

# Standard Bank Africa Investors' Conference

New York, 8 – 9 October 2013

# Contents

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- ❑ Nigeria: Overview
- ❑ The Nigerian banking industry
- ❑ Stanbic IBTC: Key facts about us
- ❑ Business overview
- ❑ Financial results – 1H 2013
- ❑ Strategy overview

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# NIGERIA – A snapshot



<b>Population</b> 170.1m (December 2012)	<b>Capital</b> Abuja  <b>Commercial city</b> Lagos	<b>Credit rating</b>  Fitch : BB- S&P: BB- Moody's : Ba3
<b>Main exports</b>  Petroleum & its products, cocoa, rubber	<b>Main imports</b>  Industrial supplies Transport equipment Capital goods	<b>External reserves</b>  US\$46.2 billion (September 2013)
<b>GDP</b>  USD322.1 billion (Q2 2013)	<b>GDP average growth rate</b> 6.2% (Q2 2013)	<b>Oil production output</b>  1.4 million bpd (August 2013)
<b>Headline inflation rate</b>  8.2% (August 2013)	<b>Monthly average official exchange rate</b>  N157.32/USD1 (August 2013)	<b>Monetary policy rate</b>  12.0% (August 2013)

## Investment case for Nigeria

- ➡ Yet to be fully exploited of abundant resources
- ➡ Free market economy
- ➡ Robust private sector
- ➡ Fast growing financial sector
- ➡ Skilled and low cost labor

# Nigeria - SWOT-PEST analysis

 The Nigerian economy remains resilient and maintains its position as the second largest economy in Africa (after South Africa) and among the fastest growing in the region.

	Political	Economy	Social	Technology
Strength	<ul style="list-style-type: none"> <li>• Political stability since 1999</li> <li>• Regional political leader in Africa.</li> </ul>	<ul style="list-style-type: none"> <li>• Oil producing - Higher Revenue stream</li> <li>• Minerals &amp; land endowment</li> <li>• Young population ratio</li> <li>• Large consumers</li> <li>• Relatively stable exchange rate</li> </ul>	<ul style="list-style-type: none"> <li>• Big human capital resources</li> <li>• Cultural &amp; religious diversity</li> <li>• Multi ethnicity</li> <li>• Large population size (20% of Africa population)</li> </ul>	<ul style="list-style-type: none"> <li>• Computerization of Govt &amp; private sector business</li> <li>• Telecoms revolution</li> <li>• Launch of Nigeria SAT 1</li> </ul>
Weakness	<ul style="list-style-type: none"> <li>• Weak fiscal federalism</li> <li>• Resource control</li> <li>• Increasing ethnic &amp; religious restiveness</li> </ul>	<ul style="list-style-type: none"> <li>• Inadequate data for planning</li> <li>• Weak “doing business” indicators</li> </ul>	<ul style="list-style-type: none"> <li>• High illiteracy rate</li> <li>• Ethnic Conflict</li> <li>• Infrastructure inadequacy.</li> <li>• Weak national database to drive consumer lending</li> </ul>	<ul style="list-style-type: none"> <li>• Large capital outlay for start-ups</li> <li>• illiteracy</li> <li>• Slow ICT innovation</li> </ul>
Opportunity	<ul style="list-style-type: none"> <li>• Growing international recognition</li> <li>• Widening political participation</li> <li>• Successful political transition processes</li> </ul>	<ul style="list-style-type: none"> <li>• Economic Reforms - Power, Oil &amp; gas, and Agriculture reforms</li> <li>• Huge infrastructural development</li> <li>• Increasing bulge of consumerist population</li> </ul>	<ul style="list-style-type: none"> <li>• Cultural &amp; Tourism potentials</li> <li>• Emerging PPP in infrastructure building - concessioning, privatisation and deregulation</li> </ul>	<ul style="list-style-type: none"> <li>• Telecom revolution - E-commerce</li> <li>- E-learning</li> <li>- E-governance</li> <li>- From Cable to Fibre optics technology</li> </ul>
Threat	<ul style="list-style-type: none"> <li>• Weak opposition formed into one party to challenge the ruling party</li> <li>• Fiscal Indiscipline</li> <li>• Ethnic frictions.</li> <li>• Policy uncertainty</li> </ul>	<ul style="list-style-type: none"> <li>• High cost of doing business (decaying infrastructure)</li> <li>• Crime &amp; insecurity</li> </ul>	<ul style="list-style-type: none"> <li>• Security threat in the North</li> <li>• Environmental degradation</li> <li>• Lack of social security system</li> </ul>	<ul style="list-style-type: none"> <li>• IT security (hacking)</li> <li>• Loss of markets</li> <li>• Dominance of foreigners in the IT industry</li> </ul>

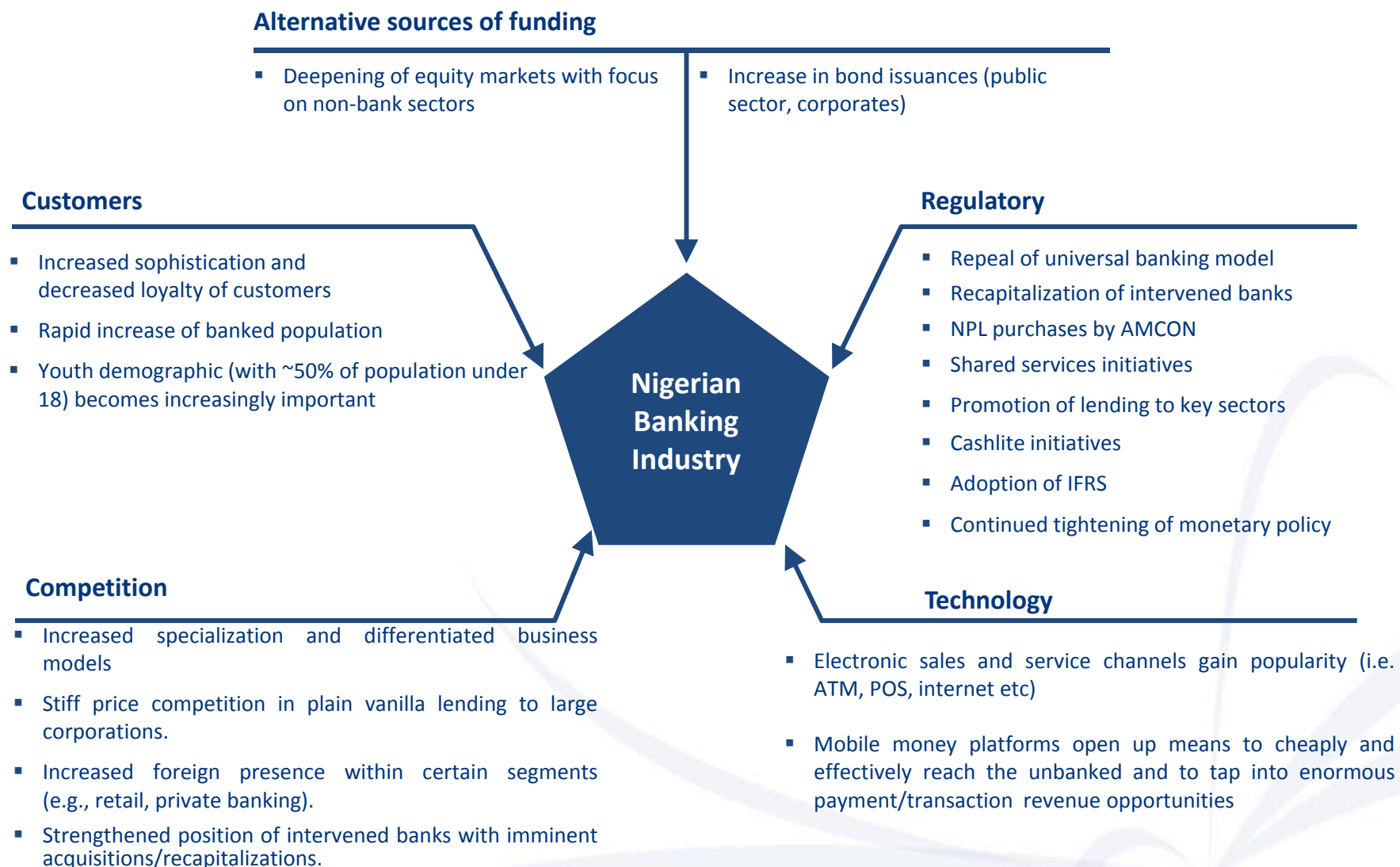
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# The Nigerian banking landscape

## Key drivers of change



# Banking Industry – SWOT Analysis



The banking industry has witnessed a lot of structural changes in the last few years and has become stronger in terms of capitalisation, corporate governance and quality of earnings.

## Strength

- Large and growing population
- Regional and global macroeconomic outperformer
- Improved regulatory environment
- Highly adaptive to improved technology
- Improved risk management

## Weakness

- High interest rate environment, with negative impact on margins
- Low private sector lending

## Opportunity

- Mobile banking and non interest banking opportunities
- Room for lending to SMEs and Agric sector
- Improving asset quality with the existence of AMCON

## Threat

- Constant regulatory changes
- Downward pressure /Cap on rates & fees by CBN
- Systemic issues with recent fraud discovered in a discount house



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# Stanbic IBTC: Key facts about us

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## Brief history

- The Standard Bank Group (SBG) merged its Nigerian operations, Stanbic Bank Nigeria (SBN) with that of IBTC Chartered Bank PLC (IBTC) on 24 September 2007. This merger resulted in the birth of Stanbic IBTC Bank PLC
- Prior to the merger with SBG, Investment Banking & Trust Company (IBTC) merged with Chartered Bank and Regent Bank in 2005 and was thereafter known as IBTC Chartered Bank PLC - a universal bank. At the time of the merger with Stanbic Bank Nigeria, IBTC Chartered Bank PLC was the leading investment bank in Nigeria
- On November 23, 2012, Stanbic IBTC adopted the Holding Company structure with the listing of Stanbic IBTC Holdings Plc's shares and the delisting of Stanbic IBTC Bank's shares on The Nigerian Stock Exchange
- SBG holds 53.15% of Stanbic IBTC listed stock, the remainder is widely held. Stanbic IBTC has over 101,000 shareholders

# Stanbic IBTC: Key facts about us

**Our Vision :** To be the leading end-to-end financial solutions provider in Nigeria through innovative and customer-focused people

## Parent

Standard Bank Group  
(largest bank in Africa by assets and earnings)

## Evolution

2005: IBTC merged with Chartered and Regent Banks to become IBTC Chartered Bank.  
2007: Stanbic Nigeria merged its operations with IBTC Chartered to become Stanbic IBTC Bank PLC.  
2012: Adopted the Holding Company structure

**No of employees**  
Over 2,500

## Business units

Personal and Business Banking  
Corporate and Investment Banking  
Wealth

## Channels

Branches: 180  
ATMs: 344  
POS: 5,117

## Credit rating

Fitch : AAA (nga)

## Market capitalisation

N192.0 billion  
(30<sup>th</sup> September 2013)

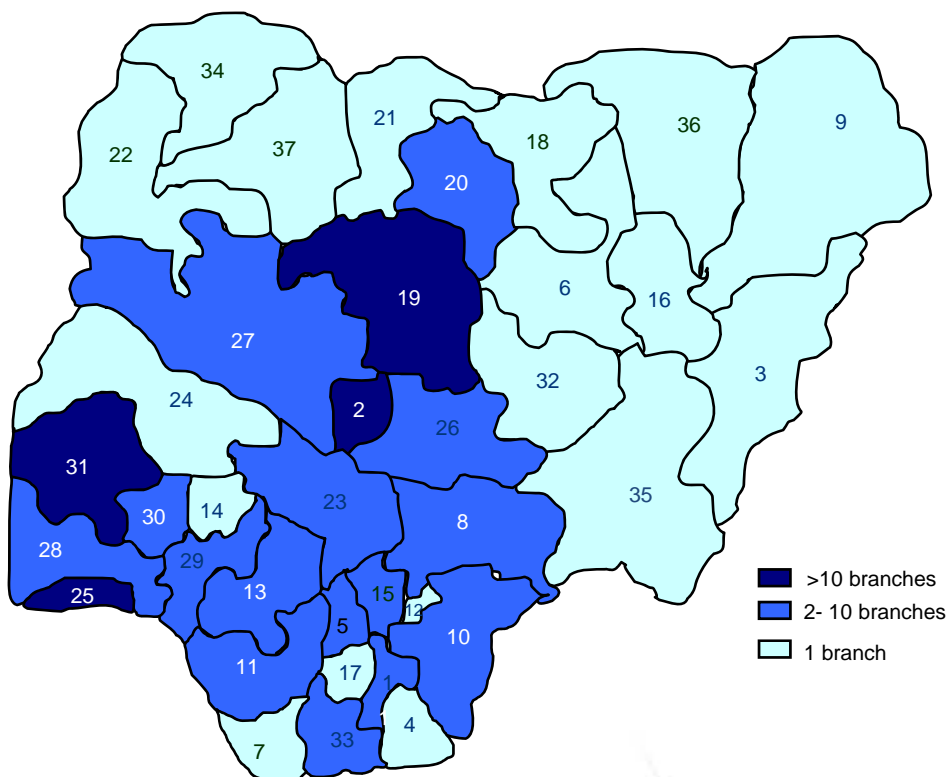
## Subsidiaries

Stanbic IBTC Bank PLC  
Stanbic IBTC Capital Ltd  
Stanbic IBTC Pension Managers Ltd  
Stanbic IBTC Stockbrokers Ltd  
Stanbic IBTC Asset Management Ltd  
Stanbic IBTC Trustees Ltd  
Stanbic IBTC Investment Ltd  
Stanbic IBTC Ventures Ltd

## Recent Awards & Recognition



## Key facts about us – our footprint



Map code	State	Total
1	Abia	4
2	Abuja	12
3	Adamawa	1
4	Akwa Ibom	1
5	Anambra	3
6	Bauchi	1
7	Bayelsa	1
8	Benue	2
9	Borno	1
10	Cross River	3
11	Delta	3
12	Ebonyi	1
13	Edo	5
14	Ekiti	1
15	Enugu	2
16	Gombe	1
17	Imo	1
18	Jigawa	1
19	Kaduna	11

Map Code	State	Total
20	Kano	6
21	Katsina	1
22	Kebbi	1
23	Kogi	2
24	Kwara	1
25	Lagos	68
26	Nasarawa	2
27	Niger	3
28	Ogun	6
29	Ondo	2
30	Osun	3
31	Oyo	16
32	Plateau	1
33	Rivers	9
34	Sokoto	1
35	Taraba	1
36	Yobe	1
37	Zamfara	1
<b>Total</b>		<b>180</b>

- Now present in all the states of the country. Branch expansion is targeted at economic centers and the unbanked and under banked sectors of the economy e.g. the traders market.
- Grew branch network from 70 in 2009 to 180 as at September 2013.

# Stanbic IBTC – SWOT Analysis



SIBTC has witnessed a lot of structural changes in the last few years and has gained strength in terms of capitalisation, corporate governance and quality of earnings.

## Strength

- Good capitalisation and liquidity
- Only international bank with end-to-end financial services offering
- Only bank in Nigeria with AAA(nga) credit rating from Fitch
- Strong corporate governance practices
- Robust risk management policies
- Stable and experienced management
- Implicit support of parent company

## Weakness

- Low market share
- High funding cost
- Weak presence in public sector banking

## Opportunity

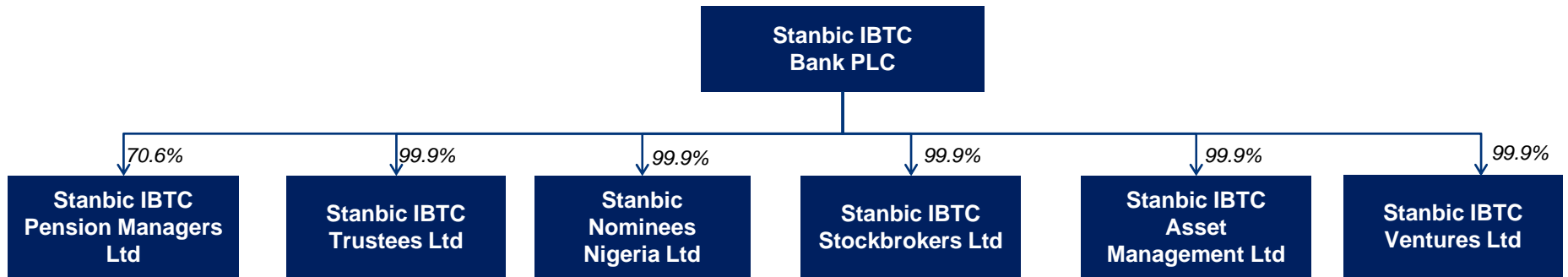
- Opportunity for cross selling among group entities
- Earning opportunities from non-interest banking, mobile money and e-banking products
- Leverage on parent company's resources and Africa wide presence

## Threat

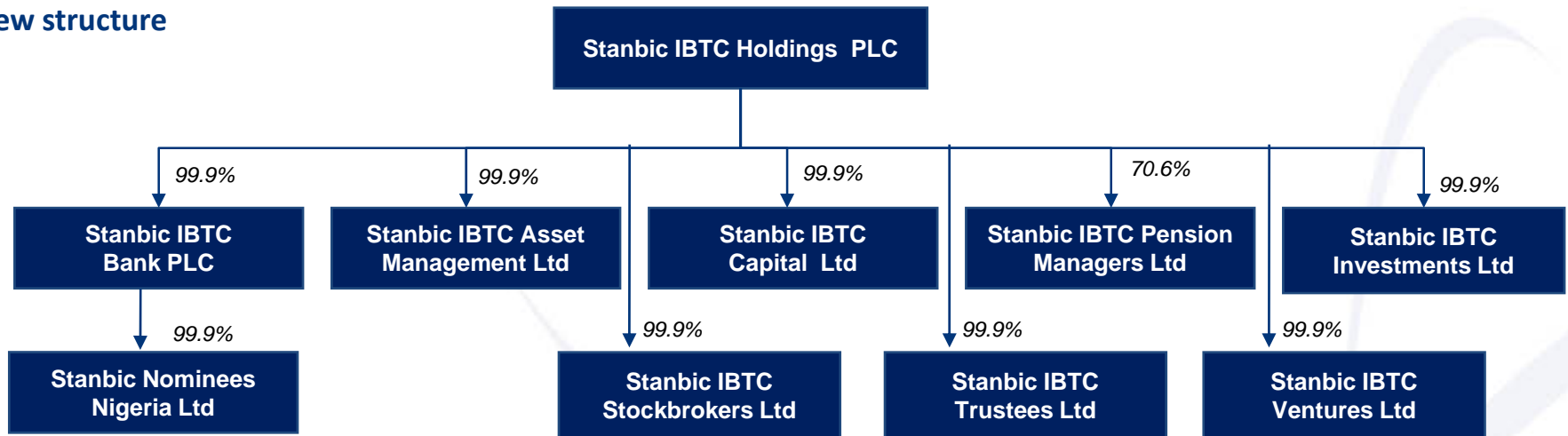
- Tendency towards oligopoly in the banking industry as a result of recent mergers
- Relatively low proportion of low cost funding

# Stanbic IBTC restructuring

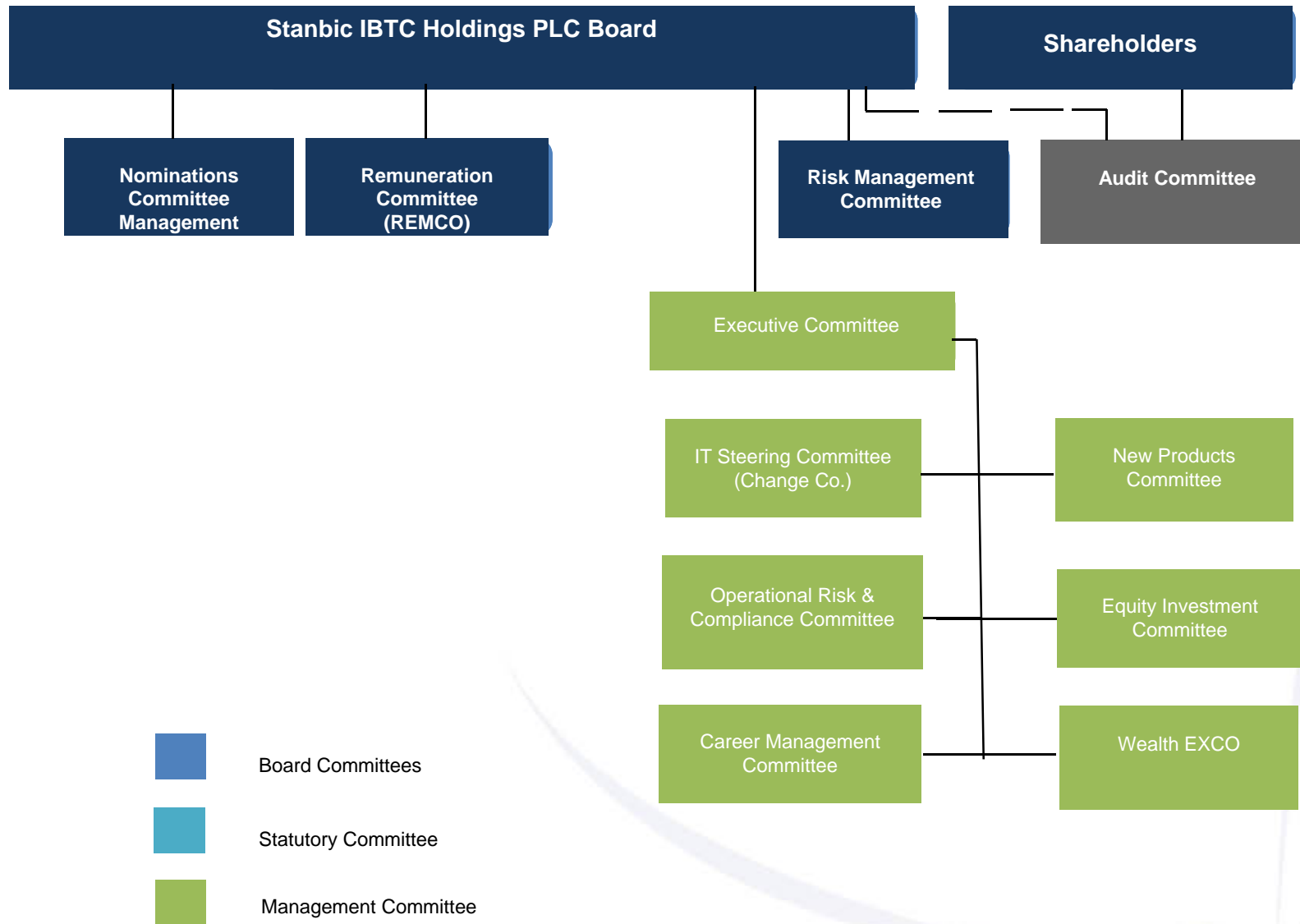
## Former structure



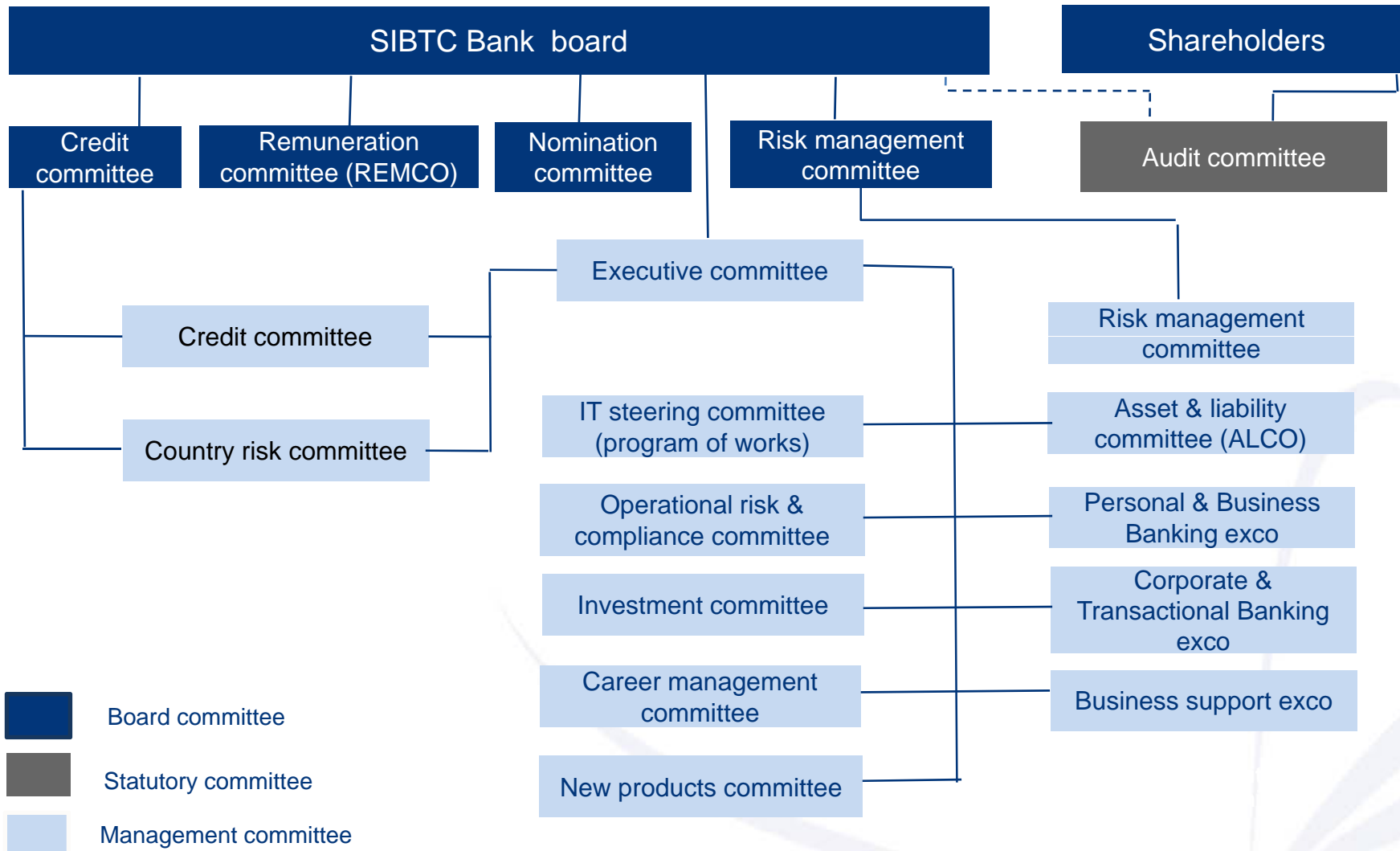
## New structure



# Governance structure - Group



# Governance structure - Bank





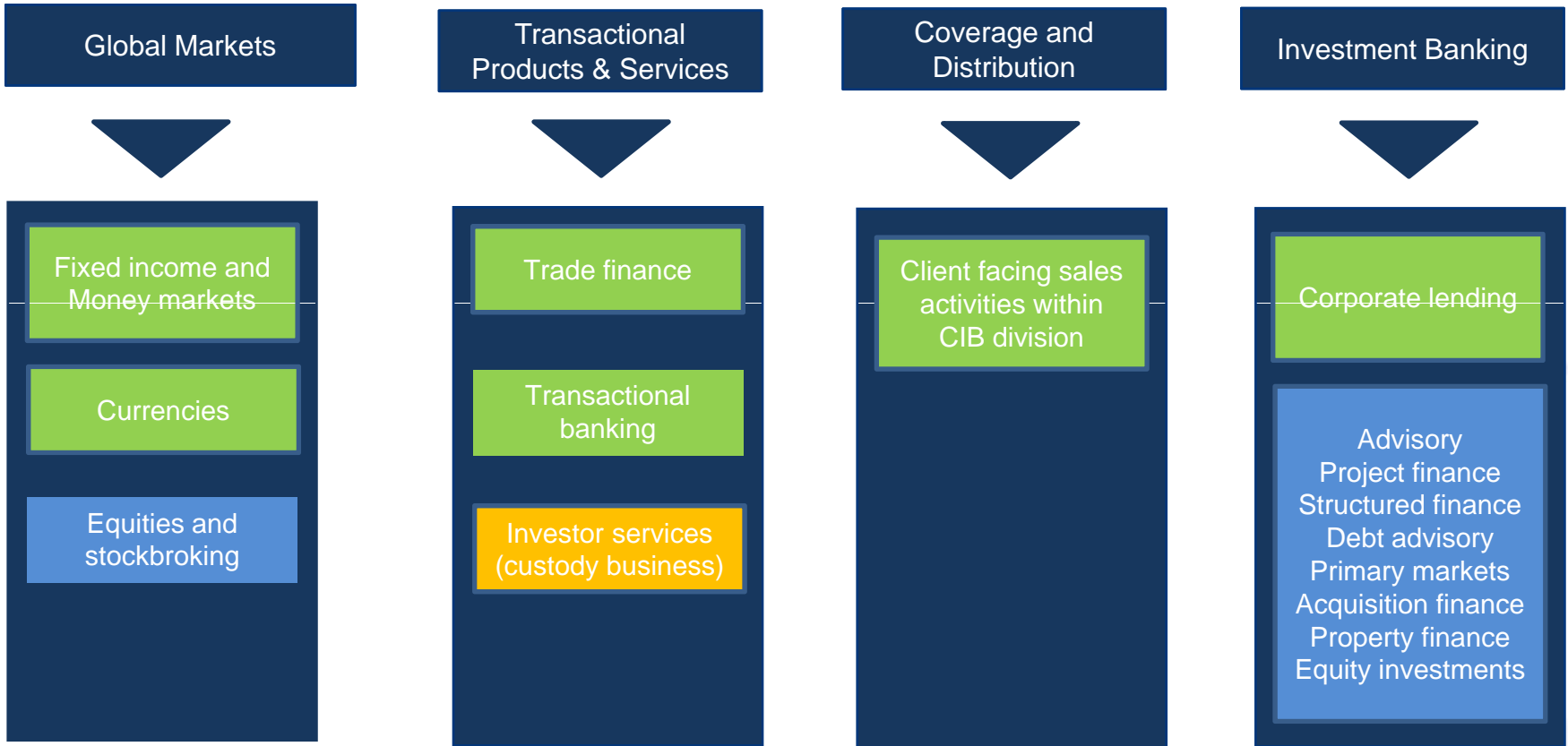
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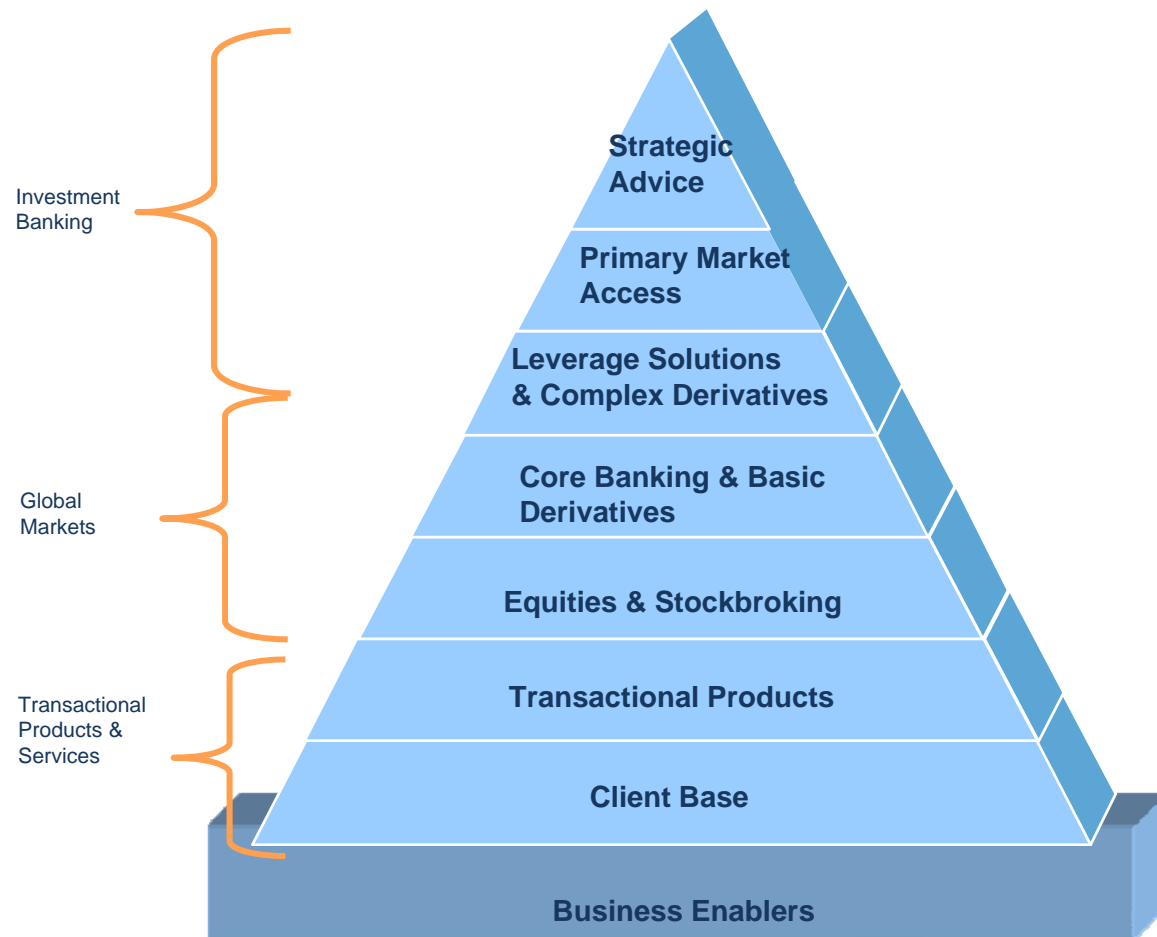
# Group Corporate and Investment Banking Business Structure

Responsible for all aspects of corporate and investment banking services to governments, parastatals, large corporates, financial institutions and international counterparties. Services offered through four companies – SIBTC Bank PLC, SIBTC Nominees, SIBTC Stock Brokers and SIBTC Capital.



- Services offered by the bank
- Services offered through banking subsidiary
- Services offered through non-banking entities

# Corporate & Investment Banking (CIB)

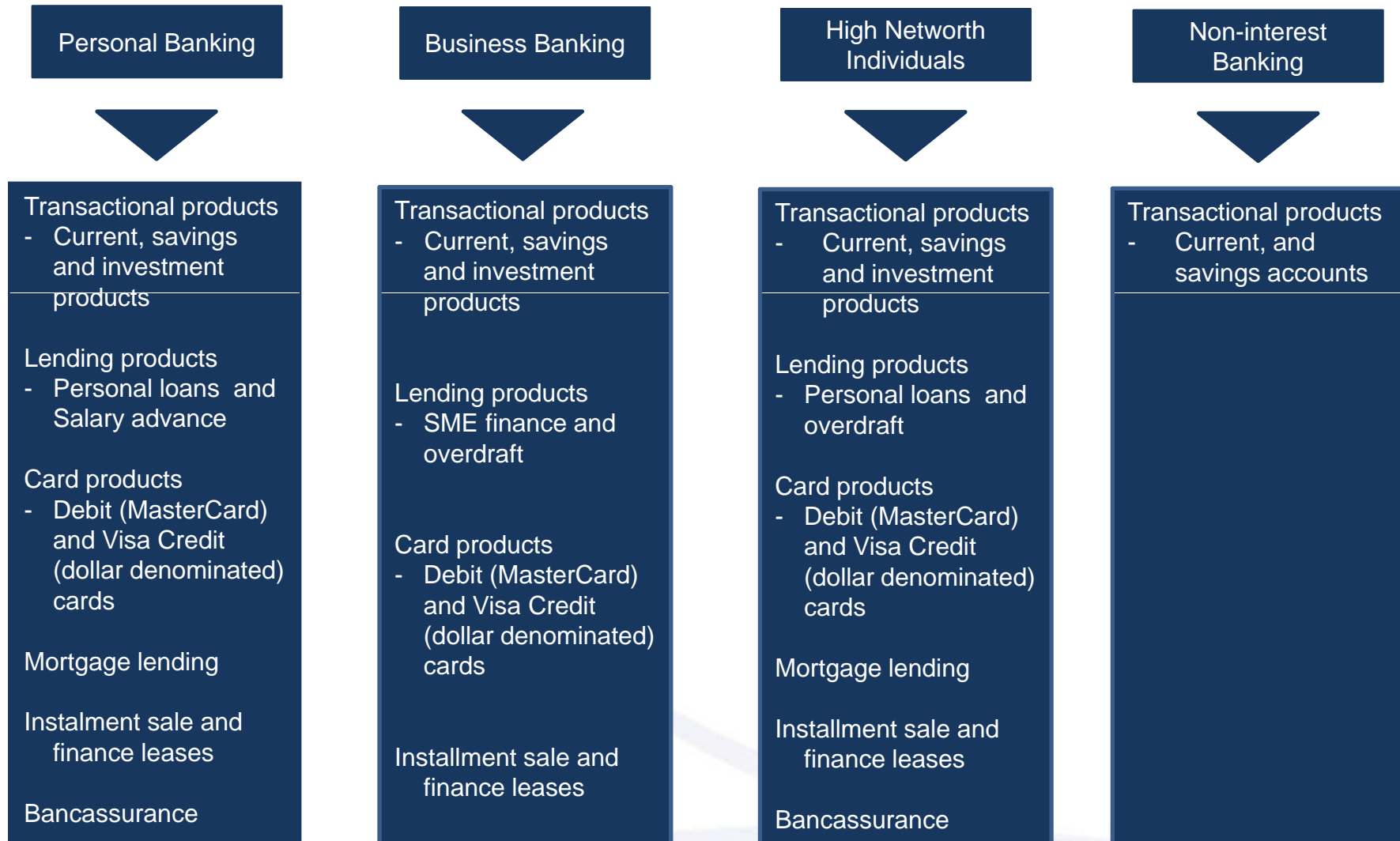


Market leader in:

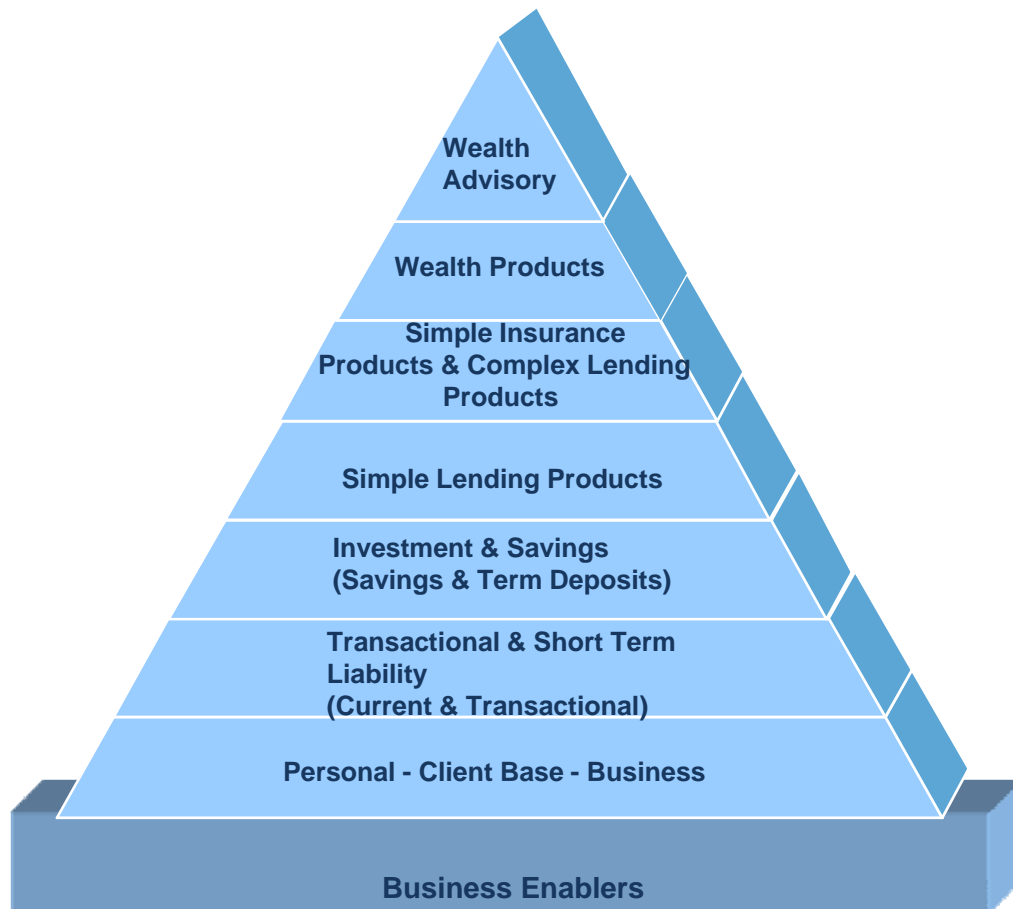
- Global Markets
- Stock broking
- Custody services
- Domestic advisory
- Project finance
- Leveraged & acquisition finance
- Cross border transactions

# Personal and Business Banking (PBB) structure

Banking, investment and other financial services to individuals and small-to-medium-sized enterprises. All these services are offered through SIBTC Bank PLC.



# Personal & Business Banking

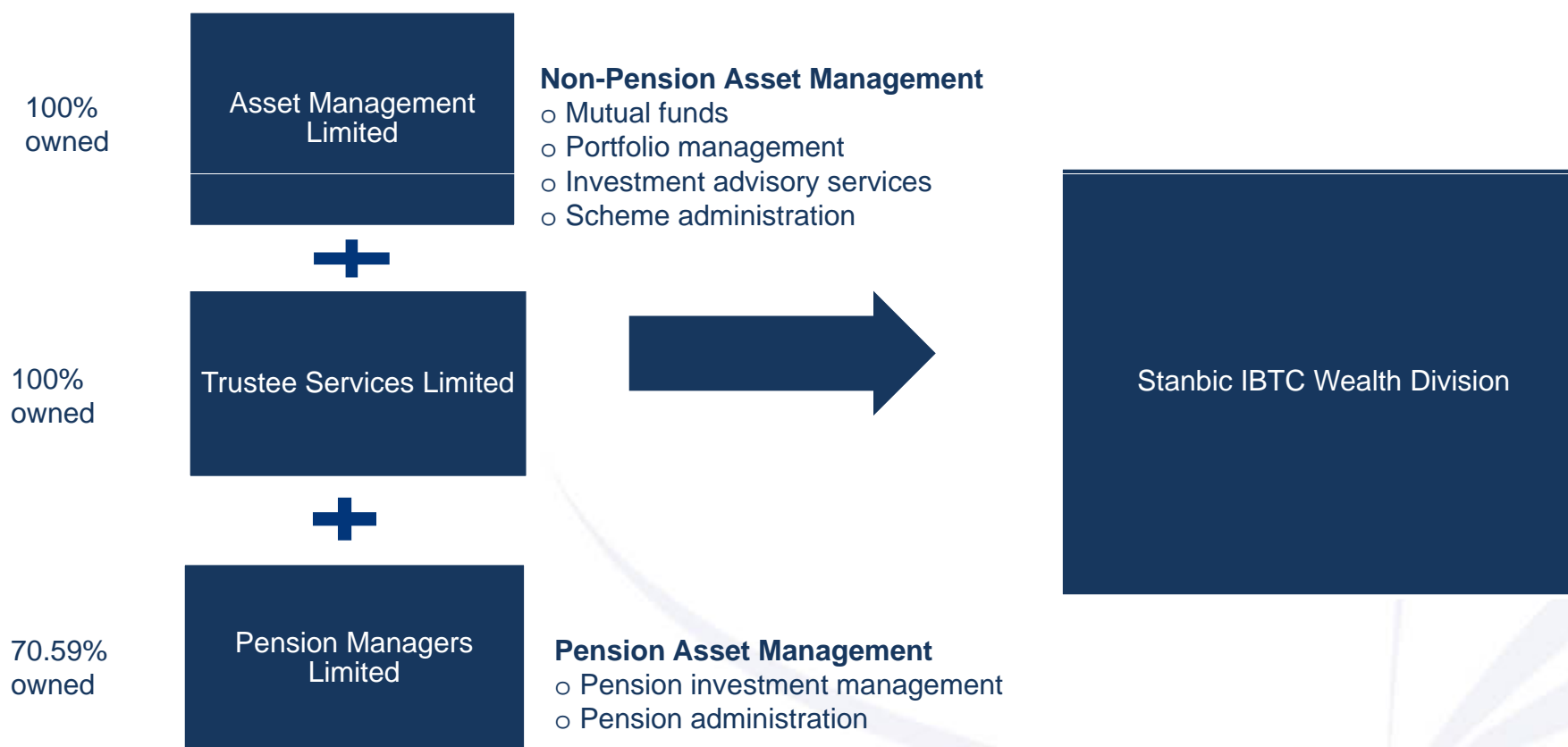


- Number of:
  - Branches : 180
  - ATM's: 344
  - PoS: 5,117
- Service levels: ranked 3<sup>rd</sup> in 2012 in retail and SME business by KPMG
- Market leader in ATM uptime, retail personal loans
- Innovation leader
  - Mobile money payment
  - Trader solution

## Wealth structure

The business unit focuses on private non-pension asset management, pension fund administration (PFA) and trusteeship services.

The non-pension asset management is managed through Stanbic IBTC Asset Management Limited, while pension fund administration & management is managed through Stanbic IBTC Pension Managers Limited and trustee business is managed through Stanbic IBTC Trustees Limited.



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## 1H 2013 results analysis



## 1H 2013: Performance highlights

### *Income statement highlights*

- Gross earnings: up 30% to N54.5 billion (1H 2012: N41.9 billion)
- Net interest income: grew 4% to N17.9 billion (1H 2012: N17.2 billion)
- Non - interest revenue: up 74% to N24.1 billion (1H 2012: N13.8 billion)
- Total income: increased 35% to N42.0 billion (1H 2012: N31.0 billion)
- Profit before tax: up 115% to N13.1 billion (1H 2012: N6.1 billion)
- Profit after tax: grew 104% to N10.2 billion (1H 2012: N5.0 billion)

### *Balance sheet highlights*

- Gross loans & advances of N295.1 billion (FY 2012: N279.5 billion)
- Deposit liabilities of N370.0 billion (FY 2012: N355.4 billion)
- Total assets of N818.3 billion (FY 2012: N676.8 billion)
- Shareholders' funds of N91.8 billion (FY 2012: N83.3 billion)

## 1H 2013: Key performance drivers

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- Continued growth in transactional volumes and activities, with positive impact on revenue;
- Growth in revenues of our capital market related businesses driven by the bullish trend in the capital market performance in 1H 2013;
- Well positioned trading book aided growth in revenue;
- Sustained growth in loan growth and deposit liabilities; and
- Continued improvement in asset quality as evidenced by reduction of non-performing loans;

## 1H 2013: Summarised group income statement

	1H 2013 Nmillion	change %	1H 2012 Nmillion
Interest income	30,382	9	27,996
Interest expense	(12,445)	16	(10,766)
<b>Net interest income</b>	<b>17,937</b>	4	17,230
<b>Non interest revenue</b>	<b>24,068</b>	74	13,818
Net fee & commission revenue	14,981	35	11,102
Trading revenue	8,811	>100	2,586
Other revenue	276	>100	130
<b>Operating income</b>	<b>42,005</b>	35	31,048
Less: Credit impairment charges	(2,368)	84	(1,290)
Operating expenses	(26,512)	12	(23,640)
<b>Profit before tax</b>	<b>13,125</b>	>100	6,118
Tax	(2,940)	>100	(1,125)
<b>Profit after tax</b>	<b>10,185</b>	>100	4,993

## 1H 2013: Group income statement quarterly analysis

	2Q 2013 Nmillion	change %	1Q 2013 Nmillion
Interest income	15,716	7	14,666
Interest expense	(6,034)	(6)	(6,411)
<b>Net interest income</b>	<b>9,682</b>	<b>17</b>	<b>8,255</b>
<b>Non interest revenue</b>	<b>12,196</b>	<b>3</b>	<b>11,872</b>
Net fee & commission revenue	8,013	15	6,968
Trading revenue	3,924	(20)	4,887
Other revenue	259	>100	17
<b>Operating income</b>	<b>21,878</b>	<b>9</b>	<b>20,127</b>
Less: Credit impairment charges	(483)	(74)	(1,885)
Operating expenses	(13,022)	(3)	(13,490)
<b>Profit before tax</b>	<b>8,373</b>	<b>76</b>	<b>4,752</b>
Tax	(1,761)	49	(1,179)
<b>Profit after tax</b>	<b>6,612</b>	<b>85</b>	<b>3,573</b>
<b>Key performance ratios</b>			
Cost-to-income ratio (%)	59.5		67.0
Net interest margin (%)	5.9		5.3
Credit loss ratio (%)	0.7		2.7
After tax return on average equity (%)	27.2		14.9
Non-performing loans to total loans ratio (%)	4.6		5.3

## 1H 2013: Group statement of financial position

	1H 2013 Nmillion	Change %	FY 2012 Nmillion
Cash and balances with central banks	38,879	(49)	76,933
Trading assets	160,871	40	114,877
Pledged and derivative assets	25,237	(3)	26,149
Financial investments	142,522	66	85,757
Loans and advances	375,188	17	320,662
Loans and advances to banks	94,351	74	54,318
Loans and advances to customers	280,837	5	266,344
Current and deferred tax assets	5,146	(1)	5,212
Other assets	47,446	>100	22,771
Property and equipment	23,047	(6)	24,458
<b>Total assets</b>	<b>818,336</b>	21	676,819
Trading liabilities	81,567	(8)	88,371
Derivative liabilities	383	(50)	772
Deposits and current accounts	520,994	36	382,051
Deposits and current accounts from banks	150,974	>100	26,632
Deposits and current accounts from customers	370,020	4	355,419
Other borrowings	49,139	(27)	66,873
Subordinated debt	6,482	>100	-
Current and deferred tax liabilities	5,173	7	4,844
Other liabilities	60,767	26	48,257
<b>Total liabilities</b>	<b>724,505</b>	23	591,168
Shareholders' equity	91,759	10	83,341
Non-controlling interest	2,072	(10)	2,310
<b>Liabilities and equity</b>	<b>818,336</b>	21	676,819

## 1H 2013: Group quarterly statement of financial position

	2Q 2013	1Q 2013
	Nmillion	Nmillion
Cash and balances with central banks	38,879	59,421
Trading assets	160,871	260,632
Pledged and derivative assets	25,237	24,127
Financial investments	142,522	110,448
Loans and advances	375,188	351,592
Loans and advances to banks	94,351	82,391
Loans and advances to customers	280,837	269,201
Other assets	47,446	49,226
Current and deferred tax assets	5,146	5,565
Property and equipment	23,047	23,702
<b>Total assets</b>	<b>818,336</b>	<b>884,713</b>
<b>Liabilities</b>		
Derivative liabilities	383	368
Trading liabilities	81,567	158,407
Deposits and current accounts	520,994	507,883
Deposits and current accounts from banks	150,974	84,287
Deposits and current accounts from customers	370,020	423,596
Other borrowings	49,139	52,080
Subordinated debt	6,482	-
Current and deferred tax liabilities	5,173	6,379
Other liabilities	60,767	69,791
<b>Total liabilities</b>	<b>724,505</b>	<b>794,908</b>
Shareholders' equity	91,759	87,129
Non-controlling interest	2,072	2,676
<b>Liabilities and equity</b>	<b>818,336</b>	<b>884,713</b>

## 1H 2013: Key performance ratios

	1H 2013	1H 2012
Net interest margin	5.5%	6.9%
Cost-to-income ratio	63.1%	76.1%
Credit loss ratio	1.6%	0.5%
Pre-tax return on average equity (annualised)	30.0%	14.8%
After-tax return on average equity (annualised)	21.1%	10.6%
After-tax return on average assets (annualised)	2.7%	1.8%
NPLs/total loans	4.6%	5.1%
Earnings per share	93 kobo	47 kobo
Capital adequacy: Bank	15.4%	18.8%
Price- to-book	1.7x	1.3x



## **Business segment performance review**

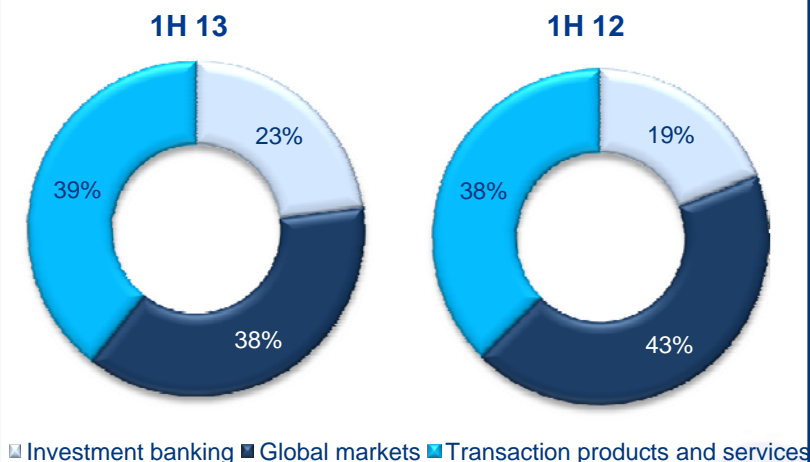


# Corporate and Investment Banking

## 1H 2013: Summarised financial statement and selected ratios

	1H 2013 Nmillion	change %	1H 2012 Nmillion
Net interest income	8,749	6	8,278
Non-interest revenue	13,497	>100	5,773
<b>Total income</b>	<b>22,246</b>	58	14,051
Credit impairment charges	(765)	>100	52
Operating expenses	(9,496)	13	(8,399)
<b>Profit before tax</b>	<b>11,985</b>	>100	5,704
	<b>1H 2013</b>		<b>FY 2012</b>
Loans & advances	183,391	5	178,696
Deposit liabilities	189,446	(1)	191,388
NIR to total income %	60.7		54.8
Cost to income ratio %	42.7		59.8
NPL/total loan ratio %	2.6		10.0

### Contribution to total income by business segment



- Net interest income increased marginally by 6% on the back of increased lending activities and improved yields in investment securities. This was however negatively impacted by high funding costs.
- Non-interest revenue more than doubled, benefitting from a well positioned trading book and improved performance of the capital market, which increased revenues of our custody and stock-broking businesses.
- Increased contribution from investment banking business segment to total income, is a function of increased revenue from closure of advisory mandates.

## 1H 2013: Quarterly performance analysis

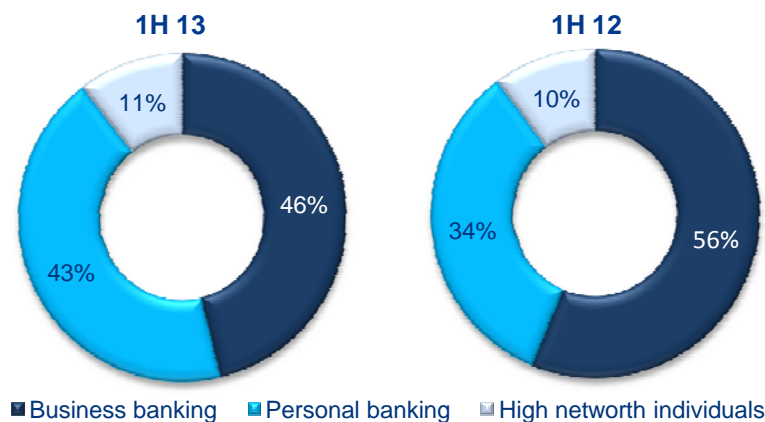
	2Q 2013	change	1Q 2013
	Nmillion	%	Nmillion
Net interest income	4,843	24	3,906
Non-interest revenue	6,561	(5)	6,936
<b>Total income</b>	<b>11,404</b>	<b>5</b>	<b>10,842</b>
Credit impairment charges	(347)	(17)	(418)
Operating expenses	(4,916)	7	(4,580)
<b>Profit before tax</b>	<b>6,141</b>	<b>5</b>	<b>5,844</b>
Loans & advances	183,391	5	174,949
Deposit liabilities	189,442	(21)	241,203
Cost to income ratio %	43.1		42.2
NIR to total income %	57.5		64.0
Credit loss ratio %	0.8		1.0
NPL/total loan ratio %	2.6		3.4

# Personal & Business Banking

## 1H 2013: Summarised financial statement and selected ratios

	1H 2013 Nmillion	change %	1H 2012 Nmillion
Net interest income	8,229	0	8,227
Non-interest revenue	3,338	35	2,465
<b>Total income</b>	<b>11,567</b>	8	10,692
Impairment charges	(1,603)	19	(1,342)
Operating expenses	(14,083)	15	(12,231)
<b>Loss before tax</b>	<b>(4,119)</b>	43	(2,881)
	<b>1H 2013</b>		<b>FY 2012</b>
Loans & advances	111,734	6	105,055
Deposit liabilities	180,574	10	164,031
Cost-to-income ratio %	121.8		114.4
NPL to total loan ratio %	7.8		8.2

### Contribution to total income by business segment



- Total income was up 8% due to a 35% increase in non-interest revenue, while net interest income was stable at N8.2 billion.
- Increase in impairment charges due to specific provisioning on two credits in 1Q 2013. The impairment charges reduced significantly in 2Q 2013 as some of the delinquent loans are being resolved.
- Increased contribution to revenue from Personal banking business segment as we continue to drive our retail strategy in the right direction.

## 1H 2013: Quarterly performance analysis

	2Q 2013 Nmillion	change %	1Q 2013 Nmillion
Net interest income	4,392	14	3,837
Non-interest revenue	1,679	1	1,659
<b>Total income</b>	<b>6,071</b>	10	<b>5,496</b>
Credit impairment charges	(136)	(91)	(1,467)
Operating expenses	(6,709)	(9)	(7,374)
<b>Loss before tax</b>	<b>(774)</b>	(77)	<b>(3,345)</b>
Loans & advances	111,734	2	109,533
Deposit liabilities	180,578	(1)	182,477
Cost-to-income ratio %	110.5		134.2
Non-interest revenue to total income %	27.7		30.2
Credit loss ratio %	0.5		5.9
NPL to total loan ratio %	7.8		9.4

## Retail strategy – Moving in the right direction!

Key indicator	FY2010	FY 2011	FY 2012	1H 2013
Total income (Nmillion)	11,773	15,940	23,528	11,567
Total deposits (Nmillion)	82,091	111,207	164,031	180,574
Loans and advances (Nmillion)	56,693	89,592	105,055	111,734
Number of accounts	250,408	375,606	594,191	887,212
Number of branches	141	171	177	180
Number of profitable branches	N/A	62	66	88
Number of ATMs	200	185	249	305
Number of PoS	N/A	N/A	4,798	5,071
Awards /Recognition	Ranked 4 <sup>th</sup> in retail business segment in KPMG's Customer Satisfaction survey	Ranked 3 <sup>rd</sup> in retail business segment in the Customer Satisfaction survey	Ranked 3 <sup>rd</sup> in retail and SME business segments in KPMG's Customer Satisfaction survey	Ranked 3 <sup>rd</sup> in retail and SME business segments in KPMG's Customer Satisfaction survey

# Wealth

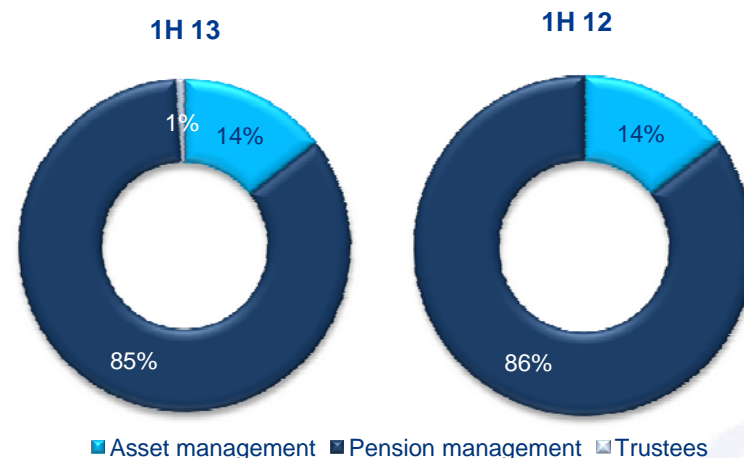


## 1H 2013: Summarised financial statement and selected ratios

	1H 2013 Nmillion	change %	1H 2012 Nmillion
Net interest income	959	32	725
Non-interest revenue	7,233	30	5,580
<b>Total income</b>	<b>8,192</b>	<b>30</b>	<b>6,305</b>
Operating expenses	(2,933)	(3)	(3,009)
<b>Profit before tax</b>	<b>5,259</b>	<b>60</b>	<b>3,296</b>

	1H 2013		FY 2012
Assets under mgt (Nmillion)	1,131,328	14	990,881
Retirement savings accounts (number)	1,152,617	12	1,054,525
Cost-to-income ratio (%)	35.8		46.8
Return on equity (%)	51.3		43.8

### Contribution to total income by business segment



- Increased revenue due to continued growth in assets under management, number of retirement savings accounts and improved capital markets performance in 1H 2013.
- Assets under management grew by 14% to cross the N1 trillion mark in 1H 2013.
- Improved cost-to-income ratio evidencing operational efficiency.
- Continue to maintain market leadership in pension and asset management business.

## 1H 2013: Wealth quarterly performance analysis

	2Q 2013	change	1Q 2013
	Nmillion	%	Nmillion
Net interest income	447	(13)	512
Non-interest revenue	3,956	21	3,277
<b>Total income</b>	<b>4,403</b>	16	<b>3,789</b>
Operating expenses	(1,397)	(9)	(1,536)
<b>Profit before tax</b>	<b>3,006</b>	33	<b>2,253</b>
Assets under management (N million)	1,131,328	6	1,068,736
Retirement savings accounts (number)	1,152,617	5	1,094,870
Cost-to-income ratio (%)	31.7		40.5

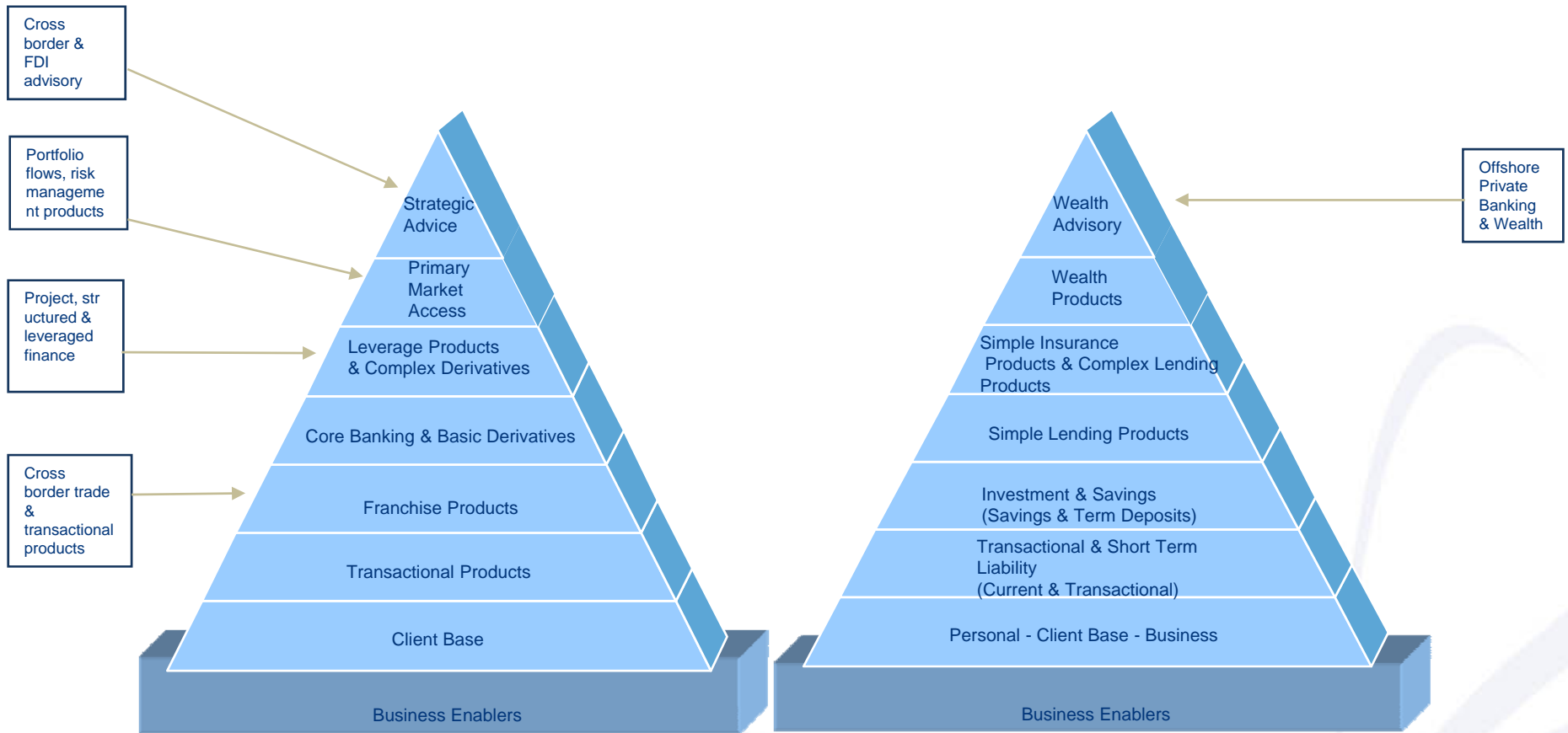
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- ❑ Nigeria: Overview
- ❑ The Nigerian banking industry
- ❑ Stanbic IBTC: Key facts about us
- ❑ Business overview
- ❑ Financial results – 1H 2013
- ❑ **Strategy overview**

# What we are building

## World Class Full Service Domestic Franchise



## Core banking, payments and infrastructure

## Update on vision and strategy

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**Vision:** To be the *leading end-to-end* financial solutions provider in Nigeria through *innovative and customer – focused* people

**Strategic intent:** 1 or 2 in Return on equity, Service and Market Share by 2020

### Key actions/achievements

- a) Continue to maintain market leadership in wealth business – pension asset management and non-pension asset management. Number 1 pension business in terms of Assets under Management and number of clients.
- b) Now present in all key economic areas. Branch network of 180 as at end of September 2013.
- c) Core banking system upgraded in 2011 to improve operational efficiency and offering of superior services to customers.
- d) Continued growth in number of customers and volumes of transaction as a result of expanded network. On average, over 30,000 new customers are being added to the customer base monthly.
- e) Continued focus on excellent customer service is yielding desired results as the Bank was adjudged the 3<sup>rd</sup> best customer focused bank in retail and SME businesses in Nigeria by an independent survey carried out by KPMG.
- f) Critical success factor is the building of a credible retail and corporate transactional business.

# Key strategic imperatives

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**Core strategy to build a scalable domestic universal banking franchise remains unchanged.**

- Continue to build the Stanbic IBTC brand synonymous with integrity, excellent service and reliability.
- Provide our clients with end-to-end financial solutions to meet their banking, financing and wealth management needs.
- Capitalise on and maintain our market leadership position in Investment banking, Stock broking, Custody & Wealth Management.
- Leverage our new footprint to expand our share of wallet within Personal & Business Banking with a key focus on improving our deposit mix.
- Financial inclusion – use mobile money license and Non-interest banking window to expand customer base and market share.
- Enhance operational efficiency through cost management & control – shared services, core banking project.
- Leverage technology to grow our cash management capabilities and broaden our market penetration.
- Focus on trade & commercial banking to further grow our annuity income.
- Leverage the China and emerging market franchise of Standard Bank to capture cross-border opportunities.
- Best people practices.

## Looking ahead

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- Continue to consolidate investment in infrastructure and sweat the assets we have invested in.
- Focus on growing our demand deposit ratio from the current 54% as at end H1 2013.
- Financial inclusion – use mobile banking license and Non-interest banking window to expand customer base and market share.
- Cross sell – maximizing our share of wallet from every client interaction.
- Customer service – ensuring every client interaction is a memorable experience.
- Enhance operational efficiency through cost management & control.
- Diversify revenue streams to increase contribution from transactional income.
- Brand awareness - Appropriate utilization of marketing budget to improve retail brand in market.
- Raised \$40 million Tier 2 capital in Q2 2013. Looking to raise \$110 million additional Tier 2 capital.

We therefore expect:

- Cost-to-income ratio to stabilise and improve to below 70%.
- Loans and advances - grow by 10% YoY by end 2013.
- Deposits – grow by 20% YoY by end 2013.
- Our Wealth businesses to continue to be leading players in both the pension and non-pension fund management areas.

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# Q & A