

Stanbic IBTC Holdings Intragroup Transactions and Lending to Related and Connected Parties Policy

The Stanbic IBTC Holdings PLC (“Stanbic IBTC”) Intragroup Transaction and Lending to Related and Connected Parties Policy is designed to establish and define the framework for the governance, risk management and reporting of intragroup transactions and lending to connected and related parties, to effectively monitor and control lending to connected and related parties within the banking group and to take appropriate steps to mitigate the risks arising from these transactions.

The policy covers the following requirements with regards to Connected Lending or lending to a related person:

- Each Group connected or related party lends to a related or connected party as if it were dealing on an arm’s length basis;
- No person benefiting from a particular loan or exposure is responsible for the preparation of the loan motivation, assessment, credit decision or monitoring.
- Any extension of credit to a related or connected person is duly documented and monitored and, in this regard, there must be a monthly reconciliation between the Finance and Risk functions to ensure that all intragroup exposures reflected on the finance ledger are also reflected on the relevant risk monitoring systems
- Any intragroup exposures without credit limits will be subject to the normal unauthorized excess management procedures applied by the Risk function and, in this regard, it is the responsibility of the Business function that originates the transaction(s) in question to ensure that the Risk function has sufficient information to assess the risk on an arms-length basis; and
- Appropriate steps are taken to objectively control and/or mitigate any risk arising from an exposure granted to a related or connected person

The policy covers the following requirements with regards to Intragroup transactions or exposure:

Each Group connected or related party must ensure that:

- Intragroup exposures are duly documented, reported and accounted for;
- Unauthorized excesses are monitored and managed in line with the centralized intragroup Risk function’s normal excess management processes;

- Intragroup exposures are subject to appropriate oversight by the applicable governance committees and senior management of the relevant Group connected or related parties;
- Before entering into an intragroup transaction there is adequate control in respect of any transfer mechanism within the Group, including any transfer mechanism relating to capital, funding, risk or income;
- Both sides of bilateral transactions can be analysed and each Group connected or related party identifies, monitors and controls the nature and extent of its intragroup transactions or exposures; and
- The applicable governance committees and senior management of each Group connected or related party have an adequate understanding of the incurred risks and any subsequent changes in the said risk profile due to an intragroup transaction or exposure.
- The transaction is booked in a source system and robust controls exist around the aggregation of risk data,
- Ensuring alignment between Risk and Finance.