2012

Financial results presentation

For the six months ended 30 June 2012

Stanbic IBTC Bank
A member of Standard Bank Group

Contents

- The operating environment
- Financial analysis
- Business unit analysis
- New corporate structure
- Prospect and outlook
- Q & A

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 on an International Financial Reporting Standards(IFRS) basis.

Operating environment

Sola David-Borha

Chief executive officer

Stanbic IBTC Bank

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Operating environment

Market was impacted by:

- Sustained monetary policy tightening by the Central Bank of Nigeria;
- Gradual recovery of the capital market in the second quarter as NSE ASI was up by 4% in 1H 2012;
- Slow growth in private sector credit and continued competition for better quality risk assets;
- Improved yield on government securities;
- Security concerns in some parts of the country; and
- Rapidly changing regulatory environment.

Results reflect the following:

- Increasing cost of funding due to monetary policy tightening;
- Increased transactional volumes and activities, with positive impact on revenues;
- Ability to structure foreign exchange solutions for corporate customers resulted in growth in trading revenue;
- Reduced revenues from our capital market related businesses as a result of the bearish market especially in the first quarter of 2012; and
- Diversified business, strong capital and liquidity positions.

Financial analysis

Ronald Pfende

Chief financial officer

1H 2012 - Performance highlights

Continued growth in revenues and profitability

- Gross income; up 46% to N45.6 billion (1H 2011: N31.2 billion)
- Net interest income; up 4% to N14.5 billion (1H 2011:N14.5 billion)
- Non - interest revenue; up 15% to N16.6 billion (1H 2011: N14.3 billion)
- Credit impairment charges; down 37% to N1.3 billion (1H 2011: N2.0 billion)
- Operating expenses; up 14% to N23.6 billion (1H 2011: N20.8 billion)
- Profit before tax; up 13% to N6.1 billion (1H 2011: N5.4 billion)
- Profit after tax; up 30% to N5.0 billion (1H 2011: N3.8 billion)

Continued growth in business operations

- Gross loans & advances of N283.5 billion (up 29% YoY, 7% 1H 2012)
- Deposit liabilities of N246.2 million (up 31% YoY, down 14% 1H 2012)
- Total assets of N577.4 billion ((up 31% YoY, down 14% 1H 2012)

1H 2012 - Performance highlights

Key performance indicators

- Net interest margin 5.0% (June 2011: 6.5%)
- Cost-to-income ratio 76.1% (June 2011:73.6%)
- Annualised after- tax return on average equity 10.6% (June 2011:8.0%)
- Annualised after-tax return on average assets 1.8% (June 2011: 1.9%)
- Annualised earnings per share 47 kobo (June 2011: 36 kobo)
- NPL/total loans 8.3% (December 2011: 6.7%)
- Credit loss ratio 0.9% (December 2011: 1.9%)
- Liquidity ratio 58.6% (regulatory minimum :30%)
- Capital adequacy 21.9% (statutory minimum: 10%)
- Price to book 1.4x (December 2011: 1.9x)

1H 2012 group statement of comprehensive income

	1H 2012 Nmillion	change %	1H 2011 Nmillion
Interest income	**28,917**	73	16,732
Interest expense	**(14,429)**	>100	(2,866)
Net interest income	**14,488**	4	13,866
Non interest revenue:	**16,560**	15	14,341
Net fee & commission income	**11,102**	24	8,957
Trading income	**5,328**	5	5,095
Other income	**130**	(55)	289
Operating income	**31,048**	10	28,207
Less: Impairment charges	**(1,290)**	(37)	(2,045)
Operating expenses	**(23,640)**	14	(20,768)
Profit before tax	**6,118**	13	5,394
Tax	**(1,125)**	(27)	(1,545)
Profit after tax	**4,993**	30	3,849

H1 2012 group quarterly comprehensive income

	2Q 2012 Nmillion	Change %	1Q 2012 Nmillion
Interest income	**14,996**	8	13,921
Interest expense	**(8,766)**	55	(5,663)
Net interest income	**6,230**	(25)	8,258
Non interest revenue:	**10,129**	58	6,431
Net fee & commission income	**6,024**	19	5,078
Trading income	**4,001**	>100	1,327
Other income	**104**	100	26
Operating income	**16,359**	11	14,689
Less: Impairment charges	**(1,011)**	>100	(279)
Operating expenses	**(12,688)**	16	(10,952)
Profit before tax	**2,660**	(23)	3,458
Tax	**(73)**	(92)	(935)
Profit after tax	**2,491**	0	2,502

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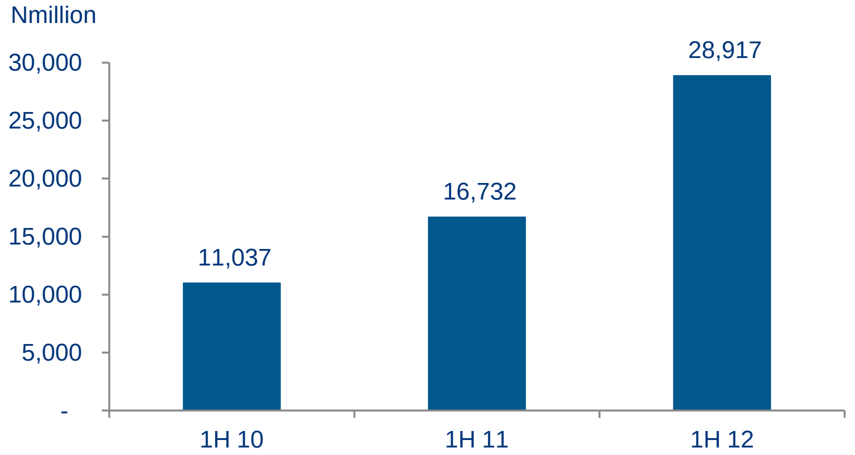
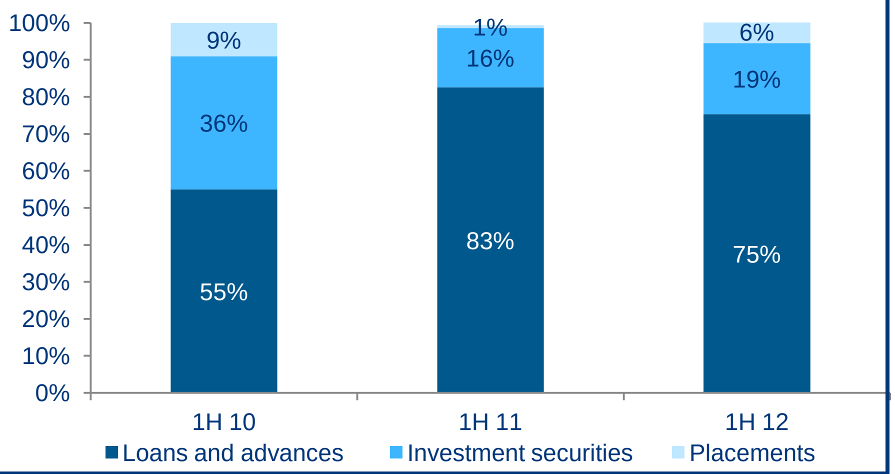
Revenue evolution

Interest income

CAGR (1H10 - 1H12): 62%



Breakdown of interest income



- Interest income grew by a significant 73% year-on-year on the back of a sustained growth in loan book and positive yield on investment securities. On quarter-on-quarter basis, however, interest income grew by 8%.
- Income from lending activities continued to contribute significantly to interest income. It accounted for 75% (1H 2011: 83%) of interest income in 1H 2012. Growing customer relationships, a function of our enlarged footprint, supported the growth in income from lending activities.
- Reduction in income from interbank activities adversely impacted interest income but the effect of the reduction was doused by the growth in income from investment securities and lending activities.
- Personal and business banking accounted for 37% (1H 2011:40%) of interest income, while Corporate and investment banking’s contribution was 61% (1H 2011:58%) and Wealth representing the remaining 2% (1H 2011:2%) .

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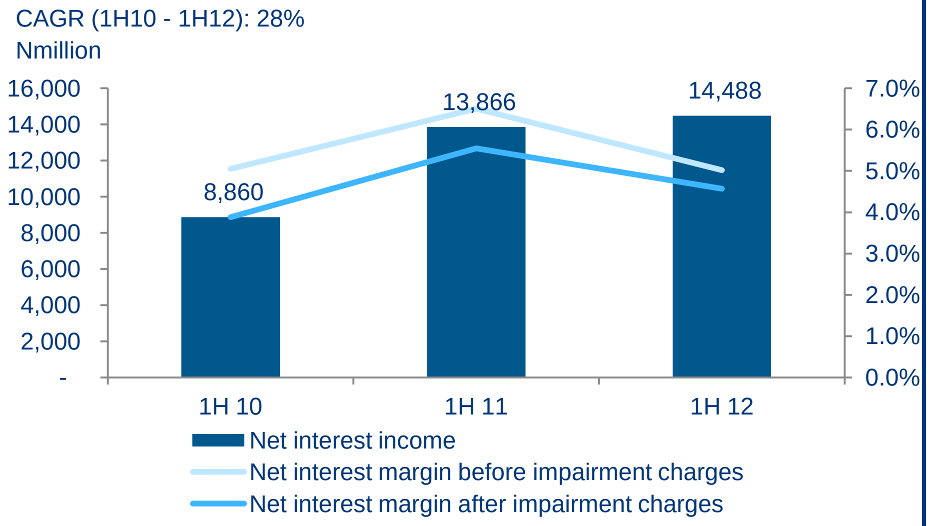
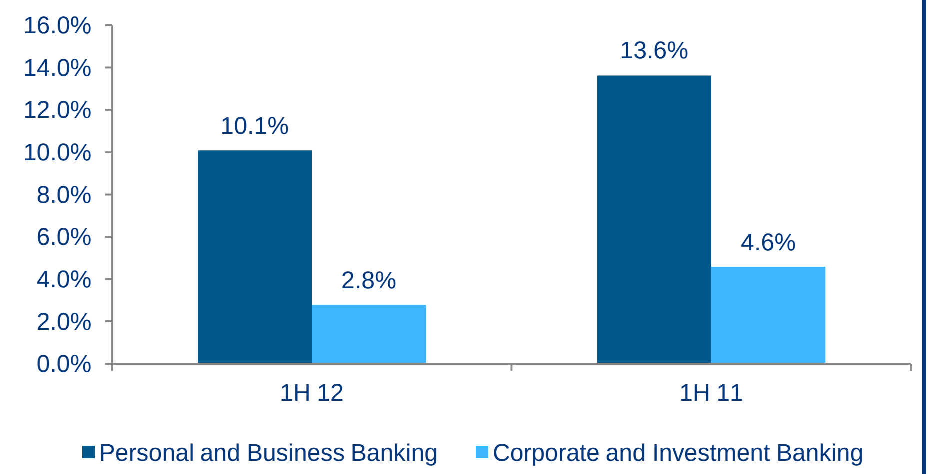
Revenue evolution

Net interest income and interest margin



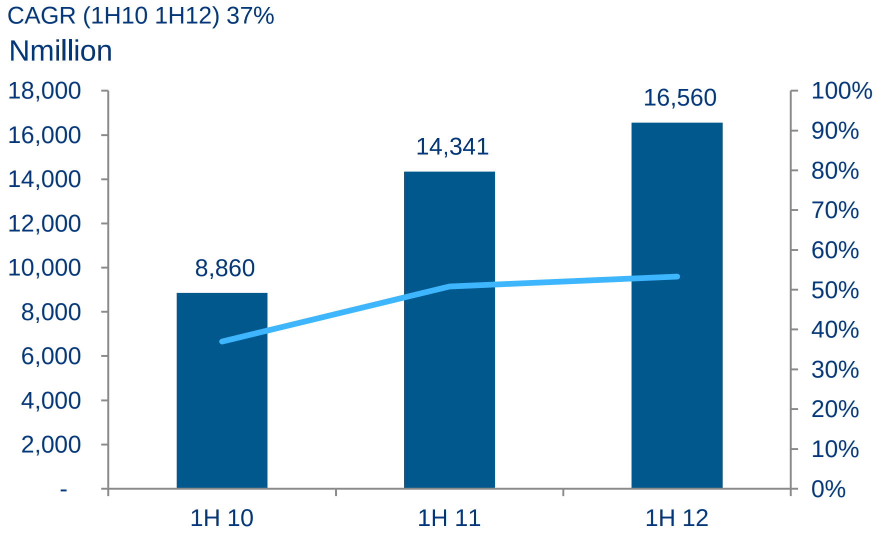
Net interest margin by business segment



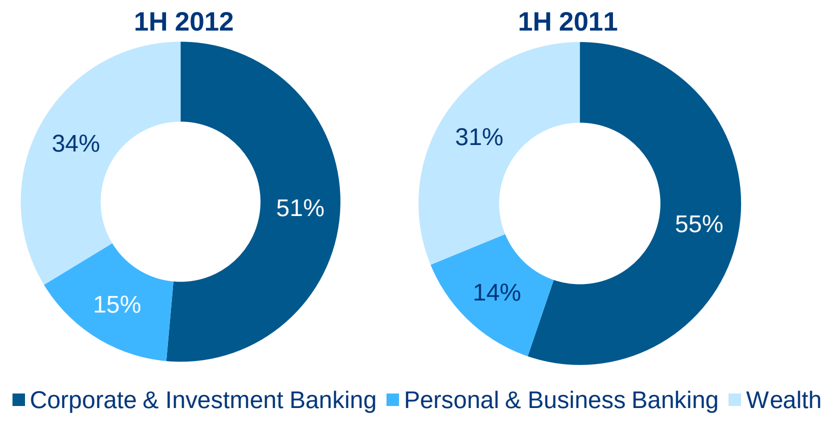
- Net interest income grew by a marginal 4%, despite a 73% growth in interest income. The net interest income was hampered by a significant growth in interest expense from N2.9 billion in 1H 2011 to N14..4 billion in 1H 2012.
- The interest expense was adversely affected by the continued tightening of monetary policy by the central bank, with the resultant inability to fully offset cost of funding increases. Consequently, net interest margin reduced to 5.0% from 6.5% recorded in 1H 2011.
- Personal and Business Banking's margin was better than that of Corporate and Investment Banking due to ability to transmit cost of funding increases in that market segment. However, in 1H 2012, the unit's net interest margin was down to 10.1% from 13.6%.

Revenue evolution

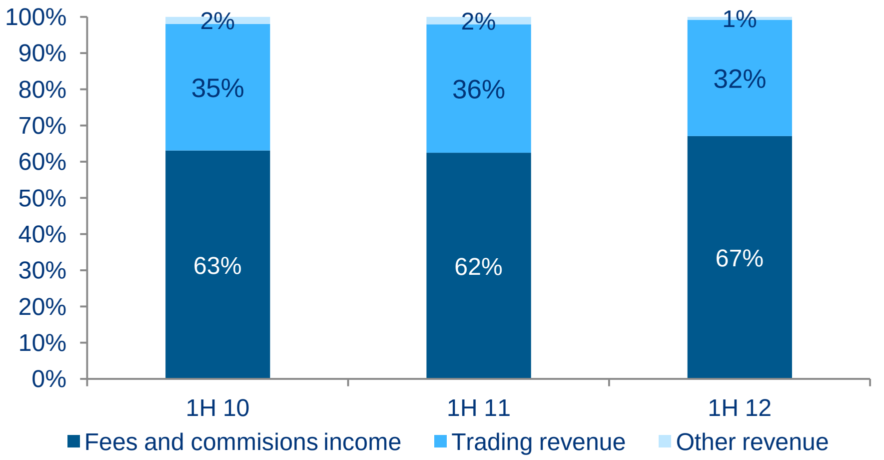
Non-interest revenue



Contribution to non-interest revenue by business unit



Component of non-interest revenue



- Non-interest revenue was up by 15% YoY to N16.6 billion on the back of increased transactional volumes and value per transaction. In addition, the closure of a few good advisory mandates, growth in our custody business and steady growth within our wealth business positively impacted non-interest revenue. However, the bearish trend in the capital market especially in Q1 2012 did adversely affect non-interest revenue.

- Increased contribution to non-interest revenue from the Personal & Business Banking unit driven by growth in transactions volumes and activities and number of customers, a function of our increased network.

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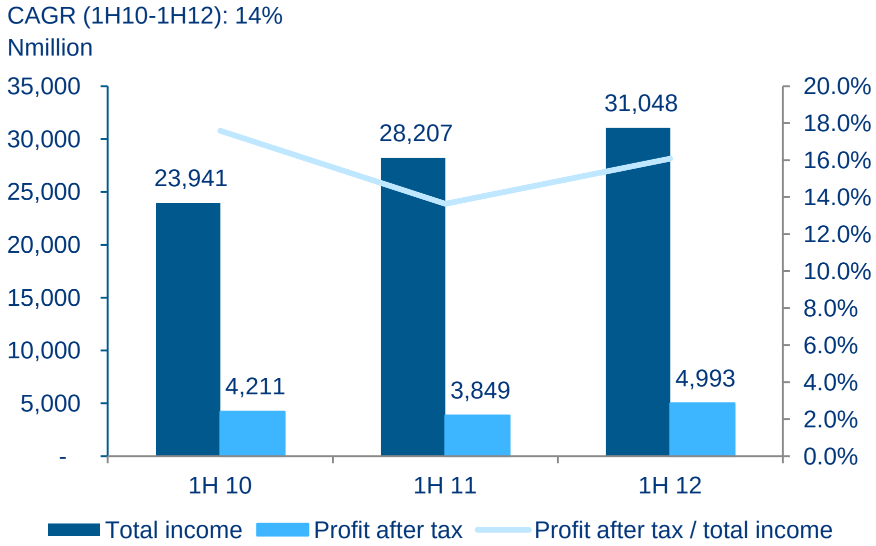
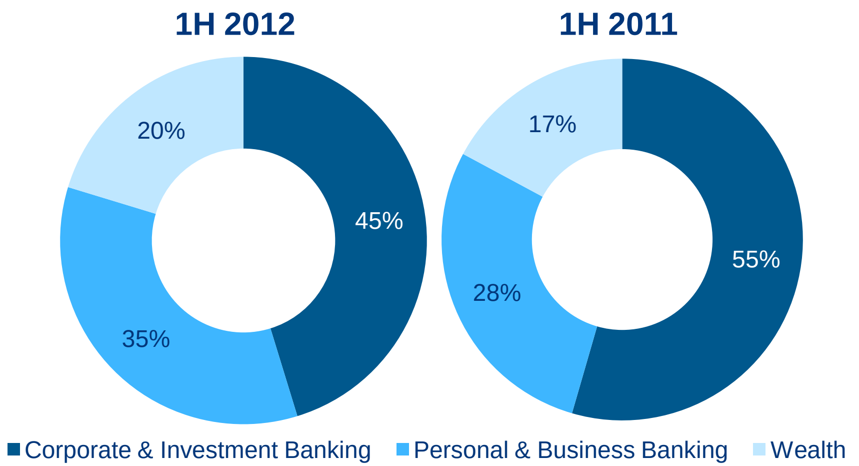
Revenue evolution

Total income and profitability



Total income by business unit



- Total income recorded a 10% growth with significant contribution from lending activities.
- Increased contribution to interest income by Personal & Business Banking unit driven by growth in volume of transactions. The unit's contribution grew from 28% in 1H 2011 to 35%.
- Steady growth within our wealth business assisted by sustained growth in assets under management and related clients, ensured increased contribution to total income by Wealth business unit.

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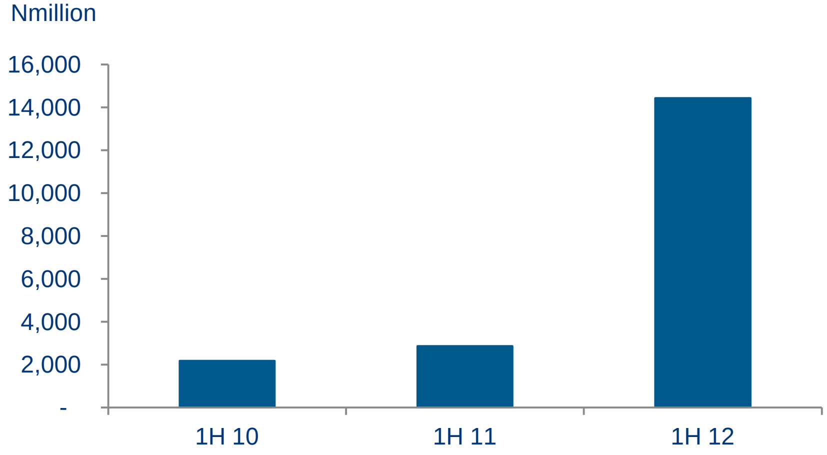
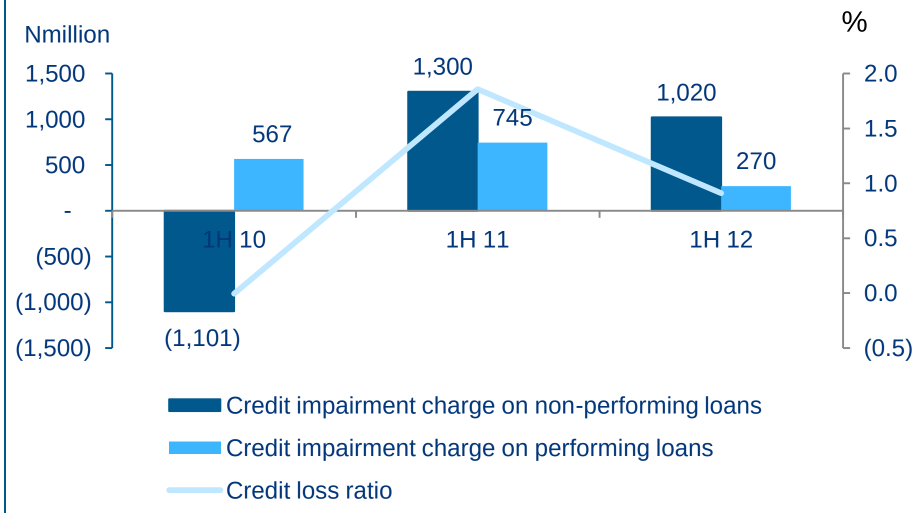
Expenses evolution

Interest expense

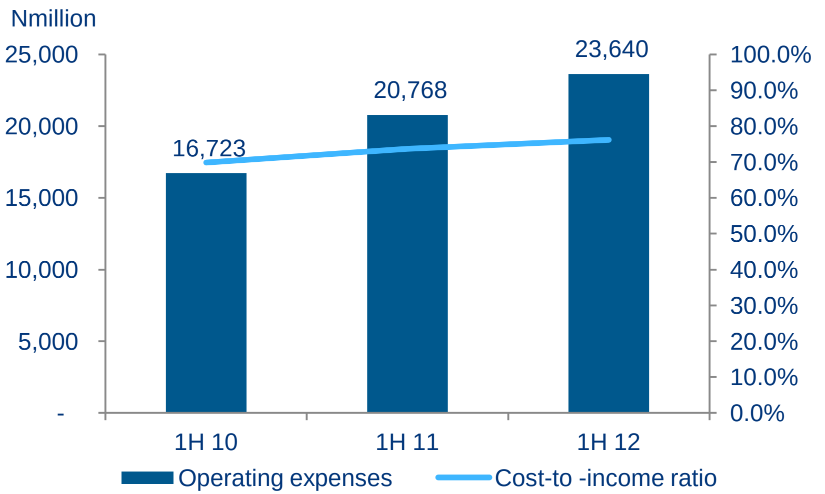
CAGR (1H10- 1H12): 157%



Credit impairment charges and credit loss ratio



Operating cost and cost-to-income ratio



- Interest expense grew significantly to N14.4 billion from N2.9 billion in 1H 2011. The growth is attributable to monetary policy tightening with the resultant increase in cost of funding.
- Credit impairment charges decreased by 27% to N1.3 billion, benefiting from improved collection capability and debt servicing ability. Credit loss ratio also improved from 1.9% in 1H 2011 to 0.9% N4.7billion.
- Operating cost grew by 14% to N23.6 billion, slightly above inflation rate. We continue to focus on cost and operational efficiency, while balancing that with our strategy to grow sustainable business.

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1H 2012- group statement of financial position

	1H 2012 Nmillion	Change %	FY2011 Nmillion
Assets			
Cash and balances with central banks	36,391	21	30,074
Derivative assets	2,674	(13)	3,081
Trading assets	75,974	14	66,476
Pledged assets	25,228	29	19,501
Financial investments	71,159	(20)	88,877
Loans and advances	320,956	6	302,771
Loans and advances to banks	48,498	5	46,051
Loans and advances to customers	272,458	6	256,720
Current and deferred tax assets	2,881	8	2,668
Other assets	14,749	31	11,299
Intangible assets	3,827	(24)	5,036
Property and equipment	23,603	(5)	24,724
Total assets	577,442	4	554,507
Equities and liabilities			
Equity	86,682	6	81,778
Equity attributable to ordinary shareholders	85,132	7	79,867
Ordinary share capital	9,375	-	9,375
Ordinary share premium	47,469	-	47,469
Reserves	28,288	23	23,023
Non-controlling interest	1,550	(19)	1,911
Liabilities	490,760	4	472,729
Derivative liabilities	295	(61)	749
Trading liabilities	106,478	69	63,173
Deposit and current accounts	262,672	(12)	299,787
Deposits from banks	16,473	31	12,545
Deposits from customers	246,199	(14)	287,242
Other borrowings	53,960	13	47,618
Current and deferred tax liabilities	3,775	(27)	5,187
Other liabilities	63,580	13	56,215
Total equity and liabilities	577,442	4	554,507

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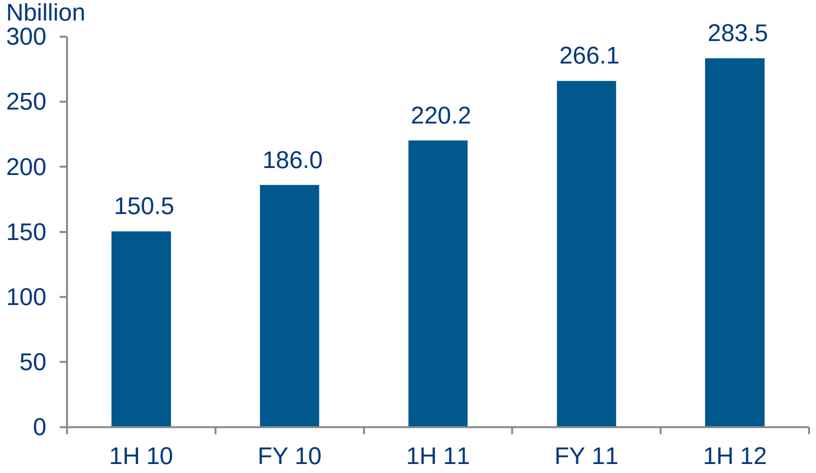
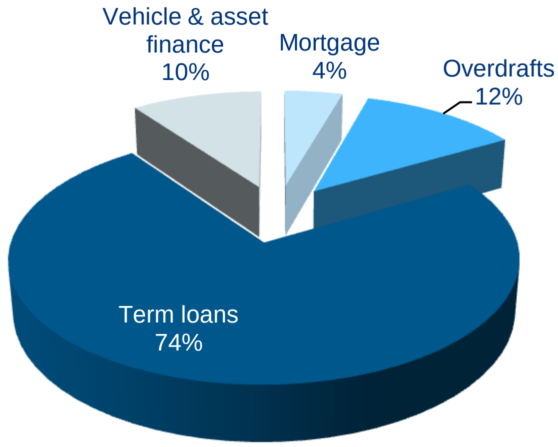
Loans and advances

Gross loans and advances

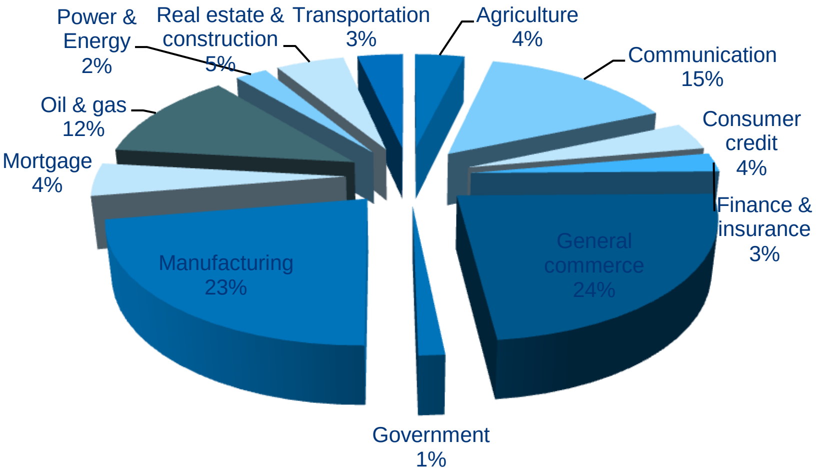
CAGR (1H10-1H12): 37%



Loans and advances by type



Loans and advances by industry



- Continued growth in loan book despite increased competition for quality credit. Loan book was up by 7% in 1H 2012.
- Loan growth was achieved without compromising credit risk management principles.
- Potential increase in annuity income as medium to long term loan book accounted for over 70% of total loan portfolio.
- Increased contribution to total loan book by Personal and business banking business unit from 35% in FY 2011 to 37%.

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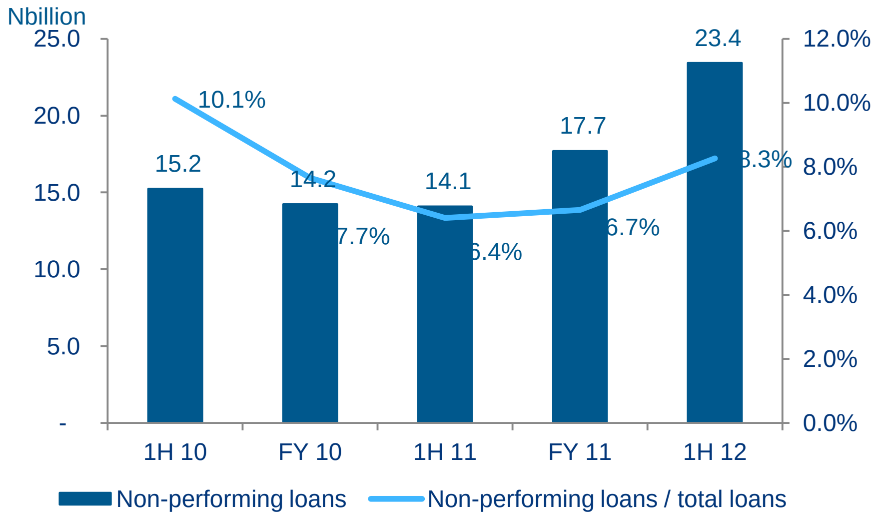
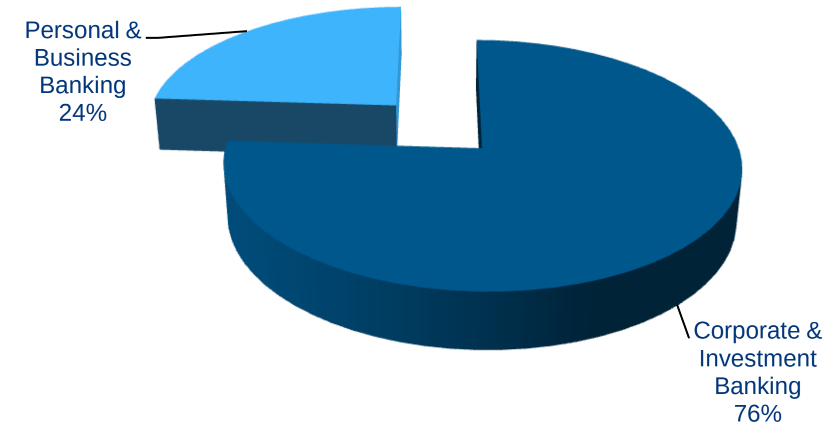
Loan and advances performance

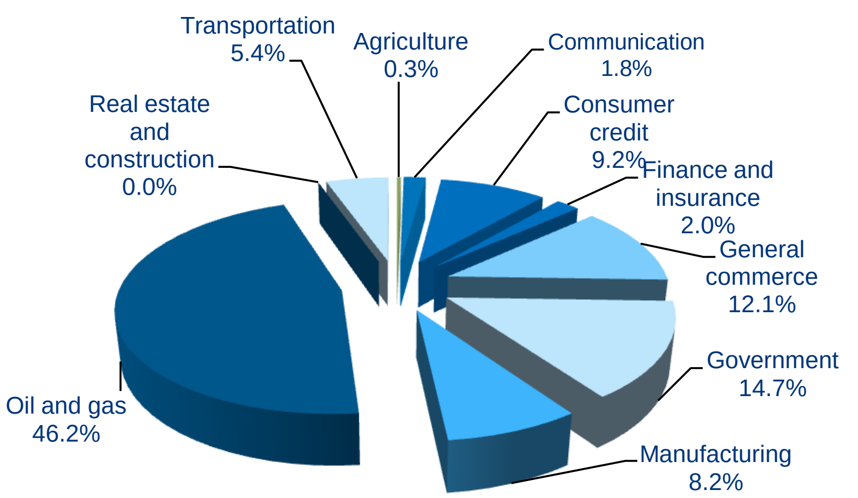
Non performing loans and non-performing loan ratio



Non performing loans contribution by business unit



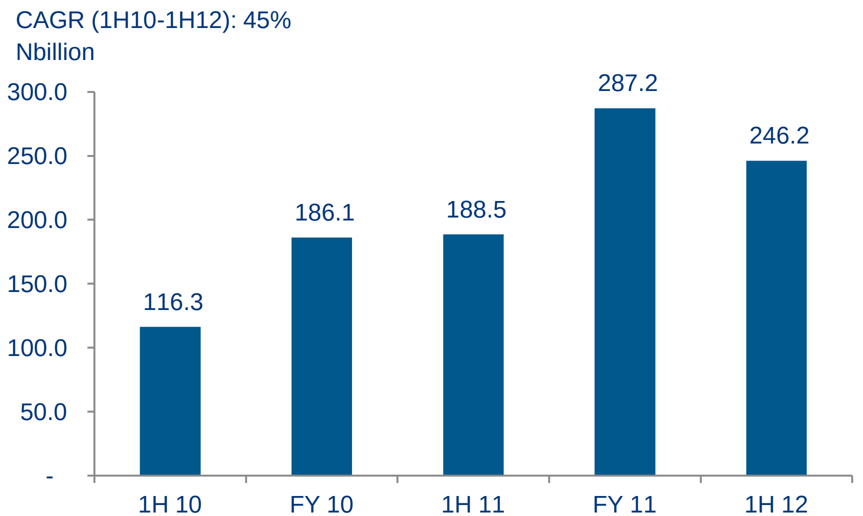
Non-performing loans by industry



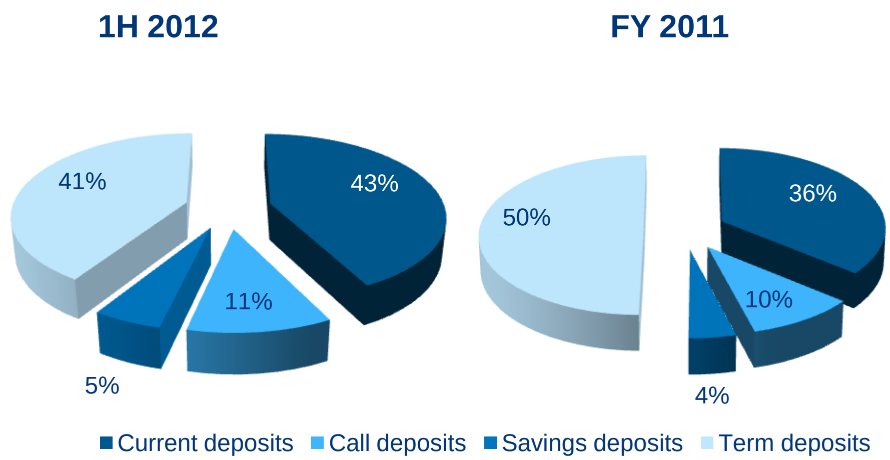
- Increase in NPL to total loan ratio from 6.7% in FY 11 to 8.3%, chiefly as a result of classification of an exposure relating to one government agency.
- The NPLs remain concentrated in one exposure, which accounts for 46% of total NPL book. Remedial action is in progress to resolve the NPL by 2H 2012.
- The NPL coverage ratio was 53%. However when the net present value (NPV) of security held is taking into consideration, the coverage ratio is 219%.

Deposit liabilities

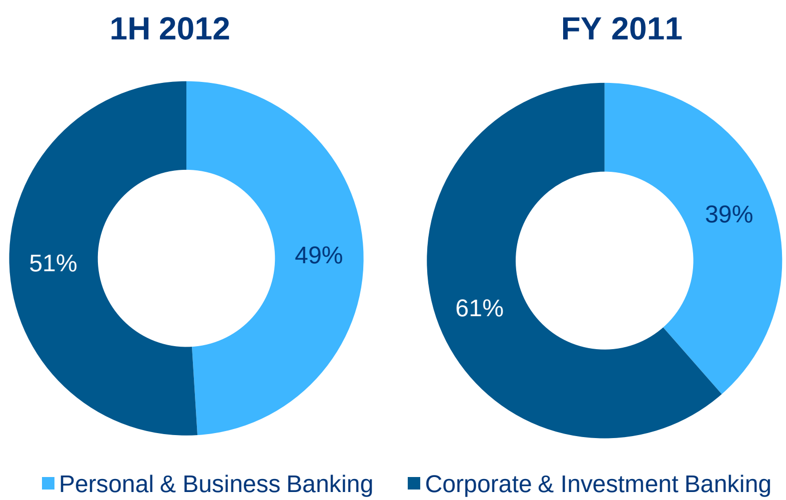
Deposit liabilities



Deposits by type



Contribution by business unit



- Deposit book declined by 14% to N246.2 billion, due to conscious decision to exit expensive funding and improve margin.
- The continued tightening of the monetary policy exerted pressure on the deposit mix. However, the deposit mix in 1H 2012 improved to 59% in favour of low cost deposits as against 50% achieved in FY 2011.
- Growing contribution to deposits and deposit mix by Personal and Business Banking.
- Continue to leverage footprint, mobile money product and other electronic channels to fully improve deposit mix.

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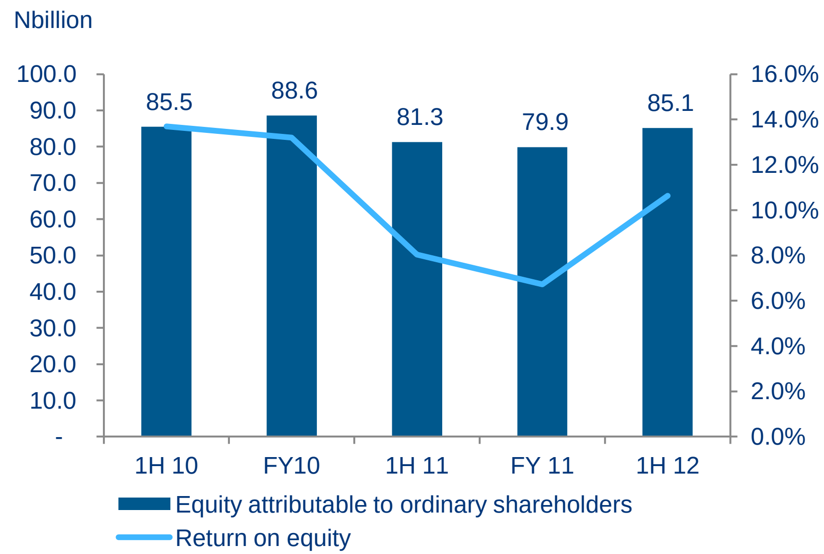
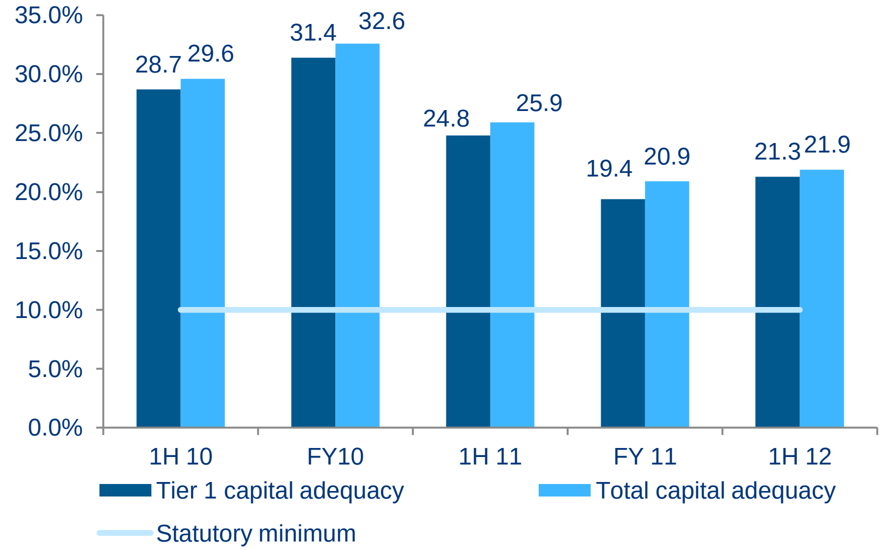
Capital, funding and liquidity

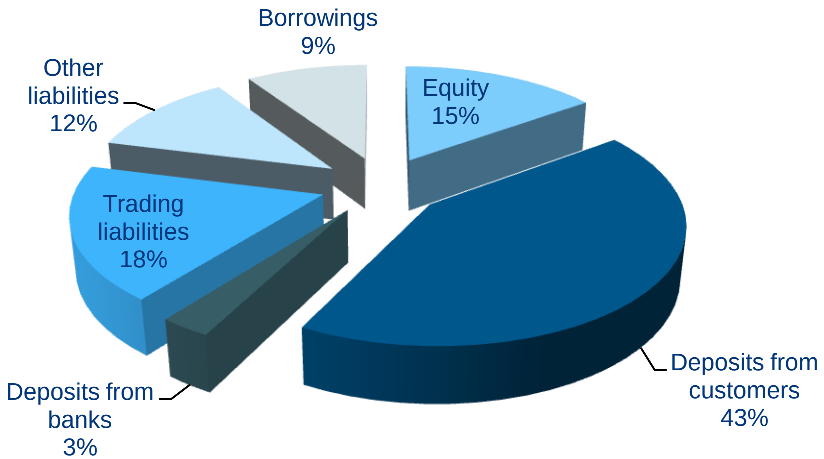
Shareholders' fund



Capital adequacy ratio



Funding mix



- Capital adequacy ratio in excess of 20% and remains adequate for planned growth,
- Target optimum capital adequacy ratio of 15%
- Stable source of funding to exploit market opportunities, as total assets was funded chiefly from deposit liabilities.
- Strong liquidity ratio of 58.6% at the end of 1H 2012, significantly higher than the 30% regulatory minimum.

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Business segment review

Corporate and Investment Banking

Kayode Solola

Executive Director, Corporate & Investment Banking

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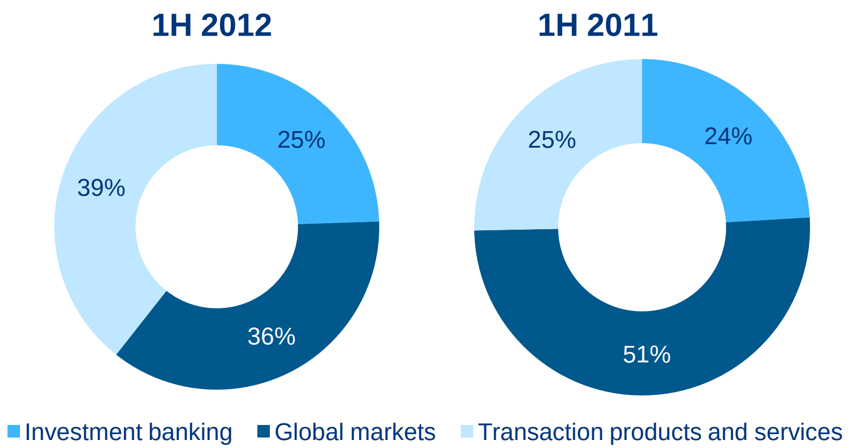
CIB - Abridged financial statement and key ratios

	1H 2012 Nmillion	change %	1H 2011 Nmillion
Net interest income	**5,536**	(26)	7,448
Non-interest revenue	**8,515**	8	7,920
Total income	**14,051**	(9)	15,368
Credit impairment charges	**51**	>(100)	(908)
Operating expenses	**(8,399)**	16	(7,223)
Profit before tax	**5,704**	(21)	7,237
Gross loans and advances	**178,696**	21	147,088
Deposit liabilities	**125,544**	34	93,762
Net interest margin (%)	**2.8**		4.6
Cost-to-income ratio (%)	**59.8**		47.0
NPL/total loan ratio (%)	**10.0**		7.3

Contribution to total income by business unit



- Net interest income suffered from increasing funding costs, with the resultant margin compression.
- Non-interest revenue benefitted from growth in holdings under custody, closure of a few good advisory mandates within investment banking, growth in trading revenue in global markets and increased transaction volumes and activities. However, it was impacted adversely by the bearish trend in the capital market especially in the first quarter of 2012.
- Increased contribution from transaction products and services business unit to total revenue, a function of our growing relationships and increased transaction volumes

Personal and Business Banking

Obinnia Abajue

Head, Personal & Business Banking

Stanbic IBTC Bank

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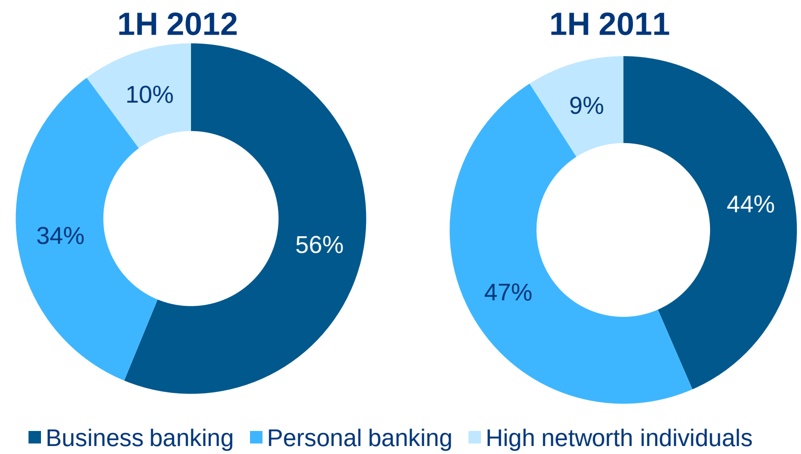
PBB - Abridged financial statement and key ratios

	1H 2012 Nmillion	change %	1H 2011 Nmillion
Net interest income	**8,277**	36	6,054
Non-interest revenue	**2,465**	27	1,946
Total income	**10,692**	34	8,000
Credit impairment charges	**(1,342)**	18	(1,137)
Operating expenses	**(12,232)**	8	(11,278)
Profit before tax	**(2,882)**	35	(4,415)
Gross loans and advances	**104,776**	43	73,118
Deposit liabilities	**120,655**	27	94,759
Net interest margins (%)	**10.1**		13.6
Cost-to-income ratio (%)	**114.4**		141.0
NPL to total loan ratio (%)	**5.4**		4.6

Contribution to total income by business unit



- Total income was driven by growth in loan book and increased transaction volumes and activities, a function of our enlarged branch network.
- Strong growth in retail deposits in the right mix positively affected interest expense.
- Reduction in year-on-year loss position.
- Strong contribution to revenue from Business banking business segment

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PBB – Moving in the right direction!

Key indicator	1H 2010	1H 2011	1H 2012	CAGR (1H10 -1H12)
Total revenue (Nmillion)	5,324	8,000	10,692	42%
Total deposits (Nmillion)	72,120	94,759	120,655	29%
Loans and advances (Nmillion)	41,233	73,118	104,776	59%
Number of accounts	405,122	451,289	586,506	20%
Number of branches	114	160	174	24%
Number of ATMs	166	169	203	11%
Awards /Recognition	Ranked 4th in retail business segment in the KPMG's Customer Satisfaction survey	Ranked 3rd in retail business segment in the KPMG's Customer Satisfaction survey	Ranked 3rd in retail and SME business segments in the KPMG's Customer Satisfaction survey	

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Wealth

Demola Sogunle

Chief executive officer,
Stanbic IBTC Pension Managers Limited

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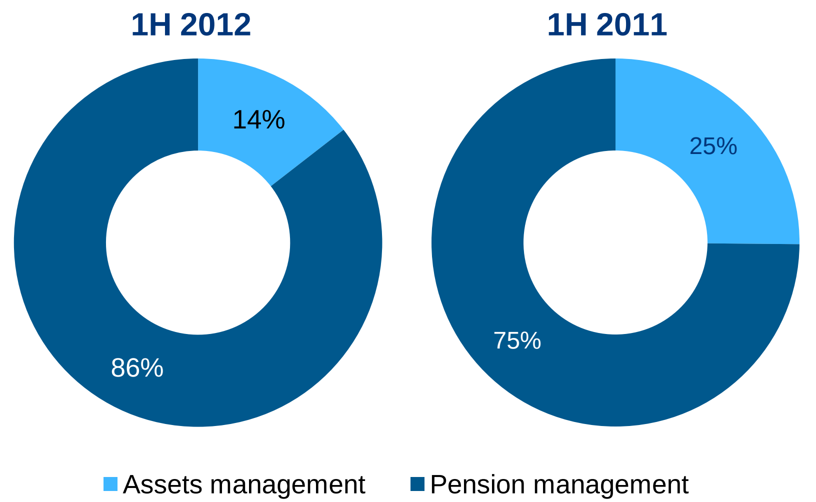
Wealth - Abridged financial statement and key ratios

	1H 2012 Nmillion	change %	1H 2011 Nmillion
Net interest income	**725**	99	364
Non-interest revenue	**5,580**	25	4,475
Total income	**6,305**	30	4,839
Operating expenses	**(3,009)**	33	(2,267)
Profit before tax	**3,296**	28	2,572
Assets under management	**832,683**	35	617,743
Retirement savings accounts (number)	**994,903**	6	936,000
Cost-to-income ratio (%)	**47.7**		46.8

Contribution to total income by business unit



- Sustained growth in revenues, assets under management and number of retirement savings accounts.
- One-off regulatory induced investment in technology adversely affected operating expenses.
- Reduced contribution to total revenue by the Asset Management arm of wealth business due to the bearish performance of the capital market in the first half of 2012.

New corporate structure

Sola David-Borha
Chief executive officer

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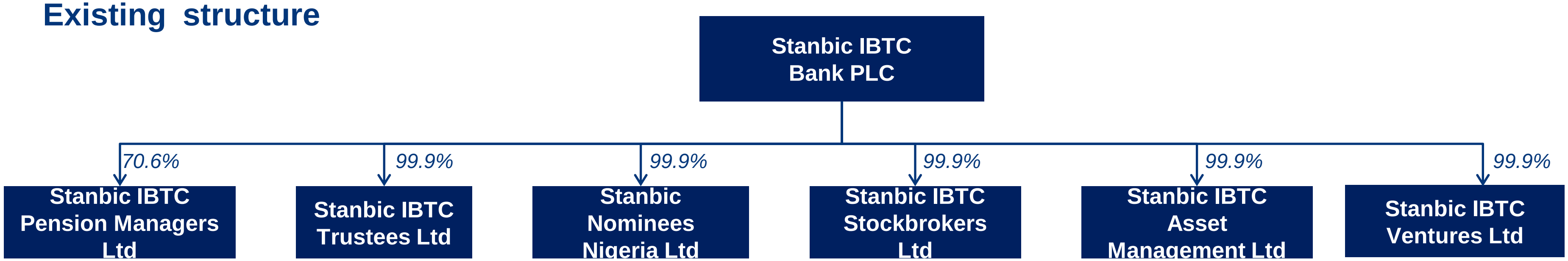
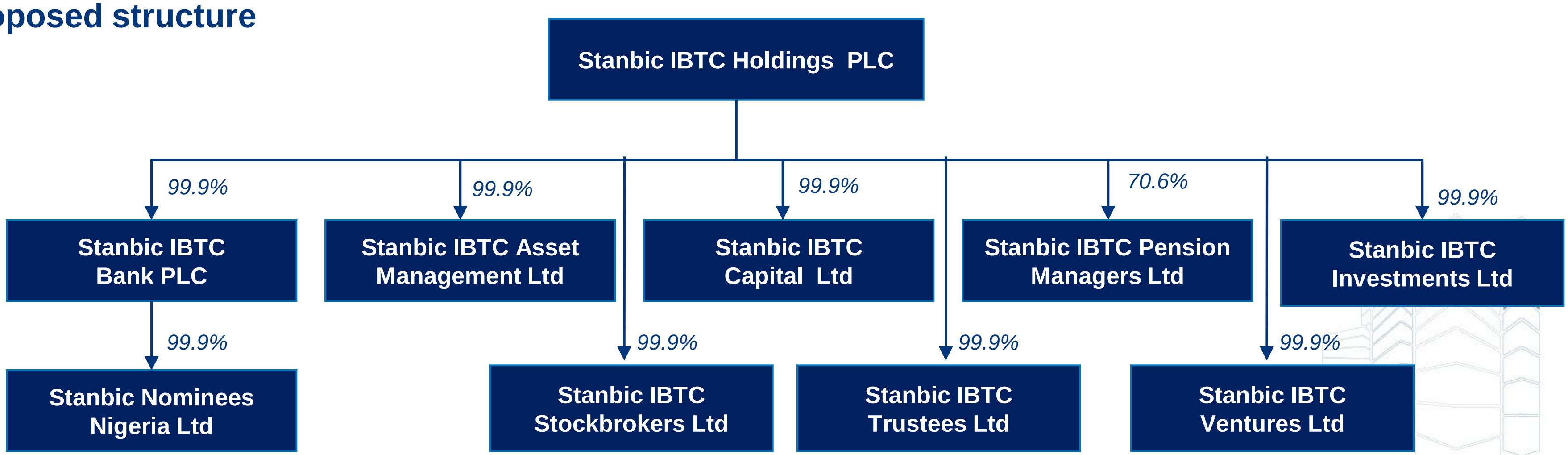
New corporate structure

- Stanbic IBTC Bank ("The Bank") is a universal bank engaging in banking and non-banking activities
- The Bank will adopt a Holding company ("HoldCo") structure in order to retain all its existing lines of business

Existing structure



Proposed structure



New corporate structure

- The non-operating HoldCo (Stanbic IBTC Holdings PLC) will hold the shares of a commercial banking subsidiary, which will be duly licensed by the CBN.
- HoldCo will also become the parent company of all existing subsidiaries. Stanbic Nominees Nigeria Ltd will however remain a subsidiary of the Bank.
- Two new companies (Stanbic IBTC Capital Ltd and Stanbic IBTC Investments Ltd) have been incorporated to continue some of the existing lines of business conducted by the Bank. They are also subsidiaries of the HoldCo.
- The proposed restructuring **will result in no adverse changes to the rights and ownership of existing shareholders of Stanbic IBTC.**

Benefits of the proposed structure

- It will enable shareholders benefit from the entire business.
- Reoganising under HoldCo will ensure that shareholders retain the same exposure to the financial services that they have currently.
- To enable the Bank provide end-to-end financial solutions to its clients in line with its vision.
- The holding company structure is consistent with the group-wide approach of the Standard Bank Group, which would allow the various subsidiaries to call on the group-wide expertise of the parent model.
- The HoldCo will ensure that the commercial bank's retail depositors are not exposed to the risks associated with the non-banking activities of the remainder of the group.
- All customers of Stanbic IBTC and its subsidiaries will continue to enjoy the services currently provided through the other subsidiaries.
- By keeping all existing lines of business, the employee base would not be affected adversely.

New corporate structure

The Proposal

- The proposed reorganisation will have the following features

a) Transfer of subsidiaries

- ✓ Stanbic IBTC Bank will transfer all of its shares in the 5 subsidiaries (Stanbic IBTC Pension Managers Ltd; Stanbic IBTC Asset Management Ltd; Stanbic IBTC Stockbrokers Ltd; Stanbic IBTC Trustees Ltd; Stanbic IBTC Ventures Ltd) to Stanbic IBTC Holdings PLC.

b) Share cancellation

- ✓ The capital held in Stanbic IBTC Bank is considered excessive for its future role post the restructuring. The proposed share cancellation means that excess capital will be returned to shareholders.
- ✓ 4 out of every 5 ordinary shares held by ALL the Bank shareholders will be cancelled, with each Bank shareholder receiving 50k for each cancelled share, being the par value of such shares.

c) Reorganisation of capital

- ✓ HoldCo will have 10 billion issued and fully paid up shares of 50 kobo.
- ✓ The capitalisation of HoldCo will be funded from the Bank's share premium account, which will be reduced by N5 billion. N3.5 billion of this fund will be invested in Stanbic IBTC Capital Limited by HoldCo.

New corporate structure

d) Exchange of Post-Cancellation Shares for HoldCo shares

- HoldCo shares to be issued to the Bank shareholders will be equivalent to approximately 2.67 times of the number of the Bank shares held after share cancellation.

- Fractional shares resulting from the share exchange will be rounded off to the nearest whole number.

e) Delisting and listing

- The NSE and the CSCS will be notified and requested to suspend trading in Stanbic IBTC Bank's shares with effect from 1 working day subsequent to Court Sanction.

- The shares of the Bank will be fully suspended and trading will no longer be permissible with effect from the working day after Court Sanction.

- It is expected that the closing price of Stanbic IBTC Bank shares as at Effective Date on The NSE, adjusted to account for the share cancellation, will serve as a reference point for the listing price for Stanbic IBTC Holdings PLC.

New corporate structure

Impact on shareholders

- The change in legal structure ***has no material impact*** on shareholders. Shareholders of Stanbic IBTC Bank PLC will become shareholders of Stanbic IBTC Holdings PLC.

- The ***percentage of shareholding will not change*** as a result of the restructuring. Therefore, a shareholder with 1% of Bank's shares before the new legal structure will continue to own 1% of Stanbic IBTC Holdings.

- The ***number of shares will change***. 4 out of every 5 of the Bank's shares will be cancelled and shareholders will receive 50 kobo for each cancelled share. The remaining Bank share will be multiplied by 2.67 times to give the new number of HoldCo shares. This means that a shareholder with 100 Bank shares, 80 shares will be cancelled and will be left with 20 shares. The 20 Bank shares will be multiplied by 2.67 which then gives 53.4 HoldCo shares. All fractional shares will be rounded to the nearest whole number, which means that the shareholder will now have 53 shares.

- The ***value of the share investment will not be impacted*** as a result of the new legal structure. If any change occurs in the value of a shareholder's investment, it will be as a result of market forces and not the change in legal structure.

- Shareholders with less than five shares will be paid for these shares. The payment will be based on the volume weighted average price of the shares over the preceding 360 day period as at Effective Date.

Prospect and outlook

Stanbic IBTC Bank
A member of Standard Bank Group

Prospect and outlook

Key focus in 2H 2012

- Growing our low cost and stable deposits ratio to 70% from 59% currently;
- Cross sell – maximizing our share of wallet from every client interaction;
- Cost optimization – getting maximum value from each naira we spend and focusing spend on those aspects that will assist in growing our franchise;
- Diversify revenue streams to increase contribution from transactional income; and
- Drive our mobile payment strategy .

We therefore expect:

- Margin to stabilise at 1H 2012 level
- Risk asset and deposit growth of 20%.
- Cost to income ratio to stabilise, and show signs of decline
- Our Wealth businesses to continue to be leading players in both the pension and non-pension fund management areas.

- We remain cautiously optimistic about 2H 2012.

Q & A