



Stanbic IBTC Insurance Brokers Limited  
Financial Statement for the Year Ended  
31 December 2021

<b>Contents</b>	<b>Page</b>
Company information	3
Directors' report	4 – 13
Corporate governance report	14 – 23
Certification by Company Secretary	24
Statement of directors' responsibilities in relation to the financial statements	25
Certification by the Chief Executive Officer and the Chief Financial Officer	26
Independent Auditor's Report	27 – 29
<b>Financial Statements:</b>	
Accounting policies	30 – 40
Statement of financial position	41
Statement of profit or loss and other comprehensive income	42
Statement of changes in equity	43
Statement of cash flows	44
Notes to the financial statements	45 – 59
<b>Other national disclosures:</b>	60
Value added statement	61
Five year financial financial summary	62 – 63

## Company information

RC Number	1233443
Registered address:	IBTC Place Walter Carrington Crescent Victoria Island Lagos Nigeria
Principal place of business:	Wealth House Plot 1678 Olakunle Bakare Close Off Sanusi Fafunwa Street Victoria Island Lagos Nigeria
Postal address:	P O Box 71707 Victoria Island Lagos Nigeria
Auditor:	PricewaterhouseCoopers 5B Water Corporation Road Landmark Towers Victoria Island Lagos Nigeria
Company Secretary:	Olugbenro Aju email: <a href="mailto:Olugbenro.Aju@stanbicibtc.com">Olugbenro.Aju@stanbicibtc.com</a>
Banker:	Stanbic IBTC Bank Plc Walter Carrington Crescent Victoria Island Lagos Nigeria

## Directors' report

In compliance with the Companies and Allied Matters Act 2020, the Directors have the pleasure in presenting their annual report on the affairs of Stanbic IBTC Insurance Brokers Limited ("the Company" or "SIIBL") together with the audited financial statements and the auditor's report for year ended 31 December 2021.

## Legal form and principal activity

Stanbic IBTC Insurance Brokers Limited was incorporated in Nigeria under the Companies and Allied Matters Act as a limited liability company on 29 December 2014 and commenced operations in February 2016. The Company is domiciled in Nigeria and is a subsidiary of Stanbic IBTC Holdings PLC. The principal activities of the Company include provision of solution-based risk management and insurance intermediary services for clients and other interested business establishments. Stanbic IBTC Insurance Brokers Limited also delivers risk management solutions that enable clients create, protect and preserve wealth.

## Operating results

The highlights of the Company's operating results for the financial year ended 31 December 2021 were as follows:

	<b>31-Dec-21</b>	<b>31-Dec-20</b>
	<b>₦'000</b>	<b>₦'000</b>
Revenue	<b>1,013,758</b>	905,109
Profit before tax	<b>450,501</b>	367,843
Taxation	<b>(155,407)</b>	(118,285)
Profit after tax	<b>295,094</b>	<b>249,558</b>
Total reserve as at beginning of year	389,329	396,620
Net changes in FVTOCI reserve	<b>3,166</b>	(4,492)
Dividend paid during the year	<b>(212,124)</b>	(252,357)
Retained earnings at end of year	<b>475,464</b>	<b>389,329</b>
Shareholders' funds	<b>495,465</b>	409,329

## Dividend

The Board of Directors proposed a dividend payment of N250.83m (2020: ~~₦~~212.12million) as final dividend for the financial year ended 31 December 2021. Withholding tax will be deducted at the time of payment

## Directors' report

### Directors and their interests

The Directors who held office during the year are as follows:

Anselem Igbo	Chief Executive
Olu Delano	Chairman
Ibiyemi Mezu	Executive Director
Deon de Klerk	Non-Executive Director
Anthony Mogeckwu	Non-Executive Director
Ruby Onwudiwe*	Non-Executive Director
Okechukwu Iroegbu	Non-Executive Director
Olumide Oyetan*	Non-Executive Director
Modupe Bammeke**	Independent Non-Executive Director

\* Resigned 11 February 2021

\*\* Appointed 01 June 2021

The interest of Directors in the issued share capital of the Company as recorded in the register of Directors shareholding and/or as notified by the Directors for the purpose of Section 301 (1) of CAMA 2020 are as follows:

	<b>No of ordinary shares held</b>	No of ordinary shares held
	<b>31-Dec-21</b>	<b>31-Dec-20</b>
Anselem Igbo	<b>5,000,000</b>	5,000,000

No other Director held the shares of the company in 2021 (2020: nil)

### Directors' interest in contracts

For the purpose of section 303 of the Companies and Allied Matters Act of Nigeria, none of the Directors has notified the Company of any direct or indirect interest in contracts or proposed contracts with the Company during the year.

### Analysis of shareholding and change in ownership

According to the register of members as at 31 December 2021, the spread of shareholding in the Company was as follows:

	<b>No. of shares held</b>		<b>Shareholding (%)</b>	
	<b>31-Dec-21</b>	<b>31-Dec-20</b>	<b>31-Dec-21</b>	<b>31-Dec-20</b>
Stanbic IBTC Holdings PLC	<b>15,000,000</b>	15,000,000	<b>75%</b>	75%
Anselem Igbo	<b>5,000,000</b>	5,000,000	<b>25%</b>	25%
<b>Total</b>	<b>20,000,000</b>	<b>20,000,000</b>	<b>100%</b>	<b>100%</b>

## Directors' report

### Property and equipment

Information relating to changes in property and equipment is given in Note 3 to the financial statements. In the Directors' opinion, the disclosures regarding the Company's property and equipment are in line with the accounting policy of the Company.

### Employment of disabled persons

The Company's recruitment policy is based solely on merit and does not discriminate against any person on the grounds of physical disability. The Company currently has no disabled person in its employment (2020: nil).

The Company places a high premium on the health, safety and welfare of its employees in their place of work. To this end, the Company provides comprehensive medical, dental and optical cover for all employees and their nuclear dependants. Where an employee acting within the scope of his/her employment accidentally injures a third party, the Company, within acceptable limits defrays such third party's medical expense.

### Employee involvement and training

To ensure that it appropriately addressed employees' welfare and concerns throughout the year under review, the Company:

- a. Kept staff informed of all matters affecting them and the Company in general and encouraged their contributions towards the development of staff policies.
- b. Held regular meetings to discuss the Company's day to day operations, business focus and staff welfare issues.
- c. Ensured that staff received continuous on-the-job training and also attended digital trainings conducted by reputable third party facilitators.

### Staff remuneration policy

- a. Our reward strategies and remuneration structure are designed to attract, motivate and retain high calibre people at all levels of the organisation, in a highly competitive market.
- b. Consideration is given to total reward and the appropriate balance between fixed and variable pay for all employees, depending on seniority and roles.
- c. Our reward strategy is aligned with non-financial rewards including strong leadership and performance management recognition for exceptional contribution, clear talent management and career paths and an inclusive, value based culture.
- d. Fixed pay is intended to attract and retain employees by ensuring competitive positioning in the relevant market place.
- e. Fixed pay must reward the inputs of skill, competence and experience aligned to contribution, market and job size.
- f. Short-term incentive structures reward medium to long term strategies rather than a primary focus on short term goals.
- g. All incentive awards, above a minimum level, are thus deferred in part and the deferred portion linked in value to the Standard Bank share price during the deferral period.
- h. Vesting conditions attached to deferred awards and long-term incentives make provision for claw-back and forfeiture of unvested awards.

The Company's management monitors the implementation of the Company's remuneration policy, which ensures that:

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

### Directors' remuneration philosophy

- Our Directors' remuneration structure is designed to adequately compensate Directors for the time spent attending to the Company's business.
- Remuneration is not linked in any way to the profitability of the Company.
- The main consideration for remuneration is to pay an absolute fee and sitting allowance which is based on time spent.
- Directors' remuneration is reviewed annually having regard to annual inflation rate and approved by the Board and subsequently at the annual general meeting.
- Surveys are conducted periodically to ensure that Directors' remuneration is aligned to market realities.

### Donations

There was no donation in year 2021 (2020: ₦5m).

## Directors' report

### Risk management

#### Introduction

Stanbic IBTC Insurance Brokers Limited ("SIIBL") is an insurance brokerage firm in Nigeria. In SIIBL, the risk management framework focuses on risk culture as the foundation upon which the pillars of risk and control processes and extreme events management lie.

The Company, as a member of Stanbic IBTC Holdings Plc, leverages on the risk management capabilities of the Group to create a risk awareness culture.

Stanbic IBTC Holdings Plc is committed to implement initiatives that improve corporate governance for the benefit of all stakeholders. Stanbic IBTC Holdings Plc's Board of Directors aims to implement governance practices that comply with international best practice, where substance prevails over form. Stanbic IBTC Insurance Brokers Limited is guided by these principles in establishing respective governance frameworks, which are aligned to Stanbic IBTC Holdings Plc standards in addition to meeting the relevant jurisdictional requirements in respective areas of operation.

The responsibility for managing risk is decentralized throughout the organization with the deployment of three (3) lines of defence model whereby the front office manages risks as the interface of the business with external stakeholders while the middle and the back office provides support and independent assurance to the business. Part of the roles of the second line of defence is the Risk Governance, Policies and Standards oversight while the 3rd line of defence is where internal audit resides to provide independent oversight on the first 2 lines of defence.

As an insurance broker, we find it important that risk is second nature to the Company. Therefore, strategies are crafted to ensure that the principle of "no premium no cover" is followed, clients risk exposures are provided needed timely policy covers as premiums are paid.

#### Risk management framework

Key elements of Risk Management include:

- Corporate governance through Board and senior management oversight
- Systems and process for identification, measuring, monitoring and controlling risk
- Comprehensive internal controls/internal audit

#### Governance structure

In order to ensure that appropriate oversight is provided for the activities undertaken within the Company, the corporate governance structure in place is focused on risk in addition to meeting regulatory requirements.

The Board of Directors provides the necessary controls, oversight and strategic direction the Company requires.

The Risk Management structure ensures that the risk management function has unfettered access to the Board of Directors thus ensuring its independence. The Board of Directors of the Company is made up of Executive and Non-Executive Directors to further enhance objectivity in consideration of issues before it.

#### Risk exposures of the Company

The business of an insurance broker is inherently about risk management and there can be no divorcement of same from what the Company does. Efforts are devoted to the process of managing risk by the Company through the identification, measurement, monitoring and controlling of risks. The Company's business, financial condition, operating results or non-operating results could be materially adversely affected by different risks the Company is exposed to and which will be looked at in 3 ways:

- i. Own investment portfolio
- ii. Business and Competition
- iii. Operations

## Directors' report

### Own investment portfolio risks

The Company does not take positions in the equities market but the Finance Department takes responsibility for investing the Company funds in fixed income securities which include Government/ Sovereign debt instruments and bank deposits, Bankers Acceptances (BAs) etc.

Due to the nature of the investments, the Company is primarily exposed to interest rate risk, market price risk, credit risk, and liquidity risk. Interest rate risk could result from decrease in the market value of instruments held or inability to reinvest cash flows from maturing investment at rates similar to the matured investments. Liquidity risk could result from the inability to easily dispose instruments held while credit risk may result from the default of an issuer of instruments held by the Company's own portfolio in the payment of interest and principal. SIIBL is exposed to foreign exchange risks.

### Risks related to the Company's Business and Competition

#### Changes in the value of assets

The Company's revenues are largely driven by brokerage commission, which is a function of either the assets under custody or the fee agreed with clients in insurance policies. Adverse movement in prices of assets could cause the following:

- existing clients withdrawing funds in favour of better performing Brokers, which could result in lower brokerage commission;
- the diminishing ability to attract business from existing and new clients, and
- an impairment to the value of intangible assets and goodwill (reputation)

#### The soundness of other financial institutions/ financial instrument issuers could adversely affect the Company.

Financial services institutions are interrelated as a result of trading, clearing, counterparty, or other relationships. This relationship exposes the Company to credit risk, which is the risk that one party to a financial instrument will cause a loss to the other party by failing to discharge an obligation.

The Company and the funds under custody have exposure to different industries and counterparties, and routinely execute transactions with counterparties in the financial services industry, including custodians, brokers and dealers, commercial banks, investment banks and mutual funds. Many of these transactions might expose the Company or the funds to credit risk in the event of default of its counterparty or client. While we regularly conduct assessments of such risk posed by counterparties, the risk of non-performance by such parties is subject to sudden swings in the financial and credit markets, including the effects of banking crisis.

As at 31 December 2021, the exposure to different counterparties/ borrowers is shown in the table below. Financial institutions' periodic credit and risk ratings as well as other performance metrics are obtained and analysed in order to manage exposure and react as appropriate to ensuing realities.

Company own funds	31-Dec-21	31-Dec-20
Counterparty/Borrower	Exposure (N'000)	Exposure (N'000)
Federal Government	34,538	-
Investment in Stanbic IBTC Mutual Funds	925,998	675,458
<b>Total</b>	<b>960,536</b>	<b>675,458</b>

## Directors' report

### **Loss of employees could lead to the loss of clients and a decline in revenues.**

The Company's philosophy in ensuring that it attracts and retains quality personnel has contributed significantly to the achievement recorded so far. The market for qualified legal officers, brokers, agents and other professionals is competitive. Loss of personnel could have a material adverse effect on the Company. The Company has different programmes for effectively engaging its staff and top talent. Some of the programmes include talent management, succession planning, support for staff who are studying to hone their skills, local and international exposure for staff.

### **Failure to comply with Fund Management Agreements could lead to award of damages and loss of mandates.**

Insurance contracts show the expectation of the clients with respect to how the insurer, accepts significant insurance risk from the policyholder, to compensate the policyholder if a specific uncertain future event impacts the policyholders. Failure to comply with these guidelines could result in damage to SIIBL's reputation, loss of assets under custody and losses as a result of clients seeking to recover losses. In order to mitigate this risk, Risk Management and Compliance functions monitor the compliance of the funds against the agreed guidelines with investors and deviations are rectified bearing in mind the interest of the clients.

### **Risks Related to SIIBL's Operations IT and technological risks exposure**

The Company is exposed to IT and technological risks including:

#### **- Failure to maintain adequate infrastructure could impede productivity and growth.**

The Company's infrastructure, including its technological capacity, data centres, and office space, is vital to the competitiveness of its business. The failure to maintain an adequate infrastructure commensurate with the size and scope of its business, including any expansion, could impede the Company's productivity and growth, which in turn could cause the Company's earnings to decline. The Company manages this risk by deploying up to date and scalable technology relevant to its business.

#### **- Failure to maintain adequate business continuity plans could have a material adverse impact on the Company and its products.**

The failure of the Company to maintain updated adequate business continuity plans, including secure backup facilities, systems and personnel could impede the Company's ability to operate upon a disruption, which could cause the Company's earnings to decline. The Company in addition to having frequently updated business continuity plan ensures that its disaster recovery infrastructure is tested periodically at least 2 times in a year.

#### **- Failure to maintain a technological advantage could lead to a loss of clients and a decline in revenues.**

It is important to note that the continued success of the Company is dependent on the technological advantage we possess relative to competition. However, the Company's technological and software advantage is dependent on a number of third parties who provide various types of software.

The failure of these third parties to provide such software or maintenance could result in operational difficulties and adversely impact SIIBL's ability to provide services to its clients. It is important that the Company will be able to maintain this technological advantage and effectively protect and enforce its intellectual property rights in these systems and processes. In place with all service providers are Service Level Agreements ("SLAs") which stipulate the roles and responsibilities of each party and penalties in the event of breach. The Company may not, however, be able to guarantee the continuity of the service providers in the long term but on-going assessments are done periodically on them.

#### **- Failure to implement effective information and cyber security policies, procedures and capabilities could disrupt operations and cause financial losses that could result in a decrease in earnings.**

The Company is dependent on the effectiveness of its information and cyber security policies, procedures and capabilities to protect its computer and telecommunications systems and the data that reside on or are transmitted through them. An externally caused information security incident, such as a hacker attack, virus or worm, or an internally caused issue, such as failure to control access to sensitive systems, could materially interrupt business operations or cause disclosure or modification of sensitive or confidential client or competitive information and could result in material financial loss, loss of competitive position, regulatory actions, breach of client contracts, reputational harm or legal liability, which, in turn, could cause a decline in the Company's earnings. The Company manages this risk by deploying up to date and scalable technology relevant to its business.

#### **- Failure of a key vendor to fulfil its obligations could have a material adverse effect on SIIBL and its products.**

The Company depends on a number of key vendors for various roles e.g. Custody, Data transmission, Cleaning Services and other operational needs. The failure or inability of SIIBL to diversify its sources for key services or the failure of any key vendors to fulfil their obligations could lead to operational issues for the Company and could result in financial losses for the Company and its clients. All vendors are appraised annually to ensure that value is gotten from services rendered. The process for engaging vendors is to ensure that best practices are followed.

## Directors' report

### Legal and Regulatory Risks

#### Regulatory provisions

Regulatory risk is the risk arising from a change in regulations in any legal, taxation and accounting pronouncements or specific industry regulations that pertain to the business of the Company.

The Insurance brokerage business is subject to extensive regulation which includes the Insurance Act of 2003 and relevant National Insurance Commission (NAICOM) guidelines and circulars. Violation of applicable laws or regulations could result in fines, temporary or permanent prohibition of the engagement in certain activities, reputational harm and related client terminations, suspensions of personnel or revocation of their licenses, or other sanctions, which could have a material adverse effect on SIIBL's reputation, business, results of operations or financial condition and cause the Company's earnings to decline. In order to manage this risk, the Company is an active participant of the Nigeria Council of Registered Insurance Brokers (NCRIB) that engages with the regulator.

#### Regulatory capital risk

Regulatory capital risk is the risk that the Company does not have sufficient capital to meet either minimum regulatory or internal amounts. The table below summarizes the minimum required capital and the capital held as at 31 December 2021:

Required	Actual Capital held	Actual Capital Ratio
₦5,000,000.00	₦20,000,000.00	1 : 4

#### Claims and Litigations could adversely affect operating results, financial condition and cash flows for a particular period.

Many aspects of SIIBL's business involve risks of legal liability. The Company has not been named as defendants in any legal actions. From time to time; SIIBL receives requests for information from various governmental and regulatory authorities in connection with certain industry wide, company-specific or other investigations or proceedings.

#### Operational risk

- The underlying risk of applying tax laws, regulations and decisions to the day-to-day business operations of The Company. Operational risks can occur in the following key areas;

##### - Transactional risk

The risk which concerns specific transactions entered into by the Company, including restructuring projects and reorganisations.

##### - Compliance risk

The risk associated with meeting the Company's statutory obligations.

#### Taxation risk

- Taxation risk is the risk of suffering a loss, financial or otherwise, as a result of an incorrect interpretation and application of taxation legislation or due to the impact of new taxation legislation on existing products.

In managing the Company's taxation risk, the Company's tax policy is as follows:

The Company will fulfil its responsibilities under tax law in each of the jurisdictions in which it operates, whether in relation to compliance, planning or client service matters. Tax law includes all responsibilities which the Company may have in relation to company taxes, personal taxes, capital gains taxes, indirect taxes and tax administration.

## Directors' report

Compliance with this policy is aimed at ensuring that:

- all taxes due by the Company are correctly identified, calculated, paid and accounted for in accordance with the relevant tax legislation;
- the Company continually reviews its existing operations and planned operations in this context; and
- where clients participate in company products, these clients are either aware of the probable tax consequences, or are advised to consult with independent professionals to assess these consequences, or both.

The identification and management of tax risk is the primary objective of the Company's tax function, and this objective is achieved through the application of a formulated tax risk approach, which measures the fulfilment of tax responsibilities against the specific requirements of each category of tax to which the Company is exposed, in the context of the various types of activities the Company conducts.

### Accounting risk

Accounting risk is the risk that the Company fails to explain the current events of the business in the financial statements.

Accounting risk can arise from the failure of management to:

- maintain proper books and records, accounting systems and to have proper accounting policies;
- establish proper internal accounting controls;
- prepare periodic financial statements that reflect an accurate financial position; and
- be transparent and fully disclose all important and relevant matters.

Measures to control accounting risk are the use of proper accounting systems, books and records based on proper accounting policies as well as the establishment of proper internal accounting controls. Proposed accounting changes are researched by accounting resources, and if required external resources, to identify and advise on any material impact on the Company.

Financial statements are prepared in a transparent manner that fully discloses all important and relevant matters as well as accurately reflects the financial position, results and cash flows of the Company.

### Strategic Risk

Strategic risk is the risk of an unexpected negative change in the Company value, arising from the adverse effect of executive decisions on both business strategies and their implementation. This risk is a function of the compatibility between strategic goals, the business strategies developed to achieve those goals and the resources deployed to achieve those goals. Strategic risk also includes the ability of management to effectively analyse and react to external factors, which could impact the future direction of the relevant business unit.

The Company's risk management identifies and assesses both these risks qualitatively as part of a quarterly evaluation. On the basis of this evaluation, the Company's risk management creates an overview of local and global risks which also includes reputational risks, analyses the risk profile of the Company and regularly informs directors and management.

### Compliance with the Corporate Governance Code

Although the National Insurance Commission's Corporate Governance guidelines for Insurance and Reinsurance companies in Nigeria applies majorly to public insurance, the Company confirms that the Company substantially complied with the principles set out in guideline.

The Company applies the Code's principles of transparency, integrity and accountability through its own behaviour, corporate governance best practice and by adopting the code in a manner that is appropriate and proportionate for a company of its size and nature. The policies and procedures adopted by the Board and applicable to the Company's businesses are documented in the Board's mandate, which also set out the role of the Board, as well as manuals which set out the operations of the business.

## Directors' report

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- providing additional disclosures when compliance with the specific requirements in the IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance
- making an assessment of the Company's ability to continue as a going concern

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Company
- maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time, the financial position of the Company, and which enables them to ensure that the financial statements of the Company comply with IFRS
- maintaining statutory accounting records in compliance with the legislation of Nigeria and the IFRS; and
- taking such steps as are reasonably available to them to safeguard the assets of the Company

## Events after the reporting date

There are no events after the reporting date which could have had a material effect on the financial position of the Company as at 31 December 2021 and its operating results as of that date, which have not been adequately provided for or disclosed in the financial statements.

## Auditor

The auditors, Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on the maximum tenure in office of External Auditors has retired as the Company's External Auditors at the conclusion of the year 2020 Audit. The Board approved the appointment of the firm of PricewaterCoopers as the new external Auditors for the Company

## COVID-19 impact on the Group for the year ended 31 December 2021

The coronavirus pandemic, which was first detected in China (late 2019), has infected more than 400 million people and caused over 5.5 million fatalities around the globe. The pandemic forced governments to implement lockdowns and restriction to movement, which negatively impacted economic activities during the year. The International Monetary Fund (IMF) estimated that the global economy contracted by 3.5% in 2020

In response to the economic downturn owing to the pandemic, global economies and countries with fiscal space resorted to fiscal stimulus to boost retail and economic activities. Fiscal stimulus in emerging market economies averaged about 5% of GDP, while for developed markets the stimulus was mostly higher than 10% of GDP.

Also, central banks across most economies engaged in some form of monetary policy easing either by way of slashing interest rates or asset purchase program and in some cases, both. These actions were aimed at making borrowing cheaper, encourage spending as well as improve production to boost the economy. Most significantly the US Fed slashed its policy rate to 0 - 0.25% range, from 1.50 -1.75% before the pandemic, while also providing up to \$2.3 trillion in lending to support households, employers, financial markets, and state and local governments.

**Directors' report (cont'd)**

Nigeria was not immune to the ravaging human and economic impact of COVID-19. The corona virus which was first detected on the 27th of February 2020 in Nigeria, had infected over 242,000 people and caused over 3,000 fatalities in Nigeria as at 31st December 2021. In order to curb the spread of the virus, the federal government initially implemented a total lockdown in Lagos, Abuja and Ogun state. While other state governments also implemented restrictions. The impact of these restrictions was evident in the significant drop in the private sector activities in the month of April. The Stanbic IBTC Purchasing Market Index (PMI) declined to 37.1 in April-20, signifying contraction, from 53.8 recorded in March-20. The PMI reading has however recovered slightly to 51.8 in December 2021.

The country witnessed significant drop in revenue following the triple impact of price war between Saudi and Russia in early March, loss of demand due to the pandemic and OPEC+ agreement to unprecedented production cut. Unsurprisingly following drop in oil prices and the significant slowdown in economic activities owing to the lockdowns and restrictions, the country slipped into recession in Q3 after its GDP contracted for the second consecutive quarter this year. Q3 Real GDP contracted for the second quarter by 3.62% leading to a cumulative 9 months contraction of 2.48%

CBN in response to the challenging economic trend through the Monetary policy committee (MPC) cut the Monetary policy rate (MPR) by 100bps to 12.5% in May 2020 and a further 100bps cut in September to close the year at 11.5%. It devalued the currency by 24% in the official market and announced a combined NGN3.5trn stimulus intervention fund targeted at the health and manufacturing sectors as well as households.

Liquidity risks, capital deterioration, asset quality decline, business risk and operational risk are some of the principal risks and uncertainties that businesses in the financial sector face as a result of the current COVID-19 pandemic.

Like most Financial Institutions, Stanbic IBTC's operations and performance was fairly hit by the COVID-19 pandemic, though the twin effect of a well-positioned balance sheet and diversified business lines cushioned the impact.

Apart from cost savings on some expense lines such as training, marketing and advertising expenses, the Group had some incremental expenses on donations as disclosed in the directors' reports. However, increased allowance for expected credit loss is the major incremental non-arbitrary impact of COVID-19 on the financial performance of the Group as shown below:

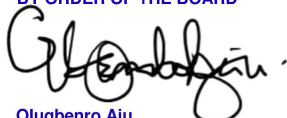
The Group is endowed with strong and diversified funding base and this supports our ability to sustain the business throughout this crisis and take advantage of market opportunities as they arise.

The Group remains adequately capitalised with a capital adequacy ratio (CAR) of 20.8% and under further stress scenarios undertaken by the institution in line with CBN's ICAAP policy, CAR remains strong and well above regulatory thresholds. Also, liquidity ratio stood at 104.71% as at 31 Dec 2021 (regulatory minimum is 30%).

The significant doubt associated with the current uncertainties related to COVID-19 virus currently does not result in a material uncertainty related to such events or conditions that may cast significant doubt on the Group's ability to continue as a going concern in the foreseeable future.

Notwithstanding, the Group will closely monitor the emerging impact of the pandemic to ensure that they are appropriately mitigated. There was no other event after the end of the reporting period which could have a material effect on the financial statements of the Group for the year ended 31 December 2021 which has not been adjusted for, or disclosed in, the financial statements.

**BY ORDER OF THE BOARD**



**Olugbenro Aju**

(FRC/2019/002/00000020147)

Company Secretary

IBTC Place, Walter Carrington Crescent

Victoria Island,

Lagos.

11-May-2022

**Corporate Governance report**  
**For the year ended 31 December 2021**

**Introduction**

Stanbic IBTC Insurance Brokers Limited (the 'Company') is a member of Stanbic IBTC Holdings PLC ('Stanbic IBTC Holdings'), which holds a 75% equity holding in Stanbic IBTC Insurance Brokers Limited (the 'Company').

Stanbic IBTC Holdings is committed to implementing initiatives that improve corporate governance for the benefit of all stakeholders. Stanbic IBTC Holdings' board of directors remains steadfast in implementing governance practices that comply with international best practice, where substance prevails over form.

The Company is guided by these principles in establishing its governance frameworks, which are aligned to Stanbic IBTC Holdings' standards in addition to meeting the relevant jurisdictional requirements in its area of operation.

The Board of the Company is committed to high standards of corporate governance, which it considers are critical to business integrity and to maintaining stakeholders' trust in the Company. The Company expects all its directors and employees to act with honesty, integrity and fairness. The Company strives to act in accordance with the necessary laws and regulations that govern its business areas; adopt proper standards of business practice and procedure and operate with integrity.

**Codes and regulations**

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

**Developments during the period ended 31 December 2021**

During the period under review, the following developments in the company's corporate governance practices occurred:

- The Company held its annual General Meeting on Wednesday 11 May 2022 at which shareholders approved the 2021 Audited Financial Statements as well as other resolutions tabled before the meeting.
- Following the release of the Financial Reporting Council (FRC) Reporting Template for the Nigerian Code of Corporate Governance 2018 (NCCG) The Company filed its first report in compliance with the FRC reporting template.
- Mr. Olumide Oyetan and Mrs. Ruby Onwudiwe resigned their appointments on the Board of the Company on 11 February 2021. The Board appointed Mr. Modupe Bammeké and the appointment was approved by the regulator on 01 June 2021

The Country relaxed its lockdown directive following the outbreak of Corona Virus pandemic. However, the Company continued to maintain COVID-19 safety protocols as all Board meetings and other board activities were held virtually.

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

**Priorities for 2021:**

- The Company would report on its compliance with the NCCG in 2022.

**Board and Directors**

Ultimate responsibility for governance rests with the board of Directors of the company, who ensure that appropriate controls, systems and practices are in place. As at 31 December 2021, the board of directors was made up of 7 members. The composition of the board of directors is balanced between executive and non-executive directors.

The number of non-executive Directors ensure that sufficient consideration and debate are brought to bear on decision making thereby contributing to the efficient running of the Board.

The list of Board members as at 31 December 2021 are as follows:

NAME OF DIRECTOR	DESIGNATION	DATE OF APPOINTMENT	YEARS OF SERVICE
Anselem Igbo	Chief Executive	31-Oct-16	5 years
Ibiyemi Mezu	Executive Director	28-Aug-20	1 Year
Olu Delano	Non-Executive Director	6-Feb-19	2 years
Deon de Klerk	Non-Executive Director	27-Aug-19	2 years
Anthony Moge kwu	Non-Executive Director	28-Aug-20	1 Year
Okechukwu Iroegbu	Non-Executive Director	28-Aug-20	1 Year
Modupe Bammeke	Independent Non-Executive Director	1-Jun-21	7 months

## **Corporate Governance report (continued)**

### **For the year ended 31 December 2021**

#### **Strategy**

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

#### **Skills, knowledge, experience and attributes of Directors**

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

- institutional experience
- operational experience
- knowledge and understanding of both the macroeconomic and the microeconomic factors affecting the group
- local knowledge and networks
- financial, legal, entrepreneurial and Insurance skills.

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

#### **Appointment philosophy**

The appointment philosophy ensures alignment with all necessary legislation and regulations which include, but are not limited to the requirements of the Nigerian Code of Corporate Governance; NAICOM Code of Good Corporate Governance; NAICOM Act; the Companies & Allied Matters Act as well as other necessary legislation applicable to the Company's operations.

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

In terms of Section 285 (1) of the Company and Allied Matters Act 2020, the company held its fifth Annual General Meeting on 28 April 2021 where Mr. Olu Delano and Mr. Deon de Klerk retired by rotation and being eligible, offered themselves for re-election and was duly re-elected by Shareholders as Directors of the Company.

The board's size as at 31 December 2021 was seven, comprising two executive directors and five non-executive directors. The board has the right mix of competencies and experience.

#### **Board responsibilities**

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

- agree the group's objectives, strategies and plans for achieving those objectives;
- annually review the corporate governance process and assess achievement against objectives;
- review its mandate at least annually and approve recommended changes;
- Delegate to the managing director or any director holding any executive office any of the powers, authorities and directions vested in the Board's directors, including the power of sub-delegation. Delegate similarly such powers, authorities and discretions to any Committee as may exist or be created from time to time.

#### **Board Audit and Compliance Committee**

The key terms of reference in the board Audit and Compliance mandate, which forms the basis for its responsibilities, are to:

- Ensure accounting norms are effectively applied and maintained
- Monitor the quality of internal control procedures and ensure compliance with regulatory directives
- The Committee is comprised of only NEDs
- The Chairman of the Board is Independent Non-Executive Director
- The Committee is comprised of members with financial Knowledge
- The Committee is responsible to the Board
- The Committee in its operations holds a minimum of four meetings with formal meetings being convened as and when required.

#### **Board Enterprise Risk Management Committee**

To establish a risk framework, for implementation in the business that will include the following disciplines: operational risk; market review and assess the integrity of the risk control systems and ensure that risk policies and strategies are effectively identified,

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

**Board Appointment Process**

The Company has a policy for the appointment of Directors and this ensures alignment with all necessary legislation and regulations which include but are not limited to the requirements of the Nigerian Code of Corporate Governance and the Companies and Allied Matters Act.

The Board takes cognizance of the skills, knowledge and experience of the candidate, as well as other attributes considered necessary to the prospective role.

The formal process includes the following:

- a. The Board identifies that a vacancy exists or has been created based on a need agreed upon by the Board;
- b. A suitable candidate is identified;
- c. A motivation is prepared and presented to the Board for consideration and approval;
- d. Following Board approval above, the approval of the National Insurance Commission (NAICOM) is sought with respect to the appointment;
- e. Following the approval above, a new Form CAC 7 is filed at the Corporate Affairs Commission ("CAC") to update the Company's records at the CAC;
- f. The newly appointed Director is issued a letter of appointment and an induction pack provided to acquaint the Director with the governance and operational structure of the company, as well as duties and responsibilities as a director;
- g. As part of induction engagements the Director is set up and trained on the use of Diligent Boardbooks – a Board administrative tool which grants the Director access to all board materials tabled before the Board for review and approval. The induction programme/engagements is evinced by the Director's acknowledgement of receipt of the induction pack used during the induction engagements;
- h. The new Director is included in the meeting invites of all Board meetings scheduled for the year in question;
- i. The director is afforded access to all information relating to the company's operations and where necessary, is included in the Company's list of authorized signatories at the next amendment of same.

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

**Board evaluation and effectiveness**

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

The Board and Directors will undergo a performance evaluation by independent consultants as required by Section 14 of the NCCG. The report of the consultants will also assess the performance of the individual Directors on the Board for the period under review, level of attendance to Board meetings, contribution and participation at these meetings and relationship with other Board members.

Following the elapsment of the tenure of the independent consultants Messrs. PricewaterhouseCoopers, the firm of Ernst and Young was appointed as the Company's Independent Consultants.

**Induction and training**

An induction programme designed to meet the needs of each new director is conducted for new Directors. One-on-one meetings are scheduled with management to introduce new Directors to the company and its operations. The company secretary manages the induction programme.

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

Directors attended various trainings at different periods that included trainings on enhancing Board performance and Corporate Governance. These trainings were aimed at enhancing the understanding of key issues, and skills of Directors.

**Board meetings**

The board meets, at a minimum, once every quarter. The board held a strategy session on 18 October 2021. Directors, in accordance with the Companies and Allied Matters Act, attended the February, April, August and October meetings virtually.

Directors attendance at Board meetings for the period 01 January 2021 to 31 December 2021 is provided below:

<b>Name</b>	<b>Feb</b>	<b>April</b>	<b>Aug</b>	<b>October</b>
Anselem Igbo	√	√	√	√
Ibiyemi Mezu	√	√	√	√
Olu Delano	√	√	√	√
Deon de Klerk	√	√	√	√
Anthony Mogeckwu	√	√	√	√
Ruby Onwudiwe*	√	/	/	/
Okechukwu Iroegbu	√	√	√	√
Olumide Oyetan*	√	/	/	/
Modupe Bammeké	/	/	√	√

<b>BACC</b>				
Deon de Klerk	√	√	√	√
Anthony Mogeckwu	√	√	√	√
Modupe Bammeké**	/	/	√	√

<b>BERM</b>				
Olumide Oyetan	√	/	/	/
Anselem Igbo	√	√	√	√
Ruby Onwudiwe*	√	/	/	/
Okechukwu Iroegbu	/	√	√	√

Deon de Klerk	/	√	√	√
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\* = Resigned 11 February 2021

√ = Attendance

/ = Not a member of the Board at the relevant time

\*\* = Independent Director

'A' = Absent due to resignation

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

**Remuneration**

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

**Remuneration Philosophy**

The Company has a remuneration philosophy which is guided by Stanbic IBTC's group philosophy as well as the specific social, regulatory, legal and economic context of Nigeria.

In this regard, the Company employs a cost to company structure, where all benefits are included in the listed salary and appropriately taxed.

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

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

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

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

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

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

**Remuneration structure**

**Non-executive Directors**

**Terms of service**

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

The tenure for Independent Non-Executive Directors should not exceed three terms of three years each. Any tenure beyond a maximum of four consecutive three-year terms for a Non-Executive Director should be subject to particularly rigorous review.

## Corporate Governance report (continued)

### For the year ended 31 December 2021

Non-Executive directors are required to retire from the board on a rotational basis, as required under the Companies and Allied Matters Act and may offer themselves for re-election to shareholders at the AGM.

#### Fees

Non-executive Directors' receive fixed annual fees and sitting allowances for service on the board. There are no contractual arrangements for compensation for loss of office. Non-executive Directors do not receive short-term incentives, nor do they participate in any long-term incentive schemes.

The Board reviews the non-executive Directors' fees and makes recommendation to shareholders for approval at the annual General Meeting (AGM).

Fees that are payable for the reporting period 1 January to 31 December of each period.

Category	2021 <sup>(i)</sup>	2020
<b>Annual Fees</b>	<b>=N=</b>	<b>=N=</b>
Non-Executive Directors	4,500,000	4,000,000
<b>Sitting Allowances per Board Meetings<sup>(ii)</sup></b>		
Non-Executive Directors	230,000	200,000

(i) Approved by Shareholders at the 5th AGM of the Company held on 28 April 2021.

#### Retirement benefits

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

#### Executive Directors

The Company had two Executive Directors as at 31 December 2021.

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

Executive Directors' bonus and incentives are subject to an assessment by the Non-Executive Directors of performance against various criteria. The criteria include the financial performance of the company, based on key financial measures and qualitative aspects of performance, such as effective implementation of group strategy and human resource leadership. In addition, the Stanbic IBTC Group's remuneration philosophy is designed in such a way as to prevent excessive risk taking by Management.

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

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

## **Corporate Governance report (continued)**

**For the year ended 31 December 2021**

### **Management and general staff**

Total remuneration packages for employees comprises the following:

- guaranteed remuneration – based on market value and the role played;
- annual bonus – used to stimulate the achievement of group objectives;
- long term incentives – rewards the sustainable creation of shareholder value and aligns behaviour to this goal;
- pension – provides a competitive post-retirement benefit in line with other employees, and
- where applicable, expatriate benefits in line with other expatriates in Nigeria.

### **Fixed remuneration**

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

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

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

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

### **Short-term incentives**

All staff participate in a performance bonus scheme.

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

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

### **Long-term incentives**

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

### **Post-retirement benefits**

#### **Pension**

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

The Company will continue to ensure its remuneration policies and practices remain competitive, drive performance and are aligned across the business and with its values.

### **Company secretary**

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

### **Going concern**

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

The Board continues to view the Company as a going concern for the foreseeable future.

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

**Management committees**

The Company has one management committee:

- Stanbic IBTC Insurance Brokers Executive Committee (EXCO)

**Sustainability**

The Company as a subsidiary of Stanbic IBTC Holdings PLC is committed to conducting business professionally, ethically, with integrity and in accordance with international best practice. To this end, the Company subscribes to and adopts risk management standards, policies and procedures that have been adopted by the Stanbic IBTC Group.

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

**Social responsibility**

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

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

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

**Ethics and organisational integrity**

The board aims to provide effective and ethical leadership and ensures that its conduct and that of management is aligned to the organization's values and code of ethics. The board subscribes to the Stanbic IBTC group's values and enables decision making at all levels of the business according to defined ethical principles and values. Stanbic IBTC has a Code of Conduct and Ethics for attestation by all employees and the Company has a Code of Conducts and Ethics policy for directors which is renewed and approved bi-annually.

**Regulatory Breaches**

**Compliance with the Nigerian Code of Corporate Governance and NAICOM Code of Good Corporate Governance**

Stanbic IBTC Insurance Brokers Limited is primarily regulated by the National Insurance Commission (NAICOM). In this regard, compliance with the NAICOM Code of Good Corporate Governance, and the Nigerian Code of Corporate Governance, as well as all regulations issued by NAICOM for the Insurance sector remains an essential characteristic of its culture. We confirm that as at the year ended 31 December 2021 the Company has complied in all material respects with the principles set out in the Nigerian Code of Corporate Governance and the NAICOM Code of Good Corporate Governance.

**Whistle blowing**

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

The dedicated whistle blowing channels are +234 1 2717739 or 01 4227777; anti-fraud@stanbicibtc.com or fraud@kpmg.co.za and are managed by an independent third party.

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

**Disclosure on diversity in employment**

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

- i) Persons with disability:

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

**Succession planning policy**

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

**Corporate Governance report (continued)**  
**For the period ended 31 December 2021**

*ii) Gender diversity within the Company*

The Company's policy governing the selection, suitability assessment and succession of directors promotes diversity within the board, including diversity of gender, culture, experience and knowledge. Our policy promotes a selection of directors that includes female board members to have a balanced presence of women and men. As of 31 December 2021, women currently comprise 14% of the board.

	December 2021		December 2020	
	Workforce	% of gender composition	Workforce	% of gender composition
Total workforce:				
Women	13	59%	11	55%
Men	9	41%	9	45%
	<b>22</b>	<b>100%</b>	<b>20</b>	<b>100%</b>

Recruitments made during the period:

Women	6	67%	4	67%
Men	3	33%	2	33%
	<b>9</b>	<b>100%</b>	<b>6</b>	<b>100%</b>

Diversity of members of board of directors - *Number of Board members*

Women	1	14%	2	10%
Men	6	86%	6	90%
	<b>7</b>	<b>100%</b>	<b>8</b>	<b>100%</b>

Diversity of board executives - *Number of Executive directors to Chief Executive Officer*

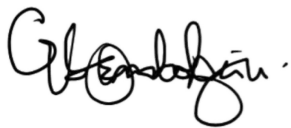
Women	1	50%	1	0%
Men	1	50%	1	100%
	<b>2</b>	<b>100%</b>	<b>2</b>	<b>100%</b>

Diversity of senior management team - *Number of Assistant General Manager to General Manager*

Women	-	0%	-	0%
Men	1	100%	1	100%
	<b>1</b>	<b>100%</b>	<b>1</b>	<b>100%</b>

**Certification by the Company Secretary**

In terms of the Companies and Allied Matters Act ("the Act"), I certify that the Company has lodged with the Corporate Affairs Commission all such returns for the year ended 31 December 2021 as are required by the Act, and that all such returns are true, correct and up to date.



**Olugbenro Aju**  
**(FRC/2019/002/00000020147)**

Company Secretary  
Lagos, Nigeria  
11-May-2022

**Statement of directors' responsibilities in relation to the financial statements for year ended 31 December 2021**

The Directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act 2020, Laws of the Federation of Nigeria, and the Financial Reporting Council (FRC) Act of Nigeria, 2011, the Insurance Act 2003 and relevant National Insurance Commission ("NAICOM") guidelines.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act 2020, Laws of the Federation of Nigeria, the Insurance Act 2003 and relevant National Insurance Commission ("NAICOM") and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



**Anselem Igbo**

Chief Executive

(FRC/2016/CIIN/00000014749)

11-May-2022



**Olu Delano**

Chairman

(FRC/2021/003/00000023099)

11-May-2022

**Certification by Chief Executive Officer and Chief Financial Officer  
For the Year Ended 31 December 2021**

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

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

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

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

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

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

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

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

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

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

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



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Anselem Igbo  
Chief Executive  
(FRC/2016/CIIN/00000014749)



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Emmanuel Adebayo  
Chief Financial Officer  
FRC/2022/PRO/ICAN/001/00000023779



## *Independent auditor's report*

To the Members of Stanbic IBTC Insurance Brokers Limited

### *Report on the audit of the financial statements*

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#### *Our opinion*

In our opinion, Stanbic IBTC Insurance Brokers Limited's ("the company's") financial statements give a true and fair view of the financial position of the company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

#### **What we have audited**

Stanbic IBTC Insurance Brokers Limited's financial statements comprise:

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

#### *Basis for opinion*

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

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

#### **Independence**

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

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*PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria*

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### *Other information*

The directors are responsible for the other information. The other information comprises the Company information, Directors' Report, Corporate Governance report, Certification by Company Secretary, Statement of directors' responsibilities in relation to the financial statements for the year ended 31 December 2021, Certification by Chief Executive Officer and Chief Financial Officer, Value added statement and Five-year financial summary, but does not include the financial statements and our auditor's report thereon.

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

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

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

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### *Responsibilities of the directors and those charged with governance for the financial statements*

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

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

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

### *Auditor's responsibilities for the audit of the financial statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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### *Report on other legal and regulatory requirements*

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

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;
- iii) the company's statement of financial position and statement of profit and loss and other comprehensive income are in agreement with the books of account and returns.

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Obioma Ubah

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

Engagement Partner: Obioma Ubah  
FRC/2013/ICAN/00000002002



11 May 2022

## Accounting policies

### 1. Reporting Entity

Stanbic IBTC Insurance Brokers Limited was incorporated in Nigeria under the Companies and Allied Matters Act Cap C:20, Laws of Federation of Nigeria, 2020 (CAMA) as a limited liability company on 29 December 2014 and commenced operations in February 2016. The Company is domiciled in Nigeria and is a subsidiary of Stanbic IBTC Holdings PLC. The principal activities of the Company include provision of solution-based risk management and insurance intermediary services aimed at the total satisfaction of clients and other interested business establishments. Stanbic IBTC Insurance Brokers Limited also delivers creative risk management solutions that enable clients create, protect and preserve wealth.

### 2. Basis of preparation and statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). 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 Company since the last annual financial statements as at and for the year ended 31 December 2021.

These financial statements comply with the Companies and Allied Matters Act (CAMA) 2020 of Nigeria and the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission ("NAICOM") guidelines.

IFRS comprises International Financial Reporting Standards, International Accounting Standards and Interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC).

The financial statements have been prepared on a historical cost basis, except for the following in the statement of financial position:

- financial instruments at fair value through other comprehensive income are measured at fair value through other comprehensive income.

The Company applies accrual accounting for recognition of its income and expenses except for brokerage income which is recognised on Cash basis in line Section 50(1) of the Insurance Act 2003.

Historical cost is generally based on the fair value of the consideration given in exchange for assets or liabilities assumed on initial recognition.

The financial statements were authorised for issue by the Directors on 11 May 2022.

### 3. Functional and presentation currency

These financial statements are presented in Naira, which is the Company's functional currency; except where indicated, financial information presented in Naira has been rounded to the nearest thousand.

### 4. Use of judgements and estimates

In preparing the financial statements, the company makes judgement, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses within the current and subsequent financial years. Actual results may differ from these estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are recognised prospectively.

#### a) Judgements

In the process of applying the Company's accounting policies, management has not made any critical judgements that have a significant effect on the amounts recognised in the financial statements.

#### b) Assumptions and estimation uncertainties

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

- Note 10 – Employee benefit provisions;
- Note 2 (c) – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used.

#### c) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

#### d) Regulatory requirements

Stanbic IBTC Insurance Brokers Limited is regulated by the National Insurance Commission, NAICOM, and all regulatory requirements and guidelines of the Commission are operative. These regulatory requirements, are a rigid observance of the 'no premium, no cover' regulations.

### 5. Changes in accounting policies

The accounting policies are consistent with those reported in the previous year except as required in terms of the adoption of the following amendments effective for the current period:

**Notes to the financial statements**

**New standards and amendments - applicable 1 January 2021**

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2021:

Title	Key requirements	Effective Date
Interest rate benchmark reform - Amendment to IFRS 7, IFRS 9 and IAS 39	The amendments modify some specific hedge accounting requirements to provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.	1-Jan-21
Covid-19-related Rent Concessions - Amendments to IFRS 16	<p>As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.</p> <p>Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.</p>	1 June 2020 (possibly deferred to 1 April 2021)
Interest Rate Benchmark Reform. Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.	<p>In August 2020, the IASB made amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one.</p> <p>The Phase 2 amendments provide the following reliefs:</p> <p>When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement.</p> <p>The hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded. Affected entities need to disclose information about the nature and extent of risks arising from IBOR reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates and how it is managing that transition. Given the pervasive nature of IBOR-based contracts, the reliefs could affect companies in all industries.</p>	1-Jan-21
	The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.	

**Notes to the financial statements**

New standards and amendments - not applicable 1 January 2021

As at 30 June 2021, the following standards and interpretations had been issued but were not mandatory for reporting year ending 31 December 2021.

Title	Key requirements	Effective Date
IFRS 17 Insurance Contracts	<p>IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting year. Contracts are measured using the building blocks of:</p> <ul style="list-style-type: none"> <li>discounted probability-weighted cash flows</li> <li>an explicit risk adjustment, and</li> <li>a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage year.</li> </ul> <p>The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.</p> <p>An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.</p> <p>There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model.</p> <p>The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.</p>	Originally 1 January 2021 but extended to 1 January 2023 by the IASB in March 2020
	<p>The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.</p> <p>The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.</p> <p>They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.</p> <p>In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.</p>	
Classification of Liabilities as Current or Non-current - Amendments to /AS 1		1 January 2022 (possibly deferred to 1 January 2023)

**Notes to the financial statements**

Title	Key requirements	Effective Date
Property, Plant and Equipment: Proceeds before intended use - Amendments to /AS 16	The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.	1-Jan-22
Reference to the Conceptual Framework - Amendments to IFRS3	Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.	1-Jan-22
Onerous Contracts - Cost of Fulfilling a Contract Amendments to /AS 37	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.	1-Jan-22
Annual Improvements to IFRS Standards 2018-2020	<p>The following improvements were finalised in May 2020:</p> <ul style="list-style-type: none"> <li>• IFRS 9 Financial Instruments - clarifies which fees should be included in the 10% test for derecognition of financial liabilities.</li> <li>• IFRS 16 Leases - amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.</li> <li>• IFRS 1 First-time Adoption of International Financial Reporting Standards - allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's.</li> </ul>	1-Jan-22

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the following notes:

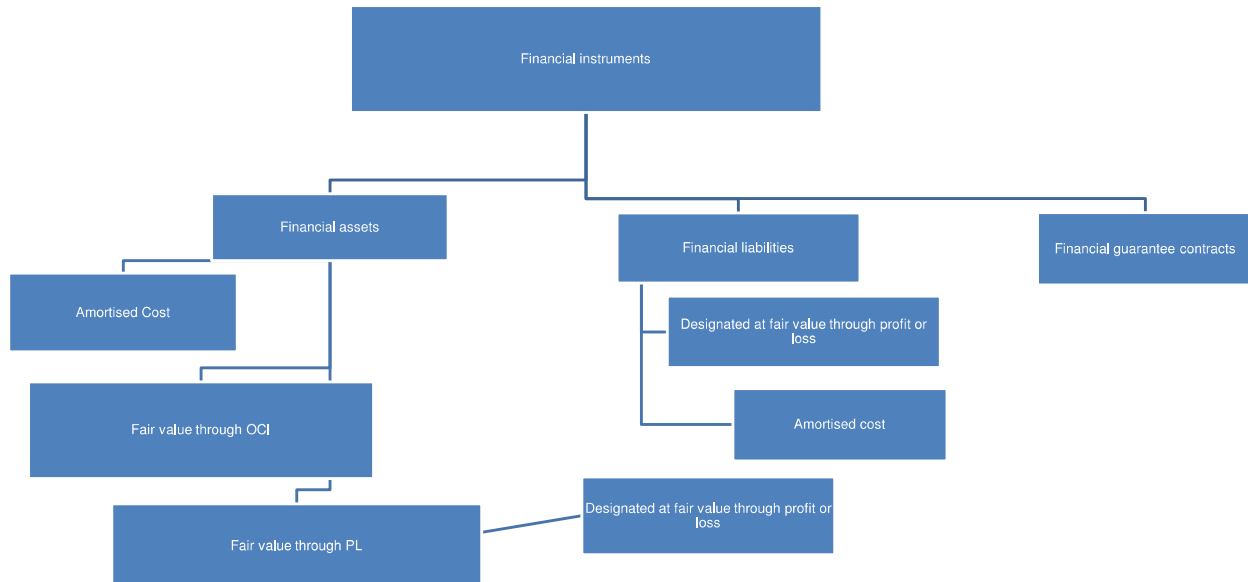
- Note 8 - measurement of employee benefit obligations
- Note 15 (c) - recognition of deferred tax assets; availability of future taxable profit against which tax loss carried forward can be used.

## Accounting policies (continued)

### 6. Statement of significant accounting policies

Except for the changes explained in note 5, the Company has consistently applied the following accounting policies to all periods presented in these financial statements.

#### a) Financial instruments



#### 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 Company commits to purchase (sell) the instruments (trade date accounting).

#### Financial assets

<b>Amortised cost</b>	<p>A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss):</p> <ul style="list-style-type: none"> <li>• held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows; and</li> <li>• 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.</li> </ul> <p>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 basic lending arrangement, the financial asset is classified as fair value through profit or loss – default.</p>
<b>Fair value through OCI</b>	<p>Includes:</p> <ul style="list-style-type: none"> <li>• A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss):             <ul style="list-style-type: none"> <li>— held within a business model in which the debt instrument (financial asset) is managed to both collect contractual cash flows and sell financial assets; and</li> <li>— 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.</li> </ul> </li> <li>• Equity financial assets which are not held for trading and are irrevocably elected (on an instrument-by-instrument basis) to be presented at fair value through OCI.</li> </ul> <p>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 basic lending arrangement, the financial asset is classified as fair value through profit or loss – default.</p>
<b>Held for trading</b>	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.
<b>Designated at fair value through profit or loss</b>	<p>Financial assets are designated to be measured at fair value in the following instances:</p> <ul style="list-style-type: none"> <li>- to eliminate or significantly reduce an accounting mismatch that would otherwise arise</li> <li>- where the financial assets are managed and their performance evaluated and reported on a fair value basis</li> <li>- where the financial asset contains one or more embedded derivatives that significantly modify the financial asset's cash flows.</li> </ul>
<b>Fair value through profit or loss default</b>	Financial assets that are not classified into one of the above-mentioned financial asset categories.

## 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:

<b>Amortised cost</b>	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.
<b>Fair value through OCI</b>	Debt instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When a debt financial asset is disposed of, the cumulative fair value adjustments, previously recognised in OCI, are reclassified to the other gains and losses on financial instruments within non-interest revenue. Interest income on debt financial asset is recognised in interest income in terms of the effective interest rate method. Dividends received are recognised in interest income within profit or loss. Equity instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When equity financial assets are disposed of, the cumulative fair value adjustments in OCI are reclassified within reserves to retained income. Dividends received on equity instruments are recognised in other revenue within non-interest income.
<b>Held-for-trading</b>	Fair value, with gains and losses arising from changes in fair value) (including interest and dividends) recognised in trading revenue.
<b>Designated at fair value through profit or loss</b>	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.
<b>Fair value through profit or loss default</b>	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.

<b>Stage 1</b>	A 12-month ECL is calculated for financial assets which are neither credit-impaired on origination nor for which there has been a SICR.
<b>Stage 2</b>	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.
<b>Stage 3</b>	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: <ul style="list-style-type: none"> <li>• default</li> <li>• significant financial difficulty of borrower and/or modification</li> <li>• probability of bankruptcy or financial reorganisation</li> <li>• disappearance of an active market due to financial difficulties.</li> </ul>

### Financial liabilities

#### Nature

<b>Held for trading</b>	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.
<b>Designated at fair value through profit or loss</b>	Financial liabilities are designated to be measured at fair value in the following instances: <ul style="list-style-type: none"> <li>- to eliminate or significantly reduce an accounting mismatch that would otherwise arise</li> <li>- where the financial liabilities are managed and their performance evaluated and reported on a fair value basis</li> <li>- where the financial liability contains one or more embedded derivatives that significantly modify the financial asset's cash flows.</li> </ul>
<b>At amortised cost</b>	All other financial liabilities not included the above categories.

## Accounting policies (continued)

### Derecognition of financial assets and liabilities

Financial assets and liabilities are derecognised in the following instances:

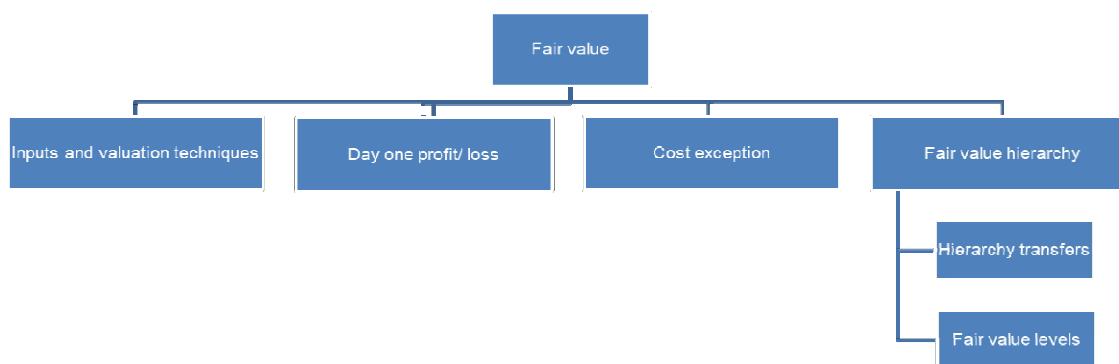
<b>Financial assets</b>	<p>Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or where the Company has transferred its contractual rights to receive cash flows on the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.</p> <p>The Company 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.</p> <p>In transfers where control over the asset is retained, the Company 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. From 1 January 2018 any cumulative gain/loss recognised in OCI in respect of equity investment securities designated at FVTOCI is not recognised in profit or loss on derecognition of such securities.</p>
<b>Financial liabilities</b>	<p>Financial liabilities are derecognised when the obligation of the financial liabilities are extinguished, that is, when the obligation is discharged, cancelled or expires.</p>

### 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 Company 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).

### Fair value



In terms of IFRS, the Company 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 Company 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.

## Accounting policies (continued)

### 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.

### 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 Company'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:

<b>Level 1</b>	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.
<b>Level 2</b>	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.

## Accounting policies (continued)

<b>Level 3</b>	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.
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### 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 the change occurred.

### b) Foreign currency

#### Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the Company at spot exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

### c) Cash and cash equivalents

Cash and cash equivalents disclosed in the statement of financial position and statement of cash flows consist of cash on hand, balances with banks and other short-term, highly liquid, investments that are convertible to a known amount of cash with original maturities of three months or less from the acquisition date and which are subject to insignificant risk of changes in value and are assessed to be used or available for settlement of short term liabilities. In the statement of financial position, bank overdrafts are included in current liabilities. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

### d) Right of Use Assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment. Leasehold buildings are depreciated over the shorter of expected useful life or lease period.

### e) Property and equipment

Equipment, furniture, vehicles and other tangible assets are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where significant parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Costs that are subsequently incurred are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Company 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. Depreciation, impairment losses and gains and losses on disposal of assets are included in profit or loss.

Property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets to their residual values. Land is not depreciated. Leasehold buildings are depreciated over the shorter of expected useful life or lease period.

The assets' residual values, useful lives and the depreciation method applied are reviewed, and adjusted if appropriate, at each financial year end.

The estimated useful lives of tangible assets are typically as follows:

Computer equipment – 3 to 5 years

Motor vehicles – 4 years

Office equipment – 6 years

Furniture and fittings – 4 years

There has been no change to the estimated useful lives from those applied in the previous financial year.

### f) Other receivables and prepayments

Other receivables are carried at amortised cost less any accumulated impairment losses. Prepayment services are recognised as payment is made and subsequently amortised on a straight-line basis over the tenor of service.

## Accounting policies (continued)

### g) Impairment of non-financial assets

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 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. For the purposes of assessing impairment, assets that cannot be tested individually are grouped at the lowest levels for which there are separately identifiable cash inflows from continuing use (cash-generating units). Impairment losses recognised in respect of cash-generating units are allocated on a pro rata basis to reduce the carrying value of the assets of the unit.

In respect of other non-financial assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed through profit or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### h) Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Company 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.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company 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 Company recognises any impairment loss on the assets associated with that contract. Contingent assets are not recognised in the annual financial statements but are disclosed when, as a result of past events, it is highly likely that economic benefits will flow to the Company, 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 Company's control.

### i) Employee benefits

#### Post-employment benefits

##### *Defined contribution plan*

The Company operates a defined contribution pension scheme in line with the provisions of the Pension Reform Act 2014, with contributions based on the sum of employees' basic salary, housing and transport allowance in the ratio 8% by the employee and 10% by the employer.

The Company's contribution to this scheme is charged to the profit and loss account in the period to which they relate. Contributions to the scheme are managed by pension managers on behalf of the beneficiary staff in line with the provisions of the Pension Reform Act, 2014.

#### Short term employee benefits

Short-term benefits consist of salaries, accumulated leave payments, bonuses and any non-monetary benefits such as medical aid contributions. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. The Company recognises a liability and an expense for bonuses. A liability is recognised for the amount expected to be paid under short-term cash bonus plans or accumulated leave if the Company 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. The final bonus is subject to staff being in the employ of the Company on the date of payment.

## Accounting policies (continued)

### j) Tax

#### Income tax

Income tax includes current and deferred tax. Current tax and deferred tax are 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 in equity or in other comprehensive income.

Current tax represents the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

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 assets and liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits or losses.

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 and 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.

#### Information technology levy

This represents 1% of profit before tax in accordance with the provisions of section 12 (2a) of the Nigerian Information Technology Development Agency Act (NITDA) 2007

#### Education tax

This represents 2.5% of assessable profit in accordance with the provision of the Tertiary Education Trust Fund (establishment, etc) Act, 2011.

#### Minimum tax

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 as 0.5% of turnover of the company.

#### Non-income tax

Non-income taxes, including non-recoverable value added tax (VAT) and other duties, are recognised in the income statement.

#### Non-income tax

Non-income taxes, including non-recoverable value added tax (VAT) and other duties, are recognised in the income statement.

### k) 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 on ordinary shares

Distributions are recognised in equity in the period in which they are declared. Distributions declared after the reporting date is disclosed in the notes to the financial statements.

#### Clients Assets under Custody

**Accounting policies (continued)**

The company receives monies, premiums, claims, commission and recoveries (cash flows) from and on behalf of clients, insurers and reinsurers and vice versa. The company's operations of the clients account is in accordance with section 40 and 41 of the Insurance Act 2003. The Company recognized these cash flows received at cost and are disclosed in the financial statements as Clients' assets under custody. The Company is not expected to hold the funds for more than 30 days before remitting it to the relevant parties based on NAICOM directive.

## Accounting policies (continued)

### Dividends on ordinary shares

Dividends on ordinary shares are recognised as liabilities in the period when they are declared (ie the dividends are appropriately authorised and no longer at the discretion of the entity) and approved at the Shareholders' Annual General Meeting. Dividends for the year that are declared after the date of the statement of financial position are disclosed in the subsequent events note. Dividends proposed but not yet approved are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act.

### Retained earnings

The retained earnings comprise of undistributed profit/(loss) from previous years and current year. Retained earnings is classified as part of equity in the statement of financial position.

## l) Revenue and expenditure

### Revenue recognition

Revenue is recognised at the fair value of consideration received or receivable.

### Brokerage Commission

Brokerage Commission represents the invoiced value of brokerage services rendered based on agreements with insurance companies, and becomes receivable once the insurance policies are concluded between the insurance company and the policy holder. Income is recognised, net of VAT, as they become earned based on the tenure of underlying insurance policies.

### Investment income

Investment income comprises realised and unrealised gains on investments, interest income and dividend income.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income is recognised when the right to receive payment is established.

## m) Expenditure

Expenses are recognised in profit or loss as they are incurred unless they create an asset from which future economic benefits will flow to the Company. An expected loss on a contract is recognised immediately in profit or loss.

### Direct commission expense

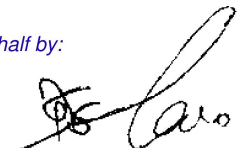
Direct commission are expenses that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate. Commission arising from negotiating, or participating in the negotiation of, a transaction for a third party - such as the purchase or sale of insurance businesses - are recognized on completion of the underlying transaction.

**Statement of financial position**  
as at 31 December


	Note	2021 ₦'000	2020 ₦'000
<b>ASSETS</b>			
Cash and cash equivalents	2	6,064	123,375
Investment securities - Fair value through Other Comprehensive Income	4	960,536	675,458
Trade and other receivables	5	153,909	66,355
Prepayments	6	10,195	14,451
Property and equipment	3 (a)	35,268	25,990
Right of Use Asset	3 (c)	61,933	19,922
Deferred tax assets	17 (c )	10,875	18,567
<b>Total assets</b>		<b>1,238,780</b>	<b>944,118</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Trade and other payables	7	86,765	33,737
Deferred commission income	21	395,813	254,449
Amounts due to group companies	8	54,369	51,129
Employee benefit accruals	10	58,809	75,402
Current tax liabilities	17 (b)	147,559	120,072
<b>Total liabilities</b>		<b>743,315</b>	<b>534,789</b>
<b>Equity</b>			
Share capital	9 (a)	20,000	20,000
Reserves		475,465	389,329
<b>Total equity</b>		<b>495,465</b>	<b>409,329</b>
<b>Total liabilities and equity</b>		<b>1,238,780</b>	<b>944,118</b>
<b>Clients' assets under custody</b>	23	<b>664,805</b>	<b>1,221,823</b>

These financial statements were approved by the Board of Directors on 11 May 2022 and signed on its behalf by:

  
Anselem Igbo  
Chief Executive  
(FRC/2016/CIIN/00000014749)

  
Olu Delano  
Chairman  
(FRC/2021/003/00000023099)

Additionally certified by:

  
Emmanuel Adebayo  
Chief Financial Officer  
(FRC/2018/ICAN/00000017752)

'The accounting policies and accompanying notes form an integral part of these financial statements'

**Statement of profit or loss and other comprehensive income**  
for the year ended 31 December

	Note	2021 ₦'000	2020 ₦'000
<b>Revenue</b>		<b>1,013,758</b>	<b>905,109</b>
Brokerage Commission	11	968,221	855,879
Investment income	12	45,465	49,386
Other income	13 (a)	75	30
Unrealised Exchange loss	13 (b)	(3)	(186)
Income before credit impairment charges		1,013,758	905,109
Impairment charges on financial assets	14	(4,917)	(939)
Income after credit impairment charges		1,008,841	904,170
<b>Expenses</b>		<b>(558,340)</b>	<b>(536,327)</b>
Staff costs	15	(293,435)	(325,404)
Depreciation	16 (a)	(9,509)	(9,890)
Amortisation of right of use assets	16 (b)	(18,743)	(16,100)
Audit fees	16 (c.(i))	(6,961)	(5,330)
Other operating expenses	16 (c)	(229,692)	(179,603)
<b>Profit before tax</b>		<b>450,501</b>	<b>367,843</b>
Tax expense	17 (a)	(155,407)	(118,285)
<b>Profit after tax</b>		<b>295,094</b>	<b>249,558</b>
<b>Other Comprehensive Income</b>			
Other Comprehensive Income - Items that are or may be reclassified to profit or loss Account			
Financial assets - net change in fair value		3,166	(4,492)
<b>Total comprehensive income for the year</b>		<b>298,260</b>	<b>245,066</b>
<b>Appropriation of profit after tax</b>			
Transfer to retained earnings		295,094	249,558
		295,094	249,558

*'The accounting policies and accompanying notes form an integral part of these financial statements'*

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

	Share capital	Reserves		Total reserves	Total
		Retained earnings	Fair value through OCI reserve		
	₦'000	₦'000	₦'000	₦'000	₦'000
<b>Balance as at 1 January 2021</b>	<b>20,000</b>	<b>387,857</b>	<b>1,472</b>	<b>389,329</b>	<b>409,329</b>
<b>Total comprehensive income for the year:</b>					
<b>Profit for the year</b>	-	295,094	-	295,094	295,094
<b>Financial assets - net change in fair value</b>	-		3,166	3,166	3,166
<b>Transaction with Owners of the Company:</b>					
<b>Dividend paid</b>	-	(212,124)	-	(212,124)	(212,124)
<b>Balance as at 31 December 2021</b>	<b>20,000</b>	<b>470,827</b>	<b>4,638</b>	<b>475,465</b>	<b>495,465</b>

Balance as at 01 January 2020	20,000	390,656	5,964	396,620	416,620
Total comprehensive income for the year:					
Profit for the year	-	249,558	-	249,558	249,558
Other comprehensive income, net of tax	-		(4,492)	(4,492)	(4,492)
Transaction with Owners of the Company:					
Dividend paid	-	(252,357)	-	(252,357)	(252,357)
Balance as at 31 December 2020	20,000	387,857	1,472	389,329	409,329

*'The accounting policies and accompanying notes form an integral part of these financial statements'*

**Statement of cash flows**  
for the year ended 31 December

	Note	2021 ₦'000	2020 ₦'000
<b>Net cash flow from operating activities</b>		<b>460,240</b>	<b>295,977</b>
Cash flows from operations		<b>362,499</b>	<b>286,212</b>
Profit before tax		450,501	367,843
Profit after tax		295,094	249,558
Add: Tax expense	17 (a)	155,407	118,285
Adjusted for:		(22,194)	(24,365)
Depreciation	16 (a)	9,509	9,890
Amortisation of right of use assets	16 (b)	18,743	16,100
Interest income	12	(45,465)	(49,386)
Gain on disposal of property and equipment	13	(64)	(30)
Net changes in FVTOCI reserve	14	(4,917)	(939)
Interest received	20.3	44,779	49,386
Company Income Tax paid	17 (b)	(110,587)	(106,652)
<b>Changes in working capital</b>			
Changes in Trade and other receivables	20.1	(83,298)	(23,960)
Changes in Trade and other payables	20.1	181,039	33,725
<b>Net cash flow used in investing activities</b>		<b>(369,047)</b>	<b>75,844</b>
Purchase of property and equipment	3	(18,786)	(8,737)
Purchase of rights of use assets	3c	(60,755)	(13,473)
Proceeds from/ (purchase of) investments	20.2	(289,570)	98,024
Proceeds from sale of property and equipment		64	30
<b>Net cash flow from financing activities</b>		<b>(212,124)</b>	<b>(252,357)</b>
Dividend (paid)		(212,124)	(252,357)
Increase /(decrease) in cash and cash equivalents		(120,931)	119,465
Cash and cash equivalents at beginning of year		123,375	3,910
<b>Cash and cash equivalents at end of year</b>	2	<b>2,444</b>	<b>123,375</b>

*'The accounting policies and accompanying notes form an integral part of these financial statements'*

## Notes to the financial statements

### 1 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Market risk
- Liquidity risk
- Credit risk
- Foreign exchange risk

#### 1.1 Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

##### 1.1.1 Interest rate risk

This is the risk that the market value of a financial instrument will fluctuate due to changes in market interest rates. It is also the risk that result from the inability to reinvest cashflows and maturing investments at rates similar to the matured investments.

As at year-end, the Company was exposed to interest rate risk primarily because of the exposures presented below:

	Note	Carrying value N'000	Exposed to cash flow Interest rate risk N'000
<b>31-Dec-21</b>			
Cash and cash equivalents	2	6,064	-
Investment securities	4	960,536	960,536
<b>Total</b>		<b>966,600</b>	<b>960,536</b>
<b>31-Dec-20</b>			
Cash and cash equivalents	2	123,375	-
Investment securities	4	675,458	675,458
<b>Total</b>		<b>798,833</b>	<b>675,458</b>

##### 1.1.2 Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk). The investments held by the Company are subject to normal market fluctuations and the risks inherent in investment in financial markets. The fair value of investment securities held by the Company as at 31 December 2021 was ₦961 million (2020: ₦675 million).

The Finance Department is responsible for the Company's investment portfolio. The department ensures strict adherence to the Company's investment policy and works in conjunction with the investment management and risk departments to manage this exposure by analysing current market realities for appropriate decisions by the management.

*Valuation of the Company's Investments held at Fair Value through Other Comprehensive Income (FVTOCI)*

Description	Maturity Value	Marked to Market Value	Fair Value Gain/(Loss)
	N'000	N'000	N'000
FGN Bonds	-	-	-
State Government Bonds	-	-	-
Treasury bills	33,728	34,538	810
Investment in Mutual Funds	925,998	925,998	-
<b>Total</b>	<b>959,726</b>	<b>960,536</b>	<b>810</b>

## Notes to the financial statements

### 1.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial asset. The Company's approach, to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

#### Exposure to liquidity risk

The following are the residual contractual maturities of financial assets and liabilities at the reporting date. The amounts are gross and undiscounted.

31-Dec-21		Carrying amount	Gross nominal inflow/(outflow)	Less than 3 months	3 - 6 months	6 - 12 months	Over 1 year
	Note	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
<b>ASSETS</b>							
Cash and cash equivalents	2	6,064	6,064	6,064	-	-	-
Trade and other receivables	5	153,909	153,915	18,740	19,237	50,095	65,843
Investment securities	4	960,536	960,998	960,998	-	-	-
		<b>1,120,509</b>	<b>1,120,977</b>	<b>985,802</b>	<b>19,237</b>	<b>50,095</b>	<b>65,843</b>
<b>LIABILITIES</b>							
Trade and other payables (Less unearned income, WHT and VAT payables)	7	(62,044)	(56,346)	-	(56,346)	-	-
Amount due to group companies	8	(54,369)	(54,369)	-	(54,369)	-	-
		<b>(116,413)</b>	<b>(110,715)</b>	<b>-</b>	<b>(110,715)</b>	<b>-</b>	<b>-</b>

31-Dec-20		Carrying amount	Gross nominal inflow/(outflow)	Less than 3 months	3 - 6 months	6 - 12 months	Over 1 year
	Note	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
<b>ASSETS</b>							
Cash and cash equivalents	2	123,375	123,375	123,375	-	-	-
Trade and other receivables	5	66,355	66,355	66,355	-	-	-
Investment securities	4	675,458	675,458	675,458	-	-	-
		<b>865,188</b>	<b>865,188</b>	<b>865,188</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>							
Trade and other payables (Less unearned income, WHT and VAT payables)	7	(23,001)	(17,303)	-	(17,303)	-	-
Amount due to group companies	8	(51,129)	(51,129)	-	(51,129)	-	-
		<b>(74,130)</b>	<b>(68,432)</b>	<b>-</b>	<b>(68,432)</b>	<b>-</b>	<b>-</b>

The outflows disclosed in the above table represent the contractual undiscounted cash flows relating to the Company's financial assets and liabilities. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

## Notes to the financial statements

### 1.3 Sensitivities

Management applies a number of sensitivity tests to the earnings of the Company to better understand the exposure to and importance of each of the main drivers of profitability.

IFRS 7 requires management to report on the changes in the net income after tax and on equity following “reasonable possible” changes in each of the market risks to which the Company is exposed. The following market risk may however, impact the investment income of the Company:

- Interest rate risk (see analysis below)

A change in interest rate of money market investments results in a change in the yield on treasury bills. As at 31 December 2021, the Company has one (1) treasury bill investment.

#### Increase in basis points

The table below also shows the impact on the Company's profit or loss if interest rates on financial assets had been increased or decreased by 100 basis points, with all other variables remaining constant:

	Note	31-Dec-21 ₦'000	31-Dec-20 ₦'000
Cash and cash equivalents	2	6,064	123,375
Investment securities	4	960,536	675,458
		<b>966,600</b>	<b>798,833</b>
Increase in interest rate by 100 basis point (+1%)		9,666	7,988
Increase in interest rate by 100 basis point (-1%)		(9,666)	(7,988)

It should be noted that the sensitivity analysis for government securities has no tax impact.

### 1.4 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered with the SIIBL resulting in a financial loss to the Company. The Company is subject to credit risk from its holdings in bank, money market placements and short term notes. The Company manages its exposure to credit risk by placing money with investment grade banks and investing in securities with high credit quality. The prescription of maximum limits for exposure to a bank or a security helps ensure that exposures are diversified. In addition, counterparty risk is minimized for fixed income securities because the exchange of cash and securities are made simultaneously.

#### Exposure to credit risk

The carrying amount of financial asset represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows.

#### Analysis of credit risk exposure:

	Note	31-Dec-21 ₦'000	31-Dec-20 ₦'000
Cash and cash equivalents (less Cash in hand)	2	6,064	123,375
Investment securities (Mutual funds & Tbills)	4	960,536	675,458
Trade and other receivables (less WHT recoverable)	5	70,447	11,842
		<b>1,037,047</b>	<b>810,675</b>

## Notes to the financial statements

### 1.5 Fair value of financial assets and financial liabilities

The table below sets out the carrying amounts and fair values of the Company's financial assets and financial liabilities as at:

31-Dec-21		Total	Financial assets at fair value through OCI	Amortized cost (assets)	Amortized cost (liabilities)	Fair value
	Note	₦'000	₦'000		₦'000	₦'000
Cash and cash equivalents	2	6,064	-	6,064	-	-
Investment securities	4	960,536	960,536	-	-	-
Trade and other receivables (less WHT recoverable)	5	70,453	-	70,453	-	-
<b>Total financial assets</b>		<b>1,037,053</b>	<b>960,536</b>	<b>76,517</b>	<b>-</b>	<b>-</b>

		Total	Financial assets at fair value through OCI	Amortized cost (assets)	Amortized cost (liabilities)	Fair value
	Note	₦'000	₦'000		₦'000	₦'000
Trade and other payables (Less unearned income, WHT and VAT payable)	7	62,044	-	-	62,044	62,044
Amounts due to group companies	8	54,369	-	-	54,369	54,369
<b>Total financial liabilities</b>		<b>116,413</b>	<b>-</b>	<b>-</b>	<b>116,413</b>	<b>116,413</b>

31-Dec-20		Total	Financial assets at fair value through OCI	Amortized cost (assets)	Amortized cost (liabilities)	Fair value
	Note	₦'000	₦'000		₦'000	₦'000
Cash and cash equivalents	2	123,375	-	123,375	-	-
Investment securities	4	675,458	675,458	-	-	-
Trade and other receivables (less WHT recoverable)	5	11,842	-	11,842	-	-
<b>Total financial assets</b>		<b>810,675</b>	<b>675,458</b>	<b>135,217</b>	<b>-</b>	<b>-</b>

		Total	Financial assets at fair value through OCI	Amortized cost (assets)	Amortized cost (liabilities)	Fair value
	Note	₦'000	₦'000	₦'000	₦'000	₦'000
Trade and other payables (Less unearned income, WHT and VAT payable)	7	23,001	-	-	23,001	23,001
Amounts due to group companies	8	51,129	-	-	51,129	51,129
<b>Total financial liabilities</b>		<b>74,130</b>	<b>-</b>	<b>-</b>	<b>74,130</b>	<b>74,130</b>

### Fair valuation methods and assumptions

The fair values of financial instruments such as cash and cash equivalents, Trade and other receivables and Trade and other payables are not materially sensitive to shifts in market return rate because of the limited term to maturity of these instruments. As such, the carrying value of these financial assets and liabilities as at reporting date approximate their fair values.

Notes to the financial statements

1.6 Foreign exchange risk

Foreign exchange risk is the exposure of the Company's financial condition to adverse movements in exchange rates. The Company is exposed to the risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the fee income or expense of the Company denominated in currencies other than the Naira.

Exposure to foreign exchange risk

The following are the residual contractual maturities of financial assets at the reporting date. The amounts are gross and undiscounted.

31-Dec-21	Carrying amount	Gross nominal inflow/(outflow)	Less than 3 months
Note	₦'000	₦'000	₦'000
<b>ASSETS</b>			
Cash and cash equivalents	2	8,611	8,611
Trade and other receivables	5	-	-
		<b>8,611</b>	<b>8,611</b>
31-Dec-20	Carrying amount	Gross nominal inflow/(outflow)	Less than 3 months
Note	₦'000	₦'000	₦'000
<b>ASSETS</b>			
Cash and cash equivalents	2	314	314
Trade and other receivables	5	-	-
		<b>314</b>	<b>314</b>

	31-Dec-21	31-Dec-20
	₦'000	₦'000
<b>2. Cash and cash equivalents</b>		
Cash at bank	6,064	123,375
<b>Total</b>	<b>6,064</b>	<b>123,375</b>

Cash and cash equivalents are held in financial instruments of not more than three months tenor.

3 (a). Property and Equipment

Summary	31-Dec-21			31-Dec-20		
	Cost	Accumulated depreciation	Carrying cost	Cost	Accumulated depreciation	Carrying cost
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
- Computer equipment	51,398	(19,546)	31,852	31,526	(14,332)	17,194
- Computer equipment - Work in progress	-	-	-	4,424	-	4,424
- Office equipment	3,183	(1,058)	2,125	3,022	(573)	2,449
- Motor vehicles	7,747	(6,973)	774	7,747	(6,827)	920
- Furniture and fittings	2,873	(2,356)	517	2,873	(1,870)	1,003
<b>Total</b>	<b>65,201</b>	<b>(29,933)</b>	<b>35,268</b>	<b>49,592</b>	<b>(23,602)</b>	<b>25,990</b>

Movement 2021	31-Dec-20			31-Dec-21	
	Carrying cost	Additions/reclassification	Disposals net of accumulated depreciation	Depreciation	Carrying cost
	₦'000	₦'000	₦'000	₦'000	₦'000
- Computer equipment	17,194	23,049	-	(8,392)	31,852
- Computer equipment - Work in progress	4,424	(4,424)	-	-	-
- Office equipment	2,449	161	-	(485)	2,125
- Motor vehicles	920	-	-	(145)	775
- Furniture and fittings	1,003	-	-	(487)	516
<b>Total</b>	<b>25,990</b>	<b>18,786</b>	<b>-</b>	<b>(9,509)</b>	<b>35,268</b>

Notes to the financial statements

3 (c). Right of Use Asset

	ROU Building Leases ₦'000	Total ₦'000
<b>(i) Cost</b>		
Balance at 1 January 2021	58,053	58,053
Additions	60,755	60,755
<b>Balance at 31 December 2021</b>	<b>118,808</b>	<b>118,808</b>
<b>(ii) Accumulated depreciation</b>		
Balance at 1 January 2021	(38,131)	(38,131)
Charge for the period	(18,743)	(18,743)
<b>Balance at 31 December 2021</b>	<b>(56,874)</b>	<b>(56,874)</b>
<b>Net book value:</b>		
<b>31 December 2021</b>	<b>61,933</b>	<b>61,933</b>

	ROU Building Leases ₦'000	Total ₦'000
<b>(i) Cost</b>		
Balance at 1 January 2020	44,580	44,580
Additions	13,473	13,473
Disposals/ expensed	-	-
Impairments	-	-
Transfers/ reclassifications	-	-
<b>Balance at 31 December 2020</b>	<b>58,053</b>	<b>58,053</b>
<b>(ii) Accumulated depreciation</b>		
Balance at 1 January 2020	-	-
Charge for the period	(22,031)	(22,031)
Disposals	(16,100)	(16,100)
Expense/ write-off	-	-
<b>Balance at 31 December 2020</b>	<b>(38,131)</b>	<b>(38,131)</b>
<b>Net book value:</b>		
<b>31 December 2020</b>	<b>19,922</b>	<b>19,922</b>

**Notes to the financial statements**

**4. Investment securities**

	31-Dec-21 N'000	31-Dec-20 N'000
Fair Value through Other Comprehensive Income (FVTOCI)	960,536	675,458
<b>Total</b>	<b>960,536</b>	<b>675,458</b>

**Fair Value through Other Comprehensive Income (FVTOCI)**

Financial assets represent investments in mutual funds and treasury bills, measured at fair value through Other Comprehensive Income (OCI). The unrealised gain or loss on the fair value changes are recognised in the fair value through other comprehensive income (FVTOCI) reserves in equity until the financial assets are derecognised or impaired.

An analysis of financial assets at fair value through OCI is as shown below:

	31-Dec-21 N'000	31-Dec-20 N'000
Stanbic IBTC Bank PLC - FGN TBILLS 26 May 2022	34,538	-
Investment in Mutual Funds (see (a) below)	925,998	675,458
	<b>960,536</b>	<b>675,458</b>

**a) Investment in Mutual Funds**

	31-Dec-21 N'000	31-Dec-20 N'000
Stanbic IBTC Money Market Fund	925,998	675,458
	<b>925,998</b>	<b>675,458</b>

**Maturity analysis**

The maturities represent periods to redemption of the financial assets:

Less than 1 year (Current)	925,998	675,458
<b>Total</b>	<b>925,998</b>	<b>675,458</b>

**Financial assets analysis (mutual funds)**

Mutual Funds reconciliation for the year ended 2021

<b>Opening Balance (B/F)</b>	675,458
Additions during the year	820,500
Redemptions/Maturities during the year	(613,500)
	<b>882,458</b>

**Fair Value Gains/Losses (Interests):**

Mutual funds	43,540
<b>Balance As At 31 December 2021</b>	<b>925,998</b>

## Notes to the financial statements

### Fair value hierarchy

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 N'000	Level 2 N'000	Level 3 N'000
<b>31-Dec-21</b>			
Financial assets at fair value through Other Comprehensive Income	925,998	-	-
<b>Total</b>	<b>925,998</b>	<b>-</b>	<b>-</b>
<b>31-Dec-20</b>			
Financial assets at fair value through Other Comprehensive Income	675,458	-	-
<b>Total</b>	<b>675,458</b>	<b>-</b>	<b>-</b>

### 5. Trade and other receivables

Amounts receivable due to services provided	70,453	11,842
WHT recoverable	83,462	54,516
	<b>153,915</b>	66,358
Impairment allowance on other assets	(6)	(3)
<b>Total</b>	<b>153,909</b>	<b>66,355</b>

The directors consider the carrying amount of Trade and other receivables to approximate their fair value. Trade and other receivables were not considered to be impaired at the end of the reporting period. The ageing of Trade and other receivables at the reporting date was:

	31-Dec-21 N'000	31-Dec-20 N'000
Not past due	18,740	13,242
Past due 0-30 days	19,237	3,099
Past due 31-365 days	50,095	26,203
Above 365 days^	65,843	23,587
<b>Total</b>	<b>153,915</b>	<b>66,132</b>
<b>Current</b>	<b>88,072</b>	<b>42,545</b>
<b>Non-current^</b>	<b>65,843</b>	<b>23,587</b>
<b>Total</b>	<b>153,915</b>	<b>66,132</b>

^ This relates to Withholding Tax recoverable, for which credit notes have been recovered subsequent to the reporting date.

## Notes to the financial statements

a. The movement in impairment allowance on fees receivables is analysed below:

	31-Dec-21	31-Dec-20
	N'000	N'000
At 1 January	(3)	-
Reversal/(Allowance made) during the year (see note 14)	(2,644)	(3)
At 31 December	(2,647)	(3)
<b>6. Prepayments</b>		
Other prepayments	9,421	13,941
Prepaid staff benefits**	774	510
<b>Total</b>	<b>10,195</b>	<b>14,451</b>

\*\*The underlying assets of the prepaid staff benefits are status vehicles and equipment acquired for managerial staff which are being amortised by the Company on a monthly basis. The make-up of this balance is as follows:

	31-Dec-21	31-Dec-20
	N'000	N'000
Cost of vehicles	7,747	2,173
Amortization	(6,973)	(1,662)
<b>Net carrying amount</b>	<b>774</b>	<b>511</b>

	31-Dec-21	31-Dec-20
	N'000	N'000
<b>7. Trade and other payables</b>		
Sundry Creditors	6,540	5,058
Auditors fees provision	5,698	5,698
Accruals and provisions	49,806	12,245
Withholding tax payable	880	484
Value Added tax payable	23,841	10,252
<b>Total</b>	<b>86,765</b>	<b>33,737</b>
Financial liabilities	86,765	33,737
Non-financial liabilities	-	-
<b>Total</b>	<b>86,765</b>	<b>33,737</b>

## Notes to the financial statements

The directors consider the carrying amount of Trade and other payables to approximate their fair values.

<b>8. Amounts due to group companies</b>	<b>31-Dec-21</b>	<b>30-Dec-20</b>
	<b>₦'000</b>	<b>₦'000</b>
Stanbic IBTC Asset Management Limited	21,510	21,511
Stanbic IBTC Holdings PLC	29,423	25,019
Stanbic IBTC Pension Managers Limited	-	4,599
Stanbic IBTC Bank PLC	3,436	-
	<b>54,369</b>	<b>51,129</b>
Current	54,369	51,129
Non-current	-	-
<b>Total</b>	<b>54,369</b>	<b>51,129</b>

The amounts due to group companies were management fees of 5% of Profit before Tax (PBT) as agreed and documented with Stanbic IBTC Asset Management Limited and Stanbic IBTC Holdings Plc. The amount stated in favor of Stanbic IBTC Pension Managers Limited represents reimbursable expenses incurred on behalf of the Company during the period.

The Directors consider the carrying value of amounts due to group companies to approximate their fair values.

<b>9. Share capital and reserves</b>	<b>31-Dec-21</b>	<b>30-Dec-20</b>
	<b>₦'000</b>	<b>₦'000</b>
<b>9 (a). Share capital</b>		
Balance at 1 January	20,000	20,000
Balance at 31 December	<b>20,000</b>	<b>20,000</b>

### 9 (b). Fair value through other comprehensive income (FVOCI) reserves

Unrealised gains or losses arising from changes in financial assets at fair value through OCI are recognised in the FVOCI reserve until the financial assets are derecognised or impaired.

## 10. Retirement benefit obligations

The amount contributed by the Company and remitted to the Retirement Savings Accounts of employees during the year was ₦7.67 million (2020: ₦8.68 million (see note 15)). There were no outstanding obligations as at year end.

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

## Notes to the financial statements

	31-Dec-21 N'000	31-Dec-20 N'000
<b>Employee benefit accruals</b>		
Accrued leave pay (see (a) below)	387	608
Staff incentive scheme (see (b) below)	54,163	74,794
Cash Settled Deferred bonus scheme (see (c) below)	4,259	-
<b>Employee benefit accruals</b>	<b>58,809</b>	<b>75,402</b>

### (a) Leave pay accrual

In terms of the Company policy, vacation leave is granted to all eligible employees on the completion of each month of service. Vacation leave is earned (accrued) monthly as an expense and included in salaries and allowance as a liability payable to staff who are yet to take their vacation leave for the year. The leave cycle runs per calendar year. The number of days accrued each month is equal to the total leave entitlement per leave cycle divided by 12. Should an employee not take their leave entitlement within the leave cycle, it becomes overdue and must be taken within 1 month following the end of the leave cycle after which it is forfeited. The movement in leave pay provision was as follows:

	31-Dec-21 N'000	31-Dec-20 N'000
At the beginning of the year	608	396
Additional accrual in the year (see note 15)	555	1,376
Utilised during the year	(776)	(1,164)
<b>At end of year</b>	<b>387</b>	<b>608</b>

### (b) Staff incentive scheme

The Company operates a staff incentive scheme whereby eligible employees receive an annual bonus, payable at the discretion of management. The incentive bonus is related to employee and Company performance. It is accrued each month and the payment is approved by the Board. The movement in staff incentive scheme accrual was as follows:

	31-Dec-21 N'000	31-Dec-20 N'000
<b>Staff incentive scheme</b>		
At the beginning of the year	74,794	71,238
Additional accrual in the year (see note 15)	33,530	76,015
Payment during the year	(54,161)	(72,459)
<b>At end of year</b>	<b>54,163</b>	<b>74,794</b>

### (c) Cash Settled Deferred bonus scheme

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

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

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

The provision under the scheme was nil as at 31 December 2021 (2020: nil).

	31-Dec-21 N'000	31-Dec-20 N'000
At the beginning of the year	-	-
Additional accrual in the year	6,999	726
Vested during the year	(2,740)	(726)
<b>At end of year</b>	<b>4,259</b>	<b>-</b>

## Notes to the financial statements

	31-Dec-21 N'000	31-Dec-20 N'000
<b>11. Brokerage Commission</b>		
Commission income earned	102,168	263,459
Comm earned on deferred income from	581,528	307,526
Commission on Annuity	284,524	284,894
	<u>968,221</u>	<u>855,879</u>
<b>11a. Opening VAT payable/ (recoverable)</b>	<b>10,252</b>	<b>4,794</b>
VAT on Brokerage fees @ 7.5%	48,411	42,794
VAT remitted during the year	(34,822)	(37,336)
Closing VAT payable/ (recoverable) (see note 7)	<u>23,841</u>	<u>10,252</u>
<b>12. Investment income</b>		
Interest income on investment securities	45,383	47,374
Interest income on cash and cash equivalents	82	2,012
	<u>45,465</u>	<u>49,386</u>
<b>13 (a). Other income</b>		
Sundry income	11	-
Gain on disposal of property and equipment	64	30
	<u>75</u>	<u>30</u>
<b>13 (b). Unrealised FX Loss**</b>	<b>(3)</b>	<b>(186)</b>
**Unrealised FX loss relates to revaluation loss on foreign exchange denominated transactions.		
<b>14. Impairment losses on financial assets</b>		
Impairment charges – Treasury bills	12	17
Impairment allowance raised for trade receivables (see note 5)	(2,644)	(3)
Impairment charges – Mutual fund investments	(2,285)	(953)
	<u>(4,917)</u>	<u>(939)</u>
<b>15. Staff costs</b>		
Salaries	164,220	196,594
Executive compensation*	80,462	42,812
Provision for staff incentive scheme (see note 10b)	33,530	76,015
Contributions to retirement benefit costs (see note 10)	7,669	8,675
Share based payments expense (see note 10c)	6,999	726
Addition to provision for leave pay (see note 10a)	555	582
<b>Total</b>	<u>293,435</u>	<u>325,404</u>
*The highest paid director	55,061	42,812
Average number of people employed	22	22

The number of employees of the Company (excluding executive directors) who received emoluments in the following ranges was:

	31-Dec-21	31-Dec-20
Below 700,000	0	0
N1,500,001 – N2,500,000	0	1
N2,500,001 – N3,500,000	1	4
N3,500,001 – N7,000,000	8	6
N7,000,001 – N14,000,000	11	5
Above N14,000,000	2	6
	<u>22</u>	<u>22</u>

**Notes to the financial statements**

	31-Dec-21 N'000	31-Dec-20 N'000
<b>16 (a). Depreciation</b>	<b>9,509</b>	<b>9,890</b>
- Computer equipment	8,392	7,092
- Motor vehicles	145	1,743
- Furniture and fittings	487	641
- Office Equipment	485	414
<b>16 (b). Amortisation of right of use assets</b>	<b>18,743</b>	<b>16,100</b>
- Right of use assets	18,743	16,100
<b>16 (c). Other operating expenses</b>	<b>229,692</b>	<b>179,603</b>
Professional fees	5,886	2,985
Audit Fees (see note (i) below)	-	-
Non-Executive Directors' emoluments	3,106	5,598
Management fees to Stanbic IBTC Holdings PLC (see note 19)	26,721	20,000
Management fees to Stanbic IBTC Asset Management Limited (see note 19)	21,984	17,471
Rent (see note (ii) below)	(2,462)	928
Information technology (see note (iii) below)	38,705	17,456
Marketing	47,477	54,451
Maintenance / utilities	22,529	16,064
Entertainment / refreshment	1,161	702
Travels / taxi fare	2,190	2,914
Training	8,163	1,958
Stationeries / newspaper	3,180	2,367
Motor vehicle expenses	2,340	1,879
Insurance	11,798	10,231
Bank charges	88	545
Donations	-	5,000
Subscription fees	13,081	12,006
Sundry expenses (see note (iv) below)	23,745	7,048
<b>Total other operating expenses</b>	<b>229,692</b>	<b>179,603</b>
<b>16 (d) Auditors' remuneration</b>		
- Audit fees	6,961	5,300

The auditors, PwC did not render any non-audit services to the Company during the year and no non-audit fees was paid.

(ii) Rent includes the refund of group shared service expense of ₦2.46m in the period.

(iii) Information technology expenses represents cost of data line expenses, computer consumables, software maintenance as well as technical sub-contractor's cost.

## Notes to the financial statements

### 17. Tax

#### a. Tax expense

	31-Dec-21 ₦'000	31-Dec-20 ₦'000
Company Income tax	131,579	108,873
Education tax	11,406	7,300
Police Trust Fund tax	23	18
National Agency for Science and Engineering Infrastructure Levy	-	-
National Information Technology Development Agency (NITDA) levy	4,523	3,621
Current tax charge	147,531	119,812
Prior years' under/ (over) provision	183	-
Deferred tax credit	7,693	(1,527)
<b>Net charge for the year</b>	<b>155,407</b>	<b>118,285</b>

#### b. Current tax liabilities

At 1 January	120,072	128,528
Charge for the year	147,531	119,812
Prior years' under/ (over) provision	183	-
WHT offset	(9,458)	(21,616)
Tax paid	(110,770)	(106,652)
<b>At 31 December</b>	<b>147,559</b>	<b>120,072</b>

#### c. Deferred tax assets, net

Assets at the beginning of year	(18,567)	(17,041)
Tax credit for the year	7,692	(1,526)
<b>Net deferred tax assets at the end of year</b>	<b>(10,875)</b>	<b>(18,567)</b>

#### Deferred tax is attributed to:

Property and equipment	6,652	3,871
Employee benefits	(17,527)	(22,438)
Financial/ Credit impairment	-	-
<b>Net deferred tax assets at the end of year</b>	<b>(10,875)</b>	<b>(18,567)</b>

Deferred tax assets will be recovered from future taxable profits of the Company.

#### d. Effective tax rate reconciliation

	31-Dec-21		31-Dec-20	
	₦'000	%	₦'000	%
Profit before tax	450,501		367,843	
Tax using standard rate	135,150	30	110,353	30
Non-taxable income	(25,102)	(6)	(3,104)	(1)
Education tax	11,406	3	7,300	2
Police Trust Fund tax	23		18	
National Information Technology Development Agency (NITDA) levy	4,523	1	3,621	1
National Agency for Science and Engineering Infrastructure Levy	-		-	
Prior years' (under)/over provision	183	0	-	-
Non-allowable expenses	28,684	6	98	0
<b>Effective tax charge</b>	<b>154,867</b>	<b>34</b>	<b>118,285</b>	<b>32</b>

## Notes to the financial statements

### 18. Contingent liabilities

#### (a) Claims and Litigations

There was no claim and litigation as at 31 December 2021 (2020: nil).

#### (b) Contingencies

There was no contingent liability as at 31 December 2021 (2020: nil).

### 19. Related party transactions

Transactions with related parties are summarised below.

#### Transactions with key management personnel

Key management is defined as members of the Board.

Where executive directors and non-executive directors have assets managed by Stanbic IBTC Insurance Brokers Limited, these investments are made on the same terms and conditions as is available to any client.

Directors' remuneration for the period is disclosed under note 15 and 16 to the financial statements.

#### Transactions with other entities in the Stanbic IBTC Group

During the year, the Company entered into the following transactions with related parties.

	Income		Expenses		Balances owed by related parties		Balances owed to related parties (see note 7)	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Transactions with Parent (a)	-	-	48,111	41,962	-	-	29,423	25,019
Transactions with fellow subsidiary (b)	82	2,012	-	-	-	-	3,436	-
Transactions with fellow subsidiary (c.)	43,540	37,026	21,984	17,471	-	-	21,510	21,511
Transactions with fellow subsidiary (d.)	-	-	-	4,599	-	-	-	4,599
Transactions with fellow subsidiary (e.)	-	-	-	-	-	-	-	-
Total	43,622	39,038	70,095	64,032	-	-	54,369	51,129

(a) Stanbic IBTC Holdings Plc. – parent company

(b) Stanbic IBTC Bank Plc.

(c) Stanbic IBTC Asset Management Limited.

(d) Stanbic IBTC Pension Managers Limited.

(e) Stanbic IBTC Trustee Limited

(a) Expenses incurred and balances due from Stanbic IBTC Holding Company represent management and technical service fee of 5% of Profit before Tax (PBT) based on agreement and expenses incurred on behalf of the Company.

(b) Income earned on bank balance with a sister company, Stanbic IBTC Bank PLC. At 31 December 2021, cash at bank amounted to ₦6.05 million (2020: ₦123.4 million) in the normal course of business at prevailing market rates.

(c.) Income earned was mostly investment income from investments in mutual funds with Stanbic IBTC Asset Management Limited. At 31 December 2021, investments in mutual fund with Stanbic IBTC Asset Management Limited amounted to ₦926 million (2020: ₦675 million) in the normal course of business at prevailing market rates.

Expenses incurred and balances owed to Stanbic IBTC Asset Management Ltd represent management and technical service of 5% of Profit before Tax (PBT) based on agreement with related party.

(d.) Expenses incurred and balances due to Stanbic IBTC Bank Plc represent expenses incurred on behalf of the Company.

The amounts outstanding are unsecured and will be settled in cash. No material guarantees have been given or received. No provisions have been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

## Notes to the financial statements

### 20. Statement of cash flows notes

20.1 Changes in working capital	31-Dec-21 ₦'000	31-Dec-20 ₦'000	Movement ₦'000
Trade and other payables	482,578	288,186	194,392
Employee benefit provisions	58,809	75,402	(16,593)
Amounts due to group companies	54,369	51,129	3,240
<b>Total</b>	<b>595,756</b>	<b>414,717</b>	<b>181,039</b>
Trade and other receivables	153,909	66,355	(87,554)
Prepayments	10,195	14,451	4,256
	<b>214,664</b>	<b>80,806</b>	<b>(83,298)</b>
20.2 Proceeds from/ (purchase of) investments	31-Dec-21 ₦'000	31-Dec-20 ₦'000	Movement ₦'000
Investment securities - Fair value through Other Comprehensive Income (see note 4a)	960,536	675,458	(285,078)
Net changes in FVTOCI reserve	4,638	1,472	(4,492)
	<b>965,174</b>	<b>676,930</b>	<b>(289,570)</b>
20.3 Interest received	31-Dec-21 ₦'000	31-Dec-20 ₦'000	
Opening accrued interest on investments	-	20,678	
Interest income (note 12)	45,465	28,708	
Closing accrued interest on investments	(686)		
	<b>44,779</b>	<b>49,386</b>	

### 21. Deferred Commission Income

	31-Dec-21 ₦'000	31-Dec-20 ₦'000
Deferred Commission Income as at January 1	254,449	180,266
Commission and Fee Income for the Year	722,893	674,542
Commission and Fee Income earned during the Year	(581,528)	(600,358)
	<b>395,813</b>	<b>254,449</b>

Amount represents brokerage commission yet to be earned due to the tenure of underlying insurance policies as at 31 December 2021.

### 22. Events after the reporting period

Dividends of 85% of PAT were proposed by the Directors at the Board meeting held on 11 May 2022. No other material

	31-Dec-21 ₦'000	31-Dec-20 ₦'000
<b>23. Clients' assets under custody</b>		
<b>Assets</b>		
Cash and cash equivalents	664,805	1,221,823
In addition, the bank balance within this account has been presented below the line on the face of the statement of financial position.		
<b>Liabilities</b>		
Premium - awaiting remittance	565,084	1,082,088
Commission awaiting remittance (reporting brokers)	99,721	138,979
Refunds to Clients	-	756
	<b>664,805</b>	<b>1,221,823</b>

In line with the requirements of the NAICOM Operational Guidelines 2011, the client's account balances have been separated from the Company's business. This balance is therefore shown off balance sheet.

## **Other National Disclosures**

Other national disclosures:

**Value added statement**

	31-Dec-21 N'000		31-Dec-20 N'000	%
Revenue :				
- Local	1,013,758		905,109	
- Foreign	-		-	
Administrative overheads:				
- Local	(260,313)		(201,972)	
- Foreign	-		-	
<b>VALUE ADDED</b>	<b>753,445</b>	<b>100</b>	<b>703,137</b>	<b>100</b>

**DISTRIBUTION**

**EMPLOYEES**

Salaries and benefits	293,435	38	325,404	45
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**GOVERNMENT**

Tax charge	155,407	21	118,285	17
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**RETAINED IN BUSINESS**

**FUTURE**

Asset replacement (depreciation.	9,509	1	9,890	1
To augment reserves	295,094	40	249,558	36
<b>VALUE ADDED</b>	<b>753,445</b>	<b>100</b>	<b>703,137</b>	<b>100</b>

This statement represents the distribution of the wealth created with the Company's assets through its own and its employees' efforts.

Other national disclosures:

**Five year financial summary**

<b>STATEMENT OF FINANCIAL POSITION</b>	<b>31-Dec-21</b>	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17
	<b>₦'000</b>	₦'000	₦'000	₦'000	₦'000
<b>ASSETS</b>					
Cash and cash equivalents	<b>6,064</b>	123,375	3,910	303,369	168,425
Investment securities	<b>960,536</b>	675,458	798,652	490,618	65,152
Trade, other receivables and prepayments	<b>164,104</b>	80,806	56,846	88,798	117,896
Property and equipment	<b>35,268</b>	25,990	27,142	13,606	8,254
Right of Use Asset	<b>61,933</b>	19,922	22,549	-	-
Deferred tax assets	<b>10,875</b>	18,567	17,041	16,848	13,233
<b>TOTAL ASSETS</b>	<b>1,238,780</b>	<b>944,118</b>	<b>926,140</b>	<b>913,239</b>	<b>372,960</b>
<b>LIABILITIES</b>					
Trade and other payables	<b>86,765</b>	33,737	237,970	447,669	188,568
Deferred commission income	<b>395,813</b>	254,449	-	-	-
Employee benefit provisions	<b>58,809</b>	75,402	71,634	64,129	52,212
Amounts due to group companies	<b>54,369</b>	51,129	71,388	48,284	6,067
Current tax liabilities	<b>147,559</b>	120,072	128,528	83,234	50,796
Deferred tax liabilities	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>743,315</b>	<b>534,789</b>	<b>509,520</b>	<b>643,316</b>	<b>297,643</b>
<b>NET ASSETS</b>	<b>495,465</b>	<b>409,329</b>	<b>416,620</b>	<b>269,923</b>	<b>75,317</b>
<b>CAPITAL AND RESERVES</b>					
Share capital	<b>20,000</b>	20,000	20,000	20,000	20,000
Reserves	<b>475,465</b>	389,329	396,620	249,923	55,317
<b>SHAREHOLDERS' FUNDS</b>	<b>495,465</b>	<b>409,329</b>	<b>416,620</b>	<b>269,923</b>	<b>75,317</b>
<b>Client Assets under custody</b>	<b>664,805</b>	1,221,823	1,080,707	1,566,379	1,140,591

Other national disclosures:

**Five year financial summary**

**STATEMENT OF COMPREHENSIVE INCOME**

	<b>31-Dec-21</b>	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17
	<b>₦'000</b>	₦'000	₦'000	₦'000	₦'000
Revenue	<b>1,013,758</b>	905,109	969,405	647,203	376,862
Operating expenses	<b>(563,257)</b>	(537,266)	(539,665)	(394,464)	(274,649)
Profit/(loss) before tax	<b>450,501</b>	<b>367,843</b>	<b>429,741</b>	<b>252,739</b>	<b>102,213</b>
Tax expense	<b>(155,407)</b>	(118,285)	(132,851)	(69,298)	(35,731)
Profit/(loss) after tax	<b>295,094</b>	<b>249,558</b>	<b>296,890</b>	<b>183,441</b>	<b>66,482</b>
Net change in fair value of FVTOCI assets	<b>3,166</b>	(4,492)	5,623	129	-
<b>Total comprehensive income for the year</b>	<b>298,260</b>	<b>245,066</b>	<b>302,513</b>	<b>183,570</b>	<b>66,482</b>
<b>Appropriation</b>					
Transfer to retained earnings	<b>295,094</b>	<b>249,558</b>	<b>296,890</b>	<b>183,441</b>	<b>66,482</b>