



Stanbic IBTC Group (SIBTC)
Financial results presentation
For the year ended 31 December 2009

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This presentation is based on the consolidated financial statements of Stanbic IBTC Bank Plc and its subsidiaries (herein referred to as “Group”). All financial results in this presentation are presented using Nigerian GAAP (Generally Accepted Accounting Principles), unless otherwise indicated as being on an IFRS (International Financial Reporting Standards) basis.



The Year in Review

Chris Newson
MD/CEO



Operating environment

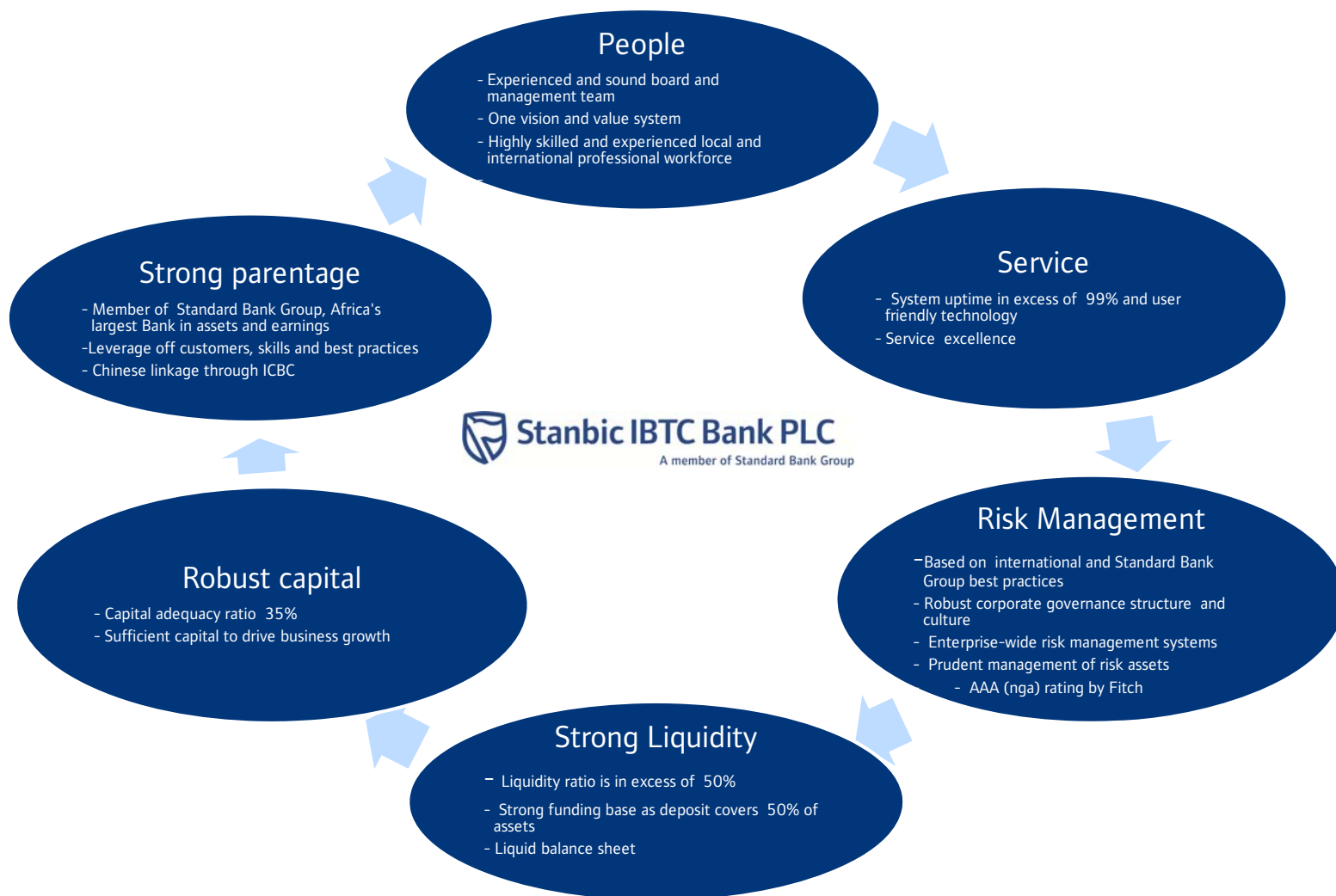
Market was impacted by:

- slow down in economic activity;
- significant slowdown in credit extension;
- tight liquidity and rising interest rate in Q1 2009;
- lower international crude oil price, which adversely affected the oil & gas sector in H1 2009;
- sharply lower capital market (impact of margin loans);
- stress test audits by the joint CBN/NDIC;
- weak naira in the first quarter of the year; and
- improved confidence in the money market as a result of an interbank guarantee in the latter part of the year.

Results were impacted by:

- low level of activities in the capital market which adversely affected the revenues of the capital markets related businesses;
- pricing pressure in PFA related business;
- continued investment in people, skills and infrastructure;
- significant growth in deposit liabilities
- diversified business, strong capital and liquidity positions;
- efficient repositioning of the balance sheet which resulted in decrease in interest expense; and
- improved credit loss ratio.

Our competitive advantage





Key performance drivers

- Balanced and liquid sources of funding
- Profitable across all three divisions
- Cost rises consistent with investment in people and infrastructure
- Stabilised and controlled credit impairments
- Compliant with CBN/NDIC audit requirement



Financials analysis

Ronald Pfende
CFO



Performance highlights

Profit & loss:

- Profit before tax of N10.3 billion (2008:N14.6 billion)
- Profit after tax of N8.1 billion (2008:N12.0 billion)
- Net interest income of N25.1 billion (2008: N22.4 billion)
- Operating expenses of N28.6 billion (2008: N22.9 billion)
- Impairment charges of N4.9 billion (2008: N5.0 billion)
- EPS of 43 kobo (2008: 64 kobo)
- Proposed DPS of 30 kobo (2008: Paid 40 kobo)

Balance sheet:

- Net loans & advances of N119.9 billion (2008: N102.7 billion)
- Total assets of N341.3 billion (2008: N351.3 billion)
- Deposit liabilities of N169.2 billion (2008: N95.3 billion)
- Total liabilities of N259.8 billion (2008: N269.9 billion)
- Net assets of N81.5 billion (2008: N81.4 billion)
- Net asset per share of 435 kobo (2008: 434 kobo)

Key ratios:

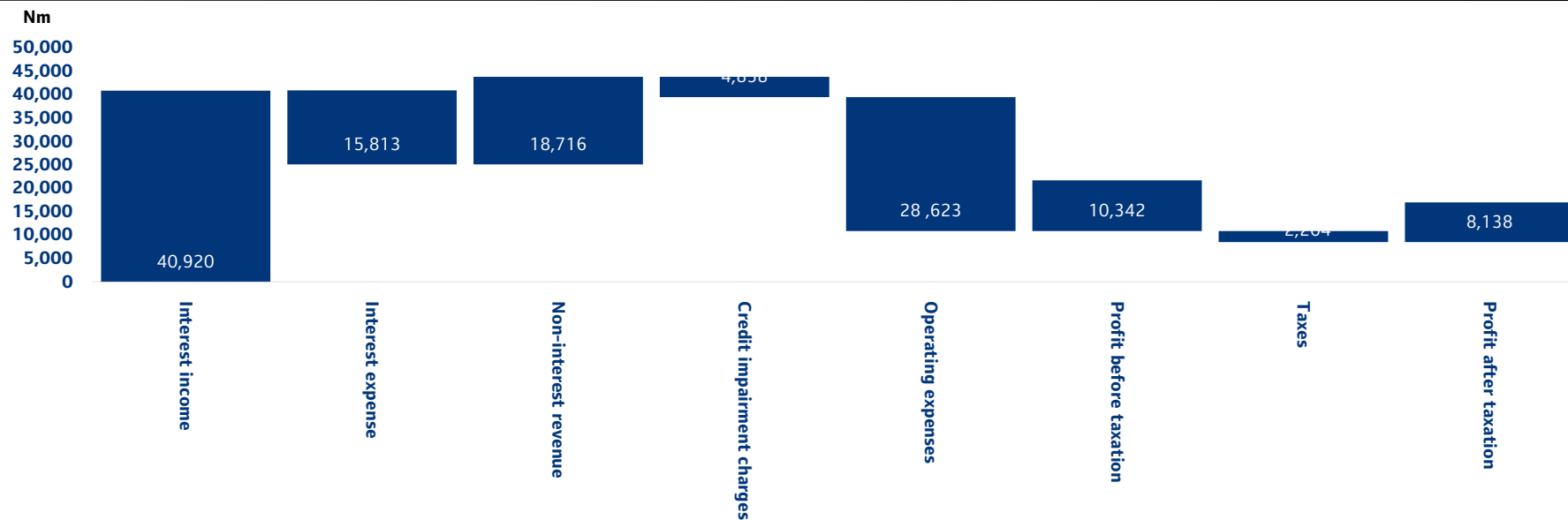
- Pre tax return on average equity 12.8% (2008:18.7%)
- Net interest margin 7.4% (2008: 6.4%)
- Credit loss ratio 3.6% (2008: 4.4%)
- Cost-to-income ratio 65.3% (2008: 53.8%)
- Capital adequacy 35.0% (regulatory minimum: 10%)
- Price to book 1.7x (2008: 2.5x)

Key ratios:

- NPL/total loans 14.1% (2008:13.7%)
- Provision adequacy 70% (2008:67%)
- Pre-tax return on average assets 3.0% (2008: 4.4%)
- Loan to deposit ratio 78.7% (2008: 118.7%)
- Liquidity ratio 51.4% (regulatory minimum : 25%)



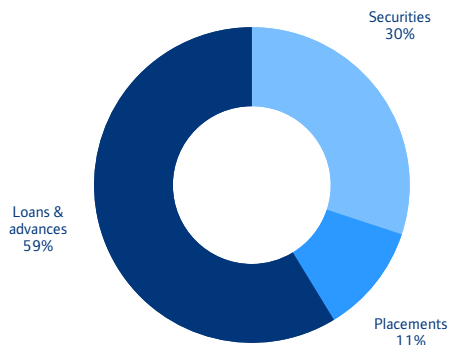
Drivers of group profitability



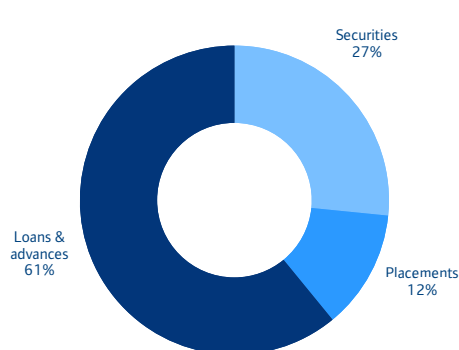
Interest income

Non-interest income

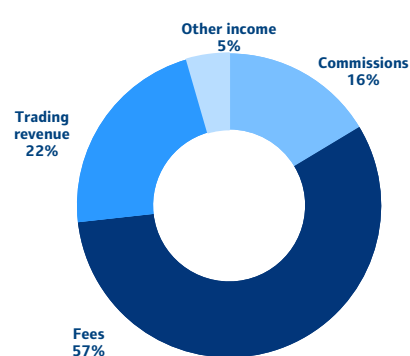
2009



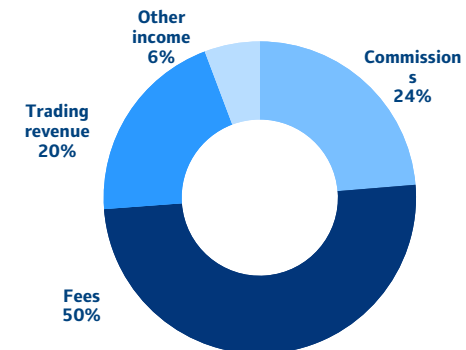
2008



2009



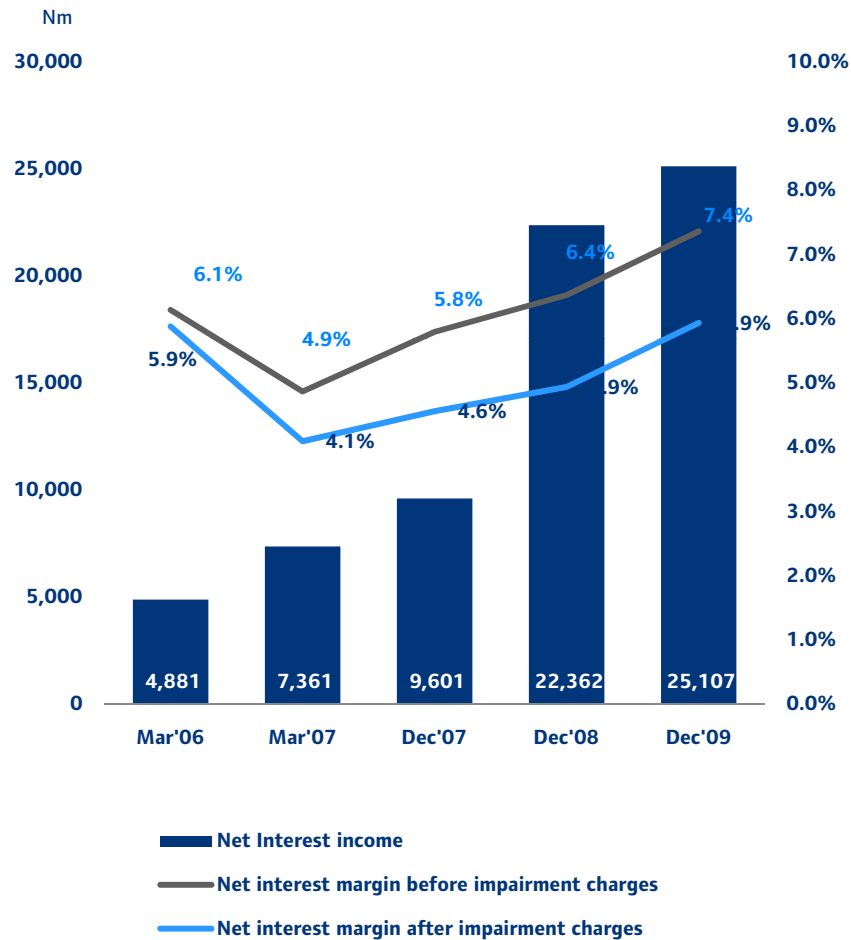
2008



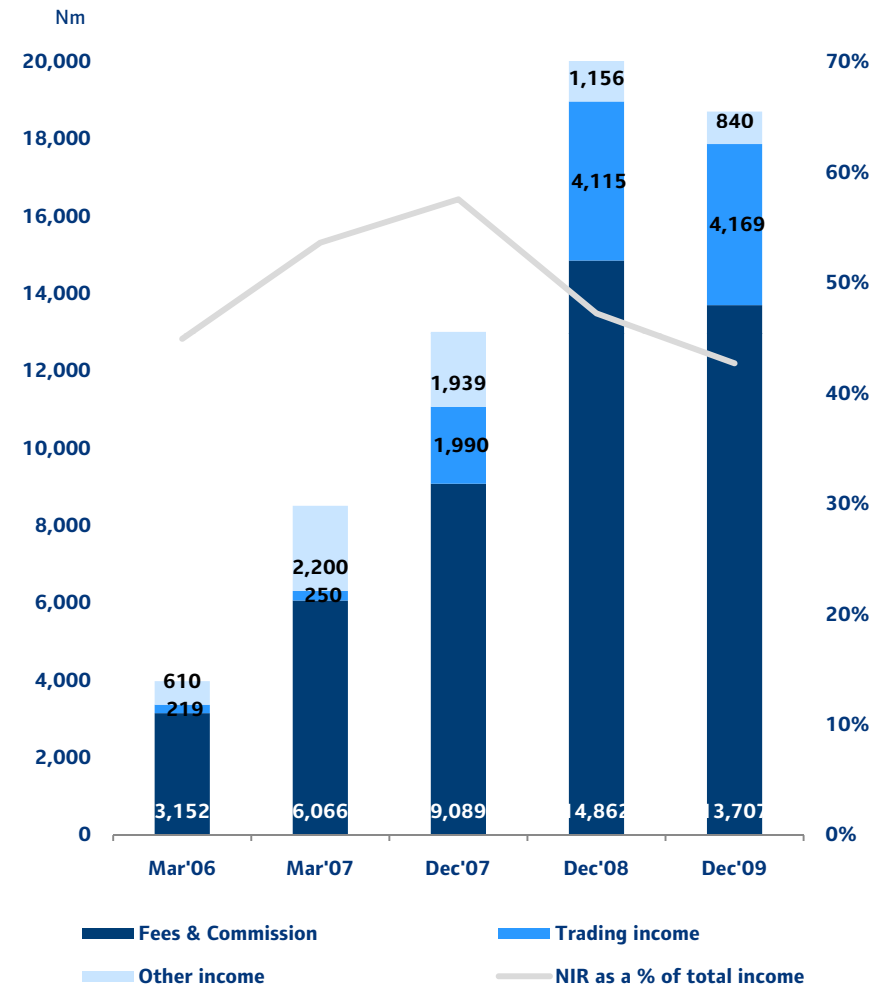


Evolution of revenue

Net interest income and net interest margin



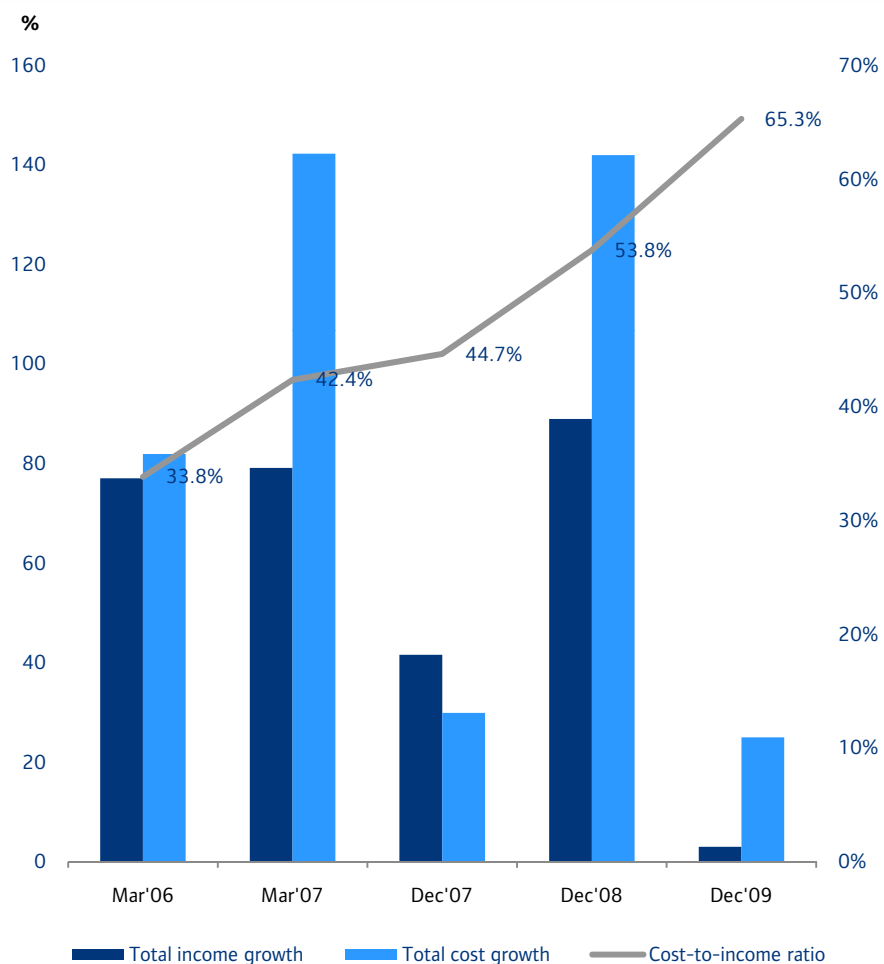
Non interest revenue



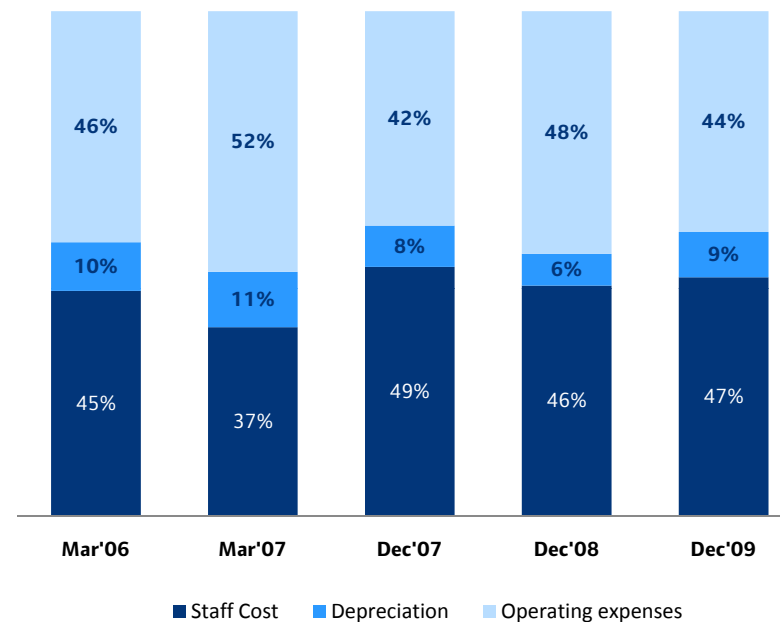


Expenses evolution

Cost-Income ratio evolution



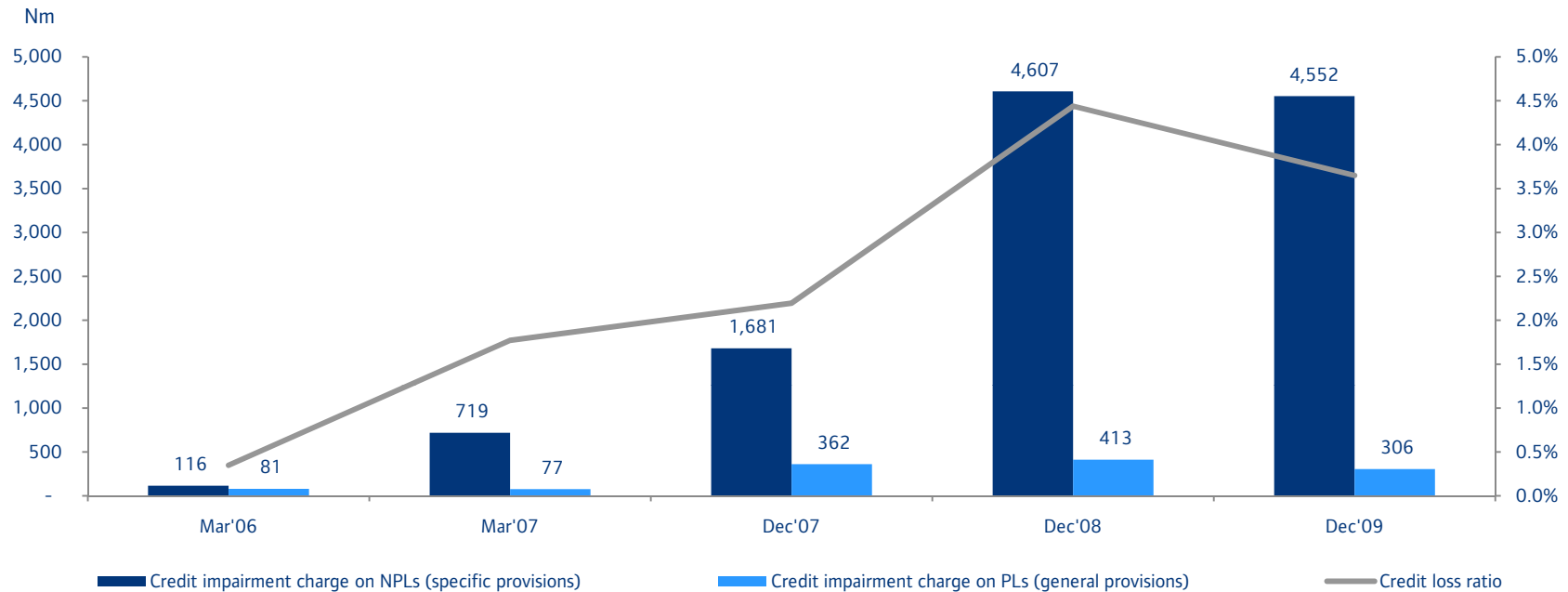
Operating expenses



- **Substantial investment in infrastructure (IT and branch network), people and skills for future growth.**
- **Stable staff cost to total cost ratio**



Credit impairment charges and credit loss ratio



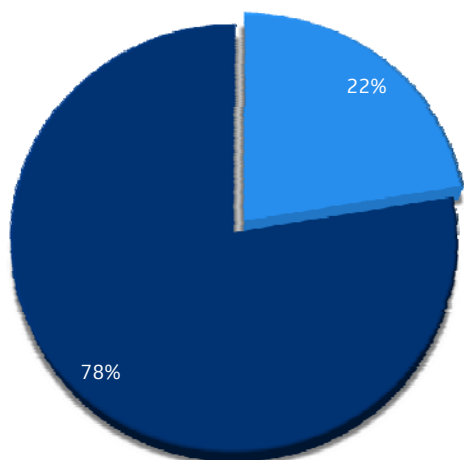
Factors impacting credit impairment charges

- *Effectiveness of risk management processes and prudent approach to credit impairments led to a 3 % decrease in credit impairment charges despite additional provision arising from the special audit exercise carried out by the regulators*
- *Improved collection capability including strategies to manage risk and operational capacity*



Balance sheet analysis: loans & advances

By segment

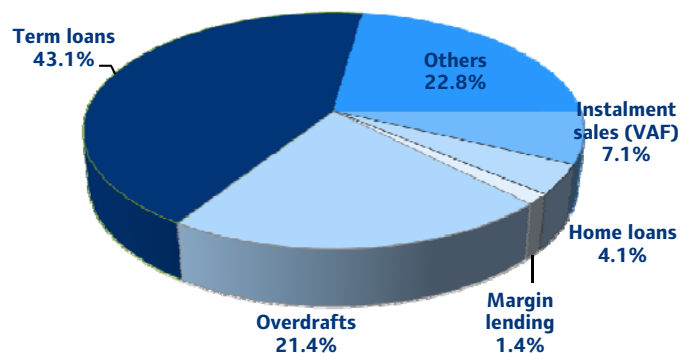


- Personal & Business Banking (2008: 23%)
- Corporate & Investment Banking (2008: 77%)

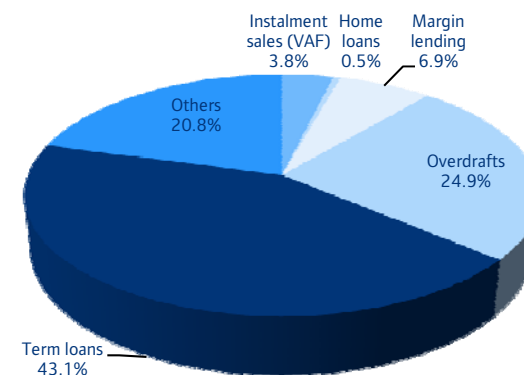
• Low exposure to oil and gas sector
• Low exposure to capital markets sector
• 4-YR Loan CAGR = 39%

By type

2009

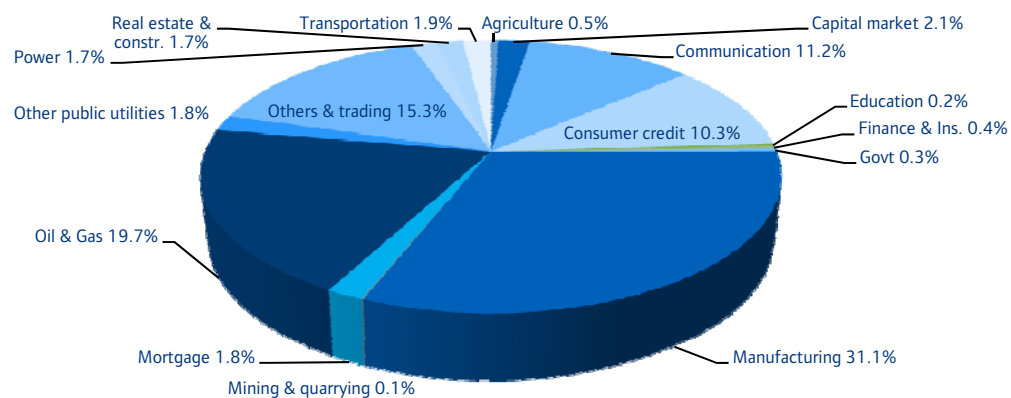


2008



By sector

2009

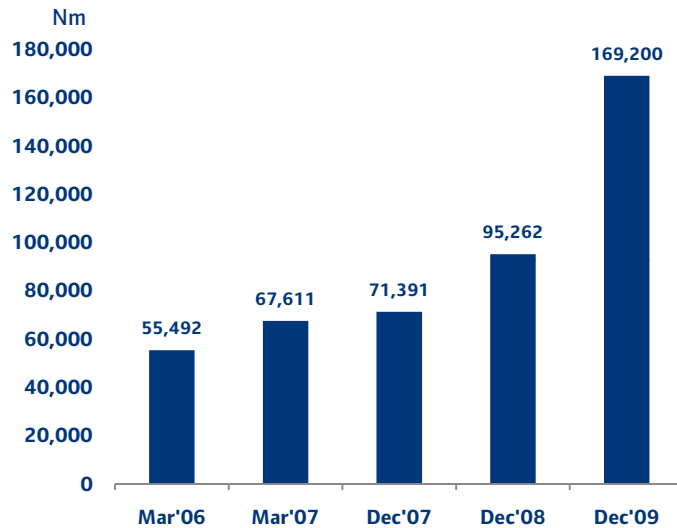




Balance sheet analysis: deposits

Deposit growth

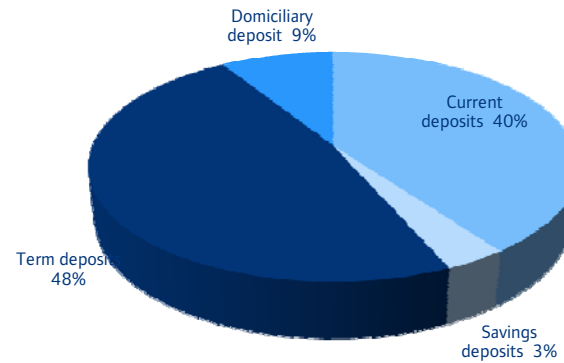
4 YR Deposit CAGR = 45%



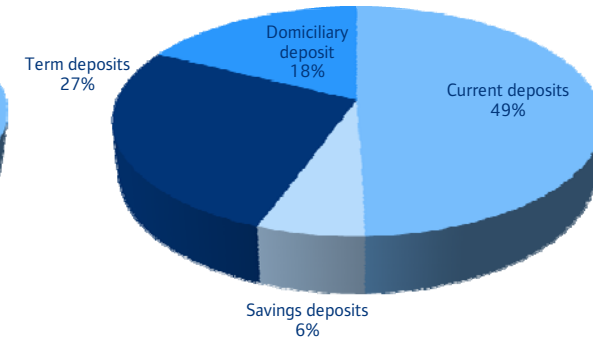
- 78% growth in deposit liabilities YoY evidencing customers confidence in the bank
- Continued focus on stable and low cost deposits

By type

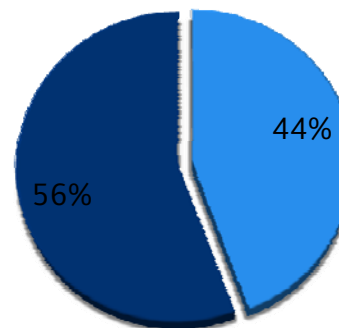
2009



2008

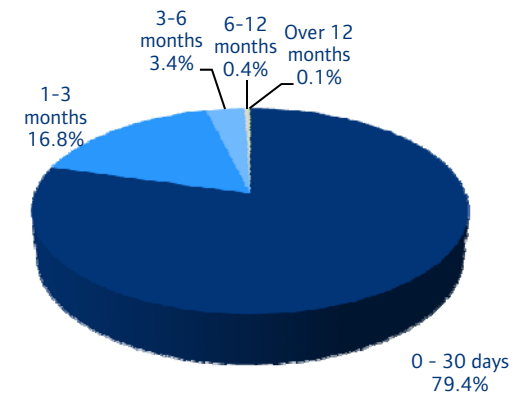


By business segment



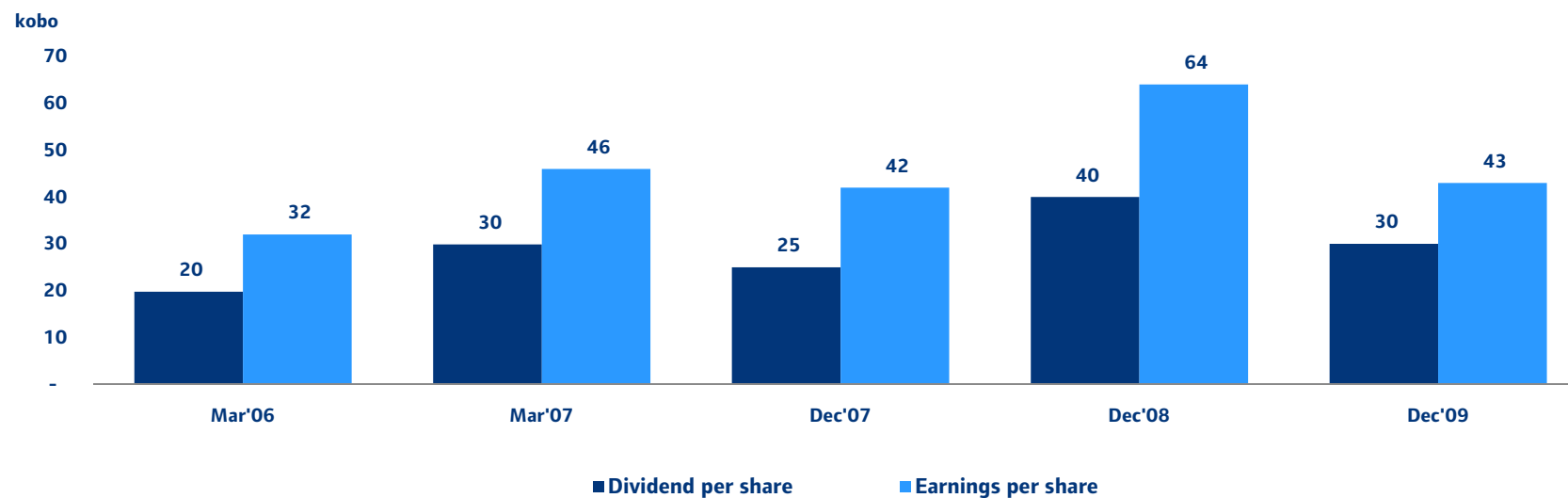
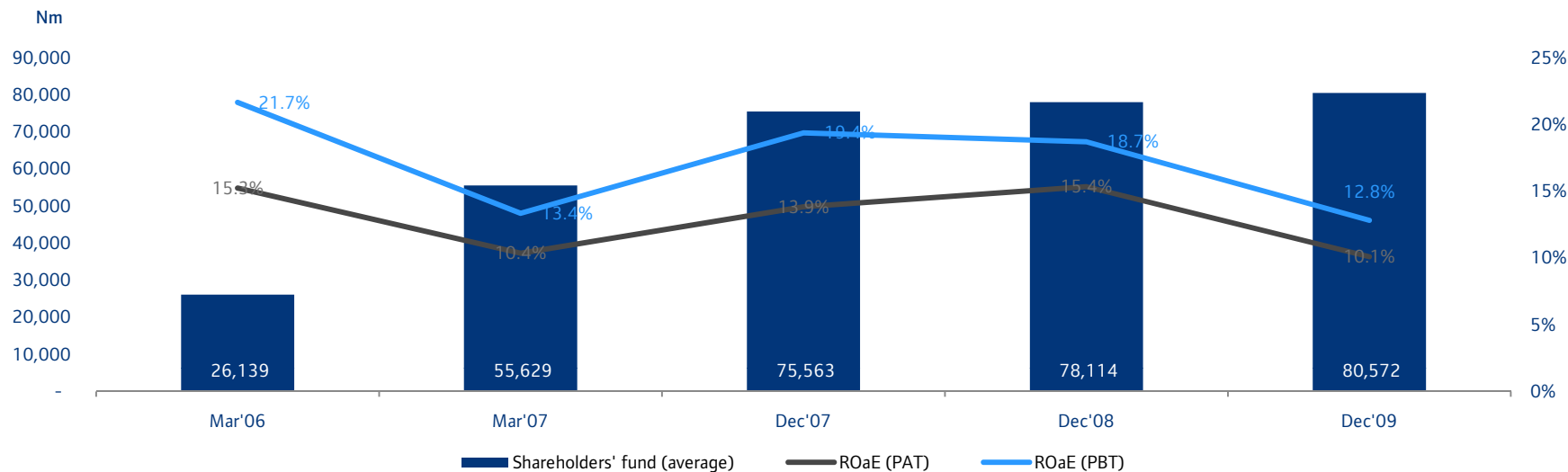
- Personal & Business Banking (2008: 54%)
- Corporate & Investment Banking (2008: 46%)

By maturity





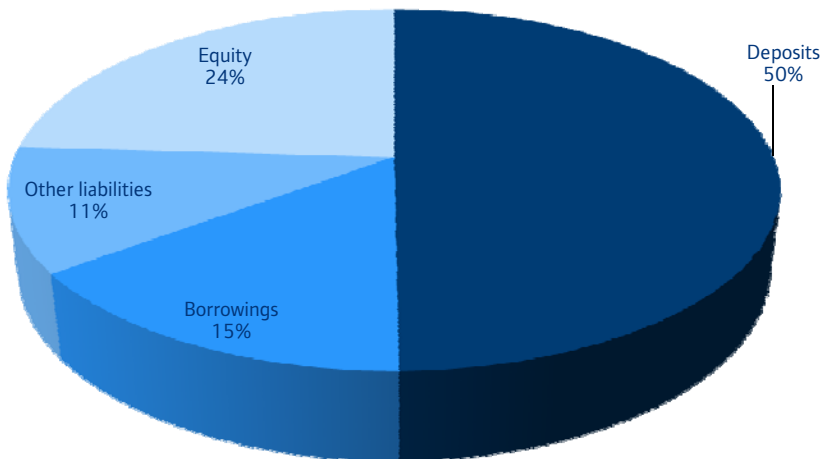
Group shareholder value



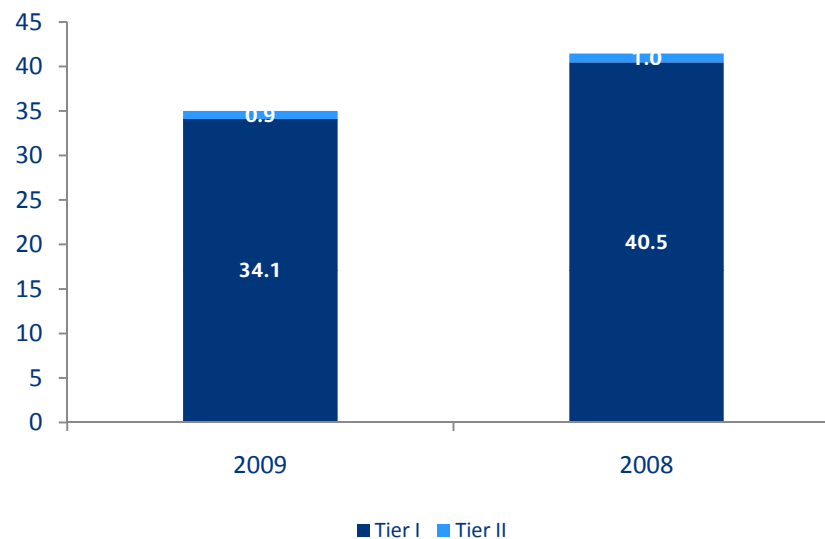


Liquidity and capital adequacy

Funding Mix



Capital Ratios



- **Group liquidity ratio 51.4% (regulatory minimum: 25%)**
- **Net interbank placer**
- **Deposit liabilities funded 50% of total assets**
- **Loan to deposit ratio within the regulatory guideline of 80%**
- **One of the highest tier-1 ratios in the industry**
- **Well above regulatory minimum of 10%**
- **Strong strategic support from parent company**



Business Unit Analysis



Personal and Business Banking
Jacques Troost
Executive Director



Personal & Business Banking overview

Focus on individuals and SMEs:

Transactional Products

Card Products

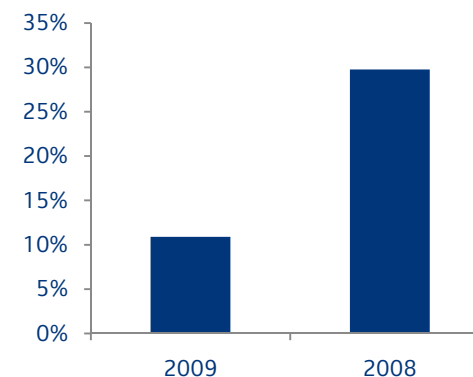
Mortgage Lending

Instalment Sales & Finance Leases

Bancassurance

Abridged Income Statement	2009 N billion	change %	2008 N billion
Net interest income	8.05	(15)	9.47
Non-interest revenue	3.27	9	3.01
Total income	11.32	(9)	12.48
Less:			
Credit impairment charges	1.04	17	0.89
Operating expenses	9.15	26	7.24
Profit before tax	1.13	(74)	4.35

PBT contribution



Pre-tax ROaE (%)	3.6
Credit loss ratio (%)	3.5
Cost-to-income (%)	80.9

Unique Selling Points



• Dedicated business banking focus	Year on year change
• Significant investment in service infrastructure	Staff costs - up 23%
	Communications & IT expense -up 53%
	Number of ATMs- up 126%
	Number of branches -up 10%
• Customer service initiative paying off - now ranked 4 th best for service by KPMG	Deposit liabilities - up 45%
	Customer base growth (YoY) - up 36%
	Account base growth - up 38%
	Account dormancy rate - falling (25%)
	ATM transactions volumes - up 440%
	Internet Banking volumes - up 57%
• Account base in line with strategy	Number of current accounts - up 24%
	Number of savings accounts - up 16%
• Proactive credit management - emphasis on credit collections, modest asset growth and profitable market segments	

Outlook



- Domestic retail environment starting to look positive and present good transactional and deposit gathering opportunities
- Service and internal efficiencies drive has left the bank well positioned
- Build on solid foundation to gather more customers in profitable markets/segments
- Continued focus on recoveries and debt review
- Cautiously increase focus on good quality asset growth
- Continued investment in channel expansion
- Focus on achieving operational and cost efficiencies across the business
- Increased focus on new segments that was previously unbanked/under banked - Mini branch strategy
- Develop new business segments and products



Corporate and Investment Banking

Yinka Sanni
Executive Director



Corporate & Investment Banking overview

Focus on large corporates, financial institutions and international counterparties:

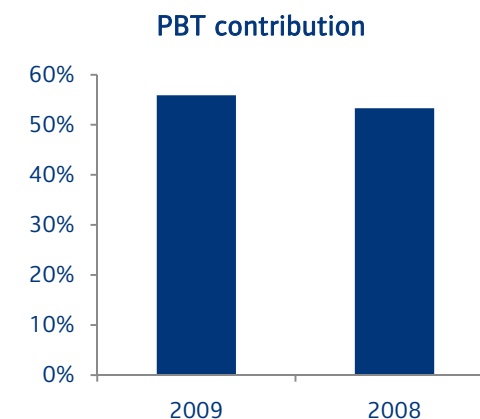
Global Markets

Investment Banking

Transactional Products & Services

Client Coverage / Corporate Banking

Abridged Income Statement	2009 N billion	change %	2008 N billion
Net interest income	16.18	30	12.38
Non-interest revenue	9.47	12	8.45
Total income	25.59	23	20.82
Less:			
Credit impairment charges	3.82	(8)	4.14
Operating expenses	15.99	80	8.89
Profit before tax	5.78	(26)	7.80



Pre-tax ROaE (%)	13.2
Credit loss ratio (%)	3.7
Cost-to-income (%)	62.5

Unique Selling Points



Strong relative position in the market underpinned by :

<ul style="list-style-type: none"> • Significant investment in people, premises & IT infrastructure: 	Staff costs up 86% year on year
	Cost to income ratio 62.5% (42.7% in 2008)
<ul style="list-style-type: none"> • People Investment focused on skills to continue strengthening domestic capability to grow and differentiate our offering in: 	Specialised lending products
	Global markets
	Carbon trading
	Commercial banking
	Trade finance and transactional banking
	Equity capital markets
	Debt capital markets
	Advisory
<ul style="list-style-type: none"> • Maintaining prudent credit risk levels 	NPL ratio improved to 12.5% (2008: 13.5%)
	Credit impairment down by 8%

Outlook



- The capital market have started showing signs of recovery, we expect this to improve the revenue of our capital market related businesses
- Increased Bond Issuing activities
- Continue to build on the already laid foundation to grow our transactional products and services franchise, specifically franchise collections and online payments
- Grow market share of trade finance through suitable trade finance model that meets the needs of customers
- Focus on medium term financing and growing of risk asset book
- Maximising funding mix
- Continued investment in human capital required to build a sustainable market leading investment banking franchise
- Continued focus on operational and cost efficiency
- Cross border leverage of the group - one global CIB



Wealth

Obinnia Abajue
CEO, Wealth



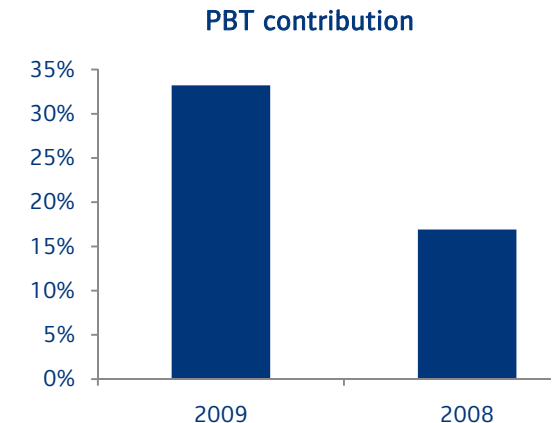
Wealth overview

Focus on private non pension asset management, pension fund administration (PFA):

Asset Management Ltd
(non pension)

Pension Managers Ltd

Abridged Income Statement	2009 N billion	change %	2008 N billion
Net interest income	0.94	82	0.52
Non-interest revenue	5.99	(31)	8.68
Total income	6.93	(25)	9.20
Operating expenses	3.50	(48)	6.72
Profit before tax	3.43	39	2.48
Assets Under Management	384.06	35	284.05



Pre-tax ROaE (%)	62.9
Credit loss ratio (%)	-
Cost-to-income (%)	50.4

The decline in revenue is due to restructuring of Wealth to exclude Stockbroking and proprietary investments previously included in 2008. The core Wealth business grew YoY with revenues and net earnings for the Wealth group growing by 13% and 9% respectively over the 2008 results

Unique Selling Points



- Largest wealth management business in Nigeria by assets under management (AUM) and number of client size

AUM increased by 35% to N384 billion (2008: N284 billion)

–Largest PFA in Nigeria with market share of close to 20% of registered pension clients

– Largest non-pension asset manager with about 10% market share of non-pension AUM

- Good returns despite the low level of activities in the capital market and reduction in PFA related fees

Pre tax return on average equity 62.9% (2008: 53.3%)

Cost to income ratio 50.4% (2008:73.1%)

RSA Clients up by 13% from 640,617 in 2008 to 726,879 in 2009

Outlook



- Recovery of the capital market will positively affect revenues from asset management
- Focus on client service quality and availability
- Continued focus on operating and cost efficiency
- Continued to leverage on the quality and safety of the parent
- Extending client coverage to trustee services
- Increased compliance with pension regulation



Risk management

Kandolo Kasongo
Head, Credit



Risk management overview

Enterprise Risk Management Framework

The group's enterprise risk management framework is designed to govern, identify, measure, manage, control and report on the principal risks to which the group is exposed. These risks are Credit risk, Operational risk, Market risk Business risk, Liquidity risk and Reputational risk

The group's enterprise risk management standard and policies are :

- Consistent with the framework principles
- Based on the Standard Bank Group risk standards and policies
 - based on best practice
 - compliant with Basel 2 requirements
 - Informed by experience gained in South Africa and in London
 - considerate of appropriate regulatory input by SARB and FSA(UK)
 - modified to give appropriate consideration to Nigerian conditions
- Risk Governance structure modelled on Standard Bank Group risk governance structure modified to make it appropriate to the Nigerian operation.

Credit Risk Management

The group's credit risk management practices is in line with international best practices and are guided by the credit risk management standards adopted by Standard Bank's Board and applicable to all group entities.

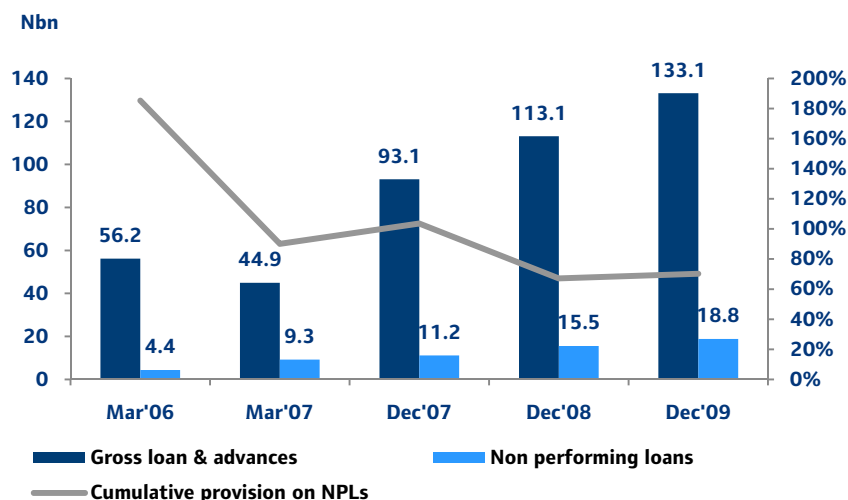
The key credit risk management philosophies are :

- Credit risk strategy is aligned to business strategy
- Credit remains independent
- **Business Units (BU's) and Credit act commercially and in partnership, applying appropriate risk pricing for exposures**
- **Business senior management and Heads of Credit are jointly accountable for ensuing policies and procedures are observed**
- **Ethical and professional considerations always override short-term profit considerations**
- **Adoption of the Equator principles**

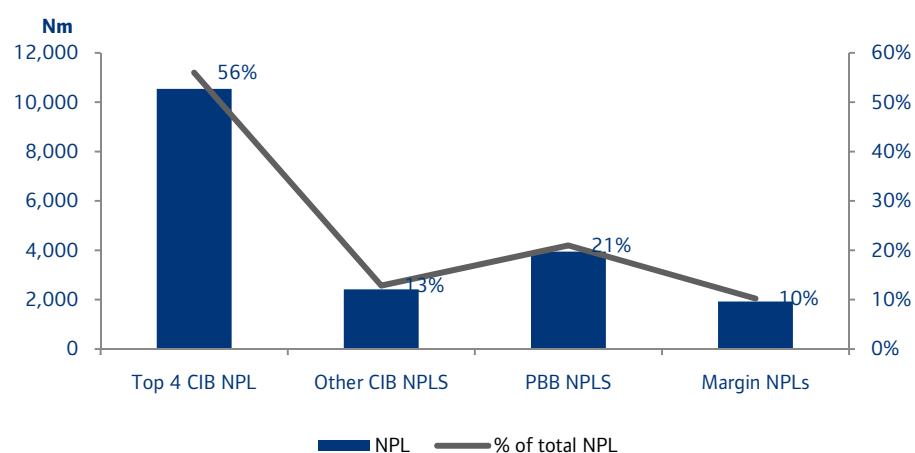
Credit oversight is provided by the Board through the Board Credit Committee and by the Group through adoption of standards, escalations of approval for large, specialized and/or high risk exposure to Group Credit Committee and regular audits and oversight visits by specialized Group resources



Loan and advances performance



NPL concentration



Movement in margin lending facilities

	Dec'08 Nm	Jun'09 Nm	Sept'09 Nm	Dec'09 Nm
Performing loans	7,036	3,106	1,310	-
Non performing loans	754	2,014	2,311	1,924
Total book	7,790	5,120	3,261	1,924

Provision Adequacy

	Gross NPL balance Nm	Interest in suspense Nm	Security value (NPV) Nm	Net NPL Nm	Prov. Nm	Provision adequacy without security	Provision adequacy with security
Margin lending	1,924	250	286	1,383	1,655	99%	120%
Oil & gas	8,134	520	6,822	792	4,248	59%	536%
Others	8,772	739	5,104	2,930	5,803	75%	198%
Closing balances	18,830	1,509	12,212	5,109	11,706	70%	229%



Strategy & Outlook

Chris Newson
CEO



Outlook

Macro-economic outlook

- The nation's GDP grew by 6.9% (2008: 6.1%) as a result of significant contribution from non-oil sectors. It is estimated that the GDP will remain stable in 2010.
- Headline inflation was down to 12.4% from 15.1% in 2008 and a single digit inflation rate is expected in 2010
- Exchange rate is expected to remain stable as witnessed in the last three quarters of 2009
- The Nigerian stock market, which declined by 34% in 2009, is expected to witness gradual recovery in 2010 as investor confidence grows
- The world oil demand is expected to return to growth in 2010 as witnessed in the last quarter of 2009
- Interest rate set to decline in medium term

Banking sector outlook

- The establishment of the Asset Management Company to take up delinquent assets will provide liquidity to banks, especially the distressed banks
- Further consolidation expected
- The IFRS adoption by banks will aid transparency and information disclosure in line with international best practice.
- Corporate governance and risk management process of banks are expected to improve significantly after the CBN/NDIC audit
- CBN is expected to be more active in its supervisory role



Q1 2010 overview

- Operating conditions continued to be challenging.
- Capital markets started to show a gradual upward trend
- Significant market liquidity in the latter part of the quarter
- Key challenge for the industry was the inability to find sufficient securities and outlets to invest excess liquidity
- Continued to responsibly grow our risk asset portfolio
- Roll out of new points of representation continued
- Group remains well capitalized with high liquidity



Strategy and conclusion

Strategy

- Continue to build the Stanbic IBTC synonymous with integrity, excellence service and reliability
- Pursue a growth strategy (organic, inorganic & combinations)
- Enhance operational efficiency via cost management & control – shared services, core banking project
- Best people practices
- Expand our business within Personal & Business Banking space while “sweating” our existing assets
- Capitalise on market leader position in Corporate Finance, Custody & Wealth Management
- Focus on medium term financing and growing the risk asset book
- Introduce derivatives and hedging products via our Global Markets
- Focus on trade & commercial banking to further grow our annuity income

Conclusion

“We are well positioned for growth”:

- **Market leader in Investment Banking & Wealth Management**
- **Deep understanding of retail business;**
- **Strong and adequate capital base;**
- **Good liquidity;**
- **Excellent service quality; and,**
- **Benefit of leverage off our parent footprint**



Q & A