Stanbic IBTC
A member of Standard Bank Group

Unaudited results for the period ended 30 June 2013

Summarised income statement

	Group 30 Jun 13 ₦million	Group 30 Jun 12 ₦million	Company 30 Jun 13 ₦million	Company 30 Jun 12 ₦million
Gross earnings	54,509	41,898	8,746	-
Net interest income	17,937	17,230	-	-
Interest income	30,382	27,996	-	-
Interest expense	(12,445)	(10,766)	-	-
Non-interest revenue	24,068	13,818	8,746	-
Net fee and commission revenue	14,981	11,102	343	-
Fee and commission revenue	15,040	11,186	343	-
Fee and commission expense	(59)	(84)	-	-
Trading revenue	8,811	2,586	-	-
Other revenue	276	130	8,403	-
Total income	42,005	31,048	8,746	-
Credit impairment charges	(2,368)	(1,290)	-	-
Income after credit impairment charges	39,637	29,758	8,746	-
Operating expenses	(26,512)	(23,640)	(330)	-
Staff costs	(11,797)	(10,260)	(170)	-
Other operating expenses	(14,715)	(13,380)	(160)	-
Net income before indirect taxation	13,125	6,118	8,416	-
Indirect taxation	(31)	(263)	(2)	-
Profit before direct taxation	13,094	5,855	8,414	-
Direct taxation	(2,909)	(862)	4	-
Profit for the period	10,185	4,993	8,418	-
Profit attributable to:				
Non-controlling interests	927	609	-	-
Equity holders of the parent	9,258	4,384	8,418	-
Profit for the period	10,185	4,993	8,418	-

Statement of other comprehensive income

	Group 30 Jun 13 ₦million	Group 30 Jun 12 ₦million	Company 30 Jun 13 ₦million	Company 30 Jun 12 ₦million
Profit for the period	10,185	4,993	8,418	-
Other comprehensive income	(878)	700	-	-
Other comprehensive income for the period, net of income tax	(878)	700	-	-
Net change in fair value of available-for-sale financial assets	(366)	456	-	-
Realised fair value adjustments on available-for-sale financial assets reclassified to income statement	(512)	244	-	-
Total comprehensive income of the period	9,307	5,693	8,418	-
Attributable to non-controlling interests	913	495	-	-
Attributable to equity holders of the parent	8,394	5,198	8,418	-

Statement of financial position

	Group 30 Jun 13 ₦million	Group 31 Dec 12 ₦million	Company 30 Jun 13 ₦million	Company 31 Dec 12 ₦million
Assets				
Cash and balances with central bank	38,879	76,933	-	-
Trading assets	160,871	114,877	-	-
Pledged assets	22,265	24,440	-	-
Derivative assets	2,972	1,709	-	-
Financial investments	142,522	85,757	-	-
Loans and advances	375,188	320,662	9,025	2,625
Loans and advances to banks	94,351	54,318	9,025	2,625
Loans and advances to customers	280,837	266,344	-	-
Equity Investment in group companies	-	-	68,951	68,951
Other assets	47,446	22,771	5,086	916
Current tax assets	58	43	-	-
Deferred tax assets	5,088	5,169	4	-
Property and equipment	23,047	24,458	29	16
Total assets	818,336	676,819	83,095	72,508
Equity and liabilities				
Equity	93,831	85,651	79,923	71,503
Equity attributable to ordinary shareholders	91,759	83,341	79,923	71,503
Ordinary share capital	5,000	5,000	5,000	5,000
Ordinary share premium	65,450	65,450	65,450	65,450
Reserves	21,309	12,891	9,473	1,053
Non-controlling interest	2,072	2,310	-	-
Liabilities	724,505	591,168	3,172	1,005
Trading liabilities	81,567	88,371	-	-
Derivative liabilities	383	772	-	-
Deposit and current accounts	520,994	382,051	-	-
Deposits from banks	150,974	26,632	-	-
Deposits from customers	370,020	355,419	-	-
Other borrowings	49,139	66,873	-	-
Subordinated debt	6,482	-	-	-
Current tax liabilities	4,974	4,686	-	-
Deferred tax liabilities	199	158	-	-
Other liabilities	60,767	48,257	3,172	1,005
Total equity and liabilities	818,336	676,819	83,095	72,508

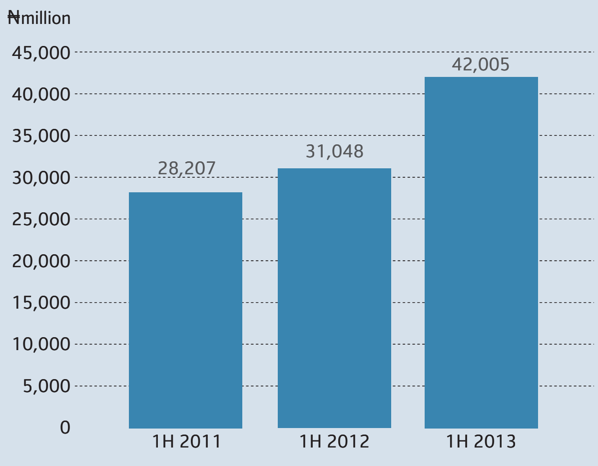
Atedo N.A. Peterside CON
Chairman
FRC/2013/CIBN/00000001069
30 July 2013

Sola David-Borha
Chief Executive Officer
FRC/2013/CIBN/00000001070
30 July 2013

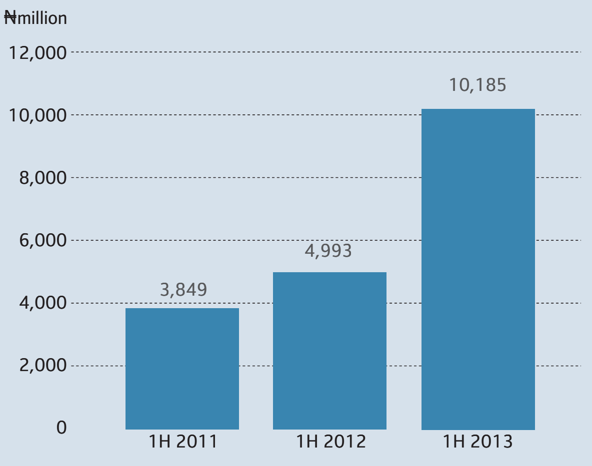
Arthur Oginga
Chief Financial Officer
FRC/2013/IODN/00000003181
30 July 2013

H1 2013 results review

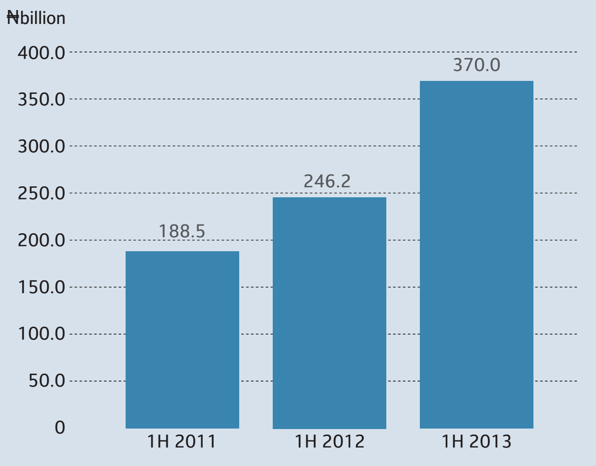
Total income
CAGR (1H 2011-1H 2013): 22%



Profit after tax
CAGR (1H 2011-1H 2013): 63%



Deposits from customers
CAGR (1H 2011-1H 2013): 40%



Key financial highlights

Performance indicator for the six months ended June 30 2013

Performance indicator	30 June 13
Gross income growth	30.1%
Total income growth	35.3%
Profit before tax growth	114.5%
Profit after tax growth	104.0%
Gross loans and advances growth (6 months)	5.6%
Deposit growth (6 months)	4.1%
Net interest margin (annualised)	5.5%
After-tax return on average equity (annualised)	21.1%
After-tax return on average assets (annualised)	2.7%
Cost-to-income ratio	63.1%
Credit loss ratio	1.6%
Capital adequacy	20.8%
Earnings per share (kobo)	93
Price to book (times)	1.7

Overview of H1 2013 financial results

The first half of 2013 commenced with sustained high interest rate environment, continuous growth in the capital market, relatively stable foreign exchange rate, single digit inflation due to sustained tight monetary policy by the central bank, gradual reduction in cost of funding, favourable yields on money market instruments and strong competition for good quality corporate credits.

Income statement analysis

1H 2013 witnessed an increase of 35% in total income to ₦42.0 billion from ₦31.0 billion in 1H 2012. This performance was chiefly driven by a 74% growth in non-interest revenue and a 4% growth in net interest income. Interest income grew by 9% on the back of sustained growth in lending and money market activities. Income from loans and advances accounted for 72% of interest income. Interest expense grew by 16% to ₦12.4 billion from ₦10.8 billion at the end of 1H 2012. The increase in interest expense is as a result of high cost of funding occasioned by the high interest rate environment and high term funding in the deposit mix. We have however started witnessing a gradual decline in the interest expense as we continue to replace matured expensive term funding with cheaper deposits. Net interest margin, (net interest income to total assets) which measures the quality of spread, declined to 5.5% from 6.9% in 1H 2012.

Non-interest revenue grew significantly by 74% to close at ₦24.1 billion from ₦13.8 billion in 1H 2012. Non-interest revenue consists of revenue from commissions, fees, trading and other non-interest bearing revenue. The significant growth in non-interest revenue is driven by a 35% growth in net fee and commission revenue and more than 100% growth in trading revenue. The growth in net fee and commission revenue is due to the increase in transactional volumes, as a result of our enlarged delivery channels, steady growth within our wealth business, good advisory mandates in investment banking and bullish trend in the capital market, with positive effects on the revenues of our capital market related businesses. The growth in trading revenue is mainly from increased transaction volumes and increased revenue as a result of the volatility in the fixed income trading market.

Operating expenses, which grew by 12%, was affected by a 15% and 10% growth in staff costs and other operating expenses respectively. Staff cost was impacted by inflation related salary increases and growth in headcount of non-full time staff and sales agents to drive customer acquisition, while growth in other operating expenses was supported by the increase in deposit insurance and AMCON sinking fund contribution. Credit impairments increased by 84% in 1H 2013 as we continue to conservatively provide for loans in the Personal & Business Banking (PBB) business segment due to the high interest rate environment. We maintained our prudent approach to credit impairments in line with the realities of the operating environment. Notwithstanding the increase in operating expenses and credit impairment charges, our profitability continued to witness significant growth. Profit before tax grew by 115% to ₦13.1 billion, while profit after tax was up 104% to ₦10.2 billion. The cost-to-income ratio improved to 63.1% from 76.1% recorded in 1H 2012. We expect this improvement in cost-to-income ratio to be sustained as revenues continue to rise at a faster rate than growth in expenses. Our expanded delivery channels are beginning to yield the desired results as evidenced by the continued growth in number of customers and transaction volumes, with positive impact on revenues. The group will continue to focus on operational efficiency, ensuring that maximum benefit is derived at minimum cost to achieve growth in profitability and achievement of its strategic objectives.

Statement of financial position analysis

The group's total assets stood at ₦818.3 billion as at 30 June 2013. This represents a 21% growth over the ₦676.8 billion recorded at the end of December 2012, but 7% lower than ₦884.7 billion achieved at the end of March 2013. The growth in total assets in the first six months is largely driven by the increase in trading assets, financial investments and loans and advances. Trading assets and net loans and advances to customers represented 54% of total assets (1Q 2013: 60%, FY 2012: 56%). Gross loans and advances increased marginally by 4% quarter-on-quarter and 6% in the first six months of the year to ₦295.1 billion. The loan book was affected by the sustained competition for good quality corporate credits and the high interest rate environment. We will continue to explore all opportunities to grow our loan book responsibly as we leverage on our growing customer relationships, enhanced by our enlarged delivery channels.

The group's non-performing loan book declined by 6% in 1H 2013 to close at ₦13.5 billion from ₦14.3 billion in FY 2012. The decrease is as a result of resolution of some PBB loans. Consequently, this reduction positively impacted the ratio of non-performing loans to total loans which improved from 5.1% in FY 2012 to 4.6% in 1H 2013. The coverage ratio for non-performing loans improved to 106% from 92% in FY 2012. Our focus will be to continue to improve on the NPL ratio, over the long term.

Deposit liabilities from customers closed at ₦370.0 billion in 1H 2013. This represents a 50% and 4% increase over the ₦246.2 billion and ₦355.4 billion recorded in 1H 2012 and 4Q 2012 respectively. The growth in deposit book is a function of our conscious effort to improve our deposit liabilities through our enlarged delivery channels and our ability to respond to customers' needs through excellent service delivery. On a quarter-on-quarter basis however, deposit from customers at the end of 2Q 2013 declined by 12.7% from ₦423.6 billion recorded at end of 1Q 2013, as a result of the conscious decision to exit expensive funding and replace them with cheaper deposits. Consequently, the deposit mix improved as the ratio of low cost and stable deposits increased to 54% from 49% at the end of 4Q 2012. We are committed to leveraging our expanded delivery channels, our brand and service excellence to increase our share of low cost deposits.

The balance sheet was funded mainly by deposits from customers as it accounts for 45% of total assets and 51% of total liabilities. The liquidity ratio at the end of 1H 2013 stood at 89.2% (Bank 83.2%) (1Q 2013: 64.1%, 4Q 2012: 45.5%). This is significantly higher than the regulatory minimum of 30%.

Capital adequacy

The group and the bank continued to maintain a healthy capital base as capitalization ratios remain at strong levels and are well above the regulatory requirement. The group raised $40 million subordinated debt capital during 2Q 2013. The group's capital is adequate to support the planned growth opportunities within Nigeria as well as business risks and contingencies.

	Group 1H 2013 ₦million	Group FY 2012 ₦million	**Bank 1H 2013 ₦million**	Bank FY 2012 ₦million
Tier I capital	77,413	78,172	55,100	59,019
Tier II capital	12,889	6,152	9,765	3,842
Total qualifying capital	90,302	84,324	64,864	62,861
Risk weighted assets	433,865	377,993	421,612	362,856
Capital adequacy				
Tier I	17.8%	20.7%	13.1%	16.3%
Tier II	3.0%	1.6%	2.3%	1.1%
Total	20.8%	22.3%	15.4%	17.3%

The group's tier 1 capital adequacy ratio stood at 17.8% (Bank: 13.1%), while the total capital adequacy ratio was 20.8% (Bank: 15.4%) at the end of 1H 2013. These ratios are above the 10% minimum statutory requirement.