
Loans and advances to banks	11				3,404		-	-	3,404	3,404
Loans and advances to customers	11	-	-	-	1,204,786	-	-	-	1,204,786	1,204,786
Other assets (see note a below)		-	-	-	122,616	-	-	-	122,616	122,616
		287,369	-	731,116	1,385,238	530,662	3,643	-	2,938,028	2,938,028
Liabilities										
Derivative liabilities	9	26,099	-	-	-	-	-	-	26,099	26,099
Trading liabilities	8	220,971	-	-	-	-	-	-	220,971	220,971
Deposits from banks	18	-	-	-	-	-	-	491,080	491,080	491,080
Deposits from customers	18	-	-	-	-	-	-	1,245,346	1,245,346	1,245,346
Debt securities issued		-	-	-	-	-	-	71,878	71,878	71,878
Other borrowings		-	-	-	-	-	-	187,957	187,957	187,957
Other liabilities (see note b below)		-	-	-	-	-	-	348,126	348,126	348,126
		247,070	-	-	-	-	-	2,344,387	2,591,457	2,591,457

(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 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.

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**
30 September 2023					
Assets					
Cash and cash equivalents	**929,462**	**-**	**929,462**	**-**	**929,462**
Derivative assets	**553,170**	**-**	**478,696**	**74,474**	**553,170**
Trading assets	**218,356**	**86,962**	**131,394**	**-**	**218,356**
Pledged assets	**226,647**	**226,647**	**-**	**-**	**226,647**
Financial investments	**451,874**	**448,223**	**-**	**3,651**	**451,874**
	2,379,509	**761,832**	**1,539,552**	**78,125**	**2,379,509**
Comprising:					
Held-for-trading	**811,219**	**189,555**	**1,408,158**	**74,474**	**1,672,187**
Designated at fair value	**-**	**-**	**-**	**-**	**-**
Fair Value Through OCI	**1,540,253**	**607,109**	**68,494**	**3,651**	**679,254**
	2,351,472	**796,664**	**1,476,652**	**78,125**	**2,351,441**
Liabilities					
Derivative liabilities	**313,497**	**-**	**313,497**	**-**	**313,497**
Trading liabilities	**208,643**	**993**	**207,650**	**-**	**208,643**
	522,140	**993**	**521,147**	**-**	**522,140**
Comprising:					
Held-for-trading	**522,140**	**993**	**521,147**	**-**	**522,140**
	522,140	**993**	**521,147**	**-**	**522,140**

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 2022					
Assets					
Cash and cash equivalents	663,223	-	663,223	-	663,223
Derivative assets	42,134	-	27,497	14,637	42,134
Trading assets	190,431	161,536	28,895	-	190,431
Pledged assets	127,990	127,990	-	-	127,990
Financial investments	529,011	525,368	-	3,643	529,011
	1,552,789	814,894	719,615	18,280	1,552,789
Comprising:					
Held-for-trading	287,369	216,340	690,720	14,637	921,697
Fair Value Through OCI	1,265,420	598,554	28,895	3,643	631,092
	1,552,789	814,894	719,615	18,280	1,552,789
Liabilities					
Derivative liabilities	26,099	-	26,099	-	26,099
Trading liabilities	220,971	11,077	209,894	-	220,971
	247,070	11,077	235,993	-	247,070
Comprising:					
Held-for-trading	247,070	11,077	235,993	-	247,070
	247,070	11,077	235,993	-	247,070

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

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
30 September 2023					
Assets					
Cash and cash equivalents	**929,462**	**-**	**929,462**	**-**	**929,462**
Derivative assets	**424,678**	**-**	**341,819**	**82,859**	**424,678**
Trading assets	**218,356**	**86,962**	**131,394**	**-**	**218,356**
Pledged assets	**226,647**	**226,647**	**-**	**-**	**226,647**
Financial investments	**451,874**	**448,223**	**-**	**3,651**	**451,874**
	2,251,017	**761,832**	**1,402,675**	**86,510**	**2,251,017**
Comprising:					
Held-for-trading	**811,219**	**189,555**	**1,408,158**	**82,859**	**1,680,572**
Designated at fair value	**-**	**-**	**-**	**-**	**-**
Fair Value Through OCI	**1,540,253**	**607,109**	**68,494**	**3,651**	**679,254**
	2,351,472	**796,664**	**1,476,652**	**86,510**	**2,359,826**
Liabilities					
Derivative liabilities	**313,497**	**-**	**313,497**	**-**	**313,497**
Trading liabilities	**208,643**	**993**	**207,650**	**-**	**208,643**
	522,140	**993**	**521,147**	**-**	**522,140**
Comprising:					
Held-for-trading	**522,140**	**993**	**521,147**	**-**	**522,140**
	522,140	**993**	**521,147**	**-**	**522,140**

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 2022					
Assets					
Cash and cash equivalents	663,223	-	663,223	-	663,223
Derivative assets	42,134	-	27,497	14,637	42,134
Trading assets	190,431	161,536	28,895	-	190,431
Pledged assets	127,990	127,990	-	-	127,990
Financial investments	529,011	525,368	-	3,643	529,011
	1,552,789	814,894	719,615	18,280	1,552,789
Comprising:					
Held-for-trading	287,369	216,340	690,720	14,637	921,697
Fair Value Through OCI	1,265,420	598,554	28,895	3,643	631,092
	1,552,789	814,894	719,615	18,280	1,552,789
Liabilities					
Derivative liabilities	26,099	-	26,099	-	26,099
Trading liabilities	220,971	11,077	209,894	-	220,971
	247,070	11,077	235,993	-	247,070
Comprising:					
Held-for-trading	247,070	11,077	235,993	-	247,070
	247,070	11,077	235,993	-	247,070

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

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.

	30 Sept. 2023		31 Dec. 2022	
	Derivative assets	**Financial investments**	Derivative assets	Financial investments
	N million	**N million**	N million	N million
Balance at 1 January	**14,637**	**3,642**	11,369	3,021
Gain/(Loss) recognised in other comprehensive income	**71,666**	**-**	2,723	**-**
Gains recognised in other comprehensive income	**-**	**41**	-	621
Day one Profit / (loss) recognised	**(3,444)**	**-**	545	-
Sales and settlements		**-**		-
Balance at period end	**82,859**	**3,683**	14,637	3,642

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	**71,666**	**-**	2,723	-
Other comprehensive income	**-**	**41**	-	621

(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.

		Group		Company	
		30 Sept. 2023	31 Dec. 2022	**30 Sept. 2023**	31 Dec. 2022
		N million	N million	**N million**	N million
26	**Contingent liabilities and commitments**				
26.1	**Contingent liabilities**				
	Letters of credit	**164,695**	119,602	**-**	-
	Guarantees	**122,898**	87,120	**-**	-
		287,593	206,722	**-**	-

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 N621 million (Dec 2022: N650 million) on this has been included in provisions (see note 22).

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 30 September 2023 consisted of 413 cases and aggregate value of monetary claims against the Stanbic IBTC Group was N272,390,016,643.59; USD$4,468,675.78 & GB £74,284.64.

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.

Below is the distribution of cases across the hierarchy of courts;

	Court Hierarchy	**Number of**
a)	Magistrate, High Court, Federal High Court and National Industrial Court	356
b)	Court of Appeal	47
c)	Supreme Court	10

In addition the Bank is involved in litigation against AMCON, please below for further details.

There were no other events after the reporting date which could have a material effect on the financial position of the group as at 30 September 2023 which have not been recognized or disclosed.

Asset Management Corporation of Nigeria

The Bank had in December 2012 entered into an agreement with AMCON to purchase the Eligible Assets (non-performing loan) of a client, which the Bank had classified as "doubtful". AMCON confirmed its willingness to purchase the proposed Eligible Assets at a total consideration of about N10 billion, which sale/purchase was concluded in December of 2012. As a precondition for the sale, AMCON unequivocally stated that the pricing of the Eligible Bank Assets was subject to adjustment within twelve (12) months in line with AMCON guidelines after due diligence on information the Bank had supplied to AMCON.

AMCON by a letter dated October 4, 2017 informed the Bank of its intention to reprice the loan and claw back the sum of N5.7bn, being what was alleged to be excess overpaid consideration, as a result of what was felt was an overvaluation. The Bank in its response to the allegation, emphatically denied the allegations and provided evidence to AMCON to the contrary. The Bank noted that AMCON's attempt to reprice the sold Assets, were outside the 12-month claw-back period provided in AMCON's guidelines.

Notwithstanding all the clarifications made by the Bank, AMCON proceeded to apply to the Central Bank of Nigeria (CBN) to debit the Bank's account with the sum requested to be clawed back, plus possible accrued interest. Sequel to this, the CBN wrote to Stanbic IBTC on 31 July 2019, informing the Bank of AMCON's request to debit the Bank's account.

Accordingly, the Bank instructed its lawyers to institute a Legal action against AMCON, pursuant to which it obtained an interim injunction (ex-parte), restraining AMCON and the CBN from debiting its Account for the alleged claw-back sum. However, the Bank subsequently discovered that AMCON had earlier filed a suit at the Ferderal High Court, Lagos Division on the same subject matter. Consequently, the Bank discontinued its suit against AMCON and filed a Counter-Claim against AMCON in its suit. The case is currently adjourned to 18 December 2023 for settlement of issues for determination.

27 Supplementary income statement information

	Group				Company			
	3 months 30 Sept. 2023 N million	**9 months 30 Sept. 2023 N million**	3 months 30 Sept. 2022 N million	9 months 30 Sept. 2022 N million	**3 months 30 Sept. 2023 N million**	**9 months 30 Sept. 2023 N million**	3 months 30 Sept. 2022	9 months 30 Sept. 2022 N million
27.1 Interest income								
Interest on loans and advances to banks	**1,550**	**3,171**	404	789	**-**	-	-	-
Interest on loans and advances to customers	**64,309**	**156,242**	30,809	82,470	**-**	**-**	-	-
Interest on investments	**8,473**	**25,178**	7,596	23,798	**134**	**171**	35	104
	74,332	**184,591**	38,809	107,057	**134**	**171**	35	104
Interest income on items measured at amortised cost	**69,340**	**170,103**	51,703	106,975	**-**	**-**	-	-
Interest income on debt instruments measured at FVOCI	**4,992**	**14,488**	(12,894)	82	**134**	**171**	94	104

The amount reported above include interest income calculated using the effective interest rate method that relates to financial assets measured at amortised cost and carried at FVOCI. Interest income for the period ended 30 September 2023 includes N1,153 million (Sept. 2022: N666 million) relating to interest income recognised on credit impaired financial assets.

	Group 3 months 30 Sept. 2023	Group 9 months 30 Sept. 2023	Group 3 months 30 Sept. 2022	Group 9 months 30 Sept. 2022	Company 3 months 30 Sept. 2023	Company 9 months 30 Sept. 2023	Company 3 months 30 Sept. 2022	Company 9 months 30 Sept. 2022
27.2 Interest expense								
Savings accounts	**1,778**	**4,103**	513	1,025	**-**	**-**	-	-
Current accounts	**1,894**	**3,353**	310	1,298	**-**	**-**	-	-
Call deposits	**535**	**1,352**	195	450	**-**	**-**	-	-
Term deposits	**3,933**	**12,413**	2,415	8,841	**-**	**-**	-	-
Interbank deposits	**4,226**	**9,137**	1,425	3,897	**-**	**-**	-	-
Borrowed funds	**14,142**	**33,716**	4,641	11,879	**-**	**-**	-	-
Lease Expense	**5**	**14**	3	6	**-**	**-**	-	-
	26,513	**64,088**	9,502	27,396	**-**	**-**	-	-
Interest expense on items measured at amortised cost	**26,508**	**64,074**	9,499	27,390	**-**	**-**	-	-
Interest expense on lease liabilities	**5**	**14**	3	6	**-**	**-**	-	-
27.3 Net fee and commission revenue								
Fee and commission revenue	**30,803**	**84,598**	24,273	72,470	432	1,542	355	1,200
Account transaction fees	**1,606**	**4,249**	1,370	3,554	**-**	**-**	-	-
Card based commission	**1,018**	**2,729**	1,352	3,949	**-**	**-**	-	-
Brokerage and financial advisory fees	**2,118**	**6,915**	2,079	7,884	-	**-**	-	-
Asset management fees	**19,043**	**52,398**	14,911	43,193	**-**	**-**	-	-
Custody transaction fees	**856**	**2,007**	532	1,569	**-**	**-**	-	-
Electronic banking	**1,098**	**3,242**	473	1,628	**-**	**-**	-	-
Foreign currency service fees	**2,999**	**7,308**	1,962	5,965	**-**	**-**	-	-
Documentation and administration fees	**1,456**	**4,237**	348	1,383	**-**	**-**	-	-
Others	**609**	**1,513**	1,246	3,345	432	1,542	355	1,200
Fee and commission expense	**(2,431)**	**(5,072)**	(1,381)	(4,016)	**-**	**-**	-	-
	28,372	**79,526**	22,892	68,454	432	1,542	355	1,200

Increase in fee and commission revenue is mainly attributable to increase in Asset mgt fees coupled with increase in fees earned on loan origination (documentation and adminstration fee), foreign currency services fee and electronic banking fees.

	Group 3 months 30 Sept. 2023	Group 9 months 30 Sept. 2023	Group 3 months 30 Sept. 2022	Group 9 months 30 Sept. 2022	Company 3 months 30 Sept. 2023	Company 9 months 30 Sept. 2023	Company 3 months 30 Sept. 2022	Company 9 months 30 Sept. 2022
27.4 Income from life insurance activities								
a Insurance service result								
Insurance revenue	**1,760**	**4,681**	-	-	**-**	**-**	-	-
Insurance service expense	**(1,251)**	**(3,165)**	-	-	**-**	**-**	-	-
Net Insurance service result before reinsurance contracts held	**509**	**1,516**	-	-	**-**	**-**	-	-
Net expense from reinsurance contracts held	**(76)**	**(449)**	-	-	**-**	**-**	-	-
	433	**1,067**	-	-	**-**	**-**	-	-
b Net insurance finance expenses								
Net finance expenses from insurance contracts issued	**(8)**	**(1,451)**	-	-	**-**	**-**	-	-
Net finance income from reinsurance contracts held	**-**	**-**	-	-	**-**	**-**	-	-
	(8)	**(1,451)**	-	-	**-**	**-**	-	-
c Fair value adjustments								
Investment management and service fee income and gains	**-**	**-**	-	-	**-**	**-**	-	-
Revenue from contracts with customers	**-**	**-**	-	-	**-**	**-**	-	-
Interest income on financial assets held at amortised cost	**-**	**-**	-	-	**-**	**-**	-	-
Fair value adjustments to investment mgt liabilities and third party fund interests	**(1,143)**	**(847)**	-	-	**-**	**-**	-	-
	(1,143)	**(847)**	-	-	**-**	**-**	-	-
d Insurance premium received	**-**	**-**	1,626	2,792	**-**	**-**	-	-
Insurance premium revenue ceded to reinsurers	**-**	**-**	(378)	(781)	**-**	**-**	-	-
Insurance benefits and claims paid	**-**	**-**	(527)	(1,154)	**-**	**-**	-	-
	-	**-**	(905)	1,030	**-**	**-**	-	-
27.5 Trading revenue								
Commodities	**-**	**-**	-	-	**-**	**-**	-	-
Equities	**(2)**	**1**	-	-	**-**	**-**	-	-
Fixed income and currencies	**15,020**	**59,740**	8,566	24,886	**-**	**-**	-	-
	15,018	**59,741**	8,566	24,886	**-**	**-**	-	-

		Group							Company
27	**Supplementary income statement information** continued	**3 months 30 Sept. 2023 N million**	**9 months 30 Sept. 2023 N million**	3 months 30 Sept. 2022 N million	9 months 30 Sept. 2022 N million	**3 months 30 Sept. 2023 N million**	**9 months 30 Sept. 2023 N million**	3 months 30 Sept. 2022 N million	9 months 30 Sept. 2022 N million J
27.6	**Other revenue**								
	Dividend income	**407**	**655**	79	435	**6,000**	**38,725**	22,023	55,058
	Gain/(loss) on disposal of property and equipment	**216**	**57**	(435)	-	**-**	**1**	2	5
	Gain/(loss) on disposal of financial investment	**37**	**(259)**	(147)	-	**-**	**-**	-	-
	Others	**11**	**3,472**	(237)	(237)	**19**	**980**	-	-
		671	**3,925**	(740)	198	**6,019**	**39,706**	22,025	55,063
27.7	**Net impairment write-back/(loss) on financial assets**								
	Net expected credit loses raised and released for financial investments	**615**	**871**	47	(3)	**-**	**-**	-	-
	12 month ECL	**615**	**871**	47	(3)	**-**	**-**	-	-
	Lifetime ECL not credit impaired	**-**	**-**	-	-	**-**	**-**	-	-
	Lifetime ECL credit impaired	**-**	**-**	-	-	**-**	**-**	-	-
	Net expected credit loses raised and released for Loan and advances to banks	**-**	**(2)**	(9)	(3)	**-**	**-**	-	-
	12 month ECL	**-**	**(2)**	(9)	(3)	**-**	**-**	-	-
	Lifetime ECL not credit impaired	**-**	**-**	-	-	**-**	**-**	-	-
	Lifetime ECL credit impaired	**-**	**-**	-	-	**-**	**-**	-	-
	Net expected credit loses raised and released for Loan and advances to customers	**4,552**	**10,597**	2,560	8,013	**-**	**-**	-	-
	12 month ECL	**(239)**	**1,708**	485	1,538	**-**	**-**	-	-
	Lifetime ECL not credit impaired	**(59)**	**469**	22	191	**-**	**-**	-	-
	Lifetime ECL credit impaired	**4,850**	**8,420**	2,053	6,284	**-**	**-**	-	-
	Net expected credit loses raised and released on off balance sheet exposures	**(261)**	**(54)**	(22)	303	**-**	**-**	-	-
	12 month ECL	**(256)**	**(54)**	(23)	308	**-**	**-**	-	-
	Lifetime ECL not credit impaired	**(5)**	**-**	1	(5)	**-**	**-**	-	-
	Lifetime ECL credit impaired	**-**	**-**	-	-	**-**	**-**	-	-
	Net expected credit losses raised and released on other assets	**(220)**	**437**	48	153	**-**	**-**	-	-
	12 month ECL	**(220)**	**437**	48	153	**-**	**-**	-	-
	Lifetime ECL not credit impaired	**-**	**-**	-	-	**-**	**-**	-	-
	Lifetime ECL credit impaired	**-**	**-**	-	-	**-**	**-**	-	-
	Recoveries on loans and advances previously written off	**(709)**	**(1,893)**	(631)	(1,003)	**-**	**-**	-	-
		3,977	**9,956**	1,993	7,460	**-**	**-**	-	-
27.8	**Other operating expenses**								
	Information technology	**5,623**	**13,141**	3,426	9,152	**56**	**103**	(10)	(10)
	Communication expenses	**632**	**2,133**	540	1,595	**18**	**(43)**	(50)	(48)
	Premises Expenses	**1,059**	**3,766**	1,449	3,508	**36**	**116**	30	80
	Depreciation Expenses	**2,664**	**6,961**	1,793	5,405	**110**	**230**	31	92
	Amortisation of intangible asset	**191**	**574**	192	574	**-**	**-**	-	-
	Deposit insurance premium	**2,494**	**7,481**	2,051	4,808	**-**	**-**	-	-
	AMCON expenses	**-**	**15,387**	-	14,602	**-**	**-**	-	-
	Other insurance premium	**1,151**	**3,017**	382	1,834	**5**	**79**	2	4
	Auditors remuneration	**152**	**423**	153	359	**22**	**60**	22	49
	Non-audit service fee	**-**	**20**	-	-	**-**	**-**	-	-
	Professional fees	**564**	**1,964**	1,472	2,785	**91**	**367**	57	157
	Administration and membership fees	**842**	**2,182**	525	1,610	**49**	**198**	26	79
	Training expenses	**603**	**1,041**	323	703	**71**	**181**	88	207
	Security expenses	**632**	**1,861**	532	1,438	**16**	**44**	10	34
	Travel and entertainment	**903**	**1,759**	386	884	**101**	**276**	95	173
	Stationery and printing	**439**	**1,076**	522	1,247	**19**	**(91)**	21	48
	Marketing and advertising	**1,929**	**3,977**	1,765	3,821	**709**	**1,374**	653	1,099
	Commission Paid	**123**	**325**	68	54	**-**	**-**	-	-
	Pension administration expense	**503**	**503**	268	649	**-**	**-**	-	-
	Penalties and fines	**83**	**90**	80	133	**-**	**-**	-	-
	Donations	**429**	**752**	41	90	**391**	**713**	(5)	41
	Operational losses	**78**	**128**	57	131	**-**	**-**	-	-
	Directors fees & expenses	**617**	**1,004**	261	696	**320**	**477**	105	347
	Others	**2,528**	**7,499**	909	4,302	**(198)**	**201**	59	157
		24,239	**77,064**	17,195	60,380	**1,816**	**4,285**	1,134	2,509
	Included in others are FMDQ OTC futures charges, Bank charges, motor vechicle maintenance expense amongst others.								
27.9	**Income tax**								
	Current tax	**5,439**	**15,130**	4,243	13,492	**11**	**36**	2	7
	Deferred tax	**(278)**	**5,079**	209	269	**-**	**-**	-	-
		5,161	**20,209**	4,452	13,761	**11**	**36**	2	7

	Group				Company			
	3 months 30 Sept. 2023 N million	**9 months 30 Sept. 2023 N million**	3 months 30 Sept. 2022 N million	9 months 30 Sept. 2022 N million	**3 months 30 Sept. 2023 N million**	**9 months 30 Sept. 2023 N million**	3 months 30 Sept. 2022 N million	9 months 30 Sept. 2022 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)	**40,586**	**106,917**	23,737	53,131	**4,981**	**34,924**	20,612	52,131
Weighted average number of ordinary shares in issue (number of shares)								
Weighted average number of ordinary shares in issue	**12,957**	**12,957**	12,957	12,957	**12,957**	**12,957**	12,957	12,957
Basic earnings per ordinary share (kobo)	**313**	**825**	183	410	**38**	**270**	159	402

29 Related party transactions

29.1 Parent and ultimate controlling party

The company is 67.55% 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 10 direct subsidiaries and 1 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.

	30 Sept. 2023 N million	30 Sept. 2022 N million
Key management compensation		
Salaries and other short-term benefits	**1,003**	729
Post-employment benefits	**29**	24
Value of share options and rights expensed	**2,091**	-
	3,123	753

The transactions below are entered into in the normal course of business.	**30 Sept. 2023 N million**	31 Dec. 2022 N million
Loans and advances		
Loans outstanding at the beginning of the period	**782**	353
Net movement during the period	**(20)**	429
Loans outstanding at the end of the period	**762**	782

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 (2022: 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

	30 Sept. 2023 N million	31 Dec. 2022 N million
Deposit and current accounts		
Deposits outstanding at beginning of the period	**929**	316
Net movement during the period	**132**	613
Deposits outstanding at end of the period	**1,061**	929

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:

		30 Sept. 2023 N million	31 Dec. 2022 N million
(i)	**Due from group companies**		
	Loans to banks	**-**	530
	Current account balances	**12,286**	14,784
	Derivatives	**2,730**	1,718
	Other assets	**1,007**	507
		16,023	17,539
(ii)	**Due to group companies**		
	Deposits and current accounts	**44,006**	27,735
	Derivatives	**13,442**	2,431
	Debt securities issued	**55,164**	19,071
	Other borrowings	**213,636**	131,532
	Other liabilities	**18,858**	62,422
		345,106	243,191

		30 Sept. 2023 N million	30 Sept. 2022 N million
(iii)	**Profit or loss impact of transactions with group entities**		
	Interest income earned	**820**	226
	Interest expense paid	**(12,136)**	(2,611)
	Trading revenue	**(60,864)**	1,703
	Fee and commission income	**291**	310
	Operating expense incurred	**(126)**	171

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	171	112,835	621	3,865	219	(2)	12	152	2,560	45	25	-	**120,503**
Non interest revenue	41,248	81,338	5,457	40,960	12,192	255	659	724	(1,226)	1,137	4	(40,787)	**141,961**
Total income	**41,419**	**194,173**	**6,078**	**44,825**	**12,411**	**253**	**671**	**876**	**1,334**	**1,182**	**29**	**(40,787)**	**262,464**
Staff costs	(2,174)	(31,408)	(1,631)	(6,239)	(2,377)	-	(324)	(422)	(573)	(409)	(429)	-	**(45,986)**
Operating expenses	(4,285)	(61,333)	(769)	(8,981)	(1,730)	(58)	(128)	(220)	(567)	(222)	(291)	1,520	**(77,064)**
Net impairment (charge) on financial assets	-	(9,701)	(144)	(102)	5	-	(23)	1	10	(2)	-	-	**(9,956)**
Total expenses	**(6,459)**	**(102,442)**	**(2,544)**	**(15,322)**	**(4,102)**	**(58)**	**(475)**	**(641)**	**(1,130)**	**(633)**	**(720)**	**1,520**	**(133,006)**
Profit before tax	**34,960**	**91,731**	**3,534**	**29,503**	**8,309**	**195**	**196**	**235**	**204**	**549**	**(691)**	**(39,267)**	**129,458**
Tax	(36)	(6,072)	(1,264)	(9,681)	(2,703)	(65)	(75)	(76)	(50)	(187)	-	-	**(20,209)**
Profit for the period	**34,924**	**85,659**	**2,270**	**19,822**	**5,606**	**130**	**121**	**159**	**154**	**362**	**(691)**	**(39,267)**	**109,249**
At 30 September 2022	52,131	35,384	1,820	17,468	2,585	413	(34)	139	196	243	(99)	(55,061)	**55,185**

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 period ended 30 September 2023.

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 period ended 30 September 2023.

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.

The CBN on 02 September 2021 advised banks to implement a set of Basel III guidelines effective from November 2021. Steps are being taken to ensure full compliance.

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.

Risk and capital management (continued)
for the period ended 30 September 2023

Capital management - BASEL II regulatory capital

Stanbic IBTC Group	Basel II Group 30 Sept. 2023 N'million	*Basel III Group 30 Sept. 2023 N'million	Basel II Group 31 Dec 2022 N'million	*Basel III Group 31 Dec 2022 N'million
Tier 1	422,623	414,711	367,801	367,801
Paid-up share capital	6,478	6,478	-	-
Share premium	102,780	102,780	6,479	6,479
General reserve (retained profit)	233,777	233,777	102,780	102,780
SMEEIS reserve	1,039	1,039	187,535	187,535
AGSMEIS reserve	14,476	14,476	1,039	1,039
Statutory reserve	55,492	55,492	14,476	14,476
Other reserves	-	-	55,492	55,492
IFRS 9 Transitional Adjustment Relief	-	-	-	-
Non controlling interests	8,581	669	-	-
Less: regulatory deduction	11,756	11,756	32,530	32,530
Goodwill	-	-	16,265	16,265
Deferred tax assets	9,094	9,094	-	-
Other intangible assets	2,662	2,662	13,042	13,042
Current year losses	-	-	3,223	3,223
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 Tier I capital	410,867	402,955	359,544	352,241
Additional Tier I Capital				
Instruments issued by consolidated subsidiaries and held by third parties	-	42	-	34
Eligible Tier I capital	410,867	402,997	359,544	352,275
Tier II	61,432	61,641	22,154	22,154
Hybrid (debt/equity) capital instruments	-	-	-	-
Instruments issued by consolidated subsidiaries and held by third parties	-	209		
Subordinated term debt	55,164	55,164	19,071	19,071
Other comprehensive income (OCI)	6,268	6,268	3,083	3,083
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	61,432	61,641	22,154	22,154
Total regulatory capital	**472,299**	**464,638**	**381,698**	**374,429**
Risk weighted assets:				
Credit risk	2,164,434	2,164,434	1,417,470	1,417,470
Operational risk	381,317	381,317	348,878	348,878
Market risk	47,043	47,043	35,576	35,576
Total risk weighted asset	**2,592,794**	**2,592,794**	**1,801,924**	**1,801,924**
Total capital adequacy ratio	18.2%	17.9%	21.2%	20.8%
Tier I capital adequacy ratio	15.8%	15.5%	20.0%	19.5%
Common Equity Tier I capital adequacy ratio	15.8%	15.5%	20.0%	19.5%
Leverage:				
Total exposure measure	N/A	402,997	N/A	352,274
Capital measure	N/A	5,097,240	N/A	3,182,737
Leverage ratio	N/A	7.9%	N/A	11.1%

*Capital adequacy ratio stood at 17.92% 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.

Capital management - BASEL II regulatory capital

Stanbic IBTC Bank PLC	Basel II 30 Sept. 2023 N'million	*Basel III 30 Sept. 2023 N'million	Basel II 31 Dec 2022 N'million	*Basel III 31 Dec 2022 N'million
Tier 1	301,898	301,898	257,726	257,726
Paid-up share capital	20,000	20,000	1,875	1,875
Share premium	42,469	42,469	42,469	42,469
General reserve (Retained Profit)	152,961	152,961	134,532	134,532
SMEEIS reserve	1,039	1,039	1,039	1,039
AGSMEEIS reserve	14,476	14,476	14,476	14,476
Statutory reserve	70,953	70,953	63,335	63,335
Other reserves	-	-	-	-
IFRS 9 Transitional Adjustment Relief	-	-	-	-
Non controlling interests	-	-	-	-
Less: regulatory deduction	11,703	11,703	15,575	15,575
Goodwill	-	-	-	-
Deferred tax assets	9,070	9,070	12,368	12,368
Other intangible assets	2,633	2,633	3,207	3,207
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	-	-	-	-
Unsecured lending to subsidiaries within the same group	-	-	-	-
Eligible Tier I capital	290,194	290,194	242,151	242,151
Tier II	58,286	58,286	18,933	18,933
Hybrid (debt/equity) capital instruments	-	-	-	-
Subordinated term debt	55,164	55,164	19,641	19,641
Other comprehensive income (OCI)	3,122	3,122	-	-
	-	-	-	-
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	58,286	58,286	18,933	18,933
Total regulatory capital	**348,480**	**348,480**	**234,948**	**234,948**
Risk weighted assets:				
Credit risk	2,038,466	2,038,466	1,276,363	1,276,363
Operational risk	259,174	259,174	237,015	237,015
Market risk	33,656	33,656	31,739	31,739
Total risk weight asset	**2,331,296**	**2,331,296**	**1,545,117**	**1,545,117**
Total capital adequacy ratio	14.9%	14.9%	16.9%	16.9%
Tier I capital adequacy ratio	12.4%	12.4%	15.7%	15.7%
Common Equity Tier I capital adequacy ratio	12.4%	12.4%	15.7%	15.7%
Leverage:				
Capital measure	N/A	290,194	N/A	242,150
Total exposure measure	N/A	4,925,304	N/A	3,008,993
Leverage ratio	N/A	5.9%	N/A	8.0%

*Capital adequacy ratio stood at 14.61% 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.