Annual Report 2009

Stanbic IBTC Bank PLC

A member of Standard Bank Group

RC 125097

Making the right connections can make the world of difference in the world of finance.

Banking today is far from a static experience. It is a framework that Stanbic IBTC Bank grows and moves on daily to build the patterns and principles of the interrelationships between our customers, shareholders and staff.

We believe these exchanges should reach out everywhere to provide links with a worldly awareness, enabling more focused financial solutions for individual and business innovations.

Collectively we are stronger. Seeking to integrate in new fields of expertise and develop partnerships to give our people the widest possible knowledge base, to deliver the kind of forward-thinking today's investment markets require.

Connected thinking is our strength and a sensibility. ***Cultivating an interconnectedness that connects Nigeria to the world and the world to Nigeria.***

www.stanbicibtcbank.com

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Our vision & values

One vision

- To be the best financial solutions team - the customer's choice.
- We will deploy our local knowledge and global emerging market expertise to deliver superior value to all our stakeholders.
- We will only succeed if we are able to attract, retain, develop and deploy teams of people with energy, passion and skills.

Eight values

Upholding the highest levels of integrity

Our entire business model is based on trust and integrity as perceived by our stakeholders, especially our customers.

Growing our people

We encourage and help our people to develop to their full potential and measure our leaders on how well they grow and challenge the people they lead.

Serving our customers

We do everything in our power to ensure that we provide our customers with the products, services and solutions to suit their needs, provided that everything we do for them is based on sound business principles.

Respecting each other

We have the highest regard for the dignity of all people. We respect each other and what Stanbic IBTC stands for. We recognise that there are corresponding obligations associated with our individual rights.

Delivering to our shareholders

We understand that we earn the right to exist by providing appropriate long-term returns to our shareholders. We try extremely hard to meet our various targets and deliver on our commitments.

Being proactive

We strive to stay ahead by anticipating rather than reacting, but our actions are always carefully considered.

Guarding against arrogance

We have confidence in our ability to achieve ambitious goals and we celebrate success, but we never allow ourselves to become arrogant.

Working in teams

We, and all aspects of our work, are interdependent. We appreciate that, as teams, we can achieve much greater things than as individuals We value teams within and across business units, divisions and countries.

Financial highlights

Gross earnings of **₦59,781 million,** 2% down

Total income of **₦43,823 million,** 3% up

Profit before tax of **₦10,342 million,** 29% down

Profit after tax of **₦8,138 million,** 32% down

Loans & advances (net) of **₦119,885 million,** 17% up

Deposit liabilities of **₦169,200 million,** 78% up

Pre-tax return on average equity **12.8%** (2008: 18.7%)

Credit loss ratio **3.6%** (2008: 4.4%)

Cost-to-income ratio **65.3%** (2008: 53.8%)

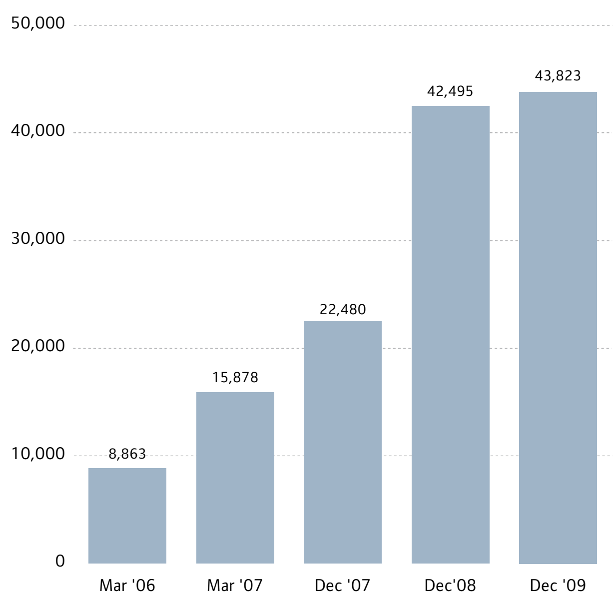
Capital adequacy ratio **35.0%** (2008: 41.5%)

Liquidity ratio **51.4%** (statutory minimum: 25%)

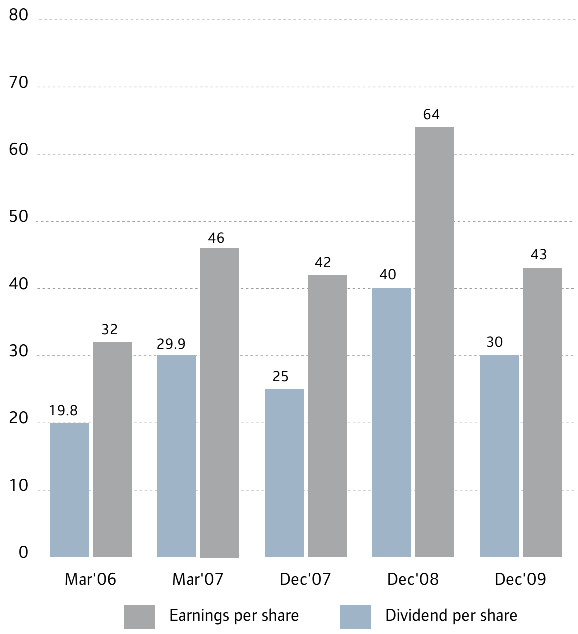
NPL/total loan ratio **14.1%** (2008: 13.7%)

Fitch rating **AAA (nga)**

Total income
CAGR (2006-2009): 70% ₦million



Earnings and dividend per share
Kobo



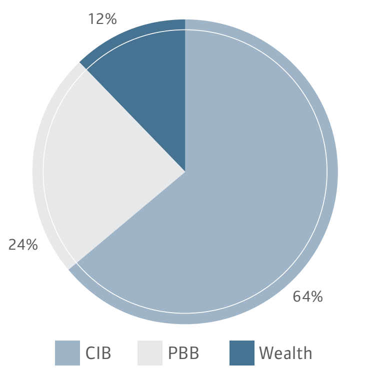
A broad-based financial services business

Stanbic IBTC, a member of the Standard Bank Group (SBG), has consolidated its position in Nigeria as a diversified business with a proven track record, strong capital and liquidity positions. SBG, which has a controlling stake of 50.8% in Stanbic IBTC, has been in business for 147 years and is Africa's largest banking group ranked by assets and earnings. Through focusing on the three key business segments – Corporate & Investment Banking, Personal & Business Banking and Wealth Management, we have continued to leverage the skills, economies of scale and synergies that come from being part of an international group and our excellent Nigerian pedigree.

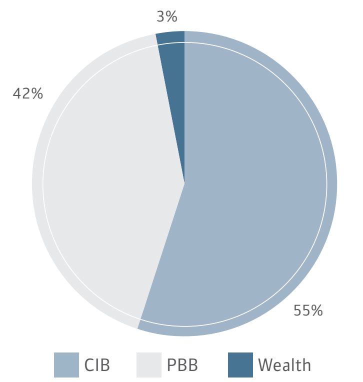
Stanbic IBTC Bank PLC
A member of Standard Bank Group

Corporate & Investment Banking (CIB)	Personal & Business Banking (PBB)	Wealth
Gross revenue ₦38.6 billion Corporate and investment banking services to larger corporates, financial institutions and international counter-parties in Nigeria.	Gross revenue ₦14.3 billion Banking and other financial services to individual customers and small to medium sized enterprises.	Gross revenue ₦6.9 billion Investment management, pension fund administration and pension asset management

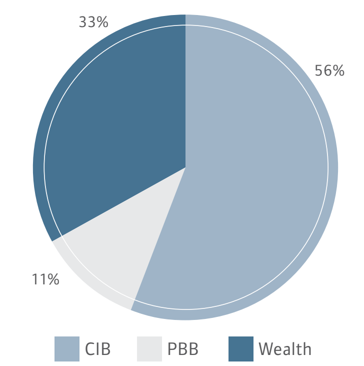
Gross revenue contribution



Total Assets



Profit before tax contribution



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Recognition

1. The ACQ Finance Magazine Global Awards for the Best Investment Bank in Nigeria

This award was in recognition of Stanbic IBTC's market share, number of deals as well as innovation in the Investment Banking Industry.

2. Best Investment Bank in Nigeria and Best Equity House in Africa, Euromoney Awards 2009.

During 2009, Stanbic IBTC and Standard Bank completed many high profile and successful transactions across Africa, including as Joint Issuing House, Arranger and Primary Dealer to a ₦275 billion Debt Issue programme by the Lagos State Government, as lead mandated arranger on the Tanesco loan - one of the largest single commercial loans ever arranged in East and Central Africa, and as Joint Issuing House and underwriter to a US$2.5 billion regional IPO by ETI across Nigeria, Ghana and the UEMOA region.

3. PPP Champion of the Year for Various Initiatives, 2009 by Africa investor Infrastructure Awards

The Ai Infrastructure Awards, are held annually alongside the Africa Investor Infrastructure Projects Summit, and are designed to highlight and profile exceptional business practices and economic achievements across the infrastructure spectrum in Africa. Stanbic IBTC has been recognized for spearheading innovative infrastructure projects, and has been rewarded for driving transactions and improving the continent's infrastructure investment climate.

4. Best Investment Bank in Nigeria, 2009, emeafinance Awards

Stanbic IBTC won the Best Investment Bank Award 2009, from emeafinance, for its achievements, successes, and notable transactions for example acting as joint arranger/issuing house and lead underwriter on the ₦18.5 billion (USD120m) fixed rate bond issue by the Imo State under a ₦40 billion medium-term note programme. The bank also acted as joint arranger/issuing house to a ₦50 billion fixed rate bond issue by the Lagos State under a ₦275 billion debt issuance programme, the largest state government debt issue in the Nigerian capital market.

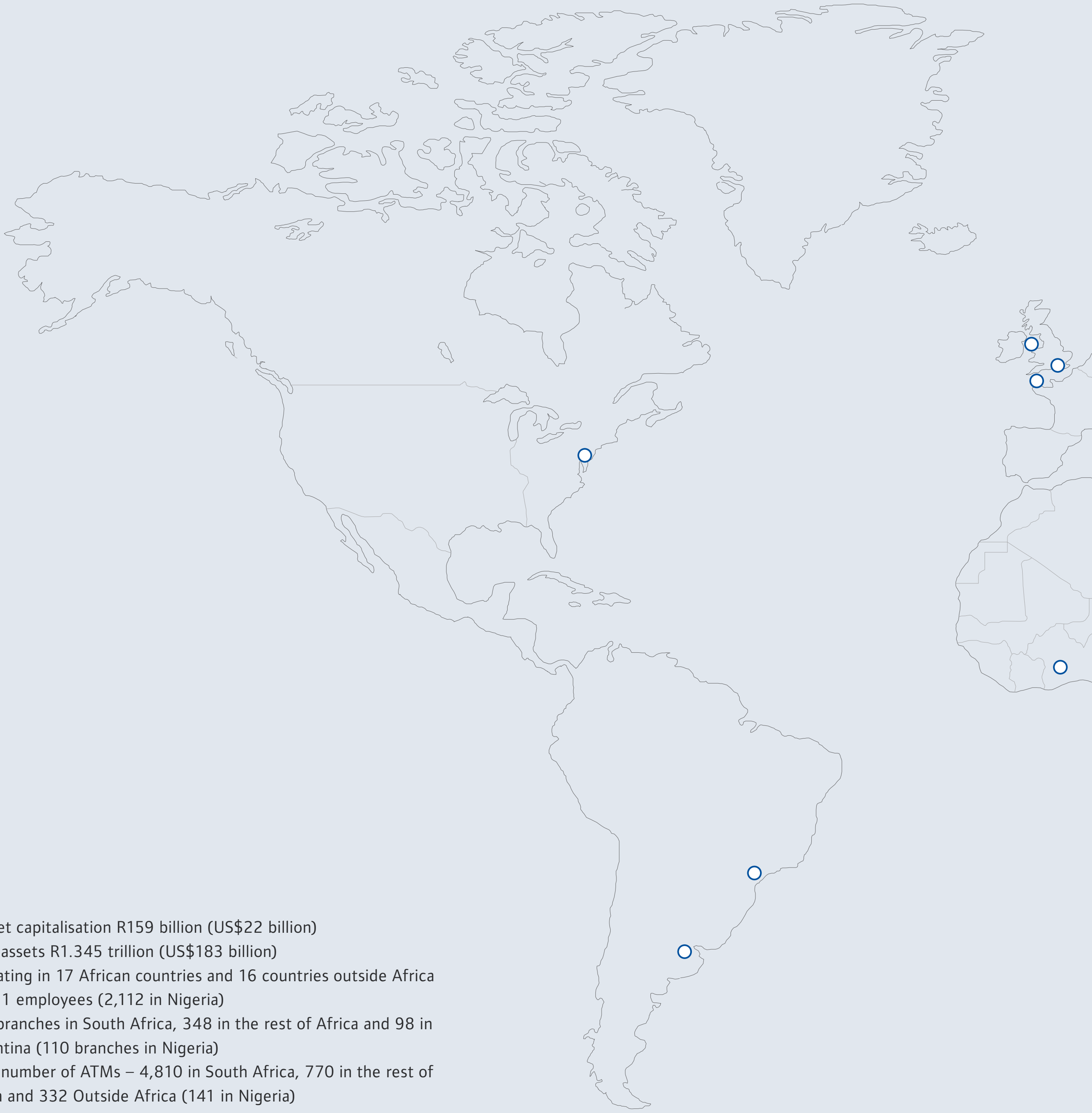
5. Best Sub Custodian in Nigeria 2009, Global Investor Magazine Annual Awards

Stanbic IBTC won the award for best custodian bank in Nigeria in the weighted and unweighted categories. The award further demonstrates Stanbic IBTC's leadership of the Nigerian investor services sector.

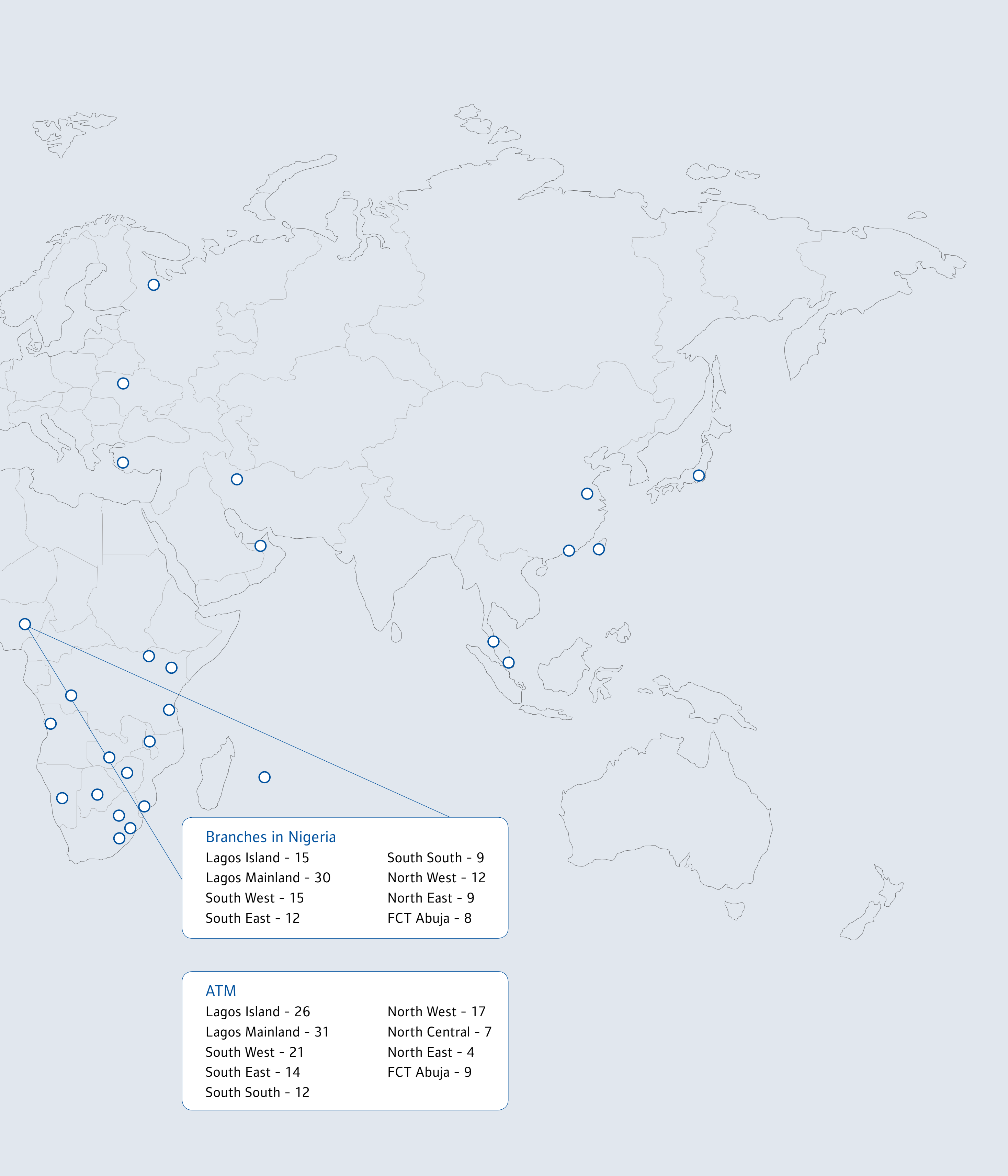
6. Trade Finance Magazine and Global Trade Review Awards

These awards were received for the US$15m cocoa-receivables revolving trade facility for Agro Traders Ltd (Nigeria).

Standard Bank Group at a glance



* Market capitalisation R159 billion (US$22 billion)
* Total assets R1.345 trillion (US$183 billion)
* Operating in 17 African countries and 16 countries outside Africa
* 51,411 employees (2,112 in Nigeria)
* 664 branches in South Africa, 348 in the rest of Africa and 98 in Argentina (110 branches in Nigeria)
* Total number of ATMs – 4,810 in South Africa, 770 in the rest of Africa and 332 Outside Africa (141 in Nigeria)



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Business review

Chairman's statement

ATEDO N A PETERSIDE (OON)
Chairman

Your bank emerged from this phenomenally turbulent period (including the CBN/NDIC stress tests) relatively unscathed. Our audited financial results for 2009 and the recent re-affirmation of our Fitch AAA (nga) rating, significantly corroborate this statement.

We look back at 2009 and believe that it marked a significant turning point for the Nigerian banking industry. We remain cautiously optimistic that the lessons we learned therefrom will place us in good stead to capitalise upon emerging opportunities in 2010 and beyond.

I am very pleased to preside over this 21st Annual General Meeting (AGM) of our bank after a 2009 calendar year that witnessed by far the most turbulent developments in the Nigerian banking sector since the Central Bank of Nigeria (CBN) unveiled its banking consolidation initiative in mid-2004.

Although the Nigerian economy never went into a recession in the aftermath of the recent global financial crisis, we now know that the combined CBN and Nigeria Deposit Insurance Corporation (NDIC) special audit/stress testing of all the 24 domestic banks revealed significant erosion of capital and/or severe illiquidity in ten banks. Loan losses attributable to large un-hedged positions in the downstream petroleum sector, the stock market collapse and the devaluation of the Naira combined to significantly erode bank capital, thereby precipitating a domestic banking crisis that was far more severe than that witnessed in several economies which actually went into recession.

The Nigerian Stock Exchange (NSE) was dominated by banks (more than 60% of market capitalisation) just before the advent of this crisis. The initial collapse in stock prices therefore triggered a vicious cycle in which collapsing bank stock prices led to expectations of significant loan losses on margin loans which, in turn, dragged down bank stock prices further. This partly explains why a Gross Domestic Product (GDP) growth rate in excess of 5% recorded by Nigeria in 2009, could not avert a more than 30% collapse in the NSE all-share index in that same year. The NSE therefore clearly missed out on the general recovery, witnessed last year in emerging market equities.

I am very pleased to confirm that your bank emerged from this phenomenally turbulent period (including the CBN/NDIC stress tests) relatively unscathed. Our audited financial results for 2009 and the recent re-affirmation of our Fitch AAA (nga) rating, significantly corroborate this statement. Our status as a subsidiary and member of the very well capitalised Standard Bank Group has also helped to distinguish us in a market place where confidence has been so shaken that the CBN sees a continuing need to guarantee interbank placements until the end of 2010.

It is our expectation that recent actions by CBN/NDIC to pressure banks into recognising loan losses early and the identification of the banks that require recapitalization, plus other regulator-induced initiatives that seek to move the domestic banking industry towards fuller disclosures, should help to restore confidence over time. This, in our opinion, is a prerequisite for the recovery of the Nigerian stock market in 2010 and beyond.

Income Statement

The Stanbic IBTC Group (Stanbic IBTC Bank PLC together with its subsidiaries) achieved gross earnings of ₦59.8 billion for the 12 months ended 31 December 2009 i.e. 2% below the ₦61.24 billion achieved in the corresponding period ended 31 December 2008. The decrease is partly as a result of the lull witnessed by some of our business segments which derive a significant portion of their revenue from capital market activities, including investment banking and stockbroking. There was however a partially offsetting increase from revenues associated with transactional banking volumes.

Net interest income increased by 12% from ₦22.36 billion to ₦25.11 billion due largely to balance sheet rationalisation, which ensured that the group's funds were efficiently invested at all times. Consequently, the net interest margin increased from 6.4% to 7.4%. However non interest revenue decreased by 7% from ₦20.13 billion in response to the depressed capital market.

During the period under review the group continued its investment in infrastructure and skills to build a sustainable platform in line with its long term growth strategy. Consequently operating expenses increased by 25% in 2009 to ₦28.62 billion.

Notwithstanding the unprecedented conditions, the group made a provision of ₦4.9 billion (3% lower than last year), for loans and other asset impairments inclusive of impacts arising from the CBN examination conducted in September 2009. As a result of the above, group profit before tax reduced by 29% from ₦14.63 billion in 2008 to ₦10.34 billion in 2009.

Balance Sheet

The group's total assets decreased by 3% from ₦351.28 billion as at 31 December 2008 to ₦341.29 billion as at 31 December 2009 due largely to a conscious restructuring of our balance sheet. In light of reduced market liquidity, increased funding costs and increased risk, the group repositioned its balance sheet by reducing its investment in low yielding money market investments, consolidating its position as a net inter bank lender and growing its loans and advances.

Total liabilities recorded a corresponding decrease of 4% from ₦269.91 billion in 2008 to ₦259.79 billion in 2009. In line with the comprehensive risk management framework that we adopted in 2007, the group continues to conservatively provide for its loans and advances portfolio. There were however no significant changes in the level of credit losses or non-performing loans despite the recent turmoil in the banking industry. As at 31 December 2009, non-performing loans amounted to ₦18.83 billion, representing 14.1% of total advances in comparison to ₦15.54 billion and 13.7% respectively in the prior year.

Shareholders funds remained largely unchanged at ₦80.48 billion (2008: ₦80.66 billion) following the payment of a 40kobo per share dividend amounting to ₦7.5 billion during the year.

Having regard to all of the foregoing, your directors are pleased to be still able to recommend a dividend payout of 30 kobo per ordinary share of 50 kobo amounting to ₦5.63 billion, which is 25% lower than the 40 kobo per share paid last year.

General

During the course of 2009, Mr Sam Cookey was appointed a director of our bank. His appointment will therefore be tabled for approval at this meeting.

In accordance with Article 81 of the Bank's Memorandum and Articles of Association, six directors - Dr Christopher Kolade CON, Mr Jacko Maree, Mr. Yinka Sanni, Mr. Jacques Troost, Mr. Sam Unuigbe and Lieutenant General (retired) M.I. Wushishi CFR GCON, all of whom are eligible for re–election, are retiring today as directors. With the exception of Lt General (retired) M.I. Wushishi CFR GCON, all of these retiring directors are offering themselves for re-election. You will also be required to appoint Mr. Sam Cookey as an independent director. Later in the meeting, we will be required to vote on nominations received in relation to our Audit Committee.

As a group, our commitment to the attainment and maintenance of the highest standards of corporate governance remains unshaken. We want to continue to adopt global best practices (as we have done for more than 21 years) to the extent that these are applicable and relevant to our own business environment. Simultaneously, we continue to make significant investments in training and improving our people across the board, as we recognise that the deepening of our talent pool holds the key to our longer term competitiveness.

Our Corporate Social Responsibility initiatives are concentrated around education, economic empowerment and healthcare. Details of actual disbursements in this regard are contained in the Directors' Report. Longer term, it is our intention to set up a specialised vehicle,- The Stanbic IBTC Foundation, which will spearhead the identification and execution of future projects in this regard.

All-in-all we look back at 2009 and believe that it marked a significant turning point for the Nigerian banking industry. We remain cautiously optimistic that the lessons we learned therefrom will place us in good stead to capitalise upon emerging opportunities in 2010 and beyond, to the extent that these are in consonance with our risk appetite.

On behalf of the board of directors I would like to formally thank our clients, staff, regulators, suppliers, host communities and all other stakeholders for your invaluable support over the course of the last 21 years. It is my sincere hope and belief that we can continue to build and strengthen our relationships with you in the years ahead.

ATEDO N A PETERSIDE (OON)
Chairman

Chief executive's review

CHRIS NEWSON
Chief Executive

For the Nigerian Banking sector, 2009 has brought home many lessons. The most critical being the importance of corporate governance and the need for very robust risk management. Stanbic IBTC has been, and remains totally committed to both.

2009 in the Nigerian Banking sector will be remembered as challenging and eventful. Not only did Nigeria have to continue to contend with the effects of the global economic meltdown but specifically the dramatic events triggered by the banking reform initiatives led by the Governor of the Central Bank of Nigeria.

The early part of the year was characterized by a continuing steep decline in the capital markets, a sharp depreciation of the Naira, a lower oil price and production levels, tight market liquidity and the resultant rising interest rates. As a consequence thereof we saw strong CBN intervention in both the Foreign Exchange and Money markets. Post the initial sharp depreciation and CBN intervention, the currency has in fact been relatively stable for the balance of 2009. However, as a function of continuing and increasing counterparty risk concerns as well as the deleveraging within the equity markets (impact of margin loans and general market concerns) we saw a flight of liquidity into the Fixed Income markets. This flow of liquidity (flight to safety) caused a significant decline in yields on investment securities while wholesale deposit rates continued to rise as interbank liquidity all but disappeared. The launch of the banking reform initiatives by the CBN and the resultant capital injections, liquidity initiatives (lower Cash Reserving Requirements and Monetary Policy Rate) and in particular, the introduction of the Interbank Guarantee by the CBN, all assisted in once again opening up the interbank market and eased market liquidity pressures. However in spite of this, yields on Treasury Bills and Government Bonds remained thin (although off their lows) when compared to other money market rates, due to strong demand and a relative lack of supply.

Particularly in the second half (H2) of 2009, as liquidity became tight and reform initiatives took hold, growth rates in credit to the private sector slowed significantly, month on month growth in November 2009 was approximately 1.4%. Importantly for us, while the Capital markets ended the year in a better position than at the end of the Q1 2009, the All Share Index remained 34% down for the year. In addition volumes for the year also collapsed reflecting a 71% drop to ₦686 billion (2008-₦2.4 trillion).

Positively, oil prices improved in H2 2009 on the back of expectations of a global recovery and a harsh northern hemisphere winter, while production also recovered towards the latter part of the year, largely due to the Niger Delta amnesty.

Given this environment, we deem the results of the group to be satisfactory. We are particularly pleased with the groups continued strength against all measures of liquidity and capital adequacy. In this regard we were delighted that Fitch has recently confirmed our AAA (nga) rating. You will find included herein a number of reports reflecting the various business unit performances. In summary, while we achieved very strong deposit growth and moderately grew loans and advances, 2009 saw a number of the groups' capital market reliant businesses experiencing a considerably tougher trading environment compared to prior years, while a number of other franchises produced good performances. Within our Personal and Business Banking franchise good progress was made in product and infrastructure roll out, however the continued managed reduction in margin loans impacted the growth of both the loans and advances and their associated fee base. Overall an increase of 3% in the groups' operating income was pleasing. This reflects particularly strong performances from Global Markets, Pensions Fund Administration, Project and Structured Finance, as well as strong growth in transactional banking volumes and revenues.

The group continued on its investment drive which, given the prevailing environment, had to be closely managed as 2009 unfolded but did result in an increasing cost to income ratio being recorded for the year. We remain committed to building an operational platform that is efficient and scalable. A pre tax return on assets of 3% for 2009 is pleasing. One of the key initiatives launched during the year was the change of our core banking system. The move will see the group migrating from its existing Equinox platform to finacle during the first half of 2011. We believe this will bring significant benefits to our operating efficiency, quality and depth of information and scalability.

We are grateful that as an indicator of some key successes, 2009 saw Stanbic IBTC receiving a number of accolades and awards, being:

- Analyst of the Year, Ai Financial Reporting Award 2009
- Bank of the Year, ACQ Finance Magazine Global awards 2009
- Best Investment Bank in Nigeria 2009, Euromoney Awards
- Best Equity House in Africa 2009, Euromoney Awards
- Best Sub–Custodian in Nigeria 2009, Global Investor
- Best Investment Bank in Nigeria Award2009, Emeafinance
- Pension Fund Managers of the Year–This Day Award 2009.

A big thank you to all our customers and staff without whom none of the above would have been possible.

Stanbic IBTC 's core business units (Corporate and Investment Banking, Personnal and Business Banking and Wealth) are all committed to the principle that the customer needs to be at the centre of everything we do. We believe that our long term success will be entirely reliant on our ability to understand those customer needs and the environment they operate in, while working seamlessly as a team across business units to solve them. This not only requires good "knowledge management" but significantly requires having the right people. Stanbic IBTC continues to invest in both.

A key aspect of teamwork is the ability to leverage off our parentage, that being the Standard Bank Group. Management within Stanbic IBTC operate under a matrix reporting system designed to ensure maximum congruency of customer and product strategies, leverage off expertise and capabilities across all geographies that Standard Bank operates in and ensures maximum exposure of our staff to "best practice" and career advancement. An example of this is that as part of an initiative by Standard Bank Group, Stanbic IBTC participated in a global staff survey "Project Heartbeat". This gave us the opportunity to receive honest and frank feedback from our staff and also to compare that to trends elsewhere around the world. Stanbic IBTC had a very high level of participation and came out very positively overall. There was of course also great feedback on things that can be improved upon, which management has devised a number of action plans to try and address.

Given that Industrial and Commercial Bank of China (China's and the worlds largest bank) has a strategic shareholding in our parent the Standard Bank Group, we deem ourselves to be uniquely placed to support China/Nigeria activities and believe this holds significant opportunities for us.

For the Nigerian Banking sector, 2009 has brought home many lessons. The most critical being the importance of corporate governance and the need for very robust risk management. As you will note via the various comprehensive reports included herein, Stanbic IBTC has been, and remains totally committed to both. Our business continues to grow in size and complexity and thus, continuous refinement and improvement in these areas are not only deemed necessary but also entirely appropriate. In this process the need for transparency is paramount and we continue to strive to effectively communicate with all our stakeholders.

To all our stakeholders who have assisted in making 2009 a reality - Thank You. I would particularly once again wish to thank our Customers, Staff, the Executive team (especially my deputy Mrs Sola David-Borha), the chairman (Mr Atedo Peterside) and the rest of the board for their commitment, contribution and invaluable support.

2010 is likely to be challenging but exciting. There are mixed views on the sustainability of the global recovery. Questions are being raised following the massive amounts of stimulus liquidity injected around the world and the resultant threat of worldwide inflation and rising interest rates. Closer to home, Nigeria enters the year with significant political uncertainty, critical ongoing infrastructure needs and ongoing banking sector reforms, but still achieved a GDP growth rate of around 6.5% for 2009. With Nigeria having an estimated GDP growth for 2010 of approximately 7.5%, which again should far exceed global growth estimates, we continue to look forward to a successful and rewarding year for all.

CHRIS NEWSON
Chief Executive

Economic review

Global economic environment

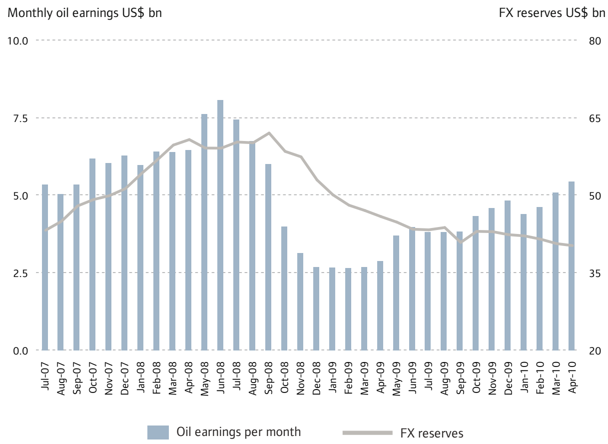
In spite of the economic challenges experienced by the global economy in 2008, slight recovery was recorded by most developed countries that were erstwhile adversely affected by the sub-prime mortgage crisis. The rebound in global economic activity was driven mainly by rising manufacturing activity, recovering housing markets and restoration of consumer confidence. To combat the liquidity squeeze experienced by most nations, central banks across the world undertook significant interest rate cuts. At the same time, the fiscal and monetary stimuli carried out by developed nations led to significant increase in the prices of commodities. Crude oil prices which picked up during the latter part of the year, closed the year at US$ 77.1/barrel from US$ 40.44/barrel at the start of the year.

Impact of crude oil prices on the Nigerian economy

The increasing crude oil price was positive for Nigeria as it implied significant increase in the foreign reserves. At the beginning of 2009, foreign reserve were US$52.78 billion but during the wake of the Niger Delta crisis, production volume fell to 1.6 million barrels per day (mbpd) from 2.03 mbpd in January. This contributed to a huge drop in foreign reserves to US$40.75 billion by October 2009. However, the aftermath of the amnesty deal saw production volumes go up to the current 2.30 mbpd and subsequent increase in the reserves level to US$42.47 billion at the end of December 2009. This positive situation has also enabled the CBN to deliver on its promise of consistent supply of US dollars, thereby ensuring stability in the USD/NGN exchange rate.

However, the increasing prices meant a higher crude oil import bill as Federal Government of Nigeria continues to subsidise the amounts paid by major oil marketers. This is one of the key arguments for the deregulation of the oil sector through the Petroleum Industry Bill.

FX reserves and crude oil earnings in 2009



Impact of international capital flows

While the actual data of international capital inflows into Nigeria is yet to be released, foreign portfolio investments into the Nigerian Stock Exchange (NSE) stood at ₦214.74 billion in 2009 compared to ₦153.46 billion inflows in 2008. Even though the Nigerian stock market experienced a significant decline in 2009, foreign investments into the market increased as the relatively low stock prices attracted foreign based investors.

Nigerian policy environment

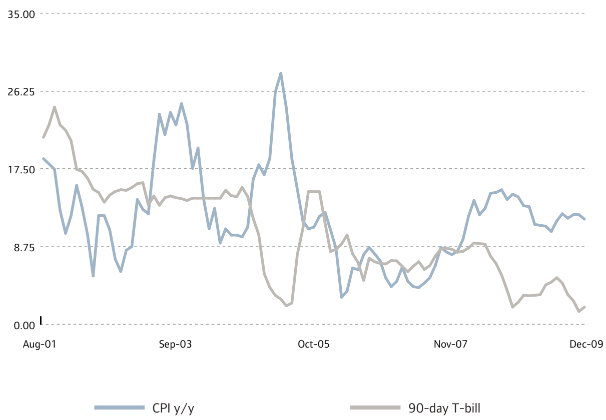
Just four years after the consolidation of the banking industry, the sector witnessed another shake-up which led to the removal of 8 bank CEOs. In a bid to ensure transparency in the industry and also to solve the issues concerning the banks' toxic assets, the Central Bank of Nigeria (CBN) carried out an audit of all the banks and mandated the banks to make increased loan loss provisions. The main consequence of this action was increase in non-performing loans (NPLs) in the industry and a subsequent decline in the profitability of the banks. The CBN has stated its willingness to protect customer deposits by guaranteeing all interbank transactions up till 31 December 2010.

The downward trend of the equity market which started in 2008, continued in 2009. At the end of the year, the All Share Index (ASI) declined 34% continuing on the 46% decline in 2008. The low investor confidence in the NSE led to a lull in the primary market and consequently companies had to seek alternative sources of funding. This proved difficult for most companies since banks, which are an alternative source of funding, had some level of liquidity constraints. The annualised growth rate of private sector credit was only 26% year on year compared to 59.4% in 2008 and a planned expansion of 45% for 2009.

To address the liquidity strains in the economy, the CBN ensured the monetary policy rate (MPR) was kept as low as possible. The MPR which was 9.75% at the end of 2008 was reduced to 8% in April and then further reduced to 6% in July. In spite of this reduction, inflation fell to 11.9% year on year as at December 2009 from 15.1% as at December 2008.

At the same time, the economic environment continued to be quite challenging with continued increase in operating cost. In particular, cost of power continued to soar, especially as companies depended heavily on alternative energy sources. In spite of the FGN's target to achieve 6,000MW of electricity generation by December 2009, just about 3,500MW was achieved.

CPI vs. 90 day T-Bills in 2009



Real economic developments

The real economy showed slight improvement with GDP growing by 4.50% in Q1:09,7.22% in Q2:09, 7.07% as at Q3:09 and 8.23% by Q4:09. Similar to previous years, the agriculture sector maintained its lead in terms of contribution, accounting for 41.84% of the GDP as at Q4:09.

Summary

In spite of an anticipation of a slow economic growth, data released by the National Bureau of Statistics showed consistent growth in GDP. Though this was boosted mostly by the agriculture sector, the oil sector equally improved towards the second half of the year. In line with this, the Balance of Payments improved in the latter half of the year and therefore the CBN was able to maintain consistent supply of US dollars. This in turn led to near stability in the official market exchange rate. At the same time, as the current total public debt level is less than 10% of the GDP, the increasing oil prices should provide adequate incentive for the economy to strengthen in 2010.

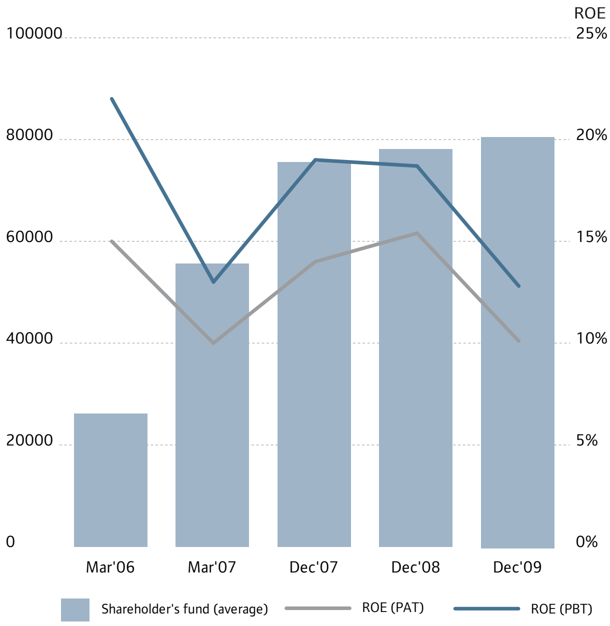
Financial review

The group posted a good result despite the challenging and difficult operating environment characterised by a general slow down of the economy in the first quarter of the year, tight liquidity, weakening equity markets and regulatory induced stress test audits with the resultant increased provisions for risk and other assets. Notwithstanding these tough conditions, we continued to grow our deposits, certain advisory, trading and transactional banking businesses, while maintaining our loan book. However, the businesses associated with the capital markets such as stock-broking, asset management and corporate finance were adversely affected due to depressed market conditions. The group's diversified business, strong capital and liquidity positions have allowed us to weather the turbulence in the global and Nigerian financial markets. All business units in the group were profitable in 2009.

Highlights of the 2009 results reflect strong capital and liquidity positions, increased customer confidence as evidenced by the very strong growth in deposit liabilities and prudent approach to asset growth, indicating effective risk management, as reflected by the drop in credit impairment charges.

Total income before credit impairments grew by 3%, while income after credit impairments was up 4%. However, the profit after tax reduced by 32% to ₦8.1 billion due to rising operating costs, as a function of our continued investment in our people and infrastructure for future growth.

Return on Equity



	2009	2008
Return on equity (profit before tax)	12.8%	18.7%
Return on equity (profit after tax)	10.1%	15.4%

Despite the tougher economic condition, the group continue to grow point of represenation by opening additional branches within the country in order to boost service and product delivery. This is expected to continue in 2010.

Economic factors impacting the results

The global economic recession of 2009 was the most serious since the Great Depression of the 1930s. Trade declined rapidly in the final quarter of 2008 and into 2009. The real economy also suffered with industrial production, household consumption expenditure and employment coming under significant pressure.

Major western economies slipped into recession and international trade slowed further in the first half of the year. Unprecedented monetary and fiscal stimulus programmes were implemented in a number of major economies with slow recovery evident in the latter part of the year. Industrial production, demand for resources, household consumption expenditure and employment were generally under pressure. As a results emerging market economies dependent on commodity exports were adversely affected by this global slowdown.

The sharp fall in commodity prices that accompanied the global slowdown was particularly concerning for African economies, many of which are heavily dependent on commodity exports as their primary source of export revenue. The tightening of global credit as a result of the crisis has also led to a reduction in private investment flows and bank financing, resulting in reduced capital flows and a curtailing of the availability of trade finance.

In response to the global financial crisis, most economies including Nigeria witnessed increased regulatory pressure and supervision. A joint Central Bank of Nigeria (CBN) and Nigerian National Deposit Commission (NDIC) examination of all Nigerian banks was conducted during the 2nd and 3rd quarters of 2009, and resulted in increased credit impairments across the industry largely for margin lending, exposures to the oil and gas sector and insider related credits. In addition, the CBN provided ₦620 billion to support nine banks that were found to have significant and persistent liquidity problems.

Lack of liquidity and low risk appetite resulted in increased cost of term funding and depressed asset and commodity prices, with some improvement towards the end of the year, Market liquidity improved following the CBN injection. However lending rates remained unchanged despite the increased liquidity largely in response to increased credit risk as a result of sluggish economic activity.

Confidence in a sustainable but slow recovery is growing. While credit demand is expected to improve, a resurgence is only likely to follow a more tangible revival of economic activity.

Key financial highlights

	2009	2008
Gross revenue growth	(2%)	114%
Gross loan growth	18%	22%
Deposit growth	78%	33%
Profit after tax growth	(32%)	53%
Pre-tax return on average equity	12.8%	18.7%
Earnings per share (kobo)	43	64
Long term Fitch rating	AAA (nga)	AAA (nga)

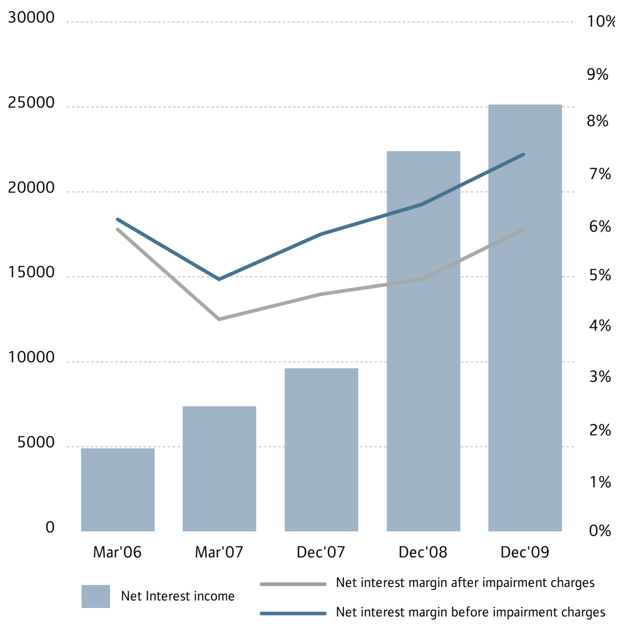
Profit and loss analysis

Net interest income

The net interest income grew by 12% to ₦25.1 billion mainly on the back of increased revenue from securities trading and reduction in interest expense. The efficient restructuring of the group's balance sheet during the year resulted in a 15% reduction in interest expense. The net interest margin (NIM) improved from 6.4% in 2008 to 7.4% in 2009, while margin after credit impairment charges improved to 5.9% (2008: 4.9%).

Personal and business banking year on year net interest income decreased by 15% from ₦9.47 billion in 2008 to ₦8.05 billion in 2009 largely as a result of our planned reduction of margin loan book. Corporate and investment banking net interest income increased by 30% from ₦12.38 billion in 2008 to ₦16.12 billion in 2009 as a result of 23% decrease in interest expense, as the bank repositioned its balance sheet, by reducing interbank borrowing and positioning itself as a net interbank lender in a relatively tight liquidity market.

Net interest income and net interest margin
CAGR (2006-2009): 73%



	2009 ₦'million	2008 ₦'million	Change %
Interest income	40,920	40,973	(0)
Interest expense	(15,813)	(18,611)	15
Net interest income	25,107	22,362	12

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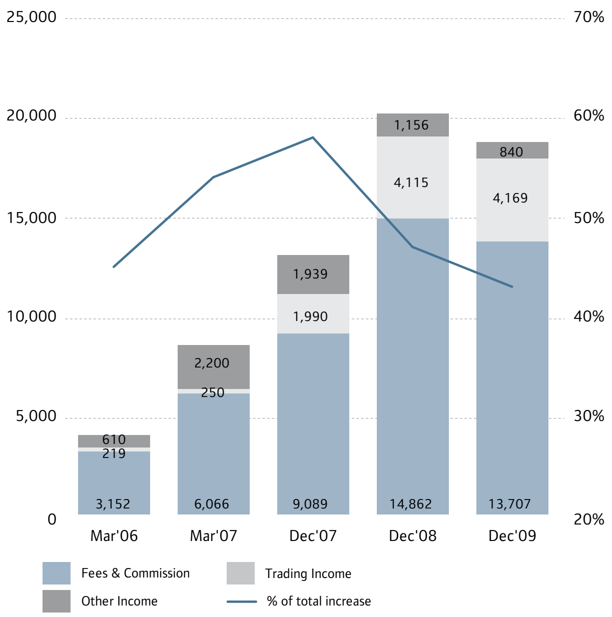
Non interest revenue

Fees and commission revenue decreased by 8%, largely due to the depressed capital market which adversely affected our advisory, asset management, stockbroking and custody business. The decrease was partly offset by transactional volume increases. Trading revenue which is largely foreign exchange based registered a slight increase of 1%. This was due to reduced foreign exchange flows during the year as trade and foreign investment flows declined.

Decline of 27% in other income resulted mainly from non recurrence of gains from sale of equity investments in the prior period.

	2009 ₦'million	2008 ₦'million	Change %
Fees & Commission	13,707	14,862	(8)
Trading income	4,169	4,115	1
Other income	840	1,156	(27)
Total	**18,716**	**20,133**	**(7)**

Composition of non interest revenue (2006 - 2009)



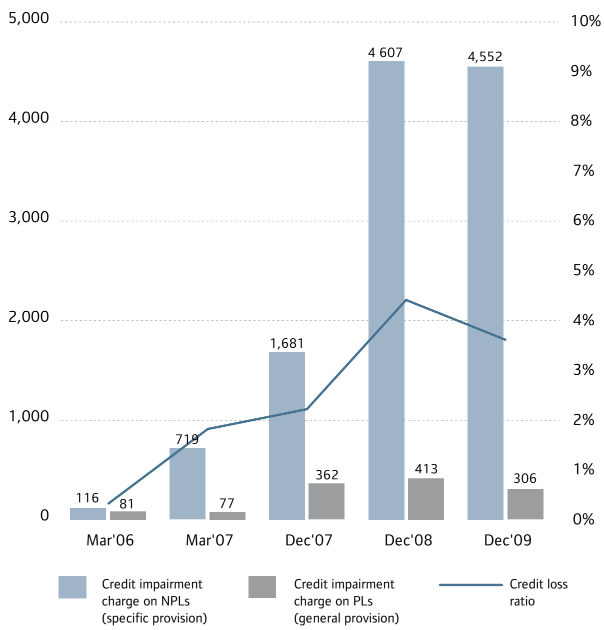
Credit Impairment Charges

	2009 ₦'million	2008 ₦'million	Change %
Specific provisions	4,552	4,607	(1)
General provisions	306	413	(26)
Total	**4,858**	**5,020**	**(3)**

The credit impairment charges decreased by 3% inclusive of additional provision arising from the joint CBN/NDIC special audit exercise carried out during the year. This reduction reflects the effectiveness of the group's risk management processes whilst we have maintained a prudent approach to credit impairments. This resulted in the credit loss ratio improving from 4.4% in 2008 to 3.6% in 2009. The group has not modified its provisioning policy and continues to impair assets using the same principles it used in previous years.

Following the proactive reduction of margin exposures in 2008 the group has negligible exposure to margin lending and the gross balance at 31 December 2009 was ₦1.9.billion which was less than 2% of the lending book.

Credit impairment charges and credit loss ratio



Operating expenses

Group year on year operating expenses increased by 25%. Staff cost increased by 29% while other operating expenses increased by 22%. The cost to income ratio deteriorated from 53.8% in 2009 to 65.3%.

	2009 ₦'million	2008 ₦'million	Variance %
Staff costs	13,469	10,426	29
Other operating expenses:			
Auditor's remuneration	138	130	6
Communication	917	360	155
Depreciation	2,567	1,433	79
Information technology	1,259	825	53
Marketing expenses	1,197	1,161	3
Premises	2,527	756	234
Training, travel and accommodation	1,878	1,344	40
Other	4,671	6,416	(27)
Total other operating expenses	15,154	12,424	22
Total operating expenses	28,623	22,850	25
Cost-to-income ratio	65.3%	53.8%	

The cost increases are a result of the group continuing its investment and growth strategy, and as such, is investing in infrastructure that will ensure scalability and sustainable growth in the future. There has been significant investment in the following:

- IT infrastructure
- IT systems
- Branch network

In addition, in order to improve our service offering and delivery especially in the personal and business banking market, the actual staff headcount increased by 9% to 2112, whilst 83 new points of representation were opened during the year.

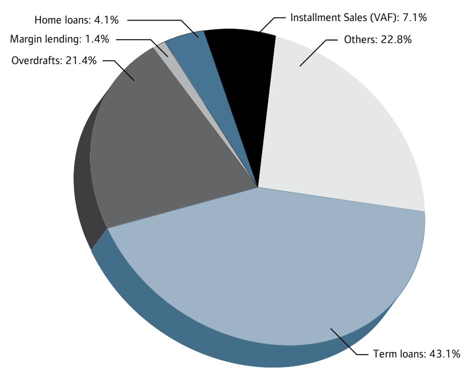
Balance sheet analysis

The group's total assets declined by 3% from ₦351.25 billion as at 31 December 2008 to ₦341.29 billion as at 31 December 2009.

Key balance sheet indicators

	2009 ₦'million	2008 ₦'million	Change %
Loans and advances to banks	76,954	111,593	(31)
Net loans and advance to customers	119,885	102,659	17
Total loans and advances	**196,839**	**214,252**	**(8)**
Deposits and current accounts	169,200	95,262	78
Shareholders fund	80,480	80,664	(1)

Composition of gross loans and advances



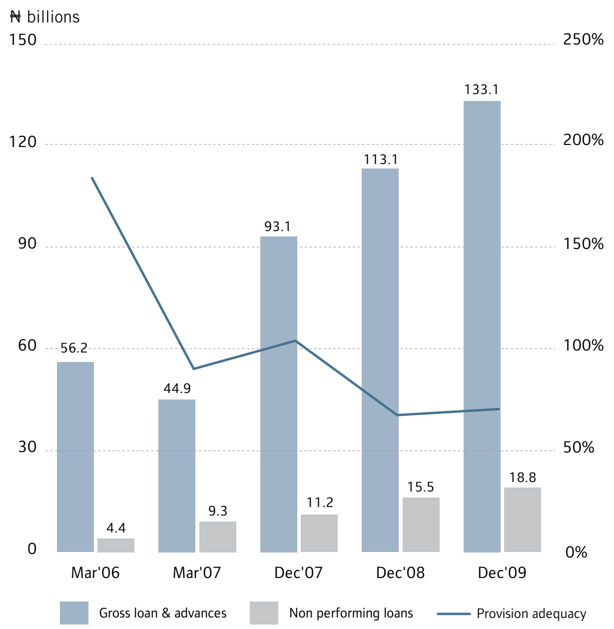
Financial review

Loans and advances

Net loans and advances to customers, which accounted for 35% of total assets, grew by 17% to ₦119.9 billion. Personal and Business Banking net loans and advances increased by 21% particularly as a result of growth in loans granted for mortgage and vehicle and asset finance. The Corporate and Investment banking net loans and advances grew by 16% on the back of strong growth in project and structured finance.

The non performing loans (NPL) increased by 21% to ₦18.8 billion. The NPL to total loan ratio was stable at 14.1% (2008: 13.7%), evidencing limited change in overall asset quality despite the upheaval in the market and further showing the effectiveness of the group's comprehensive risk management framework and prudent provisioning policies. The NPL coverage ratio (excluding the net present value of security held) improved to 70% from 67% in 2008.

Loans analysis by performance



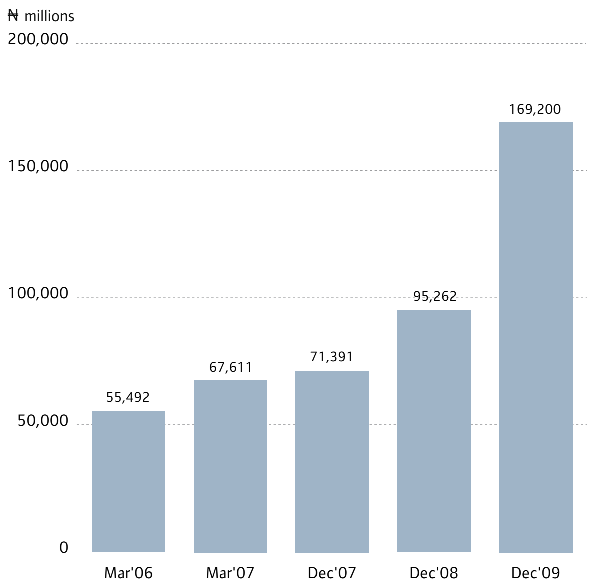
The group continues to hold adequate loan provisions and has not modified its provisioning policy, continuing to impair assets using the same principles it used in previous years.

Funding and liquidity

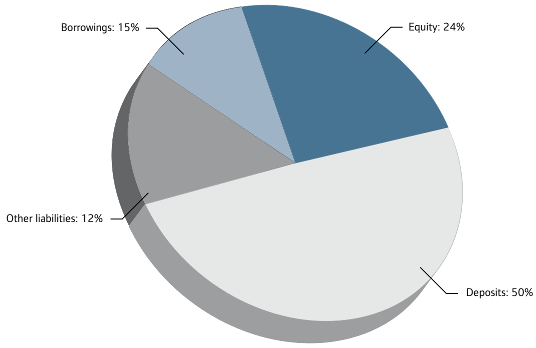
Total deposits and current accounts, which represent 50% of total liabilities and equity, increased by 78% to ₦169 billion. The very impressive growth in deposit liabilities is evidence of increased customer confidence in the group in a very competitive market. Personal and Business Banking deposits increased by 45%, while Corporate and Investment Banking increased by 116%.

The group's loan to deposit ratio of 78.7% is within the regulatory guideline of 80% and the 51.4% liquidity ratio is significantly above the statutory minimum of 25%.

Deposits growth
CAGR (2006-2009:45%)



Sources of funding



Capital adequacy

Total shareholder funds decreased marginally to ₦80.5 billion (2008: ₦80.7) as a result of dividend paid out compounded by lower earnings. However, the group continues to be well capitalised. Tier 1 capital adequacy ratio was 34.1% (2008: 40.5%), while the total capital adequacy ratio was 35.0% (2008: 41.5%). The ratio is significantly higher than the regulatory minimum of 10%. The group's capital is deemed sufficient to support business risks and contingencies and drive business growth.

Credit impairments

	2009 ₦'million	**2008** ₦'million	**Change** %
Tier I capitals	80,480	80,392	0
Tier II capital	2,177	1,987	10
Total qualifying capital	82.657	82,379	0
Risk weighted assets	236,250	198,686	19
Capital adequacy			
Tier I	34.1%	40.5%	
Tier II	35.0%	41.5%	

Proposed dividend

The board of directors has proposed a dividend of 30kobo per share, amounting to ₦5.6 billion for the 12 months ended 31 December 2009 on the issued share capital of 18.75 billion ordinary shares, subject to the approval by the shareholders at the next annual general meeting (AGM). This represents a decrease of 25% over the dividend paid for the period ended 31 December 2008 of 40kobo per share on the issued share capital of 18.75billion ordinary shares amounting to ₦7.5 billion.

Accounting policies

Basis of preparation

The balance sheet and profit and loss account and specific disclosures are published in compliance with section 27 (1) of BOFIA Cap B3 Laws of the Federation of Nigeria 2004. The information disclosed has been extracted from the full financial statements of the bank and the group and cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the bank and the group as the full financial statements.

Changes in accounting polices

The accounting policies are consistent with those adopted in the previous year.

IFRS results

The Standard Bank Group ('SBG') reports its results in accordance with International Financial Reporting Standards (IFRS). Accordingly the group prepares IFRS results for inclusion in SBG's results. Below are extracts of the income statement and balance sheet for the comparative years 31 December 2008 and 2009 prepared in accordance with IFRS.

The fundamental differences between Nigerian GAAP (NGAAP) and IFRS are:

- NGAAP employs a historical cost convention whereas IFRS employs fair value.
- Credit impairments are calculated based on expected losses (a set percentage based on prudential guidelines) instead of the IFRS incurred loss methodology with fair value calculations for security.
- Under NGAAP revenue on yield instruments is recognized purely on an accrual basis with no mark to market adjustments.

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IFRS income statement	Group 2009 ₦'million	Group 2008 ₦'million	Change %
Interest income	25,609	28,586	(10)
Interest expense	9,685	12,698	(24)
Net interest income	**15,924**	**15,888**	**0**
Non-interest revenue	**28,221**	**27,764**	**2**
Net Fees and commissions income	13,707	14,421	(5)
Trading income	13,674	11,150	23
Other income	840	2,193	(62)
Total income	**44,145**	**43,652**	**1**
Less: Credit impairment charges	3,956	2,962	34
Provision for specific credit losses	4,059	2,232	82
Provision for general credit losses	(103)	730	(>100)
Income after credit impairment charges	**40,189**	**40,691**	**(1)**
Operating expenses	28,752	23,787	21
Employee compensation & benefits	13,598	10,607	28
Other operating expenses	15,154	13,180	15
Profit before tax	**11,437**	**16,904**	**(32)**

IFRS balance Sheet	Group 2009 ₦'million	Group 2008 ₦'million	Change %
Assets			
Cash and balances with central banks	7,772	9,605	(19)
Pledged assets	16,966	16,876	1
Derivative assets	188	518	(64)
Trading Securities	95,520	59,823	60
Financial Investments	30,192	28,417	6
Loans and advances	153,371	229,391	(33)
Loans and advances to customers	111,976	121,034	(7)
Loans and advances to banks	41,395	108,357	(62)
Other assets	14,010	39,434	(64)
Current and deferred taxation	594	-	
Other intangible assets	-	134	(100)
Equity Investment in group companies	1	-	
Property and equipment	26.878	8,120	>100
Total assets	**345,492**	**392,320**	**(12)**
Equity and liabilities			
Equity	**85,012**	**83,959**	**1**
Equity attributable to ordinary shareholders	83,995	83,259	1
Ordinary share capital	9,375	9,375	0
Ordinary share premium	47,469	47,469	0
Reserves	27,151	26,415	3
Minority interest	1,017	700	45
Liabilities	**260,480**	**308,360**	**(16)**
Trading liabilities	97,448	62,698	55
Deposit and current accounts	111,186	147,934	(25)
Deposits and current accounts with Customers	110,931	90,885	22
Deposits and current accounts with Banks	255	57,048	(100)
Other liabilities	47,013	90,540	(48)
Current and deferred tax liabilities	4,833	7,188	(33)
Total equity and liabilities	**345,492**	**392,320**	**(12)**

Executive committee

1 2 3 4 5 6

1 CHRIS NEWSON (45)
B.Com CA (SA), CSEP
Chief executive officer

Oversees all business activities of Stanbic IBTC Bank

South African Institute of Chartered Accontants, CIBN

2 SOLA DAVID-BORHA (49)
B.Sc, MBA
Deputy managing director; Executive director, Corporate & Investment Banking

Oversees and co-ordinates the Global Markets and Investment Banking Business Unit

CIBN, NESG, FITC

3 MARNA ROETS (43)
B.Com (Hons) CA (SA)
Executive director, Business support

Oversees and coordinates the business support functions.

South Afrian Institute of Chartered Accountants, CIBN

4 OBINNIA ABAJUE (34)
B.Sc, MBA
Head, wealth group

Head of Wealth division which includes Stanbic IBTC Pension Managers Limited, Stanbic IBTC Asset Management Limited and Stanbic IBTC Trustees Limited

FCA, ACIB, ACS

5 KANDOLO KASONGO (55)
MBA
Head, credit

Oversees the Credit function, application of best practice underwriting principles and subsequent credit management practices to minimise credit losses

6 ISIOMA OGODAZI (52)
BA, Post Graduate Diploma, Graduate Institute of Personnel Development (UK)
Head, human resources

Responsible for setting the strategic people agenda for the bank and providing consulting support for executive management.

Institute Of Personnel Development UK & Nigeria

7 8 9 10 11 12

7 **YINKA SANNI** (44)
B.SC, MBA, ACS, AMP
Executive director, Corporate & Investment Banking

Co-Head of CIB, oversees and co-ordinates the activities of all Business Unit heads under the Corporate Banking and Transactional Products & Services division

CIS, CIBN

8 **JACQUES TROOST** (46)
B.Com (Hons)
Executive director, Personal & Business Banking

Oversees and co-ordinates the activities of all Business Unit heads under PBB

9 **ANGELA OMO-DARE** (50)
LLB, BL, LLM
Company secretary and head, legal

Oversees and co-ordinates the company secretariat and legal functions of the bank

CIBN, NBA

10 **RONALD PFENDE** (38)
B.Com (Hons), MBL, CA (Z), CA (SA)
Chief financial officer

Responsible for finance which encompasses financial control, reporting, planning and management. Also oversees the bank's tax administration

South African Institute of Chartered Accountants, Institute of Chartered Accountants of Zimbabwe

11 **DR. DEMOLA SOGUNLE** (45)
B.Sc, M.Sc, PhD, MBA
Head, group risk

Overseeing the development and implementation of a risk management framework that is consistent with the complexity of the group and ensuring overall compliance to all legislations, rules and regulations

CIBN, FMDA

12 **KAYODE SOLOLA** (42)
MBA, ACA
Head, global markets

Oversees Global Markets which comprises sales/trading of foreign currency, money market and fixed income. He also oversees the asset and liability unit

Institute of Chartered Accountants of Nigeria

Personal & business banking

In an ongoing journey to establish a competitive retail business in Nigeria, Personal and Business Banking (PBB) in 2009 focused on the establishment of a sales and service culture throughout the network; increased cross selling of products and services to our customers; continued improvement and expansion of our channel footprint; expanding our product and channel reach to new customer segments previously not focused on; improved productivity levels; training and leadership development. Emphasis was also placed on asset growth in an attempt to replace the loan assets lost as a result of the conscious decision in 2008 to reduce the exposure to margin facilities.

What we offer

PBB aspires to be a customer centric business that profitably grows to scale in high potential markets and segments through superior customer service, innovative product and channel solutions and a competent and motivated work force.

We provide financial services for personal customers at all income levels, as well as for all business type customers not serviced by CIB. A full range of asset, liability and transactional products are offered to these customers through a network of branch, suite and self service channels (including ATMs and internet banking). Products offered include, amongst others, bancassurance products, vehicle and asset finance, unsecured personal loans, mortgage loans, trade finance, current and savings accounts and a variety of investment products.

2009 highlights

- Moved from ranking 9 in 2008 to 4 in 2009 on KPMGs survey identifying the top 10 customer focused banks;
- Successfully piloted an innovative proposition to extend banking services to lower end market traders; and
- The following growth was reflected from December 2008 to December 2009;
  - Customer base up by 36%
  - Account base grew by 38%
  - Dormancy rate decreased by 25%
  - Customers per branch increased by 22%
  - ATM transaction volumes and withdrawal values increased by 440% and 181% respectively
  - SMS notifications grew by 125%
  - Internet banking volumes up by 57%
  - Deposit liabilities grew by 45%
  - ATM and branch footprint increased by 120% and 11% respectively.

2010 priorities

- Growing to scale in existing selected segments with a strong focus on business banking opportunities;
- Further extension of products and services to previously unfocused segments;
- Sensible growth of the PBB asset base;
- To be well recognized in the market for our retail offering;
- Increased cross selling of our products and services;
- Ongoing channel expansion especially from a branch network perspective;
- Achieving of operational and cost efficiencies throughout the business;
- Increased productivity levels; and
- Leadership development and training

Total income
₦11,318 million
2008: ₦12,478 million

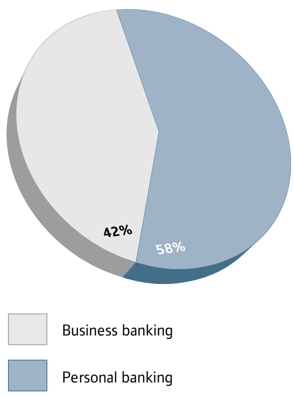
Pre-tax return on average equity
3.6%
2008: 21.6%

Cost-to-income ratio
80.9%
2008: 58%

Deposits
₦75,014 million
2008: ₦51,755 million

Loans and advances (net)
₦26,150 million
2008: ₦21,541 million

Revenue by business segment



Overview

As an outflow of a strategic decision early in 2008 to reduce our exposure to margin facilities, our focus in 2009 was the rebuilding of the PBB asset book. However, with the international financial meltdown also having its effect on Nigeria, our risk appetite was adjusted downwards resulting in slower asset growth than expected.

On the liability side, we were able to grow more aggressively notwithstanding a slower than anticipated start to our branch building program during the early part of 2009, having a somewhat negative effect on our ability to grow our market share.

Strategy

Expanding our reach

In 2009, we continued to grow our footprint by opening more branches, with the key focus on ensuring that we have representation in all the state capitals in Nigeria. We also continued installing more ATMs without losing sight of the need for this channel to be profitable. Work has also commenced with the upgrading of our internet banking offering with a view to offer an improved functionality to our client base.

Improving customer service

We have completed the upgrade of most of the branches of the legacy banks and this has resulted in an improved customer experience while both our ATM and branch systems availability have improved drastically to further enhance the customer experience.

We have also engaged in various processes to ensure that we have the correctly profiled and suitably motivated workforce by investing substantially in leadership and technical training and thus ensuring a positive experience when visiting our outlets.

The outcome of all of this was an improved service delivery level as measured by the independent market annual survey undertaken by KPMG, where we were awarded a fourth position in the banking industry. Our internal service measurement process did underpin this improved rating.

We were also able to expand our product offering to our client base and now have a comprehensive product bouquet in the PBB environment.

Containing cost

Although the PBB business is in an expanding phase, we were able to contain our cost growth within acceptable level.

To ensure continued cost control, large focus is being placed on the productivity levels of our staff and the improved overall efficiency in the PBB business. This will continue to be our focus throughout 2010.

Financial performance

	2009 ₦'million	2008 ₦'million	Growth %
Total income	11,318	12,478	(9)
Staff costs	4,572	3,727	23
Other operating expenses	4,582	3,512	30
Provision for risk assets	1,038	885	17
Tax provision	304	618	(51)
Profit after tax	882	3,736	(78)
Deposits	75,014	51,755	45
Gross loans & advances	29,721	25,823	15

Looking ahead

In 2010, we foresee a continuation of the current challenging environment with some relief towards the later part of the year.

We want to continue to grow our market share by investing in more branches and enlarging our ATM network.

We also want to increase our share of wallet of current and future client base by offering them more products and ensuring that our products do cater for their banking needs and aspirations.

There will also be an increased focus on the Business Banking segment with some first time focus on some of the previously underbanked segments.

All of the aforementioned will happen in an environment of improved efficiencies, good cost control while continuously improving the quality of our workforce and a regular review of our risk appetite to ensure that we have the ability to capitalise on market opportunities.

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Case studies:
Nigeria Distilleries Limited ("NDL")

***Nigeria Distilleries Limited ("NDL")** - Incorporated on the 6th of March 1961 with 100% Nigerian ownership, is the largest wine and spirits producing company in Nigeria, solely devoted to the manufacturing and marketing of fourteen brands of alcoholic and non alcoholic beverages in 35 different pack sizes.*

The company has more than one thousand employees and has a philosophy of nurturing local personnel through training and exposure to modern equipment. NDL has achieved phenomenal growth from inception through the quality of its workforce. The current beverage capacity of the company is ten million litres per year with distribution outlets spread across the country.

The programme

To meet the growing demand for its products and position the company for the next level of desired expansion, NDL approached Stanbic IBTC for financing of raw materials importation and augmentation of its working capital.

Financing

In May 2009, Stanbic IBTC granted a ₦800 million facility in the form of an import finance facility and overdraft to NDL, which was fully utilized in December 2009. The facility was further enhanced by ₦260 million to enable NDL to establish more Letters of Credits (LCs) for raw material importation, bringing the total exposure to ₦1.06 billion.

The market

The demand for both alcoholic and non-alcoholic beverages in Nigeria increases daily. Over the years, with experience and intensive research, NDL has expanded and improved its product range and quality level to satisfy its customers and meet the high demand for their products. Currently, NDL is regarded as the company with the best brand of beverages and a foremost leader in the alcoholic and non-alcoholic beverage segment of the Food and Beverage Industry in Nigeria. NDL has a promising outlook derived from its business strategies and focus.

Stanbic IBTC bank will continue to partner with NDL in maintaining its leadership position in the distilleries market/industry.

Case studies:
A.S.B Investment Limited ("ASB")

A.S.B Investment Limited ("ASB") *- is a haulage company which in the last 10 years has been primarily focused on servicing the Oil & Gas sector through Total Oil Plc and AP Plc, two of the major oil marketers in Nigeria. The company is involved in the supply of petroleum products and lubricants, fleet management and manpower development.*

The programme

Total Nigeria Plc divested its day to day operations and management of some of its gas stations to ASB. With a successful strategy of continuous growth and improvement, ASB has become Total's number one haulage dealer.

ASB sold its used haulage trucks and purchased brand new trucks using own funds as part of an operations restructuring process, thus creating a need to finance their working capital.

Financing

Stanbic IBTC is involved in financing a ₦950 million sale and lease-back facility for ASB. This will enable ASB to free up cash flow to utilize for working capital finance, especially relating to direct purchases of products from the NNPC, in terms of a recently awarded license.

The market

As the haulage industry provides the sole means of distribution of petroleum products in Nigeria it is expected that this deal will assist ASB in maintaining its leadership position in the industry.

Corporate & investment banking

In the midst of the global financial turmoil which exerted a heavy toll on the local financial industry and further exacerbated by the recent banking sector crisis, we leveraged the bank's growing brand to strengthen our leadership in Global Markets (GM) and Investment Banking (IB), whilst we laid a solid foundation for growth in Transactional Products & Services (TPS).

What we offer

Corporate & Investment Banking (CIB) is the wholesale banking arm of Stanbic IBTC through which innovative investment and financing solutions are provided to large local and multinational corporates, institutional and public sector clients in strategic sectors of the economy. The combination of our industry expertise, cross-border linkages, well-structured balance sheet and highly skilled and experienced team, gives us a competitive edge in meeting our clients' needs and in turn earns us several mandates and awards during the year.

2009 highlights

- Creation of a carbon origination/trading desk in Global Markets to source emissions reductions projects in Nigeria and Africa to put the team ahead of competition in Certificates of Emissions Reduction (CER) trading;
- Adoption of a product neutral model through the creation of a client coverage unit with the primary aim of deepening relationships across key sectors identified for priority;
- Won mandates to participate in raising more than ₦1.3 trillion in bonds by private and public institutions;
- Grew stockbroking market dominance to about 21% share of total market transaction value, up from 12.49% in 2008; and
- Appointment by the Central Bank of Nigeria (CBN) as a Domestic Money Market Custodian to money market and other fixed income securities in the country

2010 priorities

- Increased participation in bond raising activities. Our focus will be on delivering on the mandates already won to help clients raise long term debt as well as wining more mandates from both private and public sector clients;
- Leverage & acquisition financing and other debt solutions;
- Working with regulators to align local regulatory framework with global best practices;
- Building on the already laid foundation to grow our transactional products & services franchise, specifically franchise collections and online payments; and
- Growing our market share of trade financing through a suitable trade finance model that meets the special needs of majority of Nigerian importers.

Total income
₦25,586 million
2008: ₦20,822 million

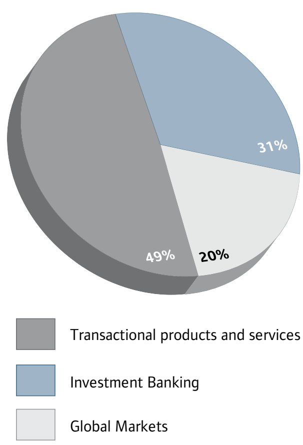
Pre tax return on average equity
13.2%
2008: 14.6%

Cost-to-income ratio
62.5%
2008: 42.7%

Deposits
₦94,186 million
2008: ₦43,508 million

Loans and advances (net)
₦93,735 million
2008: ₦81,118 million

Revenue by business segment



Overview

In 2009, our GM franchise retained its position as one of the leading market makers in foreign exchange (FX), fixed income and money market businesses. We are an appointed primary dealer and market maker for Federal Government of Nigeria (FGN) bonds and treasury bills. During the year, a carbon origination/trading desk was created in GM to source emissions reductions projects in Nigeria and Africa leveraging our local relationships and expertise in the area via Standard Bank Group (SBG)'s extensive business network. This will put the team ahead of competition in Certificates of Emissions Reduction (CER) trading.

The Investment Banking pillar of CIB continues to consolidate its pre-eminent position in the market and remains a strong franchise for the group. We were able to take advantage of the lull that lasted in the capital market all through the year to grow our share of the market. Following the emergence of Stanbic IBTC Stockbrokers from the consolidation of Stanbic IBTC Asset Management (stockbroking operations) and Stanbic Equities, the bank further increased its stockbroking market dominance to about 21% share of total market transaction value in 2009, up from 12.49% in 2008.

We moved to a product neutral model, whereby our teams of relationship managers ensured that the whole product suites of the bank were sold to relevant clients during the year. Our aim is to create a customer-centric CIB model, double the cross sell ratio to clients and efficiently allocate capital in a way that ensures appropriate matching of return and risk.

Strategic direction

During the year under review, CIB embarked on a number of strategic initiatives aimed at creating a sustainable business strategy/model. These include:

- Identification of six (6) key priority sectors where we intend to play in and possibly emerge as market leaders. The sectors are: Oil, Gas & Renewables, Telecommunications, Media, Technology & Entertainment, Power, Infrastructure & Construction (Property), Public Sector & International Organizations, Manufacturing & Distribution and Financial Institutions.
- Introduction of new and specialized product offerings, which include securitization, structured trade finance, leverage & acquisition finance, property finance and debt solutions products. This became necessary in positioning CIB to take advantage on new opportunities presented by the collapse of the equity market and increasing investor appetites for debt instruments and other fixed income investments.

Achievements

Deals completed

CIB executed a number of advisory and financing transactions that further evidenced the growing brand image and positive perception of the franchise in the market place. The following are some of the notable deals that were completed in 2009:

- Issuance of ₦50 billion first tranche of the Lagos State Government ₦275 billion 5-year Fixed Rate Bond Issue Programme. Concluded in January 2009, the issue was 117% subscribed.
- ₦22.6 billion Rights Issue by Cadbury Nigeria Plc. We were the issuing house/receiving bankers to the offer which was 85.55% subscribed.
- Issuance/Arrangement of an ₦18.5 billion Fixed Rate Bond Issue by Imo State under a ₦40 billion Debt Issuance Programme. We were also the lead underwriter to the issue, which was 100% subscribed.
- Arrangement of a US$15 million cocoa receivable-backed trade facility for Agro Traders Limited on a sole-basis. Disbursements have since commenced.
- Merger of MTN Nigeria Communications Limited and VGC Communications Limited. We acted as the financial advisers.

Mandates won

CIB won a sizable wallet of mandates during the year. Some of the mandates which are at various stages are:

- Joint Issuing House to a proposed ₦500 billion Debt Issuance Programme by First Bank of Nigeria Plc.
- Joint Issuing House to a proposed ₦400 billion Bond Issuance Programme by UBA Plc.
- Joint Issuing House to a proposed ₦100 billion Bond Issuance Programme by Access Bank Plc.
- Lead Issuing House to a proposed ₦200 billion Medium Term Note (MTN) Programme by Oando Plc.
- Joint Financial Advisory & Debt Arranging for Puma Energy (a subsidiary of Trafigura International). We got the mandate, jointly with Standard Bank London, to arrange US$120m for the client.
- 7-year Construction Term Facility for Gruppo Investments Limited. Stanbic IBTC is to contribute US$28.5 million of the total US$48.5 million meant for construction of Ikeja Mall.

Corporate & investment banking

Awards

The efforts of the various teams within CIB and other segments of the bank did not go unrecognised. Some of the awards and accolades for the year include:

- Analyst of the Year, by Ai Financial Reporting Award, 2009;
- Bank of the Year, by ACQ Finance Magazine Global Awards 2009;
- Best Investment Bank in Nigeria 2009, by Euromoney Awards;
- Best Equity House in Africa 2009, by Euromoney Awards;
- Best Sub-Custodian in Nigeria 2009, by Global Investor Awards;
- Best Investment Bank in Nigeria Award, 2009, by Emeafinance; and
- PPP Champion of the Year for Various Initiatives, 2009 by Africa Investor Infrastructure Awards.
-

Financial performance

Despite the difficult and challenging operating environment experienced in the industry in 2009, the division total income grew by 23% on the back of decrease in interest expense and increase in net fee and commissions. However, the growth in total income was partly offset by the growth in operating expenses. Staff costs and other operating expenses increased by 86% and 74% respectively as a result of procurement of skills and infrastructure to grow our specialized lending products and services such as structured trade, debt capital market, carbon trading, electronic banking to mention a few.

The key performance indicators are highlighted below

	2009 ₦'million	2008 ₦'million	Growth %
Total income	25,586	20,822	23
Staff costs	7,444	3,922	86
Other operating expenses	8,541	4,897	74
Provision for risk assets	3,820	4,135	(8)
Tax provision	810	639	27
Profit after tax	5,781	7,798	(26)
Deposits	94,186	43,508	116
Gross loans & advances	103,379	87,271	18

Moving forward

The turmoil experienced by the Nigerian banking industry in 2009 presents us with both challenges and opportunities. We are therefore focusing on rightly positioning CIB ahead of the opportunities and the challenges. In line with this, we have identified key business opportunities as anticipated by the market and developed appropriate strategies across the division that will enable us capture them as they crystallise. These include:

- Product neutrality model – We have created a client coverage unit, with the primary aim of deepening relationships with key clients operating in the 6 priority sectors earlier mentioned. By becoming customer-centric, we are focusing on increasing our share of clients' wallets in those sectors.
- Our enhanced debt solutions capabilities will be deployed in offering creative solutions to clients who require financing for various projects being undertaken. We will also be looking at providing larger and longer-tenored facilities to key infrastructure projects and core clients who have bankable projects.
- Domestic money market custodial services – Following our appointment by the CBN as one of the money market and other fixed income securities custodians in the country, we hope to grow the domestic portion of our custodial business, going forward. The Nigerian FGN treasury bill and other money market instruments is a market of at least ₦3 trillion in size. These assets are to be de-materialised and held by CBN appointed custodians.
- Online payments – the CBN's recently announced ₦10 million cap on amounts that could be paid through cheques has offered us a good opportunity to leverage our electronic payment solution, New Business Online (nBOL). The nBOL capability will help strengthen our annuity businesses through the expected growth in the volume and value of deposit collections and web pay transactions.
- Trade financing – having identified Nigeria as an import-dependent economy, we have commenced a review of our trade services strategy for us to increase our trade finance market share.
- Cost optimisation – the growing cost trend in the industry together with the resultant pressure on revenue has underlined the need for CIB to put cost in proper perspective. Already, cost-saving measures are being put in place to ensure we derive more value from expenses incurred.

Case studies:
Agro Traders Limited ("ATL")

ATL is one of Nigeria's largest cocoa exporters, handling approximately 15% of the country's cocoa output. The company is based in Akure, Ondo State, Nigeria – the state is the largest cocoa growing region in the country. ATL is a member of, and accredited by, International Cocoa Organisation (ICCO), the international cocoa industry body. ATL has grown from a 400 metric tonnes trader at inception in 1992 to a 20,000 metric tonnes trader of quality grade cocoa beans today. The company's strategy is to further increase volumes of cocoa beans traded, diversify its global offtaker network to include North American and Asian off-takers and to expand down the supply chain by investing in value-added processing capacity.

The Programme

Stanbic IBTC acted as the arranger/lender for a US$15 million Cocoa receivables-backed revolving trade finance facility provided to Agro Traders Limited ("ATL"), a major cocoa exporter in Nigeria. The facility is structured as pre-export finance and made available to finance ATL's purchase, storage and export of the 2009/2010 Nigerian cocoa harvest to major offtakers in Europe.

Financing

The facility is structured in two tranches. (i) Tranche A will finance purchase of the main crop cocoa harvest between October 2009 and March 2010; and (ii) Tranche B will finance the light crop cocoa harvest between April 2010 and July 2010. The facility is revolving and self-liquidating.

Market innovation

The transaction emerged as the first Structured Trade Finance (STF) transaction originated and closed by Stanbic IBTC. The transaction is arguably the first of such transactions to be provided in Nigeria by a local bank to a local exporter with documentation undertaken by a local legal counsel – in short, 'Made in Nigeria'.

The structure of the transaction, which applied the traditional pre-export finance structures for cocoa used elsewhere, is new to the Nigerian market. Furthermore, the transaction provides significant support to the Nigerian cocoa industry, which is currently undergoing regeneration as part of the Federal Government of Nigeria's efforts to encourage the growth of the agricultural sector and to enhance the country's non-oil exports and revenues. The transaction also provided much needed access to US$ funding and liquidity support to a local commodity trader at a difficult time for access to financing for commodity traders globally. Finally, the transaction represents one of the first applications of Standard Bank Group's dedicated trade finance line from IFC to support trade to and from the Sub-Sahara Africa region.

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Case studies: Cadbury Nigeria Plc

***Cadbury Nigeria** is a clear leader in the Confectionery and Food Drinks industry in Nigeria and exports to neighbouring West African countries. The Company's quality brands are widely enjoyed throughout Nigeria as well as in the Company's export markets in West Africa. This rich heritage has been carefully nurtured by Cadbury Nigeria over the years.*

The Market

The Company's lead brand in the food drinks business is Bournvita, which holds a strong market share of the Nigerian food drinks market. In addition, the brand offers nutritional benefits that help to supplement the dietary intake of consumers. The main brands in the Company's confectionery business include Tom Tom and Buttermint, for sale in Nigeria, and Hacks and Ahomka Ginger, which are exported to neighbouring west African countries. Each brand has grown to become a household name, and each holds a strong market share in their segments.

The programme

Stanbic IBTC recently acted as sole issuing house to the ₦22.2 billion rights issue by Cadbury Nigeria. Shareholders were provisionally allotted 7 new shares for every 3 shares held as at 26 June 2009. The purpose of the issue was to repay the Company's bank borrowings, while the balance of the funds will be applied to fund the improvement of capacity supporting infrastructure, efficiency initiatives and upgrade of utilities. The issue price of ₦8.65 was at a discount of 36% to the market price. Shareholders of Cadbury Nigeria supported the rights issue by either accepting or trading their rights and the issue was 85.55% subscribed.

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Wealth group

The group posted an impressive result despite the challenging operating environment experienced in 2009. Our key businesses - asset management and pension funds administration (PFA) maintained their lead in their respective market spaces. The asset management company remained the largest independent (non-pension) asset manager in Nigeria measured by assets under management, while our PFA remained the largest PFA in Nigeria by client size and assets under management.

2009 highlights

- Continued management of the largest mutual fund in Nigeria -the Stanbic IBTC Nigerian Equity Fund;
- Total assets under management grew by 35% to ₦384 billion (US$2.5 billion);
- Improved efficiencies resulting in a significant improvement in the cost to income ratio from 73.1% to 50.4%;
- We received the Securities and Exchange Commission's approval for 2 new mutual funds by Stanbic IBTC Asset Management, namely the Stanbic IBTC Money Market and Stanbic IBTC Bond Funds. The launch of the two funds was concluded at the end of December 2009; and
- The establishment of Stanbic IBTC Trustees Limited, our estate planning and trust business also received a further boost with the receipt of our license from the Securities and Exchange Commission during the year.

2010 priorities

- The thrust of our 2010 activities in the wealth group is growth – in client numbers, assets under management and the scope of our wealth operations;
- For the pension business, our goal is to reach a major milestone of 1 million retirement savings accounts;
- For the asset management business, we will seek to add at least ₦10 billion in assets through benefits for the Group and ensure that we remain the wealth manager of choice in Nigeria.

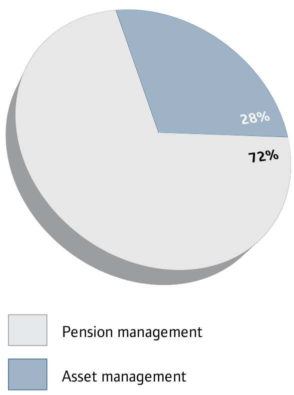
Total income
₦6,919 million
2008: ₦9,196 million

Pre-tax return on average equity
62.9%
2008: 53.3%

Cost-to-income ratio
50.4%
2008: 73.1%

Assets under Management
₦384 billion
2008: ₦284 billion

Revenue by business segment



Overview

Following the 2009 restructuring of the Wealth Group, the Wealth pillar is now essentially the group's third party investment management business. In 2009, the Wealth Group comprised of two companies:

- private non-pension asset management through Stanbic IBTC Asset Management Limited ("SIAML"); and
- pension fund administration (PFA) and management through Stanbic IBTC Pension Managers Limited ("SIPML");

Both are full service investment management firms, and operate as separate companies due to the regulatory requirements for participation in each of the sectors.

Strategic direction

The wealth business model remained focused on helping clients invest predominantly in the equities and fixed income markets in Nigeria to accumulate, preserve/protect and decumulate their assets.

In 2008, the Standard Bank Group ("SBG") formally reorganised its global businesses into 3 business pillars - Corporate & Investment Banking, Personal & Business Banking and Wealth. In-country therefore, the strategic importance of the wealth group was highlighted not only in the context of the Nigerian business strategy but also as a part of the global SBG strategy.

Most of 2009 was therefore focused on building the appropriate linkages and relationships within the global SBG network to ensure that our clients are able to access these connections. In addition, we maintained a clear focus on embedding a cost effective and scalable operating model in order to improve internal operating efficiencies. This included identifying significant opportunities to minimise the overlap in the operating platforms for wealth and the rest of the group without infringing on the strict regulatory requirements of the National Pension Commission ("PenCom"), which is SIPML's regulator.

This focus clearly paid off with significant efficiencies and cost savings extracted in 2009 leading to a leaner and apparently more formidable operation. Incidentally, the lessons of efficiency have created new income lines for our asset management business as new opportunities emerged to optimise and leverage existing platform investments and expand the service offering of Nigeria's largest independent asset manager.

To date, the wealth group has been successful in leveraging the quality and safety offered by the SBG parentage to benefit from the flight to safety that inevitably followed the recent upheaval in the Nigerian banking and financial system.

Financial performance

The 2009 market performance bore out our views on the future of the investment management industry and the appropriate model for our businesses. The resilience of the wealth business model is being tested and demonstrated.

Despite the market difficulties, the group's profit before tax grew by 39% over the 2008 results.

	2009 ₦'million	2008 ₦'million	Growth %
Total income	6,919	9,196	(25)
Staff costs	1,453	2,707	(46)
Other operating expenses	2,031	4,016	(49)
Tax provision	1,090	1,375	(21)
Profit after tax	2,345	1,098	114

Looking forward

We anticipated a change in investment patterns and risk appetites in 2009, leading us to improve our fixed income positioning. We therefore launched 2 fixed income mutual funds – the Stanbic IBTC Money Market Fund and the Stanbic IBTC Bond Fund – to ensure that we are able to meet client demand to access fixed income investment products as well as complete our transition from being a purely equity fund manager.

The value of the group's investment in branch infrastructure will be evident and appropriately leveraged as the increased wealth product pool and the attendant client footfall generates significant cross sell benefits for the group and ensures that we remain the wealth manager of choice in Nigeria.

Annual report and financial statements

Board of directors

1. ATEDO N.A. PETERSIDE (OON) (54)
BSc, MBA
Appointed: Director 1989, Chairman 2007

Directorships: Stanbic IBTC Bank PLC, Stanbic IBTC Pension Managers Ltd, Cadbury Nigeria Plc, Nigerian Breweries Plc, Presco Plc, Unilever Nigeria Plc, Flour Mills of Nigeria Plc

Committee member: None

2. CHRIS NEWSON (45)
B.Com, CA(SA), CSEP
Appointed: 2008

Directorships: Stanbic IBTC Bank PLC, Stanbic IBTC Stockbrokers Ltd, Stanbic Nominees Nigeria Limited, Stanbic IBTC Asset Management Ltd, Stanbic IBTC Ventures Ltd

Committee member: Board risk management committee

3. SOLA DAVID-BORHA (49)
BSc (Econs), MBA
Appointed: 1994

Directorships: Stanbic IBTC Bank PLC, Stanbic Nominees Nigeria Ltd, Stanbic IBTC Stockbrokers Ltd, Stanbic IBTC Asset Management Ltd, Stanbic IBTC Pension Managers Ltd, Stanbic IBTC Ventures Ltd, Board Member-Financial Institutions Training Centre (FITC), First Securities Discount House, Credit Reference Company, Frezone Plant Fabrication Int Ltd, First SMI Investment Company, Vectis Capital Nigeria Ltd, Chartered Institute of Stockbrokers, Fate Foundation, Redeemers International School

Committee member: Board credit committee, Board risk management committee

4. MARNA ROETS (43)
B.Com (Hons) CA (SA)
Appointed: 2007

Directorships: Stanbic IBTC Bank PLC, Stanbic Nominees Nigeria Ltd, Stanbic IBTC Stockbrokers Ltd

Committee member: Board risk management committee

5. YINKA SANNI (44)
B.SC, MBA, ACS, AMP
Appointed: 2005

Directorships: Stanbic IBTC Bank PLC, Stanbic IBTC Asset Management Ltd, Stanbic IBTC Pension Managers Ltd, People Affairs Ltd

Committee member: Board credit committee, Board risk management committee

6. JACQUES TROOST (46)
B.Com (Hons)
Appointed: 2007

Directorships: Stanbic IBTC Bank PLC

Committee member: Board credit committee, Board risk management committee

7. MOSES ADEDOYIN (61)
Appointed: 2005

Directorships: Stanbic IBTC Bank PLC, Remofal Ltd, Allegiance Technologies Ltd, Bank Directors Association of Nigeria

Committee member: Board credit committee, Audit committee

8. DR ALEWYN BURGER (58)
Msc, Ph.D, AEP UNISA SPL, AMP (Havard)
Appointed: 2008

Directorships: Stanbic IBTC Bank PLC, Integrated Processing Solutions (Proprietory) Ltd, Standard Bank Namibia

Committee member: Board remuneration committee

9. ALAIBI SAMUEL COOKEY (54)
B.A. Hons A & E D, B.Arch Hons
Appointed: 2009

Directorships: Stanbic IBTC Bank PLC, Space Concepts Limited, Context Matrix Ltd, Mentor Trinity Ltd

Committee member: Board risk management committee, Board audit committee



1. ATEDO N.A. PETERSIDE (OON)
2. CHRIS NEWSON
3. SOLA DAVID-BORHA



4. MARNA ROETS
5. YINKA SANNI
6. JACQUES TROOST



7. MOSES ADEDOYIN
8. DR ALEWYN BURGER
9. ALAIBI SAMUEL COOKEY

Board of directors

10. MALLAM AHMED DASUKI (51)
BSc (Arch), MSC (Arch)
Appointed: 1989

Directorships: Stanbic IBTC Bank PLC, Stanbic IBTC Pension Managers Ltd, MTN Nigeria Communications Ltd, Phillips Project Centre Ltd, Tinapa Business Resorts Ltd, SASpv Ltd, Islama Financial and Investment Trust, Interglobal Ltd, Celtelcom Investment Ltd, Friesland Food WAMCO Nigeria Plc, Maitama Amusement Park, Drill Masters Africa, ARM Business Jets, Interior Options Ltd, Credit Registry Services Ltd, Timbuktu Media Ltd, First Fossils Ltd, Quaditect Consultants

Committee member: Board remuneration committee

11. IFEOMA ESIRI (57)
LLB, BL, LLM
Appointed: 2004

Directorships: Stanbic IBTC Bank PLC, Stanbic IBTC Asset Management Ltd, Podini International Ltd, Ashbert Ltd, Ashbert Beverages Ltd.

Committee member: Chairperson. Board risk management committee

12. DR CHRISTOPHER KOLADE (CON) (77)
BA, Dip.Ed
Appointed: 2008

Directorships: Stanbic IBTC Bank PLC, Acorn Petroleum PLC, System Specs Nigeria Ltd, Cornerstone Insurance PLC, Bankers Westhouse Ltd, Lisabi Mills Ltd

Committee member: Board credit committee, Board remuneration committee

13. BEN KRUGER (50)
B.Com (Hons) CA (SA)
Appointed: 2007

Directorships: Stanbic IBTC Bank PLC, Standard Bank Plc, SSA Trading (Pty) Ltd

Committee member: Board credit committee, Board risk management committee

14. BHAGWAN MAHTANI (56)
Appointed: 2005

Directorships: Stanbic IBTC Bank PLC, Aegean Investments Ltd, Churchgate Nigeria Ltd, First Century International Ltd, Foco International Investments Ltd, RB Properties Ltd, International Seafoods Ltd, International Glass Ltd.

Committee member: None

15. RATAN MAHTANI (54)
Appointed: 2008

Directorships: Stanbic IBTC Bank PLC, Aegean Investments Ltd, Churchgate Nigeria Ltd, First Century International Ltd, Foco International Investments Ltd, RB Properties Ltd, International Seafoods Ltd

Committee member: None

16. JACKO MAREE (54)
B.Com, MA, PMD
Appointed: 2007

Directorships: Stanbic IBTC Bank PLC, Standard Bank Group Ltd, The Standard Bank of South Africa Ltd, Standard International Holding SA, Standard Bank plc, SBIC Investments SA, Liberty Group Ltd, Liberty Holdings Ltd, Jobco, The River Club Ltd, Stanbic Africa Holdings, Banking Association of South Africa

Committee member: Board remuneration committee

17. SAM UNUIGBE (67)
BSc Econs, FCA (Eng & Wales) FCA (Nig) FCTI
Appointed: 1993

Directorships: Stanbic IBTC Bank PLC, Philips Project Centre Ltd, Delta Afrik Ltd, Delta Tek Engineering Ltd, NENSCO Ltd, WISCO Nigeria, Moscom Realtors Ltd

Committee member: Board credit committee, Board audit committee

18. LT GEN (RTD) MOHAMMED INUWA WUSHISHI CFR GCON (70)
PSI
Appointed: 2005

Directorships: Stanbic IBTC Bank PLC, UAC of Nigeria Plc, UACN Property Development Company PLC, MTS First Wireless Ltd, Acorn Petroleum Ltd, Umfat Holdings Ltd

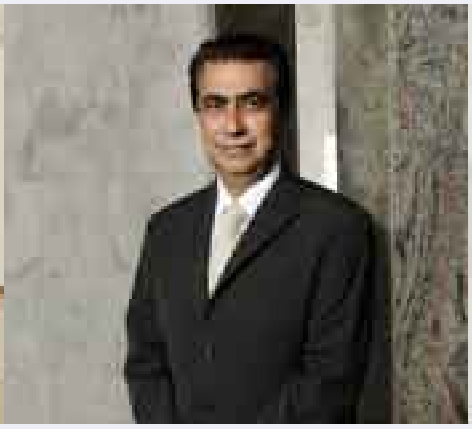
Committee member: Board risk management committee

10. MALLAM AHMED DASUKI

11. IFEOMA ESIRI

12. DR CHRISTOPHER KOLADE (CON)

13. BEN KRUGER



14. BHAGWAN MAHTANI

15. RATAN MAHTANI

16. JACKO MAREE

17. SAM UNUIGBE

18. LT GEN (RTD) MOHAMMED INUWA WUSHISHI CFR GCON

Directors' report

For the year ended 31 December 2009

The directors present their annual report on the affairs of Stanbic IBTC Bank PLC ("the bank") and its subsidiaries ("the group"), together with the financial statements and auditors' report for the year ended 31 December 2009.

a. Legal form

The bank was incorporated in Nigeria under the Companies & Allied Matters Act (CAMA) as a private limited liability company on 2 February 1989. It was granted a licence on 3 February 1989 to carry on the business of merchant banking and commenced business on 1 March 1989. The bank was converted into a public limited liability company on 25 January 2005. The bank's shares were listed on 25 April 2005 on the floor of the Nigerian Stock Exchange, by way of introduction.

b. Principal activity and business review

The principal activity of the bank is the provision of banking and other financial services to corporate and individual customers. Such services include the granting of loans and advances, corporate finance and money market activities. Its major subsidiaries carry on asset management, stock broking and pension fund administrator businesses.

The bank has six wholly owned subsidiaries; Stanbic IBTC Asset Management Limited, Stanbic IBTC Stockbrokers Limited, Stanbic IBTC Ventures Limited, Stanbic Nominees Nigeria Limited and is the majority shareholder in Stanbic IBTC Pension Managers Limited and R B Resources. The bank is in the process of winding up R B Resources Limited, a subsidiary which it acquired as a result of its merger with the legacy Regent Bank Plc. Stanbic IBTC Trustees Limited was recently floated and is yet to become fully operational.

The bank prepares consolidated financial statements.

c. Operating results and dividends

The group gross earnings decreased by (2%) and profit before tax decreased by (26%). The board recommend the approval of a final dividend of ₦0.30k per share (2008: ₦0.40k). Highlights of the group's operating results for the year under review are as follows:

	2009 Group ₦'million	2008 Group ₦'million	2009 Bank ₦'million	2008 Bank ₦'million
Gross earnings	59,781	61,239	52,850	53,872
Profit before tax	10,342	14,625	7,141	10,542
Taxation	(2,204)	(2,632)	(883)	(1,328)
Profit after taxation	8138	11,993	6,258	9,214
Non controlling interest	(490)	(430)	-	-
Profit attributable to the Group	7,648	11,563	6,258	9,214
Appropriations:				
Transfer to statutory reserve	1,147	2,938	939	2,764
Transfer to retained earnings reserve	6,501	8,625	5,319	6,450
	7,648	11,563	6,258	9,214
Dividend proposed	5,625	7,500	5,625	7,500

d. Directors shareholding

The direct interest of directors in the issued share capital of the bank as recorded in the register of directors shareholding and / or as notified by the directors for the purposes of section 275 and 276 of CAMA and the listing requirements of the Nigerian Stock Exchange are as follows:

	Direct shareholding	
	Number of ordinary shares held	**Number of ordinary shares held**
	2009	2008
Atedo N. A. Peterside OON	220,000,000	220,000,000
Chris Newson	-	-
Sola David - Borha	16,121,573	16,121,573
Marna Roets	-	-
Yinka Sanni	1,000,000	3,450,000
Jacques Troost	-	-
Moses Adedoyin	44,320,000	44,320,000
Dr Alewyn Burger	-	-
Sam Cookey ***	2,000,000	2,000,000
Ahmed Dasuki	109,000,722	109,000,722
Ifeoma Esiri	113,844,394	113,844,394
Christopher Kolade CON	-	-
Ben Kruger	-	-
Bhagwan Mahtani *	53,373,333	53,373,333
Ratan Mahtani*	53,373,333	53,373,333
Jacko Maree	-	-
Sam Unuigbe	121,605,600	121,605,600
Lt Gen (rtd) M.I. Wushishi CFR GCON**	-	-

* Messrs Bhagwan Mahtani and Ratan Mahtani both have indirect shareholdings amounting to 2,002,457,635 ordinary shares (2008: 2,002,457,635) through First Century International Limited, Churchgate Limited, International Seafoods Limited, Foco International Limited, Aegean Investments Limited and R B Properties Limited .

** Lt General (rtd) Wushishi CFR GCON has an indirect shareholding amounting to 214,000,000 ordinary shares (2008: 214,000,000) through Umfat Holdings Limited.

*** Samuel Cookey's appointment as an independent director took effect on 30 September 2009 when all the required regulatory approvals were obtained. In terms of the articles of association, his appointment is only effective until the next annual general meeting, at which time the shareholders will be asked to approve this appointment.

The Directors to retire by rotation at the next Annual General Meeting (AGM) are Dr Christopher Kolade CON, Mr Jacko Maree, Mr Yinka Sanni, Mr Jacques Troost, Mr Sam Unuigbe and Lt Gen (rtd) M I Wushishi CFR GCON, who aside from Lt Gen (rtd) M I Wushishi, being eligible, offer themselves for re – election. Both Dr Kolade and Lt Gen(rtd) M I Wushishi have attained the age of 70 years.

e. Directors interest in contracts

During the course of 2009, a director, Mallam Ahmed Dasuki, had an indirect interest in a contract with the group, which interest was disclosed to the board in compliance with the requirement of section 277 of CAMA.

f. Property and equipment

Information relating to changes in property and equipment is given in Note 20 to the accounts. In the directors' opinion the disclosures regarding the Group's properties are in line with the related statement of accounting policy of the group.

g. Shareholding analysis

The shareholding pattern of the bank as at 31 December 2009 is as stated below:

Share range	No. of shareholders	Percentage of shareholders	No. of holding	Percentage holdings
1 - 10,000	90,839	79.98%	283,977,976	1.51%
10,001 - 50,000	16,769	14.76%	404,472,991	2.16%
50,001 - 100,000	2,854	2.51%	229,271,503	1.22%
100,001 - 500,000	2,467	2.17%	561,279,831	2.99%
500,001 - 1,000,000	321	0.28%	249,410,827	1.33%
1,000,001 - 5,000,000	221	0.19%	464,568,808	2.48%
5,000,001 - 10,000,000	42	0.04%	292,498,809	1.56%
10,000,001 - 50,000,000	50	0.04%	1,157,867,806	6.18%
50,000,001 - 18,750,000,000	34	0.03%	15,106,651,449	80.57%
Grand Total	113,597	100%	18,750,000,000	100%
Foreign shareholders	166		9,765,697,784	52.08%

h. Substantial interest in shares

According to the register of members as at 31 December 2009, no shareholder had more than 5% of the issued share capital of the Bank except the following:

Shareholder	No. of shares held	Percentage shareholding
Stanbic Africa Holdings Limited (SAHL)	9,518,617,926	50.75%
First Century International Limited	1,400,790,732	7.47%

i. Donations and charitable gifts

The group made contributions to charitable and non – political organizations amounting to ₦81,310,000 (2008: ₦11,611,000) during the year.

	₦
Vision 2020 National Economic Planning	25,000,000
Lagos State Security Trust Fund	10,000,000
National Food Reserve Agency	10,000,000
Nigeria Leadership Initiative	10,000,000
Partnership with Hope Worldwide	8,500,000
CBN Armour Tank Maintenance	6,500,000
Amuwo Odofin Health Centre	4,900,000
Muson School of Music	1,900,000
Inspire Africa Project	1,000,000
Shuga Limb Foundation	850,000
Genevieve Pink Ball for cancer awareness	500,000
Take a Girl Child to Work Day	500,000
Living Fountain Orphanage	360,000
CSR Project Funding Seminar by U Turn Concepts	350,000
South African Women's Club Charity Fund Raising	270,000
Fountain Orphanage	180,000
Nigeria Girl Guides	150,000
School at Igbotako	150,000
Abuja Senior Citizens Welfare Advocacy	100,000
Corpus Cathedral Child Harvest	100,000
Total	81,310,000

Directors' report

For the year ended 31 December 2009

j. Post balance sheet events

In February 2010, subsequent to the balance sheet date, the bank secured a EUR55 million (about ₦11.33 billion) facility from European Investment Bank (EIB) to support infrastructural development across Nigeria. There are no other significant post balance sheet events after the balance sheet date.

k. Human resources

Employment of disabled persons

The bank continues to maintain a policy of giving fair consideration to applications for employment made by disabled persons with due regard to their abilities and aptitude. The bank's policy prohibits discrimination of disabled persons or persons with HIV in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled efforts will be made to ensure that, as far as possible, their employment with the bank continues and appropriate training is arranged to ensure that they fit into the bank's working environment.

Health safety and welfare at work

The bank enforces strict health and safety rules and practices at the work environment which are reviewed and tested regularly. The bank's staff are covered under a comprehensive health insurance scheme (Liberty Blue) pursuant to which the medical expenses of staff and their immediate family are covered up to a defined limit.

Fire prevention and fire fighting equipment are installed in strategic locations within the bank's premises

The bank has both Group Personal Accident and Workmen's Compensation Insurance cover for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2004.

l. Employee involvement and training

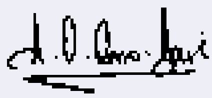
The bank ensures, through various fora, that employees are kept informed on matters concerning them. Formal and informal channels are employed for communication with employees with an appropriate two – way feedback mechanism.

In accordance with the bank's policy of continuous staff development, training facilities are provided in the bank's well equipped training school (the Blue Academy). Employees of the bank attend training programmes organised by the Standard Bank Group (SBG) in South Africa and elsewhere and also participate in programmes at the SBG Global Leadership Centre in South Africa. The bank also provides its employees with on the job training in the bank and at various Standard Bank locations.

m. Auditors

The bank's auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office as auditors. In accordance with Section 357(2) of CAMA a resolution will be proposed, and if considered appropriate passed, by shareholders, at the AGM, to authorise the directors to fix their remuneration.

By order of the board



ANGELA OMO-DARE
Company secretary and head legal
27 April 2010

Audit committee report

In compliance with the provisions of Section 359(3) to (6) of the Companies & Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004 the Committee considered the Audited Financial Statements for year ended 31 December 2009 together with the Management Controls Report from the Auditors and the bank's response to this report at its meeting held on 27 January 2010.

In our opinion, the scope and planning of the audit for the year ended 31 December 2009 were adequate.

After due consideration, the Committee accepted the Report of the Auditors that the financial statements were in accordance with ethical practices and generally accepted accounting principles and gives a true and fair view of the state of the bank's financial affairs.

The Committee reviewed Management's Response to the Auditors findings in respect of management matters and we and the Auditors are satisfied with management's response thereto.

On a review of insider / related party transactions the Committee was satisfied with their status.

The Committee therefore recommended that the Audited Financial Statements of the bank for the year ended 31 December 2009 and the Auditors' Report thereon, be presented for adoption by the company at the Annual General Meeting.

The Committee also approved the provision made in the Financial Statements in relation to the remuneration of the auditors.

ENG. OLUYOMI ADEYEMI WILSON
Chairman, Audit Committee
27 January 2010

Responsibility for annual financial statements

For the year ended 31 December 2009

The Companies and Allied Matters Act, and the Banks and Other Financial Institutions Act, require the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the group at the end of the year and of its profit or loss. The responsibilities include ensuring that the group:

i. keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the group and comply with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act.

ii. establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

iii. prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with:

- Nigerian Accounting Standards;
- Prudential Guidelines for Licensed Banks
- relevant circulars issued by the Central Bank of Nigeria;
- the requirements of the Banks and Other Financial Institutions Act; and
- the requirements of the Companies and Allied Matters Act .

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the bank and group and of the profit for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the group will not remain a going concern for at least twelve months from the date of this statement.

ATEDO N.A. PETERSIDE (OON)
Chairman
27 April 2010

CHRIS NEWSON
Chief Executive Officer
27 April 2010

Report of the independent auditor

Report of the independent auditor to the members of Stanbic IBTC Bank PLC

Report on the financial statements

We have audited the accompanying separate and consolidated financial statements of Stanbic IBTC Bank PLC ("the bank") and its subsidiaries (together "the group") which comprise the balance sheets as of 31 December 2009 and the profit and loss accounts and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Nigerian Statements of Accounting Standards and with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an independent opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the state of the financial affairs of the bank and the group as of 31 December 2009 and of their profits and cash flows for the year then ended in accordance with Nigerian Statements of Accounting Standards, the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act.

Report on other legal requirements

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act require that in carrying out our audit we consider and report to you on the following matters.

We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
ii) in our opinion proper books of account have been kept, so far as appears from our examination of those books;
iii) the bank's balance sheet and profit and loss account are in agreement with the books of account;
iv) our examination of loans and advances was carried out in accordance with the Prudential Guidelines for licensed banks issued by the Central Bank of Nigeria;
v) related party transactions and balances are disclosed in Note 36 to the financial statements in accordance with the Central Bank of Nigeria circular BSD/1/2004;
vi) the bank contravened certain sections of the Banks and Other Financial Institutions Act during the year as explained in Note 33 to the financial statements; and
vii) except for the contraventions disclosed in Note 33 to the financial statements, the bank has complied with the requirements of the relevant circulars issued by the Central Bank of Nigeria during the year.

PricewaterhouseCoopers

Chartered Accountants

28 April 2010
Lagos, Nigeria

28 April 2010

Corporate governance report

For the year ended 31 December 2009

Introduction

The bank is a member of the Standard Bank Group, which holds a 50.75% equity holding in the bank.

Standard Bank Group ("SBG") is committed to implementing initiatives that improve corporate governance for the benefit of all stakeholders. SBG's board of directors remains steadfast in implementing governance practices that comply with international best practice, where substance prevails over form.

Subsidiary entities within SBG are guided by these principles in establishing their respective governance frameworks, which are aligned to SBG's standards in addition to meeting the relevant jurisdictional requirements in their areas of operation.

Stanbic IBTC Bank Plc ("the bank"), and its subsidiaries ("the group"), as a member of SBG, operates under a governance framework which enables the board to balance its role of providing oversight and strategic counsel with its responsibility to ensure conformance with regulatory requirements, group standards and acceptable risk tolerance parameters.

The major subsidiaries of the bank; Stanbic IBTC Asset Management Limited and Stanbic IBTC Pension Managers Limited have their own distinct boards and take account of the particular statutory and regulatory requirements of the businesses they operate. These subsidiaries during the course of 2009 implemented a governance framework that will enable their boards to balance their roles in providing oversight and strategic counsel with their responsibility for ensuring compliance with the regulatory requirements that apply in their areas of operation and the standards and acceptable risk tolerance parameters adopted by the group. In doing so, they were committed to aligning their respective governance frameworks to that of the group. As the bank is the holding company for the subsidiaries in the group, the bank's board also acts as the group board, with oversight of the full activities of the group.

A number of committees have been established by the group's board that assist the board in fulfilling its stated objectives. The committees' roles and responsibilities are set out in their mandates, which are reviewed annually to ensure they remain relevant. The mandates set out their roles, responsibilities, scope of authority, composition and procedures for reporting to the board.

Codes and regulations

The group operates in highly regulated industries and compliance with applicable legislation, regulations, standards and codes, including transparency and accountability, remain an essential characteristic of its culture. The board monitors compliance with these by means of management reports, which include information on the outcome of any significant interaction with key stakeholders such as SBG's various regulators.

The group complies with all applicable legislation, regulations, standards and codes.

Shareholders' responsibilities

The shareholders' role is to approve the appointments of the board of directors and the external auditors. This role is extended to holding the board accountable and responsible for efficient and effective corporate governance.

Developments during 2009

During 2009, the following developments in the group's corporate governance practices occurred:

- fully complied with the requirements of the Central Bank of Nigeria's Code of Corporate Governance in relation to independent directors;
- implemented a governance framework for the major subsidiaries of the group;
- continued its focus on directors training via in - house training facilitated by external resources and attendance at a course organised by the Financial Institution Training Centre;
- the recent Central Bank of Nigeria / Nigeria Deposit Insurance Corporation Joint Special Examination, which reviewed the operations of the bank as at 31 July 2009, with a particular focus on liquidity and corporate governance found the bank's capital adequacy and liquidity ratios to be in excess of regulatory requirements;
- enhanced the level of information provided in the financial statements provided to shareholders and investors on an annual and quarterly basis;
- approved a Conflict of Interest Policy.

Focus areas for 2010

The group intends during 2010 to:

- operate a Code of Corporate Governance that, at a minimum, is aligned to the CBN Code of Corporate Governance and the Standard Bank Group's requirements;
- continue the focus on directors' training via formal training sessions and information bulletins on issues that are relevant;
- develop sustainability reporting; and
- continue to enhance the level of information provided to, and interaction with, shareholders, investors and stakeholders generally.

Board and directors

Board structure and composition

Ultimate responsibility for governance rests with the board of directors of the group, who ensure that appropriate controls, systems and practices are in place. The group has a unitary board structure and the roles of chairman and chief executive are separate and distinct. The group's chairman is a non-executive director. The number and stature of non-executive directors ensures that sufficient consideration and debate are brought to bear on decision making, thereby contributing to the efficient running of the board.

One of the features of the manner in which the board operates is the role played by board committees, which facilitate the discharge of board responsibilities. The committees each have a board approved mandate that is regularly reviewed.

Strategy

The board considers and approves the group's strategy. Once the financial and governance objectives for the following year have been agreed, the board monitors performance against financial objectives and detailed budgets on an on-going basis, through quarterly reporting.

Regular interaction between the board and the executive is encouraged. Management is invited, as required, to make presentations to the board on material issues under consideration.

Directors are provided with unrestricted access to the group's management and company information, as well as the resources required to carry out their responsibilities, including external legal advice, at the group's expense.

It is the board's responsibility to ensure that effective management is in place to implement the agreed strategy, and to consider issues relating to succession planning. The board is satisfied that the current pool of talent available within the bank and the group, and the ongoing work to deepen the talent pool, provides adequate succession depth in both the short and long term.

Skills, knowledge, experience and attributes of directors.

The board ensures that directors possess the skills, knowledge and experience necessary to fulfil their obligations. The directors bring a balanced mix of attributes to the board, including:

- international and domestic experience;
- operational experience;
- knowledge and understanding of both the macroeconomic and the microeconomic factors affecting the group;
- local knowledge and networks; and
- financial, legal, entrepreneurial and banking skills.

The credentials and demographic profile of the board are regularly reviewed, to ensure the board's composition remains both operationally and strategically appropriate.

Appointment philosophy

The appointments philosophy ensures alignment with all necessary legislation and regulations which include, but are not limited to the requirements of the Companies & Allied Matters Act, and the Banks and Other Financial Institutions Act as well as the Companies and Banks Act of SBG's home country.

Consideration for the appointment of directors and key executives take into account compliance with legal and regulatory requirements as well as appointments to external boards to monitor potential for conflicts of interest and ensure directors can dedicate sufficient focus to the group's business. The board takes cognisance of the skills, knowledge and experience of the candidate, as well as other attributes considered necessary to the prospective role.

The board, in February 2009, changed the status of an existing non executive director, Mr Yinka Sanni, to that of an executive director. It also appointed a second independent director, Mr Sam Cookey, who was subsequently appointed a member of both the audit committee and the risk management committee. The appointment of the new independent director took effect on 30 September 2009 when all the required regulatory approvals were obtained to same. In terms of the articles of association, his appointment is only effective until the next annual general meeting, at which time the shareholders will be asked to approve this appointment.

As at 31 December 2009, the board had appointed five executive directors and thirteen non-executive directors.The board has the right mix of competencies and experience.

Corporate governance report

For the year ended 31 December 2009

Board responsibilities

The key terms of reference in the board's mandate, which forms the basis for its responsibilities, are to:

- agree the group's objectives, strategies and plans for achieving those objectives;
- annually review the corporate governance process and assess achievement against objectives;
- review its mandate at least annually and approve recommended changes;
- delegate to the chief executive or any director holding any executive office or any senior executive any of the powers, authorities and discretions vested in the board's directors, including the power of sub-delegation; and to delegate similarly such powers, authorities and discretions to any committee and subsidiary company boards as may exist or be created from time to time;
- determine the terms of reference and procedures of all board committees and review their reports and minutes;
- consider and evaluate reports submitted by members of the executive;
- ensure that an effective risk management process exists and is maintained throughout the bank and its subsidiaries to ensure financial integrity and safeguarding of the group's assets
- review and monitor the performance of the chief executive and the executive team;
- ensure consideration is given to succession planning for the chief executive and executive management;
- establish and review annually, and approve major changes to, relevant group policies;
- approve the remuneration of non-executive directors on the board and board committees, based on recommendations made by the remuneration committee, and recommended to shareholders for approval;
- approve capital funding for the group, and the terms and conditions of rights or other issues and any prospectus in connection therewith;
- ensure that an adequate budget and planning process exists, performance is measured against budgets and plans, and approve annual budgets for the group;
- approve significant acquisitions, mergers, take-overs, divestments of operating companies, equity investments and new strategic alliances by the group;
- consider and approve capital expenditure recommended by the executive committee;
- consider and approve any significant changes proposed in accounting policy or practice, and consider the recommendations of the statutory audit committee;
- consider and approve the annual financial statements, quarterly results and dividend announcements and notices to shareholders, and consider the basis for determining that the group will be a going concern as per the recommendation of the audit committee;
- assume ultimate responsibility for financial, operational and internal systems of control, and ensure adequate reporting on these by committees to which they are delegated;
- take ultimate responsibility for regulatory compliance and ensure that reporting to the board is comprehensive;
- ensure a balanced and understandable assessment of the group's position in reporting to stakeholders;

  review non financial matters that have not been specifically delegated to a management committee; and
- specifically agree, from time to time, matters that are reserved for its decision, retaining the right to delegate any of these
- matters to any committee from time to time in accordance with the articles of association."

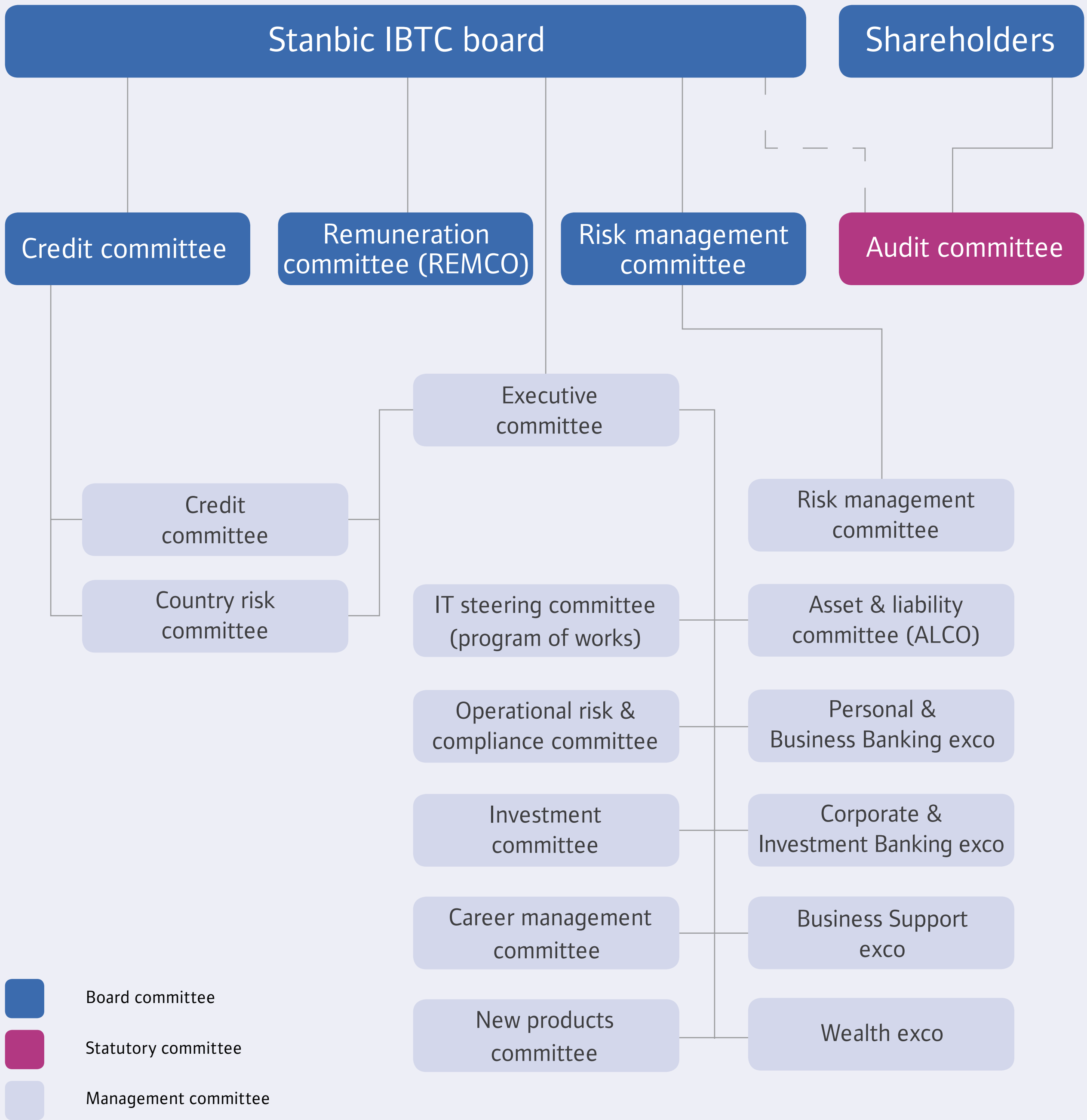
Delegation of authority

The ultimate responsibility for the bank's and group's operations rests with the board. The board retains effective control through a well-developed governance structure of board committees. These committees provide in-depth focus on specific areas of board responsibility.

The board delegates authority to the chief executive to manage the business and affairs of the group. The executive committee assists the chief executive when the board is not in session, subject to specified parameters and any limits on the board's delegation of authority to the chief executive.

In addition, a governance framework for executive management assists the chief executive in his task. Board-delegated authorities are regularly monitored by the company secretary's office.

The corporate governance framework adopted by the board on 25 October 2007 and formalised with mandate approvals on 29 January 2008 is set out below:


Stanbic IBTC board
Shareholders
Credit committee
Remuneration committee (REMCO)
Risk management committee
Audit committee
Executive committee
Credit committee
Country risk committee
Risk management committee
IT steering committee (program of works)
Asset & liability committee (ALCO)
Operational risk & compliance committee
Personal & Business Banking exco
Investment committee
Corporate & Investment Banking exco
Career management committee
Business Support exco
New products committee
Wealth exco
Board committee
Statutory committee
Management committee

Corporate governance report

For the year ended 31 December 2009

Board effectiveness and evaluation

The board is focused on continued improvements in its corporate governance performance and effectiveness.

During the year the board of directors underwent an evaluation conducted by an independent consultant. The aim of this evaluation was to assist the board and committees to constantly improve their effectiveness. The assessment conducted in 2009 focused on structure, process and effectiveness.

The report on this evaluation was discussed at a board meeting and relevant action points have been noted for implementation to improve the effectiveness of the board.

The performance of the chairman and chief executive are assessed annually, providing a basis to set their remuneration.

Induction and training

An induction programme designed to meet the needs of each new director is being implemented. One-on-one meetings are scheduled with management to introduce new directors to the group and its operations. The company secretary manages the induction programme.

The CBN's code of conduct is provided to new directors on their appointment.

Directors are kept abreast of all relevant legislation and regulations as well as sector developments leading to changing risks to the organisation on an on-going basis. This is achieved by way of management reporting and quarterly board meetings, which are structured to form part of ongoing training.

A number of non-executive directors attended an in-house training programme, facilitated by an international training resource on Basel II and Corporate Governance in October 2009. Some directors also attended a training programme for directors conducted by the Financial Institutions Training Centre (FITC) in December 2009. These workshops were aimed at enhancing the skills of the bank's directors.

Board meetings

The board meets quaterly, with ad-hoc meetings being held whenever deemed necessary. One ad-hoc meeting was held during the period under review. Directors, in accordance with the Articles of Association of the bank, attend meetings either in person or via tele conferencing.

Directors are provided with comprehensive board documentation at least four days prior to each of the scheduled meetings.

The Board also held a strategy session at which it discussed the bank's business strategy in October 2009.

Attendance at board meetings from 1 January – 31 December 2009 is set out in the following table:

Name	Jan	Feb	Apr	July	Oct
Atedo Peterside (OON) (chairman)	✓	✓	✓	✓	✓
Chris Newson	✓	✓	✓	✓	✓
Sola David-Borha	✓	✓	✓	✓	✓
Marna Roets	✓	✓	✓	✓	✓
Yinka Sanni	✓	✓	✓	✓	✓
Jacques Troost	✓	✓	✓	✓	✓
Moses Adedoyin	✓	✓	✓	✓	✓
Dr Alewyn Burger	✓	✓	✓	✓	-
Sam Cookey *	-	-	-	-	✓
Ahmed Dasuki	✓	✓	✓	A	A
Ifeoma Esiri	✓	✓	✓	✓	✓
Dr Christopher Kolade CON	A	✓	A	✓	✓
Ben Kruger	-	✓	✓	✓	✓
Bhagwan Mahtani	A	✓	✓	A	-
Ratan Mahtani	A	✓	✓	A	-
Jacko Maree	A	✓	✓	✓	✓
Sam Unuigbe	✓	✓	✓	✓	✓
Lft. Gen. (rtd) M. Wushishi	A	A	✓	A	A

✓ = Attendance
A = Apology
- = Not applicable
* Formal appointment took effect from 30 September 2009

Board committees

Some of the functions of the board have been delegated to board committees, consisting of board members appointed by the board, which operate under mandates originally established on 29 January 2008. The composition and mandates of the Committees were reviewed during the course of 2009.

Credit committee

The credit committee during the period under review was vested with the following responsibilities:

- recommend for the board's approval the bank's credit policies and guidelines;
- review and approve credit facilities to be granted by the bank that fall under the category of insider related credits or which are being granted to the bank staff in the cadres Assistant General Manager and above ; and
- such other matters relating to the credit operations of the bank as may be specifically delegated to the committee by the board.

The committee's mandate is in line with SBG's standards, while taking account of local circumstances.

The mandate ensures that effective frameworks for credit governance are in place across the bank. This involves ensuring that the committees within the structure operate according to clearly defined mandates and delegated authority, and providing for the adequate management, measurement, monitoring and control of credit risk, including country risk. The committee reports on credit portfolios, adequacy of provisions and status of non-performing loans.

The credit committee met its objectives in the year under review.

The committee consists of eight directors, four of whom, including the chairman, were non–executives during the year under review. Mr Yinka Sanni was appointed to the Credit Committee after the February 2009 Meeting.

Members' attendance at credit committee meetings during the financial year ended 31 December 2009 are stated below:

Name	Feb	April	July	Oct
Ben Kruger (chairman)	✓	✓	✓	✓
Moses Adedoyin	✓	✓	✓	✓
Dr Christopher Kolade CON	✓	✓	A	✓
Sam Unuigbe	✓	✓	✓	✓
Sola David-Borha	✓	✓	✓	✓
Chris Newson	✓	✓	✓	✓
Yinka Sanni	-	✓	✓	A
Jacques Troost	✓	✓	✓	✓

✓ = Attendance
A = Apology
- Not applicable

Risk management committee

The board is ultimately responsible for risk management. The main purpose of the risk management committee, as specified in its mandate, is the provision of independent and objective oversight of risk management within the group. The committee is assisted in fulfilling its mandate by a number of management committees.

To achieve effective oversight, the committee reviews and assesses the integrity of risk control systems and ensures that risk policies and strategies are effectively managed and contribute to a culture of discipline and control that reduces the opportunity for fraud.

The risk management committee during the period under review was vested, among others, with the following responsibilities:

- to oversee management's activities in managing credit, market, liquidity, operational, legal and other risks of the bank;
- to periodically review the group's risk management systems and report thereon to the board;
- to ensure that the group's material business risks are being effectively identified, quantified, monitored and controlled and that the systems in place to achieve this are operating effectively at all times; and
- such other matters relating to the group's risk assets as may be specifically delegated to the committee by the board.

The committee's mandate is in line with SBG's standards, while taking account of local circumstances.

A more in-depth risk management section which provides details of the overall framework for risk management in the group commences on page 110 of this report.

The committee consisted of nine directors, four of whom, including the chairman were non–executives during the year under review. One of the directors; Mr Sam Cookey was appointed to the committee at the board meeting of 29 October 2009, after the committee had held its final meeting for the year.

Members' attendance at risk management committee meetings during the financial year ended 31 December 2009 is stated below:

Name	Feb	April	July	Oct
Ifeoma Esiri (chairman)	✓	✓	✓	✓
Sam Cookey *	-	-	-	-
Ben Kruger	✓	✓	✓	✓
Lt. Gen M.I. Wushishi CFR GCON	A	✓	✓	✓
Sola David-Borha	✓	✓	✓	✓
Chris Newson	✓	✓	✓	✓
Marna Roets	✓	A	✓	A
Yinka Sanni	-	✓	✓	✓
Jacques Troost	✓	✓	✓	✓

✓ = Attendance
A = Apology
- Not applicable
* Mr Cookey was appointed to the committee after its October meeting. Consequently, he did not attend any meeting during the course of the year

Remuneration committee

The remuneration committee (REMCO) was vested with responsibilities during the year under review that included:

- reviewing the remuneration philosophy and policy;
- considering the guaranteed remuneration, annual performance bonus and pension incentives of the group's highest-paid executive directors and managers;
- reviewing the performance measures and criteria to be used for annual incentive payments for all employees;
- determining the remuneration of executive directors;
- determining the remuneration of the chairman and non-executive directors, which are subject to board and shareholder approval;

- considering the average percentage increases of the guaranteed remuneration of executive management across the group, as well as long-term and short-term incentives; and
- agreeing incentive schemes across the group.

The chief executive attends meetings by invitation. Other members of executive management are invited to attend when appropriate. No individual, irrespective of position, is expected to be present when his or her remuneration is discussed.

When determining the remuneration of executive and non-executive directors as well as senior executives, REMCO is expected to review market and competitive data, taking into account the group's performance using indicators such as earnings.

REMCO utilises the services of a number of suppliers and advisors to assist it in tracking market trends relating to all levels of staff, including fees for non-executive directors. In 2009 the following suppliers were engaged:

- KPMG Professional services - Participate in renumeration survey sponsored by Stanbic IBTC Bank.
- International Remuneration, Human Resources and Compensation Consulting.

The board reviews REMCO's proposals and, where relevant, will submit them to shareholders for approval at the AGM. The board remains ultimately responsible for the remuneration policy.

The committee as at 1 January 2009 consisted of four directors, all of whom are non–executives.

Members' attendance at REMCO meetings during the financial year ended 31 December 2009 is stated below:

Name	**Jan**	**Apr**	**July**	**Oct**
Jacko Maree (chairman)	✓	✓	✓	✓
Ben Kruger	✓	✓	✓	✓
Ahmed Dasuki	✓	✓	A	A
Dr Christopher Kolade CON	✓	✓	✓	✓

✓ = Attendance
A = Apology

Remuneration

Introduction
The purpose of this section is to provide stakeholders with an understanding of the remuneration philosophy and policy applied across the group for executive management, employees, and directors (executive and non-executive).

Remuneration philosophy

The group's board and remuneration committee set a remuneration philosophy which is guided by SBG's philosophy and policy as well as the specific social, regulatory, legal and economic context of Nigeria.

In this regard, the group employs a cost-to-company structure, where all benefits are included in the listed renumerations and appropriately taxed.

The following key factors have informed the implementation of reward policies and procedures that support the achievement of business goals:

- the provision of rewards that enable the attraction, retention and motivation of employees and the development of a high performance culture;
- maintaining competitive remuneration in line with the market, trends and required statutory obligations;
- rewarding people according to their contribution;
- allowing a reasonable degree of flexibility in remuneration processes and choice of benefits by employees;
- utilising a cost-to-company remuneration structure; and
- educating employees on the full employee value proposition;

The group's remuneration philosophy aligns with its core values, including growing our people and delivering value to our shareholders. The philosophy emphasises the fundamental value of our people and their role in ensuring sustainable growth. This approach is crucial in an environment where skills remain scarce.

The group board sets the principles for the group's remuneration philosophy in line with the approved business strategy and objectives. The philosophy aims to maintain an appropriate balance between employee and shareholder interests. The deliberations of REMCO inform the philosophy, taking into account reviews of performance at a number of absolute and relative levels – from a business, an individual and a competitive point of view.

A key success factor for the group is its ability to attract, retain and motivate the talent it requires to achieve its strategic and operational objectives. The group's remuneration philosophy includes short-term and long-term incentives to support this ability.

Short-term incentives, which are delivery specific, are viewed as strong drivers of competitiveness and performance. A significant portion of top management's reward is therefore variable, being determined by financial performance and personal contribution against specific criteria set in advance. This incentivises the commitment and focus required to achieve targets.

Long-term incentives seek to ensure that the objectives of management and shareholders are broadly aligned over longer time periods.

Remuneration policy

The group has always had a clear policy on the remuneration of staff, executive and non-executive directors which set such remuneration at levels that are fair and reasonable in a competitive market for the skills, knowledge, experience required and which complies with all relevant tax laws.

REMCO assists the group's board in monitoring the implementation of the group remuneration policy, which ensures that:

- salary structures and policies, as well as cash and share-based incentives, motivate sustained high performance and are linked to corporate performance objectives;
- stakeholders are able to make a reasonable assessment of reward practices and the governance process; and
- the group complies with all applicable laws and codes.

Remuneration structure

Non-executive directors

Terms of service

Directors are appointed by the shareholders at the Annual General Meeting (AGM), although board appointments may be made between AGMs. These appointments are made in terms of the group's policy. Shareholders' approval for such interim appointments are sought at the annual general meeting that holds immediately after such appointments are made.

Non-executive directors are required to retire after three years and may offer themselves for re-election. If recommended by the board, their re-election is proposed to shareholders at the AGM.

In terms of regulations, a non-executive director cannot hold office for more than 12 consecutive years. If a director over the age of 70 is seeking re-election to the board his age must be disclosed to shareholders at the meeting at which such re-election is to occur.

Fees

Non-executive directors receive fixed annual fees and sitting allowances for services on boards and board committees in line with the Central Bank of Nigeria's guidelines on the remuneration payable to such directors. There are no contractual arrangements for compensation for loss of office. Non-executive directors do not receive short-term incentives, nor do they participate in any long-term incentive schemes.

REMCO reviews the non-executive directors' fees annually and make recommendations on same to the board for consideration. Based on these recommendations, the board in turn recommends a gross fee to shareholders for approval at the AGM.

Fees are payable for the reporting period 1 January to 31 December of each year.

Category	2010*	2009
Chairman	34,615,000	32,200,000
Non executive directors	9,576,500	8,950,000
Sitting allowances for board meetings :		
Chairman	179,000	166,667
Non executive directors	113,000	105,000
Board committees (Non Executive Directors only)	113,000	105,000
Ad hoc meeting attendance **	113,000	105,000

* Proposed for approval by shareholders at the 2010 AGM.
** Fees quoted for meetings other than board meetings represent per diem sitting allowance as no annual fees are payable to committee members.

Retirement benefits

Non-executive directors do not participate in the pension scheme.

Executive directors

The group currently has five executive directors.

Executive directors receive a remuneration package and qualify for long-term incentives on the same basis as other employees.

Executive directors' bonuses and pension incentives are subject to an assessment by REMCO of performance against various criteria. The criteria include the financial performance of the group, based on key financial measures and qualitative aspects of performance, such as effective implementation of the group's strategy and human resource leadership.

The employment contracts of executive directors have a termination clause (notice period) of three months.

Executive directors, other than the CEO, are required to retire from the board after three years and may offer themselves for re-election. If recommended by the board, their re-election is proposed to shareholders at the AGM.

Management and general staff

Total remuneration packages for employees comprises the following:

- guaranteed remuneration – based on market value and the role played;
- annual bonus – used to incentivise the achievement of group objectives;
- share-based incentives – rewards the sustainable creation of shareholder value and aligns behaviour to this goal;
- pension – provides a competitive post-retirement benefit in line with other employees; and
- where applicable, expatriate benefits in line with other expatriates in Nigeria.

Terms of service

The minimum terms and conditions for managers are governed by relevant legislation and the notice period is one month.

Employees on international assignments have notice periods of three months.

Fixed remuneration

Managerial remuneration is based on a total cost-to-company structure. Cost-to-company comprises a fixed cash portion, compulsory benefits (medical aid and retirement fund membership) and optional benefits. Market data is used to benchmark salary levels and benefits. Salaries are normally reviewed annually in March.

For all employees, performance-related payments have formed an increasing proportion of total remuneration over time to achieve business objectives and reward individual contribution.

All employees (executives, managers and general staff) are rated on the basis of performance and potential and this is used to influence performance-related remuneration.

Rating and the consequent pay decision is done on an individual basis. There is therefore a link between rating, measuring individual performance and reward.

Short-term incentives

All staff participate in a performance bonus scheme. Individual awards are based on a combination of business unit performance, job level and individual performance. In keeping with the remuneration philosophy, the bonus scheme seeks to attract and retain high-performing managers.

As well as taking performance factors into account, the size of the award is assessed in terms of market-related issues and pay levels for each skill set, which may for instance be influenced by the scarcity of skills in that area.

Long-term incentives

It is essential for the group to retain key skills over the longer term. The group has established an equity growth scheme for qualifying managers. Participation rights in such scheme will be granted to qualifying managers in accordance with the rules of the scheme approved by the board.

The scheme is designed to align the interests of the group, its subsidiaries and key employees, as well as to attract and retain skilled, competent people.

Retention agreements

As part of the group's strategy to retain highly mobile and talented employees, the group has selectively entered into agreements in terms of which retention payments are made. Retention payments have to be repaid should the individual concerned leave within a stipulated period.

Post-retirement benefits

Pension

Retirement benefits are typically provided on the same basis for employees of all levels and are defined contribution benefits.

Remuneration for 2009

The amounts specified below represent the total remuneration paid to executive and non-executive directors for the period under review:

	Group ₦'million	Bank ₦'million
Fees & sitting allowance	142	142
Executive compensation	646	611
Total	788	753

The group will continue to ensure its remuneration policies and practices remain competitive, incentivise performance and are aligned across the group and with its values.

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Corporate governance report

For the year ended 31 December 2009

The audit committee

The role of the audit committee is defined by the Companies & Allied Matters Act and includes making recommendations to the board on financial matters. These matters include assessing the integrity and effectiveness of accounting, financial, compliance and other control systems. The committee also ensures effective communication between internal auditors, external auditors, the board and management.

The committee's key terms of reference comprise various categories of responsibilities and include the following:

- review the audit plan with the external auditors with specific reference to the proposed audit scope, and approach to risk activities and the audit fee;
- meet with external auditors to discuss the audit findings and consider detailed internal audit reports with the internal auditors;
- annually evaluate the role, independence and effectiveness of the internal audit function in the overall context of the risk management systems;
- review the accounting policies adopted by the group and all proposed changes in accounting policies and practices;
- consider the adequacy of disclosures;
- review the significant differences of opinion between management and internal audit;
- review the independence and objectivity of the auditors; and
- all such other matters as are reserved to the audit committee by the Companies & Allied Matters Act, and the Bank's Articles of Association.

As specified in the Central Bank of Nigeria (CBN) Code of Corporate Governance ("the CBN code"), the audit committee members have recent and relevant financial experience.

Composition

The audit committee is made up of six members, three of whom are non-executive directors while the remaining three members are shareholders elected at the AGM. The committee, whose membership is stated is, as required by the CBN code, chaired by a shareholder representative.

As at 1 January 2009 the committee consisted of the following persons:

Engr. Oluyomi Adeyemi – Wilson *	Chairman
Mr. Moses Adedoyin **	Member
Mr. Waheed Adegbite *	Member
Mr. Sam Cookey **	Member
Mrs. Ifeoma Esiri **	Member
Mrs. Oshuwa Gbadebo – Smith *	Member
Mr. Sam Unuigbe **	Member

* = Shareholders representative
** = Non Executive Director

The shareholders re-elected all of the shareholder representatives on the audit committee at the AGM held on 4 September 2009. Mrs Ifeoma Esiri voluntarily resigned from the audit committee in September 2009 and Mr Sam Cookey was appointed to the committee by the Board as one of the non executive director representatives on the committee.

Members' attendance at audit committee meetings during the financial year ended 31 December 2009 is stated below:

Name	Feb	April	July	July	Oct
Engr. Oluyomi Adeyemi – Wilson	✓	✓	✓	✓	✓
Moses Adedoyin	✓	✓	✓	✓	✓
Waheed Adegbite	✓	✓	✓	✓	✓
Sam Cookey **	-	-	-	-	✓
Ifeoma Esiri *	✓	A	A	✓	-
Oshuwa Gbadebo – Smith	✓	A	✓	✓	✓
Sam Unuigbe	✓	✓	✓	✓	✓

✓ = Attendance
A = Apology
- Not applicable
* Resigned from committee in September 2009
** Appointed to the committee in September 2009

Company secretary

It is the role of the company secretary to ensure the board remains cognisant of its duties and responsibilities. In addition to providing the board with guidance on its responsibilities, the company secretary keeps the board abreast of relevant changes in legislation and governance best practices. The company secretary oversees the induction of new directors, including subsidiary directors, as well as the ongoing training of directors. All directors have access to the services of the company secretary.

Going concern

On the recommendation of the audit committee, the board annually considers and assesses the going concern basis for the preparation of the financial statements at the year end.

The board continues to view the company as a going concern for the foreseeable future.

Management committees

The group has the following management committees:

- Stanbic IBTC Group executive committee (EXCO)
- Corporate and Investment Banking (CIB) Exco
- Private and Business Banking (PBB) Exco
- Wealth Exco
- Credit committee
- Country Risk
- Risk committee
- Business support Exco
- Asset and liability committee (ALCO)
- Risk management committee
- IT steering committee ("program of works")
- Investment committee
- Operational risk and compliance committee
- Career management committee
- New products committee

Relationship with shareholders

As an indication of its fundamental responsibility to create shareholder value, effective and ongoing communication with shareholders is seen as essential. In addition to the ongoing engagement facilitated by the company secretary, the group encourages shareholders to attend the annual general meeting and other shareholder meetings where interaction is welcome. The chairman of the audit committee is available at the meeting to respond to questions from shareholders.

In line with international best practice and to meet the information needs of our local and international investors and analysts, the bank has set up an investor relations unit to ensure a seamless and interactive flow of communication between the Bank and its shareholders

Dealing in securities

In line with its commitment to conduct business professionally and ethically, the group has introduced policies to restrict the dealing in securities by directors, shareholder representatives on the audit committee and employees. A personal account trading policy is in place to prohibit employees and directors from trading in group securities during closed periods, which commences from 1 December to the day the financial statements are published. Compliance with this policy is monitored on an ongoing basis.

Sustainability

Social and environmental responsibility remains an important part of the group's culture. The corporate social investment focus areas are education, economic empowerment and healthcare.

Education is imperative in the light of its potential impact on a developing economy like Nigeria's especially in terms of equipping its workforce with the critical skills to remain relevant in a fast changing and competitive world.

Healthcare is also particularly important not only in preserving the workforce but also in helping to improve the standard of living and general quality of life of the people.

Economic empowerment initiatives help to catalyse economic growth and development, providing such critical interventions as entrepreneurship training, microfinance loans, among others.

Stanbic IBTC's corporate social investment program will be fully spearheaded by a specialised vehicle, the Stanbic IBTC Foundation. When established the foundation will be managed on a day-to-day basis by an Executive Secretary under the oversight of Board of Trustees comprising distinguished Nigerians.

Social responsibility

As an African business, the group understands the challenges and benefits of doing business in Africa, and owes its existence to the people and societies within which it operates.

As a member of SBG, the group is committed therefore not only to the promotion of economic development but also to the strengthening of civil society and human well being.

The group intends to concentrate its social investment expenditure in defined focus areas in order to make the greatest impact. These areas of focus will be subject to annual revision as the countries socio-economic needs change. The group, during the year, established a unit to handle this issue.

Ethics and organisational integrity

The Code of Ethics rolled out in the bank in 2008 continued to operate during 2009.

Breaches of the code

The bank breached the requirement that anticipatory approvals granted by board committees should be ratified at a committee meeting held within 30 days of the grant of such approval. However, all such anticipatory approvals were subsequently ratified by the relevant committee.

Statement of accounting policies

For the year ended 31 December 2009

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a. Basis of preparation

The financial statements are prepared in compliance with Nigerian Statements of Accounting Standards (SAS) issued by the Nigerian Accounting Standards Board (NASB). The financial statements are presented in the functional currency, Nigerian Naira (₦), and prepared under the historical cost convention as modified by the revaluation of certain investment securities, property, plant and equipment.

The preparation of financial statements in conformity with Generally Accepted Accounting Principles in Nigeria requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results may differ from those estimates.

b. Basis of consolidation

Subsidiaries undertaking, which are those companies in which the group directly or indirectly, has interest of more than half the voting rights or otherwise has power to control, have been consolidated. All intercompany transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated. Where necessary, accounting policies for subsidiaries have been adjusted to ensure consistency with the policies adopted by the group.

The acquisition method of accounting is used to account for the acquisition of subsidiaries and other entities by the group. Identifiable assets acquired, liabilities and contigent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the entities acquired, the difference is recognised directly in the profit and loss account.

c. Segment reporting

An operating segment is a component of the group engaged in business activities, whose operating results are regularly reviewed by management in order to make decisions about resources to be allocated to segments and assessing segment performance. The group's identification of segments and the measurement of segment results is based on the group's internal reporting to management. It represents the classification of the group's activities in segments that reflect the risk and return of the group's product offerings in different product markets. Additional information relating to products and services, geographic areas and major customers is provided.

Segments whose total revenue (internal and external), absolute profit or loss or total assets are 10% or more of the group total, are reported separately. Transactions between segments are priced at market-related rates.

d. Foreign currency transactions

Transactions denominated in foreign currency are converted into Naira at the rate of exchange ruling at the date of the transaction. Foreign currency balances are translated at the rate of exchange prevailing at the balance sheet date or, where appropriate, at the related forward exchange rate. Exchange differences are included in the profit and loss account in the period in which they arise.

e. Recognition of interest income and expense

i. Interest income and expense are recognised in the profit and loss account for all interest bearing instruments on an accrual basis using the effective yield method based on the outstanding principal, except for interest income overdue for more than 90 days, which is suspended and recognised only to the extent that cash is received.

ii. Income accruing on advances under finance lease is amortised over the lease period to achieve a constant rate of return on the outstanding net investment. Rental income on equipment leased to customers is recognised on a straight line basis over the lease term.

iii. Income earned on bonds and guarantees are amortised over the life of the guarantee, while other fees are recognised as commissions in the period in which they occur.

f. Provision against credit risk

Provision is made in accordance with the Statement of Accounting Standard for Banks and Non-Bank Financial Institutions, (SAS 10) issued by the Nigerian Accounting Standards Board, and Prudential Guidelines issued by the Central Bank of Nigeria. For each account that is not performing in accordance with the terms of the related facility, provision is made as follows:

Interest and/or principal outstanding for over:	Classification	Minimum provision
90 days but less than 180 days	Substandard	10%
180 days but less than 360 days	Doubtful	50%
Over 360 days	Lost	100%

When a loan is deemed uncollectible, it is written off against the related provision for impairments. Subsequent recoveries are credited to the provision for loan losses in the profit and loss account. If the amount of the impairment subsequently decreases due to an event occuring after the write-down, the release of the provision is credited as a reduction of the provision for impairment in the profit and loss account.

A minimum of 1% general provision is made in accordance with prudential guidelines.

g. Investment securities

Investment securities are classified as short term and long term securities. Debt and equity securities intended to be held for a period not exceeding one year are classified as short term investments. Investment securities intended to be held for an indefinite period of time, or until maturity, and which may be sold in response to needs for liquidity or change in market rates, exchange rates or equity prices are classified as long term investments.

Short term investments held by the bank are stated at net realisable value. Unrealised gains are included in the revaluation reserve account. Unrealised losses are taken to the revaluation reserve account to the extent that a previous gain is offset. Otherwise, unrealised losses are charged to the profit and loss account.

Short term investments held by subsidiaries engaged in pension fund administration are stated at lower of cost and net realisable value. Short term investments held by other subsidiaries are stated at lower of cost and market value. Unrealised losses are charged to the profit and loss account.

Long term investment securities held by the bank are stated at lower of cost and market value. Unrealised losses are charged to the profit and loss account.

Long term securities held by subsidiaries that are engaged in stock broking activities and pension fund administration are stated at cost.

Long term securities held by other subsidiaries are stated at revalued amount. Unrealised gains are included in the revaluation reserve account. Unrealised losses are taken to the revaluation reserve account to the extent that a previous gain is offset. Otherwise, unrealised losses are charged to the profit and loss account.

Interest earned whilst holding investment securities is reported as interest income, while dividend received is reported as dividend income. Realised gains and losses on disposal of investments are charged to the profit and loss account for the period of disposal.

Dealing securities

Dealing securities are stated at their market prices. All gains and losses realised and unrealised from trading in dealing securities are reported in trading income. Interest earned whilst holding dealing securities is reported as trading income.

h. Investments in subsidiaries

Investments in subsidiaries are carried in the bank's balance sheet at cost less provisions for impairment losses. Where, in the opinion of the directors, there has been impairment in the value of an investment, the loss is recognised as an expense in the period in which the impairment is identified. On disposal of an investment, the difference between the net disposal proceeeds and the carrying amount is charged to the profit and loss account.

i. Property and equipment

All categories of fixed assets are initially recorded at historical cost less depreciation. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Depreciation is calculated on a straight line basis to write-off fixed assets and equipment on lease over their estimated useful life. The basis of calculation for each class of asset are set out below:

Leasehold land	Over the life of the lease
Building	25 yrs
Motor vehicles	4 yrs
Furniture, fittings and equipment	4 yrs
Computer equipment & software	3 yrs
Leasehold assets, machinery and equipment	Over the life of the lease

j. Leases

Investments under finance lease arrangements are recorded as receivables at an amount equal to the net investment in the lease i.e. the present value of the lease payments. The difference between the gross receivable and the present value of the receivable is recognised as unearned income. Income accruing on the lease is amortised over the lease period on a basis reflecting a constant periodic rate of return on the outstanding net investment.

Leases in which a significant portion of the risks and rewards of ownership are retained by the bank are classified as operating leases, and accounted for by the bank as an item of fixed asset. The depreciation of these assets is on the basis of the bank's normal depreciation policy for the various classes of assets leased out. The periodic lease rentals receivable are treated as rental income in the income statement during the period they occur; while initial direct costs incurred are written off to the income statement in the period incurred.

k. Goodwill

Goodwill represents the excess of the cost of an acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity, associate or joint venture at the date of acquisition. Goodwill arising on the acquisition of an entity is reported in the balance sheet as an intangible asset.

Goodwill arising on acquisitions is allocated to cash generating units and tested annually for impairment. Negative goodwill is recognised as income in the period in which it arises. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Where there has been impairment in the value of goodwill, the loss is identified in the year in which the impairment was made.

l. Cash and cash equivalents

Cash comprises cash on hand and demand deposits denominated in Naira and foreign currencies. Cash equivalents are short-term, highly liquid instruments which are:

(a) readily convertible into cash, whether in local or foreign currency; and

(b) so close to their maturity dates as to present insignificant risk of changes in value as a result of changes in interest rates.

m. Provisions, contigent liabilities and contigent assets

Provision is an amount set aside to meet a known liability whose amount and timing cannot be estimated with a significant level of uncertainty .Provisions are recognised when: the group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present obligation as a result of past events but is not recognised because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

n. Retirement benefits

The group operates a defined contribution pension scheme in line with the provisions of the Pension Reform Act, with contributions based on the sum that consists of employees basic salary, housing and transport allowance in the ratio 7.5% by the employee and 7.5% by the employer.

The group's contributions to the scheme are charged to the profit and loss account in the period to which they relate, and the scheme's assets are held by pension fund administrators on behalf of the beneficiary staff.

o. Deferred taxation

Deferred income tax is provided in full using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

p. Borrowed funds

Borrowed funds are recognised initially at their issue proceeds and subsequently stated at cost less any repayments.

Transaction costs where immaterial, are recognized immediately in the profit and loss account. Where transaction costs are material, they are capitalized and amortised over the life of the loan.

Interest paid on borrowings is recognised in the profit and loss account for the year.

q. Ordinary share capital

i. Share issue costs
Incremental costs directly attributable to the issue of new shares or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

ii. Dividends on ordinary shares
Dividends on ordinary shares are appropriated from revenue reserve in the period they are approved by the bank's shareholders.

Dividends for the year that are approved by the shareholders after the balance sheet date are dealt with in the subsequent events note.

Dividends proposed by the directors' but not yet approved by members are disclosed in the financial statements in accordance with the requirements of the Companies and Allied Matters Act.

r. Off balance sheet transactions

Off-balance sheet engagements comprise direct credit substitutes and transaction related contingencies such as guarantees, acceptances, bid bonds and performance guarantees which the bank is a party to in its normal course of business. Income earned on bonds and guarantees are amortised over the life of the guarantee, while other fees are recognised as commissions in the period in which they occur.

s. Sale of loans or securities

A sale of loans or securities without recourse to the seller is accounted for as a disposal and the assets excluded from the balance sheet.

Profits or losses on sale of loans or securities without recourse to the seller is recognised by the seller when the transaction is completed.

The Group regards a sale of loans or securities as without recourse, if it satisfies all the following conditions. Any sale not satisfying these conditions will be regarded as with recourse.

- control over the economic benefits of the asset must be passed on to the buyer;
- the seller can reasonably estimate any outstanding cost; and
- there must not be any repurchase obligations

A sale or transfer of loans or securities with recourse where there is an obligation to, or an assumption of, repurchase is not treated as a sale, and the asset remains in the Group's balance sheet, with any related cash received recognised as a liability.

Profit arising from sale or transfer of loan or securities with recourse to the seller is amortised over the remaining life. However, losses are recognised as soon as they can be reasonably estimated.

Where there is no obligation to or assumption of repurchase, the sale is treated as a disposal and the asset excluded from the balance sheet, and any contingent liability disclosed.

t. Fiduciary activities

Where the group acts in a fiduciary capacity such as nominee, assets and liabilities arising therefrom together with the related undertakings to return such assets to the customers are excluded from the financial statements.

u. Fees and commission

Fees and commission are generally recognised on an accrual basis when the service has been provided.

Commissions and fees arising from negotiating, or participating in the negotiation of a transaction for a third party such as establishing letters of credit, arrangement of the acquisition of shares or other securities or the purchase or sale of businesses are recognised on completion of the underlying transaction. Portfolio and other management advisory and services fees are recognised based on the applicable service contracts, usually on a time - apportionment basis. Asset management fees related to investment funds are recognised rateably over the period the service is provided.

v. Dividend

Proposed dividends on ordinary shares are disclosed as a note to the financial statements in the period in which they are proposed by the directors, amounts ratified for dividend payment by the shareholders are recognised as charge against the distributable reserve in the period in which the payment become obligatory.

w. Income taxation

Income tax expense is the aggregate of the charges to the profit and loss account in respect of current income tax, education tax, information technology development tax and deferred income tax.

Current income tax is the amount of income tax payable on the taxable profit for the period determined in accordance with the Company Income Tax Act (CITA). Education tax is assessed at 2% of the chargeable profits whilst information technology development tax is assessed at 1% of profit before tax.

Profit and loss account

For the year ended 31 December 2009

	Note	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
Gross earnings		59,781	61,239	52,850	53,872
Interest and similar income	3	40,920	40,973	39,952	40,602
Interest and similar expense	4	(15,813)	(18,611)	(15,870)	(18,652)
Net interest income		25,107	22,362	24,082	21,950
Fee and commission income	5	13,852	14,995	7,532	8,520
Fee and commission expense		(145)	(133)	(145)	(133)
Net fee and commission income		13,707	14,862	7,387	8,387
Foreign exchange income		4,169	4,115	4,149	4,115
Income from investments	6	274	750	1,034	235
Other income		566	406	183	400
Operating income		43,823	42,495	36,835	35,087
Operating expenses	7	(28,623)	(22,850)	(24,836)	(19,340)
Provision for losses	14	(4,858)	(5,020)	(4,858)	(5,205)
Profit/(Loss) before tax		10,342	14,625	7,141	10,542
Taxation	8	(2,204)	(2,632)	(883)	(1,328)
Profit after tax		8,138	11,993	6,258	9,214
Non-controlling interest	26	(490)	(430)	-	-
Profit attributable to the group		7,648	11,563	6,258	9,214
Appropriated as follows:					
Transfer to statutory reserve	28	1,147	2,938	939	2,764
Transfer to retained earnings	28	6,501	8,625	5,319	6,450
		7,648	11,563	6,258	9,214
Earnings per share (basic/diluted)	32	43k	64k	33k	49k
Dividend per share (paid)	31	40k	25k	40k	25k

The accounting policies on pages 72 to 75 and notes on pages 79 to 109 for an integral part of these financial statements.

Balance sheet

For the year ended 31 December 2009

	Note	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
Assets					
Cash and balances with central banks	9	7,772	11,587	7,768	11,441
Treasury bills	10	11,378	13,101	11,378	13,101
Due from other banks	11	76,954	111,593	75,913	110,159
Loans and advances to customers	12	110,508	98,398	110,967	99,010
Advances under finance lease	15	9,377	4,261	9,377	4,261
Investment securities	16	70,880	77,425	61,776	71,846
Investment in subsidiaries	17	1	1	1,925	1,819
Deferred tax assets	25	594	-	594	-
Other assets	18	26,944	19,484	25,831	19,220
Property and equipment	20	26,878	15,432	26,267	14,905
		341,286	351,282	331,796	345,762
Liabilities					
Customer deposits	21	169,200	95,262	170,411	98,914
Due to other banks	22	38,334	82,202	38,334	82,202
Other borrowings	23	12,647	12,201	12,647	12,201
Other liabilities	24	34,848	74,043	32,115	72,353
Current income tax	8	4,660	5,821	2,916	3,240
Deferred tax liabilities	25	100	378	-	237
		259,789	269,907	256,423	269,147
Equity					
Ordinary share capital	27	9,375	9,375	9,375	9,375
Share premium account	27	47,469	47,469	47,469	47,469
Revaluation reserve	28	-	272	-	-
Retained earnings	28	10,608	11,961	6,416	8,597
Other reserves	28	13,028	11,587	12,113	11,174
Attributable to equity holders of the parent		80,480	80,664	75,373	76,615
Non-controlling interest	26	1,017	711	-	-
Total Equity		81,497	81,375	75,373	76,615
Total equity and liabilities		341,286	351,282	331,796	345,762
Acceptances and guarantees	30	27,834	50,861	27,834	50,861

The accounting policies on pages 72 to 75 of the financial statements and notes on pages 79 to 109 were approved by the board of directors on 03 February 2010 and signed on its behalf by:

ATEDO N.A. PETERSIDE (OON)
Chairman

CHRIS NEWSON
Chief Executive Officer

Cash flow statements

For the year ended 31 December 2009

	Note	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
Operating activities					
Cash (used in)/generated from operations	37	(49,325)	15,399	(49,477)	20,759
Interest received		40,920	40,973	39,952	40,602
Interest paid		(15,813)	(18,611)	(15,870)	(18,652)
Tax paid	8	(3,931)	(1,946)	(1,839)	(1,223)
Net cash (used in)/generated from operating activities		(28,149)	35,815	(27,234)	41,486
Financing activities					
Dividend paid to shareholders		(7,647)	(4,768)	(7,500)	(4,688)
Proceeds from Long term loan		446	(15,332)	446	(15,332)
Net cash from financing activities		(7,201)	(20,100)	(7,054)	(20,020)
Investing activities					
Purchase of long term investment		10,283	(9,694)	8,749	8,470
Dividend received		169	203	975	27
Additional investment in subsidiaries		-	(265)	(106)	(1,265)
Purchase of property, plant and equipment		(14,941)	(8,796)	(14,452)	(8,378)
Proceeds from sale of property and equipment		268	74	86	58
Net cash from investing activities		(4,221)	(18,478)	(4,748)	(18,028)
(Decrease)/increase in cash and cash equivalents		(39,571)	(2,763)	(39,036)	3,438
Analysis of changes in cash and cash equivalents					
At start of year	37	(134,387)	(137,150)	(132,807)	(129,369)
At end of year	37	94,816	134,387	93,771	132,807
(Decrease)/increase in cash and cash equivalents		(39,571)	(2,763)	(39,036)	3,438

Notes to the financial statements

For the year ended 31 December 2009

1. General information

Stanbic IBTC Bank Plc ("the bank) was incorporated as a private limited liability company on 2 February 1989, granted a merchant banking license on 3 February 1989, and commenced operations on 1 March 1989. Its merchant banking license was converted into universal banking license in January 2002, pursuant to the universal banking scheme of the Central Bank of Nigeria. The bank's shares are quoted on the Nigerian Stock Exchange and held by both foreign and Nigerian individuals and corporate investors.

The group comprises the bank and its subsidiaries undertaking (''the group''). The group provides corporate and investment banking, stockbroking, asset management, personal and business banking services.

The bank, which was incorporated as Investment Banking & Trust Company Plc ("IBTC"), merged with Chartered Bank Plc and Regent Bank Plc on 19 December 2005, and changed its name to IBTC Chartered Bank Plc. On 24 September 2007, the bank merged with Stanbic Bank Nigeria Limited ("SBN"), a wholly owned subsidiary of Stanbic Africa Holdings Limited (''SAHL''). SAHL, a subsidiary of Standard Bank Group ("SBG") of South Africa, in accordance with the scheme of merger, acquired majority shareholding (50.75%) in the bank whose name was subsequently changed to Stanbic IBTC Bank Plc.

The Bank has seven subsidiaries as analysed below:

Stanbic IBTC Ventures Limited ("SIVL")	100%
Stanbic IBTC Asset Management Limited ("SIAML")	100%
Stanbic IBTC Pension Managers Limited ("SIPML")	70.59%
Stanbic Nominees Nigeria Limited ("SNNL")	100%
Stanbic IBTC Stockbrokers Limited ("SISL")	100%
Stanbic IBTC Trustee Limited ("SITL")	100%
RB Resources Ltd	100%

2. Segment analysis

The directors confirm that the financial statements comply with the information reported to the bank's Board of Directors, and top management for the purposes of evaluating units' past performance as it relates to performance of the bank and its subsidiaries during the period.

The group is structured on the basis of products and services, and the segments have been identified on this basis. The principal business units in the group are as follows:

Business units:	
Personal & Business Banking (PBB)	Banking and other financial services to individual customers and small-to-medium-sized enterprises. Mortgage lending – Provides residential accommodation loans to individual customers. Instalment sale and finance leases – Comprises two main areas, instalment finance in the consumer market, mainly vehicles, and secondly, finance of vehicles and equipment in the business market. Card products – Provides credit and debit card facilities for individuals and businesses. Transactional and lending products – Transactions in products associated withthe various points of contact channels such as ATMs, Internet, telephone banking and branches. This includes deposit taking activities, electronic banking, cheque accounts and other lending products.
Corporate & Investment Banking (CIB)	Commercial and investment banking services to larger corporates, financial institutions and international counterparties in South Africa and other emerging markets. Global markets – Includes foreign exchange, fixed income, derivatives, equities and commodities trading businesses, securitisation, debt origination, money market funding units and resource banking. Transactional products and services – Includes corporate lending and transactional banking businesses, custodial services, trade finance business. Investment banking – Includes equity investment and advisory businesses,project finance, structured lending, stockbroking activities as well as asset and wealth management units.
Wealth	The wealth group is made up of the bank's subsidiaries, whose activities involve investment management, portfolio management, unit trust/funds management, and pension asset management and administration.

Segment analysis (continued)

The group's operations by major operating segment during the period is contained below.

	2009				
	Corporate & Investment Banking	Personal & Business Banking	Wealth	Elimination	Group
	₦'million	₦'million	₦'million	₦'million	₦'million
Total Revenue:					
Derived from external customers	39,478	13,439	6,864	-	59,781
Derived from other business segments	574	832	55	(1,461)	-
Total revenue	40,052	14,271	6,919	(1,461)	59,781
Total cost:					
Interest expense	12,974	2,953	-	(114)	15,813
Risk and other asset provisions	3,820	1,038	-		4,858
Other operating expenses	17,477	9,154	3,484	(1,347)	28,768
Total cost	34,271	13,145	3,484	(1,461)	49,439
Profit before tax	5,781	1,126	3,435	-	10,342
Tax	(8100	(304)	(1,090)	-	(2,204)
Profit after tax	4,971	822	2,345		8,138
Segment asset	194,161	142,721	9,159	(4,755)	341,286
Segment liabilities	161,969	97,618	3,033	(2,831)	259,789
Net asset	32,192	45,103	6,126	(1,924)	81,497

	2008				
	Corporate & Investment Banking	**Personal & Business Banking**	**Wealth**	**Elimination**	**Group**
	₦'million	₦'million	₦'million	₦'million	₦'million
Total Revenue:					
Derived from external customers	38,888	13,420	8,931	-	61,239
Derived from other business segments	846	958	39	(1,843)	-
Total revenue	39,734	14,378	8,970	(1,843)	61,239
Total cost:					
Interest expense	16,791	1,900	(41)	(39)	18,611
Risk and other asset provisions	4,320	885	(185)	-	5,020
Other operating expenses	10,825	7,239	6,723	(1,804)	22,983
Total cost	31,936	10,024	6,497	(1,843)	46,614
Profit before tax	7,798	4,354	2,473	-	14,625
Tax	(639)	(618)	(1,375)	-	(2,632)
Profit after tax	7,159	3,736	1,098	-	11,993
Segment asset	261,968	85,169	12,882	(8,737)	351,282
Segment liabilities	205,050	63,683	8,093	(6,919)	269,907
Net asset	56,918	21,486	4,789	(1,818)	81,375

All transactions between business units were conducted at arms length. Internal charges and transfer pricing adjustments are reflected in the performance of each segment. The bank operates in a single geographical location, thus no segmentation based on geographical location is presented in these financial statements.

	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
3. Interest and similar income				
Placements	4,602	5,103	4,602	5,103
Treasury bills and investment securities	12,302	10,901	12,083	10,837
Loans and advances	22,862	24,521	22,113	24,214
Advances under finance leases	1,154	448	1,154	448
	40,920	40,973	39,952	40,602
Interest Income earned in Nigeria	40,074	39,766	39,110	39,395
Interest Income earned outside Nigeria	846	1,207	842	1,207
	40,920	40,973	39 952	40,602
4. Interest and similar expense				
Current accounts	387	427	558	429
Savings accounts	102	90	102	90
Time deposits	12,433	12,645	12,319	12,684
Inter-bank takings	1,787	4,555	1,787	4,555
Borrowed funds	1,104	894	1,104	894
	15,813	18,611	15,870	18,652

Interest expense paid outside Nigeria amounted to Group ₦1.10 billion (2008: ₦0.90 billion) and Bank ₦1.10 billion (2008: ₦0.90 billion).

	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
5. Fees and commission income				
Credit related fees	2,553	656	2,553	656
Commission on turnover	753	961	753	961
Commission on off-balance sheet transactions	184	565	184	565
Letters of Credit commissions and fees	620	184	620	184
Facility management fee	8,234	2,400	1,914	2,400
Other fees and commissions	1,508	10,229	1,508	3,754
	13,852	14,995	7,532	8,520

	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
6. Income from investments				
Dividend income	169	203	975	27
Profit on sale of securities	-	407	28	67
Other investment income	74	-	-	-
Rental income	31	140	31	141
	274	750	1,034	235
7. Operating expenses				
Staff costs (note 35)	13,469	10,426	11,790	8,902
Depreciation (note 20)	2,567	1,433	2,267	1,256
Auditors' remuneration	138	130	104	95
Directors' emoluments (note 35)	788	553	753	508
Loss on disposal of property and equipment	4	517	3	504
Other operating expenses	11,657	9,791	9,919	8,075
	28,623	22,850	24,836	19,340
8. Taxation				
Charge				
Current tax	3,231	1,778	2 ,024	649
Education tax	207	174	142	96
Technology tax	103	146	71	105
Income tax charge	3,541	2,098	2,237	850
(Over)/under provision in prior years	(722)	28	(722)	-
Deferred tax charge (note 25)	(830)	195	(830)	186
Charge for the year	1,989	2,321	685	1,036
Withholding tax charge	215	311	198	292
	2,204	2,632	883	1,328
Payable				
At start of year	5,821	5,641	3,240	3,613
Tax paid	(3,931)	(1, 946)	(1,839)	(1,223)
Income tax charge	3,541	2,098	2,237	850
Reclassification to deffered tax	(49)	-	-	-
Write back - prior year over provision	(722)	28	(722)	-
At end of year	4,660	5,821	2,916	3,240

	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
9. Cash and balances with Central Bank				
Cash	4,020	3,123	4,016	2,977
Operating account with Central Bank Included in cash and cash equivalents	2,464	6,570	2,464	6,570
	6,484	9,693	6,480	9,547
Mandatory reserve deposits with central bank	1,288	1,894	1,288	1,894
	7,772	11,587	7,768	11,441

Mandatory reserve deposits are not available for use in the group's day to day operations

	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
10. Treasury bills				
Treasury Bills	11,378	13,101	11,378	13,101

Included in Treasury Bills are bills amounting to ₦ 4.31billion (2008: ₦ 10billion) held by third parties as collateral for various transactions

	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
11. Due from other banks				
Current balances with banks within Nigeria	1,113	31,313	72	31,359
Current balances with banks outside Nigeria	20,750	23,205	20,750	23,205
Interbank - commercial papers (CP's)	-	6,556	-	6,564
Placements with banks and discount houses	55,091	50,519	55,091	49,031
	76,954	111,593	75,913	110,159

Balances with banks outside Nigeria include ₦8.32 billion (2008: ₦11.12 billion), which represents the Naira value of foreign currency bank balances held on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities. The amount is not available for the day to day operations of the bank.

Included in placements with banks and discount houses are placements with banks within Nigeria of ₦29.2 billion (2008: ₦4.5 billion).

	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
12. Loans and advances				
Overdrafts	28,531	28,145	28,531	28,145
Term loans	57,334	48,778	57,793	49,390
Others	37,726	31,866	37,726	31,866
	123,591	108,789	124,050	109,401
Loan loss provision (note 13a)	(11,574)	(9,063)	(11,574)	(9,063)
Interest in suspense (note 13b)	(1,509)	(1,328)	(1,509)	(1,328)
	110,508	98,398	110,967	99,010

	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
Analysis by performance				
Performing	105,889	93,252	106,348	93,864
Non-performing:				
- substandard	859	1,430	859	1,430
- doubtful	11,289	9,639	11,289	9,639
- lost	5,554	4,468	5,554	4,468
	123,591	108,789	124,050	109,401
Analysis by maturity				
0 – 30 days	42,217	41,898	42,218	41,898
1-3 months	45,594	37,069	45,594	37,069
3-6 months	3,762	10,008	3,762	10,008
6-12 months	10,843	6,686	10,843	6,686
Over 12 months	21,175	13,128	21,633	13,740
	123,591	108,789	124,050	109,401
Analysis by security				
Secured against real estate	13,945	6,651	13,945	6,651
Secured by shares of quoted companies	1,394	9,365	1,394	9,365
Otherwise secured	50,315	71,654	50,315	62,289
Unsecured	57,937	21,119	58,396	31,096
	123,591	108,789	124,050	109,401
13. Loan loss provision and interest in suspense				
a. Movement in loan loss provision				
At start of year:				
- Non-performing	8,103	7,314	8,103	7,314
- performing	960	1,024	960	1,024
	9,063	8,338	9,063	8,338
Additional provision:				
- Non-performing	6,123	5,899	6,123	5,899
- performing	108	(64)	108	(64)
Provision no longer required	(2,401)	(1,294)	(2,401)	(1,294)
Reinstatement of provision previously written off	31	-	31	-
Amounts written off	(1,350)	(3,816)	(1,350)	(3,816)
	2,511	725	2,511	725
At end of year:				
- Non-performing	10,506	8,103	10,506	8,103
- performing	1,068	960	1,068	960
	11,574	9,063	11,574	9,063

Loan loss provision and interest in suspense continued		Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
b.	Movement in interest-in-suspense				
	At start of year:	1,328	3,227	1,328	3,227
	Suspended during the year	1,741	1,274	1,741	1,274
	Amounts written back	(459)	(200)	(459)	(200)
	Amounts written off	(1,101)	(2,973)	(1,101)	(2,973)
	At end of year	1,509	1,328	1,509	1,328
	Summary				
	- General provisions	1,068	960	1,068	960
	- Specific provisions	10,506	8,103	10,506	8,103
	- Interest in suspense	1,509	1,328	1,509	1,328
		13,083	10,391	13,083	10,391
14.	**Provision for losses**				
	The charge for the year is analysed as follows:				
	Loans and advances – specific	6,123	5,899	6,123	5,899
	Loans and advances – general	108	(64)	108	(64)
	Recoveries/provision no longer required	(2,401)	(1,294)	(2,401)	(1,294)
	Provision on advances under finance lease	88	2	88	2
	Recovery on previously written-off accounts	(269)	-	(269)	-
	Bad debt written off	25	-	25	-
	Provision for diminution of investments	986	-	881	-
	Provision for other assets	198	477	303	662
		4,858	5,020	4,858	5,205
15.	**Advances under finance lease**				
	Gross investment	11,974	5,146	11,974	5,146
	Less: Unearned income	(2,465)	(841)	(2,465)	(841)
	Net investment	9,509	4,305	9,509	4,305
	Less: General provision	(132)	(44)	(132)	(44)
		9,377	4,261	9,377	4,261

	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
Analysis by performance				
Performing	8,381	4,305	8,381	4,305
Non-performing		-		-
- substandard	905	-	905	-
- doubtful	213	-	213	-
- lost	11	-	11	-
	9,509	4,305	9,509	4,305
Analysis by maturity				
0 – 30 days	145	527	145	527
1-3 months	776	34	776	34
3-6 months	13	119	13	119
6-12 months	982	208	982	208
Over 12 months	7,593	3,417	7,593	3,417
	9,509	4,305	9,509	4,305
Movement in advances under finance lease provision				
At start of year:				
- Non-performing	-	23	-	23
- performing	4 4	19	44	19
	44	42	44	42
Additional provision:				
- Non-performing	40	-	40	-
- performing	48	25	48	25
Provision no longer required	-	(23)	-	(23)
	88	2	88	2
At end of year:				
- Non-performing	40	-	40	-
- performing	92	4 4	92	4 4
	132	44	132	44

	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
16. Investment securities				
Long term investments:				
Debt Securities - at cost:				
- Listed	61,700	71,160	60,665	69,565
- Unlisted	27	25	27	25
Equity securities - at cost:				
- Listed	1,792	2,766	-	-
- Unlisted	2,175	2,026	1,965	1,816
	65,694	75,977	62,657	71,406
Provisions for diminution in value	(986)	-	(881)	-
	64,708	75,977	61,776	71,406
Short term investments:				
Equity securities - at lower of cost or market value:				
Listed	-	440	-	440
Unlisted	6,172	1,008	-	-
	6,172	1,448	-	440
Total Investment securities	70,880	77,425	61,776	71,846
Movement in long term investments				
At start of year	75,977	68,144	71,406	63,268
Additions	49,191	8,936	49,191	8,319
Redemption of long term bonds	(31,455)	-	(31,455)	-
Provision for diminution in value	(986)	-	(881)	-
Disposals	(28,019)	(1,103)	(26,485)	(181)
At end of year	64,708	75,977	61,776	71,406

i. The short term investments represents unlisted commercial papers, and bonds held by the group.

ii. The Bank made investments under the Small and Medium Enterprises Equity Investment Scheme (SMEEIS) per the Policy Guidelines for 2001 Fiscal Year (Monetary Policy Circular No. 35). Included in unlisted long term investments are the bank's investment under the Small and Medium Enterprises Equity Investment Scheme (SMEEIS).
A total of ₦1.73 billion (2008: ₦1.58billion) have so far been invested under the scheme. Due to the effective percentage holding of the bank in these companies, some of them qualify as associates. However, they are not consolidated as the bank, based on regulatory requirment is not expected to exercise influence and control.

	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
Investment in small & medium scale industries				
Direct investment:				
Freezone Plant Fabrications Int'l Limited	120	120	120	120
Tinapa Business Resort Limited	500	500	500	500
Credit Reference Company Limited	50	50	50	50
Onward Paper Mills Limited	385	385	385	385
CR Services Limited	87	87	87	87
Total	1,142	1,142	1,142	1,142
Indirect investment:				
Through African Capital Alliance - (SME Partnership)	446	372	446	372
Through First SMI Investment Company Ltd	137	61	137	61
	583	433	583	433
Total	1,725	1,575	1,725	1,575

		Group	Group	Bank	Bank
		2009	2008	2009	2008
		₦'million	₦'million	₦'million	₦'million
17. Investment in subsidiaries					
Investment in subsidiaries	%				
Stanbic IBTC Ventures Limited ("SIVL")	100%	-	-	500	500
Stanbic IBTC Asset Management Limited ("SIAML")	100%	-	-	710	710
Stanbic IBTC Pension Managers Limited ("SIPML")	70.59%	-	-	565	565
Stanbic IBTC Trustees Limited ("SITL")	100%	-	-	40	-
Stanbic Nominees Nigeria Limited ("SNNL")	100%	-	-	-	-
Stanbic IBTC Stockbrokers Limited ("SISL")	100%	-	-	109	43
RB Resources Ltd	100%	1	1	1	1
		1	1	1,925	1,819

i. In 1996, the bank acquired majority shareholdings (99.99%) in two companies incorporated in Nigeria, namely IBTC Ventures Limited ("IVL") and IBTC Asset Management Limited ("IAML"). As at December 2008, IVL had a 70.59% equity holding in IBTC Pension Managers Limited ("IPML") which is a licenced Pension Fund Administrator, up from an initial holding of 60%. In December 2008, the shareholding of IVL in IPML was acquired by the bank.

ii. RB Resources Ltd (subsidiary of Regent Bank Plc) became subsidiary of the bank through the merger with Regent Bank Plc and Chartered Bank Plc. SEL and SNNL, subsidiaries of SBN, also became subsidiaries of the bank through the merger with SBN. The bank in June 2009 acquired the minority holding (6.4%) of SEL to make SEL a wholly owned subsidiary of the bank.

iii. In October 2008, the subsidiaries changed their names to SIVL, SIAML and SIPML respectively in line with the bank's new corporate identity. Also, in July 2009 SEL changed its name to SISL. A new subsidiary company SITL was established in December 2009.

iv. The financial statements of SIVL, SIAML, SIPML, SISL, SITL and SNNL have been consolidated in the group financial statements. However, the financial records of RB Resources Ltd have not been consolidated in the group financial statements as it is in the process of being wound up.

v. Stanbic Nominees Limited being the custody arm of the group, acts in a nominee capacity for clients' transactions in securities and other investments. The securities are not assets of the company, and as such are not reflected in its balance sheet. All operating and administrative expenses of the company are borne by the bank, and no revenue accrues to the company for services rendered. Accordingly, no income statement and cashflow statement have been presented.

All the group companies have the same reporting period

	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
18. Other assets				
Interest and fee receivable	4,180	7,689	3,866	7,322
Prepayments	5,838	4,501	5,139	3,465
Accounts receivable	1,330	1,753	184	1,045
Open buy back instruments	12,300	1,500	12,300	1,500
Other receivables	4,897	5,886	5,943	7,733
Provision for doubtful receivables	(1,601)	(1,845)	(1,601)	(1,845)
	26,944	19,484	25,831	19,220

Bond holdings sold under repurchase agreement are classified as other asset balances in accordance with Central Bank of Nigeria circular BSD/8/2003.

Investment in Federal Government bond excludes ₦12.3 billion bond pledged by the bank with Standard Bank London ('SBL') under a repurchase agreement. This is disclosed in 'other asset'.

	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
Movement in provision for doubtful receivables:				
At start of year	(1,845)	(1,368)	(1,845)	(1,183)
- Additional provision	(589)	(662)	(589)	(662)
- Write-back to income statement	391	185	286	-
- Amount written off	442	-	547	-
At end of year	(1,601)	(1,845)	(1,601)	(1,845)

Notes to the financial statements

For the year ended 31 December 2009

19. Condensed financial statement for the Group

Profit and loss account

	Bank	Stanbic IBTC Asset Mgt Ltd	Stanbic IBTC Pension Mgt Ltd
	₦'million	₦'million	₦'million
At 31 December 2009			
Operating income	36,835	2,315	4,955
Operating expenses	(24,836)	(1,209)	(2,482)
Risk and other asset provision	(4,858)	-	-
Profit before tax	7,141	1,106	2,473
Tax	(883)	(334)	(808)
Profit after tax	6,258	772	1,665
At 31 December 2008	9,214	784	-
Balance sheet			
Assets:			
Cash and short term funds	7,768	-	-
Treasury bills	11,378	-	-
Due from banks	75,913	134	286
Loans and advances to customers	110,967	-	-
Advances under finance lease	9,377	-	-
Investment securities	61,776	2,883	3,524
Investment in subsidiaries	1,925	-	-
Deffered tax assets	594	-	-
Other assets	25,831	507	1,041
Fixed assets	26,267	115	419
At 31 December 2009	331,796	3,639	5,270
At 31 December 2008	345,762	5,992	4,021

Stanbic IBTC Ventures Ltd	Stanbic IBTC Trustees Ltd	Stanbic Nominees Ltd*	Stanbic IBTC Stockbroking Ltd	Consolidations/ Eliminations	Group Total
₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
308	-	-	831	(1,421)	43,823
(247)	-	-	(359)	510	(28,623)
-	-	-	-	-	(4,858)
61	-	-	472	(911)	10,342
(24)	-	-	(153)	(2)	(2,204)
37	-	-	319	(913)	8,138
624	-	-	318	1,054	11,994
564	-	-	-	(560)	7,772
-	-	-	-	-	11,378
238	40	-	994	(651)	76,954
-	-	-	-	(459)	110,508
-	-	-	-	-	9,377
1,897	-	-	800	-	70,880
-	-		-	1,924	1
-	-	-	-	-	594
101	-	-	619	1,155	26,944
-	-	-	77	-	26,878
2,800	40	-	2,490	(4,749)	341,286
3,381	-	-	864	(8,738)	351,282

	Bank	Stanbic IBTC Asset Mgt Ltd	Stanbic IBTC Pension Mgt Ltd
	₦'million	₦'million	₦'million
Liabilities:			
Customer deposits	170,411	-	-
Due to other banks	38,334	-	-
Other borrowings	12,647	-	-
Other liabilities	32,115	772	947
Current income tax	2,916	683	802
Deffered tax liability	-	10	63
Equity and reserves	75,373	2,174	3,458
At 31 December 2009	331,796	3,639	5,270
At 31 December 2008	345,762	5,992	4,021
Cash flow			
Net Cash from operating activities	(27,234)	(1,821)	1,832
Net Cash from financing activities	(7,054)	(650)	(500)
Net Cash from investing activities	(4,748)	1,234	(298)
Increase in cash & cash equivalent	(39,036)	(1,237)	1,034

* Included in the disclosure for Stanbic Nominees is share capital of ₦100,000. This balance does not reflect above as the financial statement is presented in ₦'million thus shown as zero (0).

Stanbic IBTC Ventures Ltd ₦'million	Stanbic IBTC Trustees Ltd ₦'million	Stanbic Nominees Ltd* ₦'million	Stanbic IBTC Stockbroking Ltd ₦'million	Consolidations/ Eliminations ₦'million	Group Total ₦'million
458	-	-	-	(1,669)	169,200
-	-		-	-	38,334
-	-	-	-	-	12,647
734	-	-	1,436	(1,156)	34,848
101	-	-	157	-	4,659
27	-	-	-	-	100
1,480	40	-	897	(1,924)	81,498
2,800	40	-	2,490	(4,749)	341,286
3,381	-	-	864	(8,738)	351,282
(118)	-	-	1,039	(2,205)	(28,507)
(267)	40	-	-	1,230	(7,201)
790	-	-	(91)	(750)	(3,863)
405	40	-	948	(1,725)	(39,571)

20. Property and equipment

Group - 2009

Cost	At period start ₦'million	Additions ₦'million	Disposals/ Write-offs ₦'million	Reclassi-fications ₦'million	At period end ₦'million
Leasehold land and buildings	5,282	788	(202)	5,314	11,182
Motor vehicles	2,390	699	(242)	25	2,872
Furniture, fittings & equipment	2,068	766	(62)	207	2,979
Computer hardware	1,590	982	(123)	1,067	3,516
Computer software	383	256	(136)	29	532
Work in progress	7,581	11,450	(420)	(6,642)	11,969
	19,294	14,941	(1,185)	-	33,050

Accumulated depreciation	At period start ₦'million	Charge for the year ₦'million	Disposals/ Write-offs ₦'million	Reclassi-fications ₦'million	At period end ₦'million
Leasehold land and buildings	791	650	(3)	-	1,438
Motor vehicles	806	638	(116)	-	1,328
Furniture, fittings & equipment	1,231	492	(37)	-	1,686
Computer hardware	822	728	(91)	-	1,459
Computer software	212	59	(10)	-	261
	3,862	2,567	(257)	-	6,172

Net book value	At start of year	At end of year
Leasehold land and buildings	4,491	9,744
Motor vehicles	1,584	1,544
Furniture, fittings & equipment	837	1,293
Computer hardware	768	2,057
Computer software	171	271
Work in progress	7,581	11,969
	15,432	26,878

Work in progress represents construction costs in respect of new branches and offices. On completion of construction, the related amounts are transferred to other categories of property and equipment.

Property and equipment

Bank - 2009

Cost	At period start ₦'million	Additions ₦'million	Disposals/ Write-offs ₦'million	Reclassi-fications ₦'million	At period end ₦'million
Leasehold land and buildings	5,282	788	(202)	5,313	11,181
Motor vehicles	2,119	616	(177)	25	2,583
Furniture, fittings & equipment	1,972	533	(35)	207	2,677
Computer hardware	1,359	716	(63)	1,067	3,079
Computer software	196	215	(113)	31	329
Work in progress	7,448	11,584	(420)	(6,643)	11,969
	18,376	14,452	(1,010)	-	31,818

Accumulated depreciation	At period start ₦'million	Change for the year ₦'million	Disposals/ Write-offs ₦'million	Reclassi-fications ₦'million	At period end ₦'million
Leasehold land and buildings	791	650	(3)	-	1,438
Motor vehicles	712	571	(90)	-	1,193
Furniture, fittings & equipment	1,176	419	(33)	-	1,562
Computer hardware	653	587	(61)	-	1,179
Computer software	139	40	-	-	179
	3,471	2,267	(187)	-	5,551

Net book value	At start of year	At end of year
Leasehold land and buildings	4,491	9,743
Motor vehicles	1,407	1,390
Furniture, fittings & equipment	796	1,115
Computer hardware	706	1,900
Computer software	57	150
Work in progress	7,448	11,969
	14,905	26,267

Work in progress represents construction costs in respect of new branches and offices. On completion of construction, the related amounts are transferred to other categories of property and equipment.

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		Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
21.	**Customer deposits**				
	Current deposits	67,646	47,149	68,611	50,648
	Savings deposits	5,880	5,706	5,880	5,706
	Term deposits	80,558	25,603	80,558	25,603
	Domiciliary deposit	15,115	16,782	15,361	16,935
	Electronic purse	1	22	1	22
		169,200	95,262	170,411	98,914
	Analysis by maturity				
	0-30 days	134,287	86,546	135.498	90,198
	1-3 months	28,404	7,447	28,404	7,447
	3-6 months	5,706	677	5,706	677
	6-12 months	652	461	652	461
	Over 12 months	151	131	151	131
		169,200	95,262	170,411	98,914
22.	**Due to other banks**				
	Current balances with banks	953	147	953	147
	Inter-bank taking	37,381	82,055	37,381	82,055
		38,334	82,202	38,334	82,202
23.	**Other borrowings**				
	FMO - Netherland Development Finance Company	11,089	10,098	11,089	10,098
	International Finance Corporation (IFC)	1,184	1,443	1,184	1,443
	European Investment Bank	374	492	374	492
	DEG-deutsche investitions-und entwicklungsgesellschaft mbh	-	168	-	168
		12,647	12,201	12,647	12,201

i. The bank's dollar denominated on-lending credit obtained from the IFC expires on or after 15 December 2012 and has a rate of 3% above 3 month's LIBOR.

ii. The dollar denominated facility from European Investment Bank expires on or after 15 March 2012 and has a rate of 2.5% above 3 month's LIBOR.

iii. The euro/dollar denominated facility from DEG with a rate of 3.25% above 6 month's EURIBOR expired on 15 October 2009.

iv. The on-lending dollar denominated loan obtained from Netherland Development Finance Company (FMO) expires on or after 15 January 2015, and has a rate of 2.0% above 6 month's LIBOR.

	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
Analysis by maturity				
0 - 30 days	-	-	-	-
1-3 months	42	42	42	42
3-6 months	239	239	239	239
6-12 months	1,389	1,432	1,389	1,432
Over 12 months	10,977	10,488	10,977	10,488
	12,647	12,201	12,647	12,201

24. Other liabilities

	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
Customers' deposit for letters of credit	8,804	13,995	8,804	13,995
Interest payable	3,372	3,650	3,372	3,650
Unearned income	1,830	3,498	1,763	3,441
Account payables	18,684	21,979	16,018	20,346
Proceeds from public offers	2,016	30,889	2,016	30,889
Provision on losses for off balance sheet	142	32	142	32
	34,848	74,043	32,115	72,353

Provision on losses for off balance sheet represents provisions recommended on some pending legal proceedings disclosed in note 30.

25. Deferred taxes

	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
Deferred tax liabilities	100	378	-	237
Deferred tax assets	(594)	-	(594)	-
	(494)	378	(594)	237
Movement in deferred taxes:				
At start of year	378	442	236	51
(Write-back)/charge for the year	(830)	195	(830)	185
Reclassification from current income tax	49	-	-	-
Prior year adjustment on revaluation of securities	(3)	28	-	-
(Write-back)/charge on revaluation of securities	(88)	(287)	-	-
At end of year	(494)	378	(594)	236

		Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
26.	**Non controlling interest**				
	At start of year	711	455	-	-
	Transfer from profit and loss	490	430	-	-
	Dividend paid	(147)	(80)	-	-
	Increase in shareholding in subsidiary company	(37)	(94)	-	-
	At end of year	1,017	711	-	-
27.	**Share capital**				
	Authorised				
	20 billion ordinary shares of 50kobo each				
	(2008: 20 billion ordinary shares of 50kobo each)	10,000	10,000	10,000	10,000

Issued and fully paid

i. Ordinary shares	Number million	Group ₦'million	Bank ₦'million
At start of year	18,750	9,375	9,375
At period end	18,750	9,375	9,375

ii. Share premium	Group ₦'million	Bank ₦'million
At start of year	47,469	47,469
At end of year	47,469	47,469

28. Reserves

	Statutory reserve ₦'million	SMIEIS reserve ₦'million	Revaluation reserve ₦'million	Capital reserve ₦'million	Retained earnings ₦'million	Total ₦'million
Group						
At prior period start - 1 January 2008	7,480	1,039	1,835	341	8,024	18,719
Increase in subsidiary shareholding	-	-	-	(212)	-	(212)
On revaluation of securities	-	-	(1,563)	-	-	(1,563)
Dividend paid	-	-	-	-	(4,688)	(4,688)
Transfer from profit and loss account	2,939	-	-	-	8,625	11,564
At 31 December 2008/ I January 2009	10,419	1,039	272	129	11,961	23,820
Increase in subsidiary shareholding	-	-		294	-	294
On revaluation of securities	-	-	(272)	-	-	(272)
Bonus issues	-	-	-	-	(354)	(354)
Dividend paid	-	-	-	-	(7,500)	(7,500)
Transfer from profit and loss account	1,147	-	-	-	6,501	7,648
At period end 31 December 2009.	11,566	1,039	-	423	10,608	23,636
Bank						
At prior period start - 1 January 2008	7,371	1,039	332	-	6,835	15,577
On revaluation of securities	-	-	(332)	-	-	(332)
Dividend paid	-	-	-	-	(4,688)	(4,688)
Transfer from profit and loss account	2,764	-	-	-	6,450	9,214
At 31 December 2008/ I January 2009	10,135	1,039	-	-	8,597	19,771
Dividend paid	-	-	-	-	(7,500)	(7,500)
Transfer from profit and loss account	939	-	-	-	5,319	6,258
At period end 31 December 2009.	11,074	1,039	-	-	6,416	18,529

29. Retirement benefit obligations

The group operates a defined contribution pension scheme in line with the provisions of the Pension Reform Act, with contributions based on the sum of employees' basic salary, housing and transport allowance in the ratio 7.5% by the employee and 7.5% by the employer. The amount contributed by the employer, and remitted to the Pension Fund Administrators, during the period was ₦549.97million (2008: ₦358.06million).

The group's contributions to this scheme is charged to the profit and loss account in the period to which they relate. Contributions to the scheme are managed by SIPML, and other appointed pension managers on behalf of the beneficiary staff in line with the provisions of the Pension Reform Act. Consequently, the group has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to meet the related obligations to employees.

30. Contingent liabilities and commitments

a) Legal proceedings

As at 31 December 2009, there were 134 outstanding legal proceedings with claims amounting to ₦31 billion (2008: ₦0.807 billion). Based on legal advice received and managements opinion, adequate provisions have been made on the various cases. These provisions are included in loan loss provisions (for credit-related cases) and 'other liabilities' for other cases.

b) Capital commitments

As at the balance sheet date, the group had capital commitments amounting to ₦4.14 billion (2008: ₦2.17 billlion) in respect of various construction work being undertaken on branch extention, and revamping project.

	2009 ₦'million	2008 ₦'million
Aggregate... or estimated amount of contracts for capital expenditure so far as not provided for; and	3,364	1,856
Aggregate... or estimated amount of capital expenditure authorised by the directors which has not been contracted.	777	314

c) Off balance sheet engagements

In the normal course of business, the group is party to financial instruments with off-balance sheet risk. The instruments are used to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
Performance bonds and guarantees	3,371	7,592	3,371	7,592
Letters of credit	12,376	26,895	12,376	26,895
Forward and swap contracts	12,087	-	12,087	-
Guaranteed commercial papers	-	16,374	-	16,374
	27,834	50,861	27,834	50,861

31. Dividend

Proposed dividend 30k (2008: 40k) per share	5,625	7,500	5,625	7,500

Dividends are not accounted for until they have been ratified at the Annual General Meeting (AGM). At the next AGM, a dividend in respect of 2009 of 30k per share (2008: 40k) amounting to a total of ₦5.6 billion (2008:₦7.5 billion) will be proposed. These financial statements do not reflect this resolution, which will be accounted as an appropriation of retained earnings in the year ending 31 December 2010.

32. Earnings per share

Earnings per share (actual) is calculated by dividing the profit after tax by the number of shares in issue during the period, while earnings per share (basic) is calculated by using the weighted average number of shares in issue during the period as the denominator. Earnings per share (adjusted) is calculated by using the number of shares outstanding as at the balance sheet date as a common denominator for all years, while earnings per share (diluted) is calculated by adjusting the number of shares in issue during the period with the effects of all potential ordinary shares.

	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
Profit after tax	8,138	11,993	6,258	9,214
Number of shares (in thousands)	18,750	18,750	18,750	18,750
Weighted average number of shares (in thousands)	18,750	18,750	18,750	18,750
Earnings per share (EPS) - basic	43 k	64 k	33 k	49 k

There was no change in the number of shares in issue during the period. Consequently, the weighted average number of shares is the same as absolute number of shares in issue, and outstanding as at the year ended 31 December 2009.

33. Compliance with banking regulation

The bank was penalised by the Central Bank of Nigeria (CBN) during the year for the following infractions:

- Late rendition of daily E-FASS returns (fine: ₦2 million)
- Infraction of Section 60 (1) of BOFIA, 1991 - write off of insider related loan by legacy Stanbic Bank (fine: ₦2 million)
- Infraction of Section 60 (1) of BOFIA, 1991 - write off of insider related loan by legacy IBTC Chartered Bank (fine: ₦2 million)
- Penalty for not seeking CBN approval before incurring expenditure on freehold premises (fine : ₦2 million)
- Non rendition of returns relating to repatriated export proceeds for some customers (fine : ₦2 million)

34. Comparatives

Where necessary, comparative figures have been restated to conform to changes in presentation in the current year.

35. Employees and directors

a) Employees

The average number of persons employed by the group during the year by category:

	Group 2009 Number	Group 2008 Number	Bank 2009 Number	Bank 2008 Number
Executive directors	5	5	5	4
Management	361	304	330	276
Non-management	1,643	1,350	1,387	1,063
	2,009	1,659	1,722	1,343

Compensation for the above staff (excluding executive directors):

	₦'million	₦'million	₦'million	₦'million
Salaries and wages	12,919	10,004	11,311	8,572
Retirement benefit - Pension (Note 29)	550	358	479	300
Retirement benefit - ESBS (Note 29)	-	64	-	30
	13,469	10,426	11,790	8,902

The number of employees of the group, other than directors, who received emoluments in the following ranges (excluding pension contributions), were:

	Number	Number	Number	Number
Below ₦1,000,001	30	70	20	58
₦1,000,001 - ₦2,000,000	97	109	50	60
₦2,000,001 - ₦3,000,000	833	798	788	671
₦3,000,001 - ₦4,000,000	319	228	244	183
₦4,000,001 - ₦5,000,000	212	74	161	43
₦5,000,001 - ₦6,000,000	55	48	41	37
₦6,000,001 and above	463	332	418	291
	2,009	1,659	1,722	1,343

	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
b) Directors				
The remuneration paid to the directors was:				
Fees and sitting allowances	142	142	142	142
Executive compensation (Salary including all benefits)	644	409	609	364
	786	551	751	506
Directors' other expenses	2	2	2	2
	788	553	753	508
Fees and other emoluments disclosed above include amounts paid to:				
(i) the chairman	33	31	33	31
(ii) the highest paid director	211	106	211	106

36. Related party transactions

The bank is controlled by Stanbic Africa Holding Limited which is incorporated in the United Kingdom. The ultimate parent of the group is Standard Bank Group Limited incorporated in South Africa.

The bank manages the operations of SIAML and SIPML under the terms of a management and advisory services agreement for a fee.

Included in loans and advancesis an amount of ₦6.95billion (31 December 2008 : ₦3.37 billion representing credit facilities to staff, shareholders,and companies in which some directors have interests .These facilities were granted at rates and terms comparable to other facilities in the bank's portfolio. There were no non-performing insider related credit as at balance sheet date.

The balances in the accounts as at 31 December 2009 are as stated below.

(a) Schedule of insider related credits

Name of Company / Individual	Relationship	Name of related interest	Facility type	Date granted	Expiry date	Approved credit limit ₦'000
International Glass Industries Limited	Director	B.I. Mahtani	Overdraft	16-Jul-09	7-Jan-11	26,862
International Glass Industries Limited	Director	B.I. Mahtani	Lease finance	6-Oct-08	20-Oct-12	7,775
Automotive Components Limited	Director	Gen. Wushishi	Overdraft	28-May-09	31-Mar-10	9,000
UAC of Nigeria Plc	Non executive director	Atedo Peterside	Overdraft	8-May-09	31-Dec-09	500,000
Presco Plc	Non executive eirector	Atedo Peterside	Foreign term loan	1-Oct-08	31-Dec-11	540,114
Acorn Petroleum Plc	Non executive director	Gen. Wushishi/ Christopher Kolade	Lease finance	2-Nov-09	1-Dec-12	12,413
UACN Property Development Company Plc	Non executive director	Gen. Wushishi	Term loan	28-Dec-09	29-Mar-10	400,000
UACN Property Development Company Plc	Non executive director	Gen. Wushishi	Overdraft	30-Dec-09	1-Feb-10	1,900,000
Various Staff	Staff	-	-	-	-	3,736,232
				Total - insider related credits		7,132,396

(b) Other related party items

Significant transaction balances involving the bank and related parties are as detailed below:

Related party items	SBG	SIAML	SIVL	SIPML	SISL
Relationship to the bank	Parent	Subsidiary	Subsidiary	Subsidiary	Subsidiary
	₦'000	₦'000	₦'000	₦'000	₦'000
Deposit balances	31,029,165	142,969	806,606	13,395	1,051,300
Account receivables	-	281,940	-	104,137	116,948
Loans (due to SIBTC)	-	-	458,484	-	-
Accounts Payable	-	-	-	22	339

Outstanding ₦'000	Status	Int. Rate	Perfected security		Deposit outstanding ₦'000	Type of deposit
			Security nature	Security value ₦'000		
26,862	Performing	22.00%	Debenture	-	59	Current a/c
7,775	Performing	21.00%	Asset financed		-	-
5,917	Performing	22.00%	Debenture on fixed and floating assets	344,000 but stamped at 88,000	-	-
491,493	Performing	22.00%	Clean lending (Negative pledge)	-	5,885	Current a/c
332,616	Performing	5.33%	Debenture on fixed and floating assets	-	1,524	Time/Current account
12,413	Performing	18.50%	Asset financed	-	2,979	Current a/c
400,000	Performing	17.5%	Deed of Legal mortgage (unregistered), C of O registered as 82/82/2005L,		187	Current a/c
1,940,992	Performing	22%	Vesting asset by UAC of Nig. Plc registered as 82/82/2038		-	-
3,736,232	Performing	12% to 15.5%	-	-	567,739	Time/Current account
6,954,300					578,373	

37. (a) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash and non restricted balances with the central bank of Nigeria, treasury bills and other eligible bills, operating account balances with other banks, amounts due from other banks and short term government securities.

	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
Cash and balances with central banks (less restricted balances)	6,484	9,693	6,480	9,547
Treasury bills and eligible bills	11,378	13,101	11,378	13,101
Due from other banks	76,954	111,593	75,913	110,159
	94,816	134,387	93,771	132,807

b) Cash generated from operations

	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
Reconciliation of profit before tax to cash generated from operations:				
Operating profit	10,342	14,625	7,141	10,542
Provision for loan loss	6,231	5,835	6,231	5,835
Amounts written back on previously provisioned accounts	(2,670)	(1,294)	(2,670)	(1,294)
Provision for leases	88	2	88	2
Provision for Forward cover gain	3,696	(4,188)	3,696	(4,188)
Provision for off balance sheet	110	-	110	-
Interest in suspense	1,282	1,074	1,282	1,074
Interest income written off	(1,101)	(2,973)	(1,101)	(2,973)
Loans written off	(1,350)	(3,816)	(1,350)	(3,816)
Witholding tax charge	(215)	(311)	(198)	(292)
Provision for other assets	198	477	303	662
Movement in provision for investment	986	-	881	-
Loss on disposal of fixed asset	4	517	3	504
Gain on disposal of investment	(456)	(407)	(30)	(67)
Depreciation	2,567	1,433	2,267	1,256
Interest received	(40,920)	(40,973)	(39,952)	(40,602)
Interest paid	15,813	18,611	15,870	18,652
Dividend received	(169)	(203)	(975)	(27)
Operating profit before changes in operating assets and liabilities	(5,564)	(11,591)	(8,404)	(14,732)

	Group 2009 ₦'million	Group 2008 ₦'million	Bank 2009 ₦'million	Bank 2008 ₦'million
(Increase)/decrease in operating assets:				
Cash reserve balances	606	1,140	606	1,140
Loans to customers	(14,802)	(17,759)	(14,649)	(18,200)
Advances under finance leases	(5,204)	(2,274)	(5,204)	(2,274)
Short term investments	(4,724)	3,864	440	4,533
Interest receivable and prepayment	2,172	(10,339)	1,782	(9,000)
Accounts receivable	423	(878)	861	(247)
Other receivables, net of sundry receivables in acquiree	(13,107)	7,239	(12,306)	7,008
	(34,636)	(19,007)	(28,470)	(17,040)
Increase/(decrease) in operating liabilities				
Customer deposits	73,938	23,850	71,497	26,436
Due to other banks	(43,868)	14,904	(43,868)	15,350
Customers' deposit for foreign currency denominated obligations	(5,191)	4,724	(5,191)	4,724
Interest payable and unearned income	(1,946)	4,926	(1,956)	4,958
Accounts payable	(3,295)	(1,100)	(4,322)	4,203
Public offer proceeds, and other payables	(28,763)	(1,307)	(28,763)	(3,140)
	(9,125)	45,997	(12,603)	52,531
Cash (used in)/generated from operations	(49,325)	15,399	(49,477)	20,759

Financial risk analysis

For the year ended 31 December 2009

Principal credit policies

The group's credit standard, as updated from time to time, represents the overarching policy framework governing credit risk. The Corporate and Investment Banking (CIB) credit policy and Personal and Business Banking (PBB) credit policy are basically intended to complement and give effect to the principles outlined in the group credit standard in respect of all credit risk emerging from the operations of Stanbic IBTC.

These policies have been formulated to provide a comprehensive framework within which all credit risk incurred within CIB and PBB are properly identified, quantified, assessed, approved, legally executed, monitored and controlled in order to minimise the risk of financial loss. They are also intended to assure consistency of approach within the parameters outlined in the standard, and in keeping with all regulatory compliance requirements.

In addition to the standard and credit policies, there are other related policies and documents with contents that are relevant to the full implementation and understanding of credit policies:

- Credit counterparty rating policy
- Country risk standard
- Credit governance framework
- The Basel II Accord
- Credit risk review policy
- Intragroup exposure and related party lending policy
- Credit portfolio limit framework
- Collateral valuation guideline
- Controls breach framework

Methodology for risk rating

The starting point of all credit risk assessment lies in the counterparty risk grading, which is quantified and calculated in compliance with the group's credit rating policy and using such Basel II compliant models as are in current use, as updated or enhanced from time to time. Grading is done on a 21-point scale, with three additional default grades.

Ultimately, the quantification of the credit risk for any exposure or portfolio is summarised by the calculation of the expected loss (EL), which is arrived at in the following way:

- Based on the risk grading foundation which yields the counterparty's probability of default (PD), the nature and quantum of the credit facilities are considered;
- A forward-looking quantification of the exposure at default (EAD) is determined in accordance with credit analytics and portfolio reporting (CAPR) policy.
- Risk mitigants such as security and asset recovery propensities are then quantified to moderate exposure at default to yield the loss given default (LGD).
- Finally, the EL is a function of the PD, the LGD and the EAD.

These parameters are in turn used in quantifying the required capital reserving, using the regulatory Capital Calculator developed, maintained and updated in terms of Basel II, and the economic capital implications through the use of Credit Portfolio Management's (CPM's) Economic Capital tools.

Furthermore, bearing in mind the quantum of the facility and the risk/reward thereof, an appropriate consideration of Basel II capital requirements where applicable, and the revenue and return on equity implications of the credit proposal, is mandatory in all credit applications and reviews.

Enterprise risk review

Robust management of risk is fundamental to the business activities of Stanbic IBTC, as the group remains resolute and committed to the objective of increasing shareholders' value by developing and growing business in accordance with board-approved risk appetite at all times, whilst taking cognisance of the need to balance this objective with the interest of depositors, regulators and other stakeholders. The group seeks to achieve an appropriate balance between risk and reward in its businesses, and continues to build and enhance the risk management capabilities that will assist in achieving its dynamic growth plans in a controlled environment.

Risk management is at the core of the operating and management structures of the group. The group seeks to limit adverse variations in earnings and equity by managing the balance sheet and capital within specified levels of risk appetite. Managing and controlling risks, and in particular avoiding undue concentrations of exposure and limiting potential losses from stress events are essential elements of the group's risk management and control framework, which ultimately leads to the protection of the group's reputation and brand.

Within the group, responsibility and accountability for risk management resides at all levels, from the executive down through the organisation to each business manager and independent risk officer. Internal audit provides an independent assessment of the adequacy and effectiveness of controls and procedures and reports independently to the statutory audit committee, whilst external audit reports independently on the group annual financial statements to shareholders and regulators.

Subsidiary entities within the group are guided by the group enterprise risk management (ERM) framework in establishing their respective risk management frameworks.

The major subsidiaries of the bank; Stanbic IBTC Asset Management Limited, Stanbic IBTC Stockbroking Limited and Stanbic IBTC Pension Managers Limited have aligned their respective risk management practices to that of the group and adopting acceptable risk tolerance parameters in line with the group.

Key aspects of risk management are the risk governance and the organisational structures established by the group to manage risk according to a set of risk governance standards, which are implemented across the group and are supported by appropriate risk policies and procedures.

Risks are controlled at the level of individual exposure, at a portfolio level, and in aggregate across all business and risk types. The group has an independent control process which provides an objective view of risk taking activities where required. All exposures are independently monitored and reviewed.

Key achievements in 2009

The past year has been one of the most turbulent and difficult years for the financial sector specifically and the whole economy in general. However, it has also been a year of enriching the group experience in very practical terms as adverse events of unprecedented proportion unfolded in a rapid succession, providing the group with an opportunity to differentiate itself in the market space by the strength and depth of its risk management practices. Some of the challenges included the embedding of all board-approved risk governance standards, mandates, policies and procedures throughout the group, developing the appropriate risk culture and building the risk management team with the required level of technical and specialist skills.

Concurrently, the group had to handle huge depreciation in asset prices, extreme degrees of volatility in the forex market, contraction of funding liquidity and credit in the financial system as well as rising regulatory intervention. In all these, the group's existing control framework and procedures performed very well in the midst of increasing levels of uncertainty and risk while monitoring and reporting lines were strengthened through the implementation of a liquidity early warning indicator system and credit process re-design.

- The group established a framework within which conflicts of interests are identified and managed in its commitment to conduct business professionally, ethically, with integrity and in accordance with international best practice;
- In a similar vein, the group established and implemented frameworks for market conduct and a gratification policy;
- The group conducted a comprehensive liquidity diagnostic analysis with the aim to review and strengthen its liquidity risk management framework;
- In order to mitigate, as much as possible, the impact of a liquidity crisis, the group established a governance framework which itemises the group's response to a liquidity problems, including an escalation process, guidelines for managing liquidity crisis and a liquidity early warning indicator system (LEWIS);
- The group conducted a business continuity management (BCM) simulation and tested its ability to recover and restore total business operations in the event of unexpected operational disruptions or disasters; and also conducted 3 tests on the recovery site infrastructure to determine its suitability for meeting its recovery time objectives;
- In its commitment to providing a healthy and safe working environment for its employees, the group established the framework within which the principles of occupational health and safety (OHS) are managed, including the related compliance standards and structures;
- A more sophisticated and efficient anti-money laundering and detection system was implemented by the group in order to enhance the generation and reporting of suspicious transactions;
- A risk assurance (RA) function was established to give independent assurance regarding the risks, processes and controls within the group;
- A robust credit process and documentation was developed and implemented while significantly deepening the strength and depth of credit team through tactical upskilling.

Focus areas for 2010

The recent turmoil in the world financial markets and weakening macroeconomic conditions in emerging markets, coupled with the prevailing threat of insolvency in Nigeria's financial system arising mainly from massive loss provision, have positioned risk management as one of the important pillars on which any financial institution can aspire to attain long-term sustainability. Hence, it is imperative that risk management should continue to receive significant focus with special attention paid to enhancing the systems capability surrounding all levels of risk management and appropriate resourcing of our risk talent pool. In particular, we will focus on:

- Continued maintenance of a conservative structural liquidity mismatch profile, supported by adequate levels of marketable assets;
- Continued implementation of robust systems to enhance data quality and facilitate monitoring capability of market and liquidity risks;
- Continued enhancement of control environment and direct risk oversight by deploying designated independent risk officers to specific business units and raising the area of coverage of risk assurance functions;
- Entrenching the principles of environmental risk, conflict of interest, personal account trading and market abuse policies;
- Enhancing the quality and depth of an operational risk database for the group by automating incident reporting while raising
- readiness level for Basel II compliance;
- Continued vigilance and enhancement to the KYC/AML regime by deploying an automated anti-money laundering system to key subsidiaries and centralising the account opening process;
- Strengthening and deepening the group's risk management resources through a well structured recruitment, training and retaining of talented staff;
- Raise the readiness level for the implementation of a new core banking application as well as addressing post-implementation issues.

Risk management framework

Governance structure

The group's activities are complex, diverse and expanding rapidly into market segments and regions with different challenges. Hence, it is imperative that there is strong and independent oversight at all levels across the group.

The risk governance structure (see diagram below) provides executive management and the board, through the various committees, with the forums to evaluate, consider and debate key risks faced by the group and assess the effectiveness of the management of these risks through a number of reports received from the chief risk officers across Stanbic IBTC. The board committees comprise the statutory audit committee, credit board committee, risk management board committee, while executive management oversight at a bank and group level is achieved through management committees focusing on specific risks. Each of these committees has a mandate which describes the membership and responsibilities of such committees.

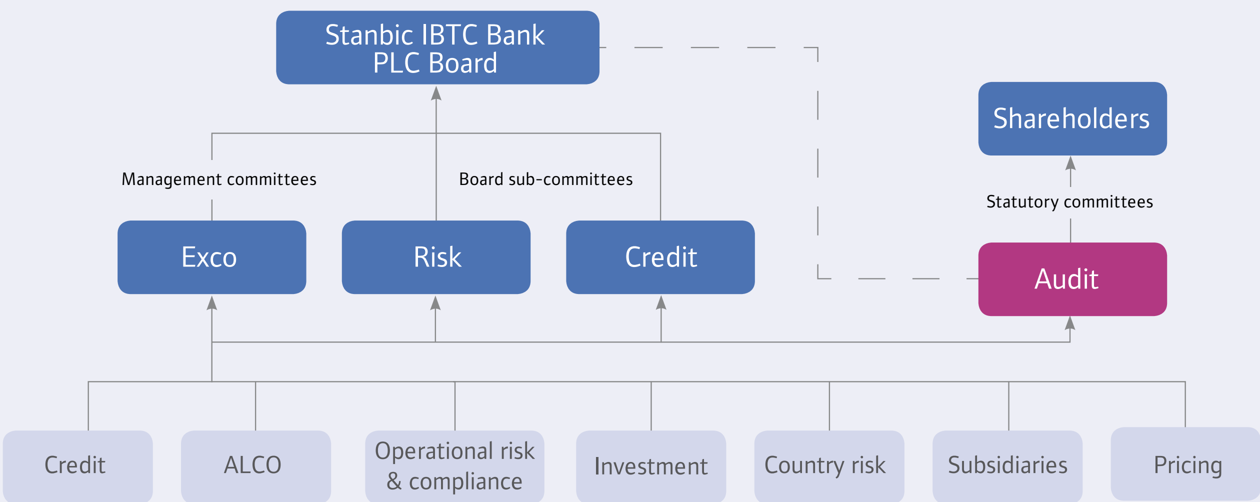
Approach and structure

The group's approach to risk management is based on well established governance processes and relies both on individual responsibility and collective oversight, supported by comprehensive reporting. This approach balances strong corporate oversight at senior management level with independent risk management structures in the business.

Business unit heads are specifically responsible for the management of risk within their business. As such, they are responsible for ensuring that they have appropriate risk management frameworks that are adequate in design, effective in operation and meet minimum group standards.

This responsibility is achieved either through the establishment of dedicated business unit risk management functions in some subsidiary companies or through centralised risk functions servicing a number of business units. In the former case, adequate provision for the independence of the business unit risk management structures is essential in recognition of different regulatory requirements.

An important element that underpins the group's approach to the management of all risks is independence and appropriate segregation of responsibilities between business and risk. Risk officers report separately to the head of group risk who reports to the chief executive officer of Stanbic IBTC and also through a matrix reporting line to SBG. All key risks are supported by the risk department.



Risk governance standards, policies and procedures

The group has developed a set of risk governance standards for each major risk type. The standard set out and ensure alignment and consistency in the manner in which the major risk types across the group are governed, identified, measured, managed, controlled and reported.

All standards are applied consistently across the group and are approved by the board. It is the responsibility of business unit executive management to ensure that the requirements of the risk governance standards, policies and procedures are implemented within the business units.

Each standard is supported by group policies and business unit policies and procedural documents as required. Business units and group risk functions are required to self assess, at least annually, their compliance with group risk standards and policies. Risk governance standards set out the framework for managing each major risk type and policies are developed where required on specific items as stated within the standards. Details with regards to the implementation of these policies within each particular business unit are set out in the processes and procedures documentation.

Risk appetite

Risk appetite is an expression of the maximum level of residual risk that the group is prepared to accept in order to deliver its business objectives. It is the balance of return and risk determined by the board through the board and executive risk committees in consultation with the business units as the group implements business plans, recognising a range of possible outcomes.

The board establishes the group's parameters for risk appetite by:

- providing strategic leadership and guidance;
- reviewing and approving annual budgets and forecasts for the group and each business unit; and
- regularly reviewing and monitoring the group's performance in relation to risk through quarterly board reports.

Risk appetite is expressed by balancing:

- budgetary provisions for expected losses that are consistent with the risk appetite implied by the business plans;
- an agreed tolerance for profit and loss volatility – an acceptable scenario that is lower than budget by an amount that is consistent with the risk appetite implied by the business plans;
- the risk adjusted returns generated from risk-taking being acceptable; and
- in the context of stress tests, portfolio analyses and concentration limits, risk assessments, risk indicators and other measures devised by the business unit risk functions which serve to identify and constrain threats to earnings and capital.

Risk appetite is determined with reference to measures such as:

- budgeted loss write-offs and provisions;
- limits on exposures to individual counterparties, sectors, industries or geographies;
- limits on trading exposures; and
- interest rate.

Stress testing

Stress testing serves as a diagnostic and forward looking tool to improve the group's understanding of its market and liquidity risks profile under event based scenarios.

Management reviews the outcome of stress tests and selects appropriate mitigating actions to minimise and manage the risks to the group. Residual risk is then evaluated against the risk appetite. Examples of potential action to take are:

- reviewing and changing limits;
- limiting exposures in selected sectors or products; and
- re-balancing of portfolio's to reduce risk sensitivity

Risk categories

The bank'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, with applicability as appropriate, are defined as follows:

Credit risk

Credit risk arises primarily in the bank operations where an obligor fails to perform obligations, in accordance with agreed terms or the counterparty's ability to meet such contractual obligation is impaired.

Credit risk comprises counterparty risk, settlement risk, country risk and concentration risk.

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Counterparty risk

Counterparty risk is the risk of loss to Stanbic IBTC as a result of failure by a counterparty to meet its financial and/or contractual obligations to the bank. It has three components:

- primary credit risk which is the exposure at default (EAD) arising from lending and related banking product activities, including their underwriting;
- pre-settlement credit risk which is the EAD arising from unsettled forward and derivative transactions, arising from the default of the counterparty to the transaction and measured as the cost of replacing the transaction at current market rates; and
- issuer risk which is the EAD arising from traded credit and equity products, and including their underwriting.

Settlement risk

Settlement risk is the risk of loss to Stanbic IBTC from a transaction settlement, where value is exchanged, failing such that the counter value is not received in whole or part.

Country and cross border risk

Country and cross border risk is the risk of loss arising from political or economical conditions or events in a particular country which reduce the ability of counterparties (including the relevant sovereign and other members of the Standard Bank Group internationally) in that particular country to fulfil their obligations to Stanbic IBTC. Cross border risks is the risk of restriction on the transfer and convertibility of local currency funds, into foreign currency funds thereby limiting payment by offshore counterparties to the bank.

Concentration risk

Concentration risk refers to any single exposure or group of exposures large enough to cause credit losses which threaten Stanbic IBTC's capital adequacy or ability to maintain its core operations. It is the risk that a common factor within a risk type or across risk types causes credit losses or an event occurs within a risk type which results to credit losses.

Market risk

Market risk is defined as the risk of a change in the actual or effective market value or earnings of a portfolio of financial instruments caused by adverse moves in market variables such as equity, bond and commodity prices, foreign exchange rates, interest rates, credit spreads, recovery rates, correlations and implied volatilities in all of the above. Market risk covers both the impact of these risk factors on the market value of traded instrument as well as the impact on the group's net interest margin as a consequence of interest rate risk on banking book assets and liabilities.

Liquidity risk

Liquidity risk is defined as the risk that the bank, although balance-sheet solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due (as a result of funding liquidity risk), or can only do so at materially disadvantageous terms (as a result of market liquidity risk). Funding liquidity risk refers to the risk that the counterparties, who provide the bank with funding, will withdraw or not roll-over that funding. Market liquidity risk refers to the risk of a generalised disruption in asset markets that makes normal liquid assets illiquid and the potential loss through the forced-sale of assets resulting in proceeds being below their fair market value.

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed processes, people and systems (including information technology and infrastructure) or from external events.

The definition of operational risk also includes:

- information risk – the risk of unauthorised use, modification of disclosure of information resources;
- fraud risk – the risk of losses resulting from fraudulent activities;
- environmental risk – the risk of inadvertently participating in the destruction of the environment;
- legal risk - the risk that the bank will be exposed to litigation;
- taxation risk – the risk that the bank will incur a financial loss due to incorrect interpretation and application of taxation legislation or due to the impact of new taxation legislation on existing business;
- compliance risk - the risk that the bank does not comply with applicable laws and regulations or supervisory requirements.

Business risk

Business risk is the risk of loss due to adverse local and global operating conditions such as decrease in demand, increased competition, increased cost, or by entity specific causes such as inefficient cost structures, poor choice of strategy, reputation damage or the decision to absorb costs or losses to preserve reputation.

Credit risk management

Framework and governance

Without doubt, credit risk remains a key component of financial risks faced by any bank given the very nature of its business. The last two years of global financial downturn arising mainly from sub-prime mortgage crisis has further accentuated the criticality of the credit risk. As such, the group has established sound governance principles to ensure that credit risk is managed within a comprehensive risk management control framework.

The principles guiding the assumption of credit risk and the overall framework for its application, governance, and reporting is defined in the Stanbic IBTC credit risk standard.

The standard covers all forms of credit risk, intentional or otherwise, and is supported by credit risk policies and procedures to the extent required to further define the credit risk framework and its implementation across the bank.

In reaching credit decisions and taking credit risk, both the credit and business functions must consistently and responsibly balance risk and return, as return is not the sole prerogative of business neither is risk the sole prerogative of credit. Credit (and the other risk functions, as applicable) and business must work in partnership to understand the risk and apply appropriate risk pricing, with the overall aim of optimising the bank's risk adjusted performance.

The standard, policies and procedures and compliance therewith are not substitutes for common sense and good business judgment.

Credit risk management

The reporting lines, responsibilities and authority for managing credit risk in Stanbic IBTC are very clear and independent. However, ultimate responsibility for credit risk rests with the board and which has delegated this to the following organs:

Board credit committee

The purpose of the board credit committee is to ensure that effective credit governance is in place in order to provide for the adequate management, measurement, monitoring and control of credit risk including country risk. In addition to its pre-existing role, the committee has also been vested with the following responsibilities as may be set by the board:

- setting overall risk appetite;
- reviewing and approving credit facilities that are within monetary amounts as approved by the board;
- ensuring committees within the structure operate according to defined mandates and delegated authorities;
- maintaining overall accountability and authority for the adequacy and appropriateness of all aspects of the bank credit risk management process;
- utilising appropriate tools to measure, monitor and control credit risk in line with the SBG policies whist taking into account local circumstances;
- recommending the bank's credit policies and guidelines for board approval; and
- any other matters relating to credit as may be delegated to the committee by the board.

Credit risk management committee

The credit risk management committee (CRMC) is the senior management credit decision-making function and it operates within defined authority as determined by the board credit committee.

The CRMC effectively enhances credit discipline within the bank and is responsible for controlling, inter alia, delegated authorities, concentration risk, distressed debt and regulatory issues pertaining to credit, credit audits, policy and governance.

In addition to the above, the credit committee provides oversight of governance; recommends to the board credit committee the level of the bank's risk appetite; monitors model performance, development and validation; determine counterparty and portfolio risk limits and approves country, industry, market, product, customer segment and maturity concentration risk; risk mitigation; impairments and risk usage.

Head of credit

The head of credit has functional responsibility for credit risk management across the bank and is positioned at a sufficiently senior level in order to ensure the necessary experience and independence of judgment.

The head of credit is responsible for providing an independent and objective check on credit risk taking activities to safeguard the integrity of the entire credit risk process. The head of credit is ably supported by the heads of CIB credit and PBB credit to ensure granularity and function-specific details at the business unit levels.

Credit risk mitigation

Guarantees, collateral and the transaction structure are used by the bank to mitigate credit risks; both identified and inherent though the amount and type of credit risk is determined on a case by case basis. The bank's credit policy and guidelines are used in a consistent manner while security is valued appropriately and reviewed regularly for enforceability and to meet changing business needs.

The main types of collateral taken comprise bonds over residential, commercial and industrial properties, bonds over plant and equipment, liquid and tradable financial instruments and, for leases, the underlying moveable assets financed.

The group has a collateral policy which establishes and defines the principles of accepting, verifying, maintaining, and releasing collateral. Processes and procedures are well documented in order to ensure appropriate application of the collateral management techniques, which cover at least the following requirements:

- Acceptable collateral management techniques and any conditions or restrictions applicable to them;
- Acceptable methodologies for the initial and subsequent valuations including how often collateral will be re-valued;
- Process and completion of the collateral documentation in a timely manner;
- The valuation, verification, and appraisal of all collateral;
- The maximum loan-to-value percentages, minimum haircuts or other volatility adjustments applicable to each type of collateral;
- The means by which legal enforceability and certainty is to be established, including required documentation and all necessary steps required to establish legal rights;
- Lien and title perfection for the collateral;
- Recognition and management of any correlation between the credit risk of the customer and the value of collateral;
- The rigorous monitoring and control of collateral to ensure its continued effectiveness;
- Actions to be taken in the event the current value of collateral falls below required levels;
- Management of concentration risks, e.g. setting maximum limits on the acceptability of the collateral from a number of customers;
- Timely liquidation of the collateral;
- Filing of collateral claims properly and timely;
- Determining price at which the collateral may be sold; and
- Receiving and releasing of collateral must be handled by individuals other than those who record the collateral.

Credit delegated authority

Authority for approval of any credit facilities accorded to counterparties is vested only in individuals, and/or groups of individuals acting in concert, and/or credit committees, in terms of specific delegated authority (DA) levels approved (and updated from time to time) by the board upon advise. Such DA levels are quantified according to counterparty risk grade. Individuals may be accorded DA levels on the authority of the parties specifically mandated to do so in terms of the credit governance framework. In responding to credit applications, named parties or committees exercising their DA mandates will only do so against:

- a recommendation from the business and credit sponsor(s) of the credit proposal;
- a recommendation from the relevant balance sheet owner for all committed term lending exposures in excess of 3 months;
- a recommendation from the respective product houses materially represented in the credit proposal;
- where total facilities to be approved for any counterparty exceed the relevant credit evaluation manager's (CEM) own DA level, support is required from that CEM;
- a recommendation from distribution committee/team;
- a sign off from country risk committee for any cross border facilities; and
- an approval from ALCO.

Delegated authority mandates held by committees or individuals may not be further delegated.

Where a credit facility is originated by the holder of a DA, that proposal requires to be submitted to another DA holder for approval, in keeping with the spirit of the four-eyes principle. The internal credit approval limits is shown in the table overleaf.

Corporate and investment banking

Group's Rating	Global CIB Credit Committee/Board Credit Committee*	Africa Credit Committee	Management Credit Committee	Country Credit Head	Head of CIB Credit
			Maximum Approval Limit (₦'m)		
1-5	Legal lending limit	Legal lending limit	Legal lending limit	Legal lending limit	Legal lending limit
6-8	Legal lending limit	Legal lending limit	Legal lending limit	Legal lending limit	Legal lending limit
9-10	Legal lending limit	Legal lending limit	Legal lending limit	Legal lending limit	12,000
11-12	Legal lending limit	Legal lending limit	15,400	4,600	2,400
13	Legal lending limit	Legal lending limit	8,000	3,400	1,600
14	Legal lending limit	Legal lending limit	8,000	3,400	1,600
15	Legal lending limit	Legal lending limit	4,000	1,600	1,400
16	Legal lending limit	Legal lending limit	4,000	1,600	1,400
17	Above 12 000	12,000	2,400	1,600	1,400
18	Above 12 000	12,000	2,400	800	600
19	Above 12 000	12,000	2,400	800	600
20	Above 8 000	8,000	2,200	800	308
21	Above 8 000	8,000	2,200	400	300

Personal and business banking

Global CIB Credit Committee /Board Credit Committee*	Above ₦1.875 billion
Management Credit Committee	Up to ₦1.875 billion
Country Credit Head	Up to ₦937 million
Head of CIB Credit	Up to ₦937 million

*The global credit committee and Africa credit committee approve based on the mandate given to them by the board credit committee. All approvals are sanctioned by the board credit committee.

The board credit committee approves all insider-related credit irrespective of the amount.

Financial risk analysis

For the year ended 31 December 2009

Credit risk measurement

A key element in the measurement of credit risk is the assignment of credit ratings. All customers including corporate, individuals and institutions and special purpose vehicles (SPVs) are awarded risk gradings to determine expected defaults across asset portfolios and risk bands. The risk ratings attributed to counterparties are based on a combination of factors which cover business and financial risks:

- all counterparties for which the bank has facility limits in place are assigned a credit rating. The rating is forward looking (i.e. predictive in nature) and discriminatory (i.e. ability to rank order). However, all local ratings are capped by the country rating;
- a foreign currency rating and associated probability of default (PD) must be used for all exposures to counterparties in a currency other than naira;
- facility risk arising from exposure and/or facility specific factors such as collateral and seniority must be measured and addressed as part of the credit risk mitigation analysis and should not affect or impact on the counterparty rating;
- external support, as distinct from mitigants, can be recognised in the rating process on a defined basis, provided it is consistently applied;
- the process and methodology to assign a rating to each counterparty and a PD to each rating must be the responsibility of, and signed off by, the credit committee; and
- pricing must be based on the risk grades assigned to the counterparty.

The bank currently uses an international comparable 21 point master rating scale for all performing counterparties. The table below shows the group's internal rating scale, mapped to external ratings for ease of reference:

Group's rating	Grade description	External rating
1 - 10	Investment grades	AAA to BBB-
11 - 21	Speculative grades	BB- to CCC

Provision against credit risk

Provision is made in accordance with the Statement of Accounting Standard for Banks and Non-Bank Financial Institutions (SAS 10) issued by the Nigerian Accounting Standard Board and Prudential Guidelines issues by the Central Bank of Nigeria.

The bank's margin facilities which comprise 1.7% of the bank's risk assets as at end December 2009 are soundly managed and within acceptable concentration limits.

Provisioning policies

The internal and external rating systems described above focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, loan loss provisions are recognised for financial reporting purposes only for losses that have been incurred at the balance sheet date based on criteria set out in the Prudential Guidelines for licenced bank.

Non performing loan analysis

The tables below show analyses of non performing loans as at December 2009:

Provision adequacy

₦'000	Gross NPL balance	Interest in suspense	Security value (NPV)	Net NPL	Provision	Provision adequacy
Margin lending	1,919	250	286	1,383	1,520	110%
Oil & Gas	8,134	520	6,822	792	4,365	551%
Others	8,777	739	5,104	2,934	5,821	198%
Closing balances	18,830	1,509	12,212	5,109	11,706	229%

Find below the provision movement subsequent to the CBN/NDIC special audit.

Provision movement inclusive of CBN/ NDIC special audit recommendation	₦'million
Total provision mandated by CBN	19,260
Recoveries/reversals	(5,807)
Write off	(854)
Provision on newly classified accounts	616
Total provision as at 31st Dec 2009	**13,215**

Financial risk analysis

For the year ended 31 December 2009

Risk Assets (Loans and Advances, Advances under Finance Leases, off-balance sheet direct credit substitutes, etc)

Loans and advances, and Advances under Finance leases are summarised as follows:

		Group 2009 ₦'million	Group 2008 ₦'million
Net Performing		119,885	102,659
Non-performing:	- substandard	1,764	1,430
	- doubtful	11,502	9,639
	- lost	5,565	4,468
		138,716	118,196

Performing but past due loans

Loans and advances less than 90 days past due are considered performing, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but performing were as follows:

	Retail ₦'million	Corporate ₦'million	SME ₦'million	Financial institutions ₦'million	Total ₦'million
At 31 December 2009					
Past due up to 30 days	6,152	13,766	-	-	19,918
Past due 30-60 days	308	1,194	-	-	1,502
Past due 60-90 days	187	2,215	-	-	2,402
	6,647	17,175	-	-	23,822
At 31 December 2008					
Past due up to 30 days	2,826	2,842	-	-	5,668
Past due 30-60 days	1,755	851	-	-	2,606
Past due 60-90 days	1,568	308	-	-	1,876
	6,149	4,001	-	-	10,150

Non-performing loans by Industry	Group 2009 ₦'million	Group 2008 ₦'million
Agriculture	-	2
General commerce	7,212	6,528
Manufacturing	284	173
Mining and quarrying	8,134	7,462
Real estate and construction	2,274	579
Finance and insurance	559	489
Government	-	29
Transportation	108	152
Communication	259	123
	18,830	15,537

Non-performing loans by Geography

	Group 2009 ₦'million	Group 2008 ₦'million
South South	226	251
South West	17,610	13,457
South East	70	55
North West	72	411
North Central	852	1,363
North East	-	-
Rest of Africa	-	-
	18,830	15,537

Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

The following table breaks down the group's main credit exposure at their carrying amounts, as categorised by geographical region as at 31 December 2009. For this table, the group has allocated exposures to regions based on the region of domicile of our counterparties.

At 31 December 2009	Due from banks ₦'million	Loans and Advances ₦'million	Advances under finance lease ₦'million	Debt instruments ₦'million	Total ₦'million
South South	-	1,815	-	-	1,815
South West	30,313	104,509	9,377	61,727	205,926
South East	-	893	-	-	893
North West	-	1,598	-	-	1,598
North Central	-	1,653	-	-	1,653
North East	-	40	-	-	40
Outside Nigeria	46,641	-	-	-	46,641
	76,954	110,508	9,377	61,727	258,566
At 31 December 2008					
South South	-	-	-	-	-
South West	49,555	98,261	4,261	71,185	223,262
South East	-	108	-	-	108
North West	-	-	-	-	-
North Central	-	29	-	-	29
North East	-	-	-	-	-
Outside Nigeria	62,038	-	-	-	62,038
	111,593	98,398	4,261	71,185	285,437

(b) Industry sectors

At 31 December 2009	Due from banks ₦'million	Loans and Advances ₦'million	Advances under finance lease ₦'million	Debt instruments ₦'million	Total ₦'million
Agriculture	-	636	2	-	638
Oil and gas	-	2 1,095	288	-	21,383
Capital Market	-	923	1,498	-	2,421
Consumer Credit	-	9,169	2,438	-	11,607
Manufacturing	-	40,259	941	-	41,200
Mining and Quarrying	-	80	-	-	80
Mortgage	-	2,340	3	-	2,343
Real estate and construction	-	2,108	4	-	2,112
Finance and Insurance	76,954	8	382	3,739	81,083
Government	-	406	-	57,988	58,394
Power	-	1 ,019	-	-	1 ,019
Other public utilities	-	17,043	1,912	-	18,955
Transportation	-	866	1,619	-	2,485
Communication	-	14,310	245	-	14,555
Education	-	246	45	-	291
	76,954	110,508	9,377	61,727	258,566
At 31 December 2008					
Agriculture	-	572	-	-	572
Consumer credit	-	39,931	837	-	40,768
Manufacturing	-	29,987	459	-	30,446
Mining and quarrying	-	13,466	240	-	13,706
Real estate and construction	-	4,728	3	-	4,731
Finance and insurance	111,593	2,379	587	-	114,559
Government	-	47	-	71,185	71,232
Transportation	-	1,769	2,016	-	3,785
Communication	-	5,519	119	-	5,638
	111,593	98,398	4,261	71,185	285,437

Analysis by portfolio distribution and risk rating

At 31 December 2009	AAA to AA-	A+ to A-	BBB+ to BB-	Below BB-	Unrated
	-	138,681	1,204	107,291	11,390
	-	138,681	1,204	107,291	11,390
At 31 December 2008					
	-	182,778	37,669	53,634	11,356
	-	182,778	37,669	53,634	11,356

Market risk management

The identification, management, control, measurement and reporting of market risk is categorised as follows:

Trading market risk
These risks arise in trading activities where the bank acts as a principal with clients in the market. The group policy is that all trading activities are contained within the group's global markets operations.

Banking book interest rate risk
These risks arise from the structural interest rate risk caused by the differing repricing characteristics of banking assets and liabilities.

Foreign currency risk
These risks arise as a result of changes in the fair value or future cash flows of financial exposures as a result of changes in foreign exchange rates other than those included in the Value at Risk (VaR) analysis for CIB's trading positions.

Equity investment risk
These risks arise from equity price changes caused by listed and unlisted investments. This risk is managed through the equity investment committee, which is a sub-committee of the executive committee.

Framework and governance
The board approves the market risk appetite and standards for all types of market risk. The board grants general authority to take on market risk exposure to the asset and liability committee (ALCO). ALCO sets market risk policies to ensure that the measurement, reporting, monitoring and management of market risk associated with operations of the bank follow a common governance framework. The bank's ALCO reports to EXCO and also to the board risk committee. In-country risk management is subject to SBG oversight for compliance with group standards and minimum requirements.

The market risk management unit, which is independent of trading operations and accountable to ALCO, monitors market risk exposures due to trading and banking activities. This unit monitors exposures and respective excesses daily, report monthly to ALCO and quarterly to the board risk committee.

Market risk measurement

The techniques used to measure and control market risk include:
- daily net open position
- daily VaR;
- VaR back-testing;
- Stress tests
- PV01;
- other market risk measures; and
- annual net interest income at risk.

Daily net open position

The board on the input of ALCO sets limits on the level of exposure by currency and in aggregate for overnight positions. The latter is also aligned to the net open position limit as specified by the regulators, which is usually a proportion of the groups' capitol.

Daily value-at-risk (VaR)

VaR is a technique that estimates the potential losses that occur resulting from market movements over a specified time period and a predetermined probability.

VaR limits and exposure measurements are in place for foreign currency risks. The bank generally uses the historical VaR approach to derive quantitative measures, specifically for market risk under normal market conditions. Normal VaR is based on a holding period of one day and a confidence level of 95%. Daily losses exceeding the VaR are likely to occur, on average, 13 times in every 250 days.

The use of historic VaR has limitations as it is based on historical correlations and volatilities in market prices and assumes that future prices will follow the observed historical distribution. Hence, there is a need to back-test the VaR model regularly.

VaR back-testing

The bank back-tests its foreign currency exposure VaR model to verify the predictive ability of the VaR calculations thereby ensuring the appropriateness of the model. Back-testing exercise is an ex-post comparison of the daily hypothetical profit and loss under the one-day buy and hold assumption to the prior day VaR. Profit or loss for back-testing is based on the theoretical profits or losses derived purely from foreign currency spot moves and it is calculated over 250 cumulative trading-days at 95% confidence level.

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Financial risk analysis

For the year ended 31 December 2009

Stress tests

Stress testing provides an indication of the potential losses that could occur in extreme market conditions. The stress tests carried out include individual market risk factor testing and combinations of market factors on individual asset classes and across different asset classes. Stress tests include a combination of historical and hypothetical simulations.

PV01

PV01 is a risk measure used to assess the effect of a change in rates one basis point on the price of an asset. This limit is set for the fixed income and money market trading portfolios.

Other market risk measures

Other market risk measures specific to individual business units include permissible instruments, concentration of exposures, gap limits, maximum tenor and stop loss triggers. In addition, only approved products that can be independently priced and properly processed are permitted to be traded.

Pricing models and risk metrics used in production systems, whether these systems are off-the-shelf or in-house developed, are independently validated by the market risk unit before their use, and periodically thereafter, to confirm the continued applicability of the models. In addition, the market risk unit assesses the daily liquid closing price inputs used to value instruments and performs a review of less liquid prices from a reasonableness perspective at least fortnightly. Where differences are significant, mark-to-market adjustments are made.

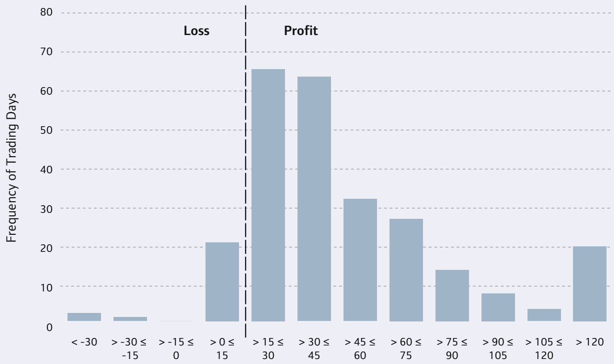
Distribution of trading income in 2009

A dynamic forward-looking annual net interest income forecast is used to quantify the banks' anticipated interest rate exposure. This approach involves the forecasting of both changing balance sheet structures and interest rate scenarios, to determine the effect these changes may have on future earnings. The analysis is completed under both normal market conditions as well as stressed market conditions.

Annual net interest income at risk

The histogram below shows the distribution of daily income and losses during 2009. It captures trading income volatility and shows the number of days in which the bank's trading related revenues fell within particular ranges. The distribution is skewed to the profit side. Overall, it shows that trading income was realised on 245 days out of a total of 248 days with 19 positive out-liers.

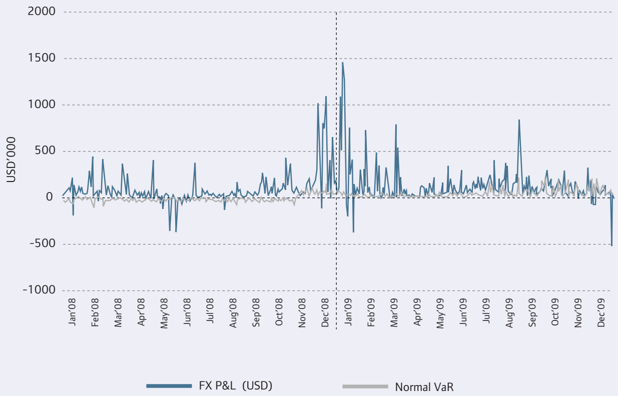
Trading income 2009



Analysis of foreign currency value-at-risk (VaR) & actual income

The graph below shows the normal VaR analysis and the actual income of the foreign currency trading unit in 2009. It reflects a relative stability in VaR amount despite the fluctuation in trading income.

Trading income 2009 & VaR 2008/2009



The table below shows the historical VaR utilisation for the bank's foreign currency trading positions. The minimum and maximum VaR amounts stood at US$281 and US$190,569 respectively with an annual average of US$32,392, which translates to a very conservative percentage VaR base limit utilisation of 12% on average.

FX Normal VaR (US$)

	Minimum	Average	Maximum	31 Dec 09	Limit
Normal VaR	281	32,392	190,569	29,500	276,000
Stress VaR	6,470	608,655	3,339,470	380,000	3,600,000

Analysis of PV01

The table below shows the PV01 of the money market banking and trading books as well as fixed income book. The trading book PV01 exposure was ₦6.13 million with an active exposure utilisation on weighted average asset duration of 242 days. The banking book PV01 exposure of ₦6.65 million reflects a conservative exposure utilisation on weighted average asset duration of 2,864 days. While the fixed income PV01 exposure of ₦0.26 million, reflects a very conservative exposure utilisation. In general, exposure utilisation was conservative and limit discipline was very good.

PVO1 (NGN)

	31 Dec 2009	Limit
Money Market Trading Book	6,137,924	7,780,000
Money Market Banking Book	6,651,474	13,230,000
Fixed Income	264,528	3,400,000

Analysis of banking book market risk exposures

Banking-related market risk exposure principally involves the management of the potential adverse effect of interest movement on net interest income.

The risk is transferred to and managed within the bank's treasury operations under supervision of ALCO. A dynamic, forward-looking net interest income forecast is used to quantify the bank's anticipated interest rate exposure. This approach involves the forecasting of both changing balance sheet structures and interest rate scenarios to determine the effect these changes may have on future earnings. Balance sheet projections and the impact on net interest income due to rate changes normally cover a minimum of 12 month's forecasting. The analysis allows for the dynamic interaction of payments, new business and interest rates, and also captures the effects of embedded or explicit options.

The analyses are done under normal market conditions i.e. under a bullish, expected and bearish interest rate scenario and, under stressed market conditions in which the banking book is subjected to an upward and downward 200 basis points parallel rate shock for local currency and 75 basis points for foreign currency.

The table below shows the sensitivity of the bank's net interest income in response to standardised parallel rate shocks. The impacts of the rate shocks on the bank's net interest income are well within the 10% limit.

	Stressed condition	% Change in NII 31 Dec 09	Limit
LCY interest rate risk shock	Rates up 200 bps	0.76	< 10%
	Rates down 200 bps	0.79	
FCY interest rate risk shock	Rates up 75 bps	(5.74)	
	Rates down 75 bps	5.97	

Market risk on equity investment

The equity committee has governance and oversight of all investment decisions. The committee is tasked with the formulation of risk appetite and oversight of investment performance. In this regard, a loss trigger is in place for the non-strategic portion.

Foreign exchange risk

The group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The board sets limits on the level of exposure by currency and in aggregate for both overnight and intra day positions, which are monitored daily. The table below summarises the group's exposure to foreign currency exchange risk at 31 December.

Concentrations of currency risk – on- and off-balance sheet financial instruments

At 31 December 2009	Naira	US Dollar	GBP	Euro	Others	Total
Assets	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Cash and balances with CBN	6,729	469	292	273	9	7,772
Treasury Bills	11,378	-	-	-	-	11,378
Due from other banks	30,220	40,041	1,966	4,579	148	76,954
Loans and advances to customers	82,798	27,708	-	2	-	110,508
Advances under finance lease	9,377	-	-	-	-	9,377
Investment securities	67,141	3,739	-	-	-	70,880
Investment in subsidiaries	1	-	-	-	-	1
Deffered tax asset	594	-	-	-	-	594
Other assets	26,717	-	209	-	18	26,944
Property and equipment	26,878	-	-	-	-	26,878
Total assets	261,833	71,957	2,467	4,854	175	341,286
Liabilities						
Customer deposits	141,141	26,731	1,323	5	-	169,200
Due to other banks	24,040	14,294	-	-	-	38,334
Other borrowings	-	12,647	-	-	-	12,647
Other liabilities	25,425	5,322	50	3,944	107	34,848
Current income tax	4,660	-	-	-	-	4,660
Deffered tax liabilities	100	-	-	-	-	100
Total liabilities	195,366	58,994	1,373	3,949	107	259,789
Net on-balance sheet financial position	66,467	12,963	1,094	905	68	81,497
Off balance sheet	3,002	19,560	426	4,394	452	27,834
At 31 December 2008						
Total assets	262,038	85,820	659	2,359	406	351,282
Total liabilities	(182,420)	(84,315)	(650)	(2,124)	(398)	(269,907)
Net on-balance sheet financial position	79,618	1,505	9	235	8	81,375
Off balance sheet	25,056	25,694	53	6	52	50,861

Liquidity risk

Framework and governance

The nature of banking and trading activities results in a continuous exposure to liquidity risk. Liquidity problems can have an adverse impact on a bank's earnings and capital and, in extreme circumstances, may even lead to the collapse of a bank which is otherwise solvent. Hence, sound liquidity risk management is pivotal to the viability of every bank and the maintenance of overall banking stability.

The bank's liquidity risk management framework is designed to measure and manage the liquidity position at various levels of consolidation such that payment obligations can be met at all times, under both normal and considerably stressed conditions. Under the delegated authority of the board of directors, ALCO sets liquidity risk policies in accordance with regulatory requirements and international best practice.

Limits and guidelines are prudently set and reflect the bank's conservative appetite for liquidity risk. ALCO is charged with ensuring compliance with liquidity risk standards and policies.

Liquidity and funding management

A sound and robust liquidity process is required to measure, monitor and manage liquidity exposures. The bank has incorporated the following liquidity principles as part of a cohesive liquidity management process:

- structural liquidity mismatch management;
- long-term funding ratio;
- back-testing;
- maintaining minimum levels of liquid and marketable securities;
- depositor concentration;
- local currency loan to deposit limit;
- foreign currency loan to deposit limit;
- intra-day liquidity management;
- daily cash flow management;
- liquidity stress and scenario testing; and
- liquidity contingency planning.

The cumulative impact of the above principle is monitored, at least monthly by ALCO and the process is underpinned by a system of extensive controls. The latter includes the application of purpose-built technology, documented processes and procedures, independent oversight and regular independent reviews and evaluations of the effectiveness of the system.

Structural liquidity mismatch management

The mismatch approach measures a bank's liquidity by assessing the mismatch between its inflow and outflow of funds within different time bands on a maturity ladder. The structural liquidity mismatch is based on behaviourally-adjusted cash flows which factors a probability of maturity into the various time bands. Detailed assumptions and reasoning applied in compiling the structural liquidity mismatch are well documented.

- In the main, readily available liquidity is profiled based on realistic liquidation periods (including appropriate forced-sale discounts), while other cash flows with a predetermined runoff are profiled according to their remaining contractual maturity;
- ambiguous maturity loan and advance products are profiled using an attrition analysis;
- ambiguous maturity deposit and borrowing products are profiled using a volatility analysis, except where such products do not exhibit term behaviour, in which case they are profiled in the sight-to-7 day maturity bucket;
- where material, off-balance sheet facilities granted by the bank must be profiled on the basis of probable drawdown; and
- all other cash flow items or positions in respect of which no right or obligation in respect of maturity exists must be profiled in the >12- months maturity bucket.

A net mismatch figure is obtained by subtracting liabilities and net off-balance sheet positions from assets in each time band. The group's liquidity position is assessed by means of the net cumulative mismatch position (aggregation of net position in each successive time band), expressed as a percentage of total funding related liabilities to the public.

The maturity analysis for financial liabilities represents the basis for effective management of exposure to structural liquidity risk. Behavioural profiling is applied to assets, liabilities and off-balance sheet commitments with an indeterminable maturity or draw-down period, as well as to certain liquid assets. The monitoring of liquidity risk using the behavioural adjusted basis is, facilitated by the adoption of maximum mismatch limits and guidelines to restrict the mismatch between the expected inflows and outflows of funds in different time buckets.

The tables below show that the bank's net cumulative mismatch between assets and liabilities for both local currency (LCY) and foreign currency (FCY) were positive in all the time bands.

Anticipated Liquidity Gap (LCY) - All figures in millions

Period	Overnight	1 month	2 months	3 months	4-6 months	7-12 months
Period Gap	60,185	(16,792)	(2,360)	7,124	(16,180)	(12,555)
Cum. Gap	60,185	43,393	41,033	48,157	31,977	19,422

There are no limits for mismatches due to contractually based inflows and outflows. Find below the table showing maturity profile of assets and liabilities and, contractual gap analysis.

Anticipated Liquidity Gap (FCY) - All figures in millions

Period	Overnight	1 month	2 months	3 months	4-6 months	7-12 months
Period Gap	169	84	11	(38)	(25)	(27)
Cum. Gap	169	253	264	226	201	174

The bank's ability to withstand huge outflow was very strong as shown in the tables below where the net cumulative mismatch positions as a percentage of total funding related liabilities were in excess of the limits in all the time bands.

Cumulative gap as a % of TFLRP - LCY (All figures in millions)

Cum. Gap as a % of TFLRP*	Overnight	1 month	2-3 months	4-6 months	7-12 months
December '09	36.90	19.90	41.20	12.60	4.70
December '08	69.40	94.50	107.50	106.60	115.00
Limit	-	(5.00)	(10.00)	(15.00)	(20.00)

Cumulative gap as a % of TFLRP - (FCY) (All figures in millions)*

Cum. Gap as a % of TFLRP*	Overnight	1 month	2-3 months	4-6 months	7-12 months
December '09	45.30	67.80	131.20	53.90	46.60
December '08	85.30	125.90	91.90	124.10	76.40
Limit	-	(5.00)	(10.00)	(15.00)	(20.0)

* TFLRP - Total funding liability related to public

Based on forecast business growth and the structural dynamics of the balance sheet, ALCO projects long-term funding requirements, thereby setting targets for long-term funding ratios. The projected long-term ratio is a transparent and practical measure for the funding desk to target and monitor the pace of raising long-term deposits.

Maintaining minimum levels of liquid and marketable assets

Minimum levels of prudential liquid assets are held in accordance with all prudential requirements as specified by the regulatory authorities. In line with internal guideline, the group holds additional unencumbered marketable assets, in excess of any minimum prudential liquid asset requirement, to cater for volatile depositor withdrawals, draw-downs under committed facilities, collateral calls, etc.

The following criteria apply to readily marketable securities:

- prices must be quoted by a range of counterparties;
- the asset class must be regularly traded;
- the asset may be sold or repurchased in a liquid market, for payment in cash; and
- settlement must be according to a prescribed, rather than a negotiated, timetable.

Depositor concentration

To ensure that the bank does not place undue reliance on any single entity as a funding source, restrictions are imposed on the short dated (0 – 3 months term) deposits accepted from any entity. These include:

- the sum of 0 – 3 month deposits and standby facilities provided by any single deposit counterparty must not, at any time, exceed 10% of total funding related liabilities to the public; and
- the aggregate of 0 – 3 month deposits and standby facilities from the 10 largest single deposit counterparties must not, at any time, exceed 20% of total funding related liabilities to the public.

Concentration risk limits are used to ensure that funding diversification is maintained across products, sectors, and counterparties. Primary sources of funding are in the form of deposits across a spectrum of retail and wholesale clients. As mitigants, the bank maintains marketable securities in excess of regulatory requirement in order to condone occasional breaches of concentration limits.

Loan to deposit limit

A limit is put in place, restricting the local currency loan to deposit ratio to a maximum specified level, which is reviewed periodically. Similarly, in order to restrict the extent of foreign currency lending from the foreign currency deposit base, a foreign currency loan to deposit limit, which is also referred to as own resource lending, is observed. As mitigants, the bank maintains high levels of unencumbered marketable and liquid assets in excess of regulatory benchmark.

Intra-day liquidity management

The bank manages its exposures in respect of payment and settlement systems. Counterparties may view the failure to settle payments when expected as a sign of financial weakness and in turn delay payments to the bank. This can also disrupt the functioning of payment and settlement systems. At a minimum, the following operational elements are included the bank's intra-day liquidity management:

- capacity to measure expected daily gross liquidity inflows and outflows, including anticipated timing where possible;
- capacity to monitor its intraday liquidity positions, including available credit and collateral;
- sufficient intraday funding to meet its objectives;
- ability to manage and mobilise collateral as required;
- robust capacity to manage the timing of its intraday outflows; and
- readiness to deal with unexpected disruptions to its intraday liquidity flows.

Daily cash flow management

The bank generates a daily report to monitor significant cash flows. Maturities and withdrawals are forecast at least 3-months in advance and management is alerted to large outflows. The report, which is made available to the funding team, asset and liabilty management and market risk also summarises material daily new deposit as well as the interbank and top depositor reliance (by value and product).

The daily cash flow management report forms an integral part of the ongoing liquidity management process and is a crucial tool to proactively anticipate and plan for large cash outflows.

Liquidity stress and scenario testing

Anticipated on- and off-balance sheet cash flows are subjected to a variety of bank specific and systemic stress scenarios in order to evaluate the impact of unlikely but plausible events on liquidity positions. Scenarios are based on both historical events, such as past emerging markets crises, past local financial markets crisis and hypothetical events, such as a bank specific crisis. The results obtained from stress testing provide meaningful input when defining target liquidity risk positions.

Liquidity contingency plans

The bank recognises that it is not possible to hold sufficiently large enough quantity of readily available liquidity to cover the least likely liquidity events. However, as such event can have devastating consequences, it is imperative to bridge the gap between the liquidity the bank chooses to hold and the maximum liquidity the bank might need.

The bank's liquidity contingency plan is designed to, as far as possible, protect stakeholder interests and maintain market confidence in order to ensure a positive outcome in the event of a liquidity crisis. The plan incorporates an extensive early warning indicator methodology, supported by a clear and decisive crisis response strategy. Early warning indicators span bank specific crises, systemic crises, contingency planning and liquidity risk management governance and are monitored based on assigned frequencies and tolerance levels. The crisis response strategy is formulated around the relevant crisis management structures and addresses internal and external communications, liquidity generation, operations, as well as heightened and supplementary information requirements.

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Maturities of assets and liabilities - bank

31 December 2009	0 - 30 days	1-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Assets							
Cash and balances with central banks	6,484	1,288	-	-	-	-	7,772
Treasury bills	159	-	10,977	242	-	-	11,378
Due from other banks	63,963	10,000	-	-	2,991	-	76,954
Loans and advances to customers	29,058	45,573	3,760	10,192	14,191	7,734	110,508
Advances under finance lease	19	776	11	984	7,587	-	9,377
Investment securities	10,721	2,351	90	12,155	29,268	16,295	70,880
Investment in subsidiaries	-	-	-	-	-	1	1
Deffered tax asset	-	-	-	594	-	-	594
Other assets	5,513	1,797	2,198	12,701	3,177	1,558	26,944
Property and equipment	1	1	15	57	17,130	9,674	26,878
Total assets	115,918	61,786	17,051	36,925	74,344	35,262	341,286
Liabilities							
Customer deposits	134,287	28,404	5,706	652	151	-	169,200
Due to other banks	21,137	1,942	9,927	-	5,328	-	38,334
Other borrowings	-	-	-	-	12,647	-	12,647
Other liabilities	19,247	5,748	4,366	4,033	1,025	429	34,848
Current income tax	-	-	-	4,508	152	-	4,660
Deffered tax liabilities	-	-	-	100	-	-	100
Total liabilities	174,671	36,094	19,999	9,293	19,303	429	259,789
Net liquidity gap	(58,385)	25,692	(2,948)	27,632	55,041	34,833	81,497

31 December 20 08	0 - 30 days	1-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Assets							
Cash and balances with central banks	5,333	-	6,254	-	-	-	11,587
Treasury bills	3,591	324	1,163	3,374	4,649	-	13,101
Due from other banks	42,728	34,977	-	-	33,888	-	111,593
Loans and advances to customers	36,185	33,549	615	9,224	6,162	12,663	98,398
Advances under finance lease	527	18	16	119	208	3,373	4,261
Investment securities	1,239	292	1,194	200	74,500	-	77,425
Investment in subsidiaries	-	-	-	-	-	1	1
Other assets	403	5,482	4,627	8,280	692	-	19,484
Property and equipment	-	-	-	-	6,489	8,943	15,432
Total assets	90,006	74,642	13,869	21,197	126,588	24,980	351,282
Liabilities							
Customer deposits	86,546	7,447	677	461	131	-	95,262
Due to other banks	18,879	12,968	4,202	14,161	31,992	-	82,202
Other borrowings	-	-	-	-	12,201	-	12,201
Other liabilities	21,205	2,710	2,513	11,124	36,491	-	74,043
Current income tax	-	-	-	5,821	-	-	5,821
Deferred tax liabilities	-	-	-	378	-	-	378
Total liabilities	126,630	23,125	7,392	31,945	80,815	-	269,907
Net liquidity gap	(36,624)	51,517	6,477	(10,748)	45,773	24,980	81,375

Maturity profile - off balance sheet - Group

31 December 2009	0 - 30 days ₦'million	1-3 months ₦'million	3-6 months ₦'million	6-12 months ₦'million	1-5 years ₦'million	Over 5 years ₦'million	Total ₦'million
Performance bonds and financial guarantees	906	490	219	461	1,293	2	3,371
Contingent Letters of credits	3,766	4,077	4,358	175	-	-	12,376
Forward contracts	12,087	-	-	-	-	-	12,087
Total	16,759	4,567	4,577	636	1,293	2	27,834
31 December 2008.							
Assets							
Performance bonds and financial guarantees	1,315	897	4,279	959	143	-	7,593
Contingent letters of credits	8,184	8,861	9,472	379	-	-	26,896
Guaranteed Commerical papers	4,070	12,304	-	-	-	-	16,374
Total	13,569	22,062	13,751	1,338	143	-	50,863

Operational risk

Approach to managing operational risk
The Stanbic IBTC approach to managing operational risk is to adopt practices that are "fit for purpose", to increase the efficiency and effectiveness of the group's resources, minimise losses and utilise opportunities. This approach is aligned to Stanbic IBTC's and SGB's enterprise risk management framework, policies, procedures and tools to identify, assess, monitor, control and report such risks as well as adopt sound practices recommended by various sources, including the Basel II Accord's "Sound Practices for the Management and Supervision of Operational Risk" and the regulators. The group continues to embed operational risk practices into its day-to-day business activities.

Governance
The board risk management committee, as the delegated risk oversight body on behalf of the board, has the ultimate responsibility for operational risk. It ensures quality, integrity and reliability of operational risk management across the group.

The operational risk and compliance committee (ORCC) serves as the oversight body in the application of the group's risk management framework. This is achieved through enforcing standards for identification, assessing, controlling, monitoring and reporting. ORCC reviews and recommends operational risk appetite and tolerance to the executive committee and board risk management committee.

Management and measurement of operational risk
The operational risk management framework serves to ensure that risk owners are clearly accountable for the risk inherent within the business activities of the group. The key element in the framework includes methodologies and tools to identify, measure, and manage operational risks, a governance model, and processes to ensure internal training and awareness, communication, and change management.

Risk and control self assessments are designed to be forward-looking. Management is required to identify risks that could threaten the achievement of business objectives and together with the required set of controls and actions, mitigate the risks.

The loss data collection process ensures that all operational risk loss events and near misses are captured into a centralised database. The flow of information into the loss event database is a bottom-up approach. The capture process identifies and classifies all incidents in terms of an incident classification list. This information is used to monitor the state of operational efficiency, address trends, implement corrective action and manage recovery, where possible.

The group uses key risk indicators (KRIs) to monitor the risks highlighted in the risk and control self-assessment (RCSA) process. The implementation of the KRIs is an integral element of the framework and is therefore compulsory throughout the group. Business units are required to report on a regular and event-driven basis. The reports include a profile of the key risk to the achievement of their business objectives, control issues of group-level significance, and operational risks events.

The group maintains adequate insurance to cover key operational and other risks. Insurance is considered an effective tool for mitigating operational risks by reducing the economic impact operational losses, and therefore should have explicit recognition within the capital framework of the new Basel Capital Accord to appropriately reflect the risk profile of financial institutions and encourage prudent and sound risk management.

Business continuity management (BCM)

The group applies the SBG definition for BCM as a guide for developing its BCM programme. In line with this definition, the core focus in 2009 was to conduct a BCM simulation and test its ability to recover and restore total business operations in the event of unexpected operational disruptions or disasters as well as testing the recovery site infrastructure to determine its suitability for meeting its recovery objectives. A disaster simulation is a role play of the recovery plan and any associated processes and procedures that would be used in a real disaster. A scenario is defined, and each team member play out his/her role as defined in the recovery plan.

The main objectives are to:

- rehearse team members in the type of issues and problems that they will face in the event of a real disaster;
- encourage staff from different functions to work together towards a common goal, relying on each other and learning about each other's strengths and weaknesses; and
- realistically activate a disaster under a given scenario without necessarily interrupting business operations.

Information risk management

Information risk is defined as the risk of accidental or intentional unauthorised use, modification, disclosure or destruction of information resources, which compromises their confidentiality, integrity or availability.

From a strategic perspective, information risk management is treated as a particular discipline within the operational risk framework. In essence, information risk management not only protects the group's information resources from a wide range of threats, but also enhances business operations, ensures business continuity, maximises return on investments and supports the implementation of various services. The approach to the management of information risk in the group is in accordance with global best practice, applicable laws and regulations.

The group has embarked on an enterprise-wide comprehensive awareness/education campaign to ensure that the culture of information protection is entrenched and the risks associated with handling information are mitigated.

Fraud risk management

Stanbic IBTC has a set of values that embraces honesty, integrity and ethics and, in this regard, has a "Zero Tolerance" approach to fraud and corruption. Where necessary, disciplinary, civil and criminal actions are taken against staff and third parties who perpetrate fraud; staff found guilty of dishonesty through the group's disciplinary processes will be listed on appropriate industry databases of dismissed staff.

The group's forensic unit, which is responsible for fraud risk management practices, in conjunction with law enforcement agencies, investigates all losses incurred as a result of misconduct of staff and criminal intent of third parties with the end result being a criminal conviction and recovery of the crime proceeds.

There are anti-fraud mechanisms and regular campaigns in place to mitigate fraud risk. These measures include constant review and re-engineering of the group's internal processes, engagement of law enforcement agencies, industry forums and collaborative workshops to discuss best practices to combat fraud and group-wide fraud prevention incentive programme.

Environmental risk management

Stanbic IBTC acknowledges that the development of a corporate culture whereby environmental protection and the sound management of natural resources in both its own operating environment and with all the parties with which it has a business association is crucial to sustainable development. The bank adopts a precautionary approach to environmental management, striving to anticipate and prevent environmental risk degradation. The group's approach is in line with the guidelines set out in the Equator Principles and the provisions of the environmental laws of the country.

Risk Assurance

The risk assurance (RA) function was established in response to regulatory (i.e. SARB) and business requirements, in order to give assurance regarding the risks, processes and controls within the business units. The RA function forms part of the operational risk management processes and is aligned to the ERM framework of the group. The RA function kicked off fully in quarter 3 of 2009, completed 26 examinations and gave independent assurance opinions on the level of adherence of the examined business units to compliance and operational risk policies, procedures and processes.

Legal risk management

As a financial institution, the group remains vigilant of the potential loss that may be suffered by the group as a result of the imposition of a court judgment. Legal risk can also arise as a result of the loss from a contract that cannot be legally enforced or liability suffered for damages to third parties.

The legal risk unit carries out, amongst others, the following functions as part of its legal risk management process:

- ensuring that service level agreements (SLAs) are executed between the group and service providers;
- reviewing and monitoring legal claims made against the group; and
- obtaining legal opinion in respect of all the litigations that the group is involved in, to ascertain if there is a need for provision to be made in cases where the likelihood of success against the bank is high.

Provision is made in all instances where the group is of the opinion that there is a likelihood that the legal claims instituted against it may succeed.

As mitigants, the group encourages alternative dispute resolution mechanisms to avoid lengthy and time-consuming judicial process in order to speedily and amicably resolve otherwise difficult litigation.

Occupational health and safety

Compliance risk management is an independent core risk management activity overseen by the group's compliance unit, which is overseen by the chief compliance officer. The unit provides independent reports to the ORCC, EXCO and board risk management committee. The group chief compliance officer has unrestricted access to the chief executive officer and the chairperson of the board risk management committee. The group's approach to managing legislative risk exposures is proactive and premised on internationally accepted principles of risk management. The group fosters a culture of compliance which is seen not only as a requirement of law but also a good business practice.

Compliance

Compliance risk management is an independent core risk management activity overseen by the group's compliance unit, which is overseen by the chief compliance officer. The unit provides independent reports to the ORCC, EXCO and board risk management committee.

Compliance risk management

Compliance unit is well positioned to guard against the risk of failure to comply with applicable laws, regulators, codes of conduct and standards of good practice, which may result in regulatory sanctions, financial or reputation loss. It focuses on ensuring that the group complies with laid down regulations that are applicable to its business and operations.

The compliance risk function of the group carries out, amongst others, the following functions as part of its compliance risk management process:

- maintain compliance risk management plans for at least 5 regulatory requirements that are rated highest in terms of their impact of the group's business;
- maintain an appropriate and relevant schedule of all the laws that are applicable to the group and circulate this to all the business units within the group;
- liaise with regulators to co-ordinate inspections and examinations and ensure that findings contained in the inspection or examination reports are satisfactorily closed out; and
- respond to regulatory requests for information and documents.

In line with the foregoing responsibilities, the compliance unit ensures that recently enacted laws, regulations and circulars are obtained and circulated to all the relevant departments of the group to guide them appropriately.

Furthermore, newly enacted laws are reviewed and included in the group's regulatory schedule which contains the provisions of all the laws that are applicable to the group in its day-to-day activities. The regulatory schedule is circulated amongst business units accordingly for their guidance.

The compliance unit serves as the interface between the bank and primary regulators during spot checks and routine examinations carried out by the regulators with the aim of ensuring that all issues raised by the regulators during the spot checks and routine examinations are properly addressed.

In this regard, the compliance unit regularly interacts with different regulators and law enforcement agencies, such as the Nigerian Police; Nigerian Financial Intelligence Unit (NFIU); Economic and Financial Crimes Commission (EFCC); National Drug Law Enforcement Agency (NDLEA); Central Bank of Nigeria (CBN) and Nigeria Deposit Insurance Corporation (NDIC); Security and Exchange Commission (SEC), amongst others.

Money laundering control

The group attaches utmost importance to ensuring that the know your customer (KYC), anti-money laundering (AML) and terrorist financing control legislations are strictly adhered to. These legislations impose certain obligations on the group such as ensuring that all customers of the group have passed through a KYC scrutiny; that necessary awareness is created amongst members of staff on KYC/AML issues; that records of customers and their transactions are kept for a five-year period; and that certain threshold transactions are reported on a weekly basis.

Key legislations and regulations that govern anti-money laundering are the Money Laundering (Prohibition) Act ; Central Bank of Nigeria (CBN) KYC Manual; various CBN circulars, and the Economic and Financial Crimes Commission (EFCC) Act.

In accordance with the relevant provisions of the Money Laundering (Prohibition) Act, training programmes are also organised for the group's employees regularly and over 80% employees of the group were trained in the course of the year. These trainings are normally carried out in an easy to understand manner that allows members of staff to have a good understanding of key issues such as KYC, money laundering, suspicious transactions and terrorist financing. Members of staff who are trained are required to write an on-line test to determine their level of understanding with the issues discussed during the training.

All active accounts are categorised into categories A, B, and C for high, medium and low risk accounts respectively to allow for a risk based monitoring of customer accounts.

As part of the commitment and resolve to combat the scourge of money laundering an automated anti-money laundering (AML) solution was installed to ensure that the process of identifying and capturing suspicious transactions is made more effective. This process enables the group to monitor transactions of customers that are viewed to be unusual on a continuous basis.

Reputational risk

Reputation is an important intangible asset of the group and as such the group is resolute in controlling and managing any possible risks caused by damage to its reputation, name or brand. Such damage may result from a breakdown of trust, confidence or business relationships.

Safeguarding the group's reputation is of paramount importance to its continued success and is the responsibility of every member of staff.

The group places a high premium on its reputation and all its members of staff are constantly reminded of the need to ensure that the group's name is protected at all times and in all situations. As a banking group, Stanbic IBTC's good reputation depends on the way in which it conducts business, but it is also affected by the way in which clients, to whom it provides financial services, conducts themselves.

Capital management

Capital adequacy

The group manages its capital base to achieve a prudent balance between maintaining capital ratios to support business growth and depositor confidence, and providing competitive returns to shareholders. The capital management process ensures that each group entity maintains sufficient capital levels for legal and regulatory compliance purposes. The group ensures that its actions do not compromise sound governance and appropriate business practices and it eliminates any negative effect on payment capacity, liquidity or profitability.

Capital adequacy ratio, which reflects the capital strength of an entity compared to the minimum regulatory requirement, is monitored daily by the management, essentially employing approaches based on the guidelines developed by the regulators for supervisory purposes. It is calculated by dividing the capital held by the bank by its risk weighted assets. Risk weighted assets are determined by applying prescribed risk weighting to on and off balance sheet exposures according to the relative credit risk of the counterparty.

The regulators require each bank to hold a minimum regulatory capital of N25 billion and, maintain a minimum of 10% capital adequacy ratio. The required information is filed monthly with the Central CBN while the group's auditors are also required to render an annual certificate to the Nigerian Deposit Insurance Corporation (NDIC).

In accordance with regulatory specification, the group's regulatory capital is divided into two tiers:

Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings.

Tier 2 capital: minority interest arising form consolidation, fixed asset revaluation reserves, foreign currency revaluation reserves and general provision subject to a maximum of 1.25% of risk assets.

Investment in unconsolidated subsidiaries and associations are deducted from Tier 1 and 2 capital to arrive at the regulatory capital.

Financial risk analysis

For the year ended 31 December 2009

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with – each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off balance sheet exposures, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarises the composition of regulatory capital and the ratios of the bank for the years ended 31 December 2009. During those two years, the individual entities within the group and the bank complied with all of the externally imposed capital requirements to which they are subject.

Composition of regulatory capital

	Group 2009 ₦'million	Group 2008 ₦'million
Tier 1 capital:		
Share capital	9,375	9,375
Share premium	47,469	47,469
Statutory reserves	11,566	10,419
SMIEIS reserve	1,039	1,039
Capital Reserve	423	129
Retained earnings	10,608	11,961
Less: goodwill and intangible assets	-	-
Total qualifying Tier 1 capital	80,480	80,392
Tier 2 capital:		
Minority interest	1,017	711
Revaluation reserve – investment securities	-	272
General provision	1,160	1,004
Total qualifying Tier 2 capital	2,177	1,987
Total regulatory capital	82,657	82,379
Risk-weighted assets:		
On-balance sheet	210,102	159,808
Off-balance sheet	26,148	38,878
Total risk-weighted assets	236,250	198,686
Risk weighted Capital Adequacy Ratio (CAR)	34.99%	41.46%

The decrease in capital adequacy ratio in 2009 came from the minimal growth to capital from the group's activities within 2009 in the midst of dwindling business activity experienced during the year. The increase of the risk-weighted assets represents the effect of the bank's involvement in state and corporate bonds in 2009, coupled with increased capital cost.

Regulatory capital compliance

The bank complied with minimum capital requirements imposed by the regulators during the period under review. Apart from the local requirements, the group is also required to comply with the capital adequacy requirement in terms of South African banking regulations measured on Basel II principles. This act of compliance coupled with the risk governance structure and implementation of ERM framework as well as collation of loss data, amongst others, have continued to reinforce the group's readiness for a regulatory regime that is anchored on Basel II principles in the near future.

Statement of value added

For the year ended 31 December 2009

	Group 2009 ₦'million	%	Group 2008 ₦'million	%	Bank 2009 ₦'million	%	Bank 2008 ₦'million	%
Gross earnings	59,781		61,240		52,850		53,872	
Interest paid:								
- local	(14,709)		(17,717)		(14,766)		(17,758)	
- foreign	(1,104)		(894)		(1,104)		(894)	
	(15,813)		(18,611)		(15,870)		(18,652)	
Administrative overhead:								
- local	(10,731)		(9,965)		(8,958)		(8,200)	
- foreign	(1,212)		(606)		(1,212)		(606)	
	(11,943)		(10,571)		(10,170)		(8,807)	
Provision for losses	(4,858)		(5,020)		(4,858)		(5,205)	
Value added	27,167	100	27,038	100	21,952	100	21,209	100
Distribution								
Employees & directors								
Salaries and benefits	14,256	52	10,979	40	12,542	57	9,410	43
Government								
Taxation	2,204	9	2,632	10	883	5	1,328	7
The future								
Asset replacement (depreciation)	2,569		1,433		2,269		1,256	
Expansion (retained in the business)	8,138		11,994		6,258		9,215	
Total	10,707	39	13,427	50	8,527	38	10,471	50
	27,167	100	27,038	100	21,952	100	21,209	100

Five year financial summary

For the year ended 31 December 2009

	Group	Group	Group	Group	Group
	2009	2008	Dec 2007	Mar 2007	Mar 2006
	₦'million	₦'million	₦'million	₦'million	₦'million
Assets employed					
Cash and balances with central banks	7,772	11,587	13,038	10,832	6,257
Treasury bills	11,378	13,101	47,563	13,956	28,131
Due from other banks	76,954	111,593	79,579	46,873	12,217
Loans and advances to customers	110,508	98,398	79,465	36,607	48,275
Advances under finance lease	9,377	4,261	1,989	314	853
Investment securities	70,880	77,425	73,049	32,992	8,918
Investment in subsidiaries	1	1	1	1	149
Deferred tax assets	594	-	-	-	-
Other assets	26,944	19,484	11,762	3,014	2,976
Goodwill/intangible asset	-	-	-	9,750	9,750
Equipment on lease	-	-	-	484	76
Property and equipment	26,878	15,432	8,662	6,217	5,375
	341,286	351,282	315,108	161,040	122,977
Financed by					
Ordinary share capital	9,375	9,375	9,375	6,250	6,029
Reserves	71,105	71,289	66,188	44,696	38,837
Minority interest	1,017	711	455	184	126
Customer deposits	169,200	95,262	71,391	68,031	55,492
Due to other banks	38,334	82,202	67,298	5,840	-
Other borrowings	12,647	12,201	27,533	5,609	3,338
Other liabilities	34,848	74,043	66,785	27,437	16,729
Current income tax	4,660	5,821	5,641	2,213	2,009
Deferred tax liabilities	100	378	442	780	417
	341,286	351,282	315,108	161,040	122,977
Acceptances and guarantees	27,834	50,861	56,259	5,688	3,900

	Bank 2009 ₦'million	Bank 2008 ₦'million	Bank Dec 2007 ₦'million	Bank Mar 2007 ₦'million	Bank Mar 2006 ₦'million
Assets employed					
Cash and balances with central banks	7,768	11,441	13,036	10,831	6,256
Treasury bills	11,378	13,101	47,563	13,956	27,996
Due from other banks	75,913	110,159	71,800	46,090	12,166
Loans and advances to customers	110,967	99,010	79,636	35,590	50,068
Advances under finance lease	9,377	4,261	1,989	314	853
Investment securities	61,776	71,846	68,172	28,787	4,372
Investment in subsidiaries	1,925	1,819	554	511	289
Deferred tax assets	594	-	-	-	-
Other assets	25,831	19,220	13,424	4,877	3,545
Goodwill/intangible asset	-	-	-	9,750	9,750
Equipment on lease	-	-	-	484	76
Property and equipment	26,267	14,905	8,345	5,958	5,204
	331,796	345,762	304,519	157,148	120,575
Financed by					
Ordinary share capital	9,375	9,375	9,375	6,250	6,029
Reserves	65,998	67,240	63,047	42,358	37,649
Minority interest	-	-	-	-	-
Customer deposits	170,411	98,914	72,455	72,896	57,073
Due to other banks	38,334	82,202	66,852	5,840	-
Other borrowings	12,647	12,201	27,533	5,609	3,338
Other liabilities	32,115	72,353	61,593	22,479	14,762
Current income tax	2,916	3,240	3,613	1,334	1,552
Deferred tax liabilities	-	237	51	382	172
	331,796	345,762	304,519	157,148	120,575
Acceptances and guarantees	27,834	50,861	56,259	5,688	1,368

Five year financial summary

For the year ended 31 December 2009

	Group 2009 ₦'million	Group 2008 ₦'million	Group Dec 2007 ₦'million	Group Mar 2007 ₦'million	Group Mar 2006 ₦'million
Profit and loss account					
Net operating income	43,823	42,495	22,480	15,877	8,863
Operating expenses and provisions	(33,481)	(27,870)	(11,488)	(8,442)	(3,196)
Profit/(Loss) before tax	10,342	14,625	10,992	7,435	5,667
Taxation	(2,204)	(2,632)	(3,142)	(1,673)	(1,679)
Profit after taxation	8,138	11,993	7,850	5,762	3,988
Non-controlling interest	(490)	(430)	(265)	(58)	74
Profit attributable to the group	7,648	11,563	7,585	5,704	4,062
Transfer to reserves	7,648	11,563	7,585	5,704	4,062
Statistical information					
Gross interest margin %	61	55	61	58	67
% Shareholders' funds/total assets	24	23	24	27	31
% Loans and overdrafts/total assets	32	28	25	24	43
% Loans and overdrafts/deposits	65	103	111	54	87
% Provision/Loans and overdrafts	10	10	13	19	14
Earnings per share (EPS) - actual	43 k	64 k	42 k	46 k	33 k
Earnings per share (EPS) - basic	43 k	64 k	71 k	47 k	56 k
Earnings per share (EPS) - adjusted	43 k	64 k	42 k	31 k	32 k
Earnings per share (EPS) - diluted	43 k	64 k	42 k	46 k	32 k
Average number of employees	2,009	1,659	1,202	931	783

	Bank 2009 ₦'million	Bank 2008 ₦'million	Bank 2007 Dec ₦'million	Bank 2007 Mar ₦'million	Bank 2006 ₦'million
Profit and loss account					
Net operating income	36,835	35,087	18,734	12,991	8,164
Operating expenses and provisions	(29,694)	(24,545)	(9,937)	(6,806)	(2,746)
Profit/(Loss) before tax	7,141	10,542	8,797	6,185	5,418
Taxation	(883)	(1,328)	(1,855)	(822)	(1,294)
Profit after taxation	6,258	9,214	6,942	5,363	4,124
Non-controlling interest	-	-	-	-	-
Profit attributable to the group	6,258	9,214	6,942	5,363	4,124
Transfer to reserves	6,258	9,214	6,942	5,363	4,124
Statistical information					
Gross interest margin %	60	54	61	59	70
% Shareholders' funds/total assets	23	22	24	26	31
% Loans and overdrafts/total assets	33	29	26	24	45
% Loans and overdrafts/deposits	65	100	110	49	88
% Provision/Loans and overdrafts	10	9	13	19	14
Earnings per share (EPS) - actual	33 k	49 k	37 k	43 k	34 k
Earnings per share (EPS) - basic	33 k	49 k	63 k	44 k	57 k
Earnings per share (EPS) - adjusted	33 k	49 k	37 k	29 k	33 k
Earnings per share (EPS) - diluted	33 k	49 k	37 k	43 k	33 k
Average number of employees	1,722	1,343	1,071	874	729

Other information

Management team

ADESOLA ADEGBESAN
Global Markets Sales

BAYO ADESINA
Business Banking

NIMI AKINKUGBE
Private Client Services

ABAS ALHASSAN
Internal Audit

BIMBO ASHIRU
Corporate Affairs & Corporate Social Investments

CHUKUKA CHUKUMA
Debt Solutions

TUNJI FABAMIGBE
Transactional Products & Services

ERIC FAJEMISIN
Investment Management

IZEHI KUYE
Marketing and Communications

LOUIS LEHMANN
Information Technology

SOLA MAHONEY
Financial Institution

ANDREW MASHANDA
Transactional Products & Services

MIKE MCMULLEN
Project Management Office

OLUWANDE MUOYO
Transactional Products & Services

BABALOLA OBILANA
Wealth Distribution

SAMUEL OCHEHO
Global Markets trading

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Management team

ADA OHIAERI
Specialized Banking

TOLU OLADIPO
Personal Banking

LLOYD ONAGHINON
Private Equity

MUYIWA ONI
CIB Research

OLUMIDE OYETAN
Stanbic IBTC Asset Management Limited

AKEEM OYEWALE
Stanbic IBTC Stockbroking Limited

ANNE RINU
Premises and Projects

YEWANDE SADIKU
Investment Banking

BABAYO SAIDU
Agriculture & Sharia Banking

SEGUN SANNI
Investor Services

ALUBANI SIBANDA
Corporate Banking

JOHN SMIT
PBB Strategy Development & Special Projects

KUNLE SONOLA
Client Coverage

DELE SOTUBO
Stanbic IBTC Stockbroking Ltd

FOLUSHO TITILOYE
Wealth, Service Support & Self Service Channels

DELEIN VAN SCHALLKWYK
Operations

Branch network

SOUTH-WEST REGION

1. Ife
   No.5 Obalofun Lagere Road, Beside Catholic Church Lagere Junction, Ile Ife
2. Akure
   Great Nigerian Insurance House, Owo/Ado Ekiti Road, Akure
3. Abeokuta
   No.2A, Lantoro Road, Isale-Ale, Abeokuta
4. Iwo Road
   Baloon House, Iwo Road, Ibadan
5. New Gbagi Market Mini
   Bashmur & Ayimur Plaza, Opp Texaco Station, Old Ife Road, Gbagi, Ibadan
6. Gbagi (Aje House)
   No.15, Jimoh Odutola street, Ogunpa/Dugbe, Ibadan
7. Ibadan Main
   UCH-Secretariat Road, By Total Garden, Ibadan
8. Agodi Gate Mini
   Inaolaji Business Complex, Agodi Gate, Ibadan
9. Ilorin
   No.11, Unity Road, (Amosu House) Ilorin
10. Sagamu
    167 Akarigbo Street, Sagamu
11. Ijebu-Ode
    58 Ibadan Road, Ijebu-Ode, Ogun
12. Ado-Ekiti
    New Secretariat Road, Ado-Ekiti
13. Ring Road
    1B, Moshood Abiola Way, Ring Road, Ibadan
14. Shaki
    Local Govt. Secretariat Road, Shaki
15. Bodija Market
    Trans Wonderland, Opp Bodija Market, Secretariate Road, Ibadan

NORTH EAST REGION

1. Bauchi
   No.16, Yan Doka Road, Bauchi
2. Maiduguri
   No.38, Baga Road, Maiduguri
3. Makurdi
   No.12, Ali Akilu Road, Makurdi
4. Yola
   No.1, Muhammad Mustapha Way, Jimeta, Yola
5. Jos
   No.34, Ahmadu Bello Way, Jos
6. Damaturu
   Maidiguri Road
7. Gombe
   Biu Road, Gombe
8. Jalingo
   Hamaruwa Road
9. Lokoja
   IBB Road, General Hospital

NORTH WEST REGION

1. K S C (Bank Road)
   No.3, Bank Road, Kano
2. Kano Branch (Bello Road)
   No.13E, Bello Road, Kano
3. Zaria
   No.9, Kaduna Road, Zaria
4. Zaria Mini
   No. 90, Anguwan, Mallam Sule Kasuwa, Zaria
5. Kaduna
   No.14, Ahmadu Bello Way, Kaduna
6. Sokoto
   No.8, Maiduguri Road, Sokoto
7. Katsina
   No. 175, Kurfi House, IBB Way, Katsina
8. NNPC Kaduna
   NNPC Complex, Sabon Tasha Road, Kaduna South
9. Gusau
   Sani Abacha Way, Gusau Kebbi State
10. Dutse, Jigawa
    Dutse
11. Birnin Kebbi
    Dutse Road, Kebbi
12. Kaduna Central
    001 Bayajida Road, Central Market, Kaduna North

LAGOS MAINLAND REGION - 1

1. Allen
   No.80, Allen Avenue, Ikeja, Lagos
2. Opebi
   No.43, Opebi Road, Ikeja, Lagos
3. Toyin Str
   No.36A, Toyin Street, Ikeja, Lagos
4. Oshodi Mini
   6/8 Brown Street, Oshodi Market, Lagos
5. Oba Akran
   No.20, Oba Akran Avenue, Ikeja, Lagos
6. Agege Mini
   173, Old Abeokuta Motor Road, Agege, Lagos
7. Oko Oba Mini
   Abattoire Market, New Oko Oba, Agege, Lagos
8. Alausa
   Elephant House, Alausa, Ikeja, Lagos
9. MMIA
   Murtala Mohammed International Airport, Lagos
10. Mushin
11. Mushin Mini Branch
    Along Mushin/Oshodi Road, Awolowo Market, Mushin
12. Ojuwoye Mini
    No.214, Agege Motor Road, Ojuwoye, Mushin, Lagos
13. Daleko Mini
    Bank Road, Daleko Market, Off Isolo Road, Mushin, Lagos
14. Ikorodu Mini
    108, Lagos Road, Ikorodu Town, Lagos
15. Egbeda
    38 Shasha Road, Egbeda
16. Ogba
    32 Ijaiye Road, Ogba, Lagos State

LAGOS MAINLAND REGION - 2

1. Suru Lere
   No.39, Adeniran Ogunsanya Street, Suru Lere, Lagos
2. Gbaja Mini Branch
   Opposite the Catholic Church, Gbaja Market
3. Lawanson
   35, Lawanson Road, Lawanson, Surulere, Lagos
4. Alaba
   H48/H49, Alaba International Market, Ojo, Lagos

5. BBA
Plaza 3A, Portion C, Opposite Sokoto Plaza, Balogun Business Association Trade Fair Complex

6. Festac Mini
Gacoun Shopping Plaza, 23 Road off 2nd Avenue, Festac Town

7. Trade Fair
Obasanjo Hall/Hall 2, ASPAMDA Plaza, Int'l Trade Fair Complex, Alaba, Lagos

8. Yinka Folawiyo
No.38, Warehouse Road, Folawiyo Plaza, Apapa, Lagos

9. Ware House Road
No.10/12, Warehouse Road, Apapa, Lagos

10. Ajegunle Mini
32, Nosamu Street, Ajegunle, Lagos

11. NPA
Account Block, Nigeria Ports Authority, Wharf Road, Lagos

12. Tin Can
Suite 7 & 27, Container Complex, Lagos

13. Herbert Macauley
No.220, Herbert Macauley Way, Yaba, Lagos

14. Oyingbo Mini
7, Coates Street, Ebute Metta, Oyingbo, Lagos

LAGOS ISLAND REGION

1. Head Office Branch
IBTC Place, Walter Carrington Crescent, V/Island, Lagos

2. Idejo
Plot 1712, Idejo Street, V/Island, Lagos

3. Sun International
Federal palace Hotel Complex, V/Island, Lagos

4. Adetokunbo Ademola
No.76, Adetokunbo Ademola Street, V/Island, Lagos

5. Afribank Street
Churchgate Building, PC 30, Afribank street, V/Island, Lagos

6. Muri-Okunola
Plot 226A, Muri Okunola Street, V/Island, Lagos

7. Karimu Kotun
Plot1321, Karimu Kotun Street, V/Island, Lagos

8. Awolowo
No.85, Awolowo Road, Ikoyi, Lagos

9. Martins
No.19, Martins Street, Lagos

10. Offin
No.25, Offin Road, Apongbon, Lagos

11. Idumagbo
No.16, Idumagbo Avenue, Lagos

12. Oke Arin Mini
120, Alakoro Street, Oke Arin, Lagos Island

13. Ikota
Shop I 194,Ikota Shopping Complex, Lekki-Ekpe Express Way, Lekki, Lagos

14. Ajah Mini branch
Mega Wave Plaza, 4A Addo Road about, off Badore Road, Ajah

15. Lekki Phase 1
The Palms Shopping Complex, Lekki Phase 1, V/Island, Lagos

FCT/MNNA REGION

1. Maitama
Plot 2777, Cadastral Zone A6, Maitama District, Abuja

2. Kubwa Mini
Plot No.CM71/72 Gado Nasko Road, Kubwa Abuja

3. Edo House
No.75, Ralph Sodeinde Street, Central Business District, Garki, Abuja

4. Mararaba Mini
Shop No.1A Kwad Shopping Complex at Mararaba Gurku along Keffi, Abuja

5. Ahmadu Bello Way Area 11
Plot 1049, Ahmadu Bello Way, Area 11, Garki, Abuja

6. Area 7, Garki Branch
Plot 593, Area 7, Ringim Close, Abuja

7. Minna
Beside PHCN along Paiko Road, Minna

8. Lafia Branch

SOUTH-SOUTH REGION

1. Trans Amadi
No.7, Trans-Amadi Road, Port Harcourt

2. Port Harcourt Service Centre
No.133A, Olu Obasanjo Road, Port Harcourt

3. EPCL Mini
EPCL Complex

4. 58 Olu Obasanjo Road
No.58, Olu Obasanjo Road, Port Harcourt

5. Port Harcourt Airport
International Air Port, Port Harcourt

6. Calabar
No.71, Ndidem Usang Iso Road, Calabar

7. Uyo
No.65B, Nwaniba Road, Uyo

8. Yenegoa
Imbiama Road, Yenegoa

9. Ikom
Calabar Road

SOUTH-EAST REGION

1. Benin
No.71, Akpakpava Street, Benin

2. New Benin Mini
136, Upper Mission Road, New Benin Market, Benin

3. Asaba
No. 206, Nnebisi Street, Asaba

4. Awka
No.49, Zik Avenue, Awka

5. Onitsha
No.13, Bright Street, Onitsha

6. Enugu
No.252, Ogui Road, Enugu

7. Warri
No.98, Effurun-Warri Road, Effurun, Near Warri

8. Owerri
No.8 Wethedral Road, Owerri

9. Aba Main
No.7, Aba-Owerri Road, Aba Market

10. No.7, Duru Road, Off Cemetery Road, Aba

11. Ariaria Mini
189 Faulks Road, Ariaria Market, Aba, Abia State

12. Abakaliki
Ogoja Road

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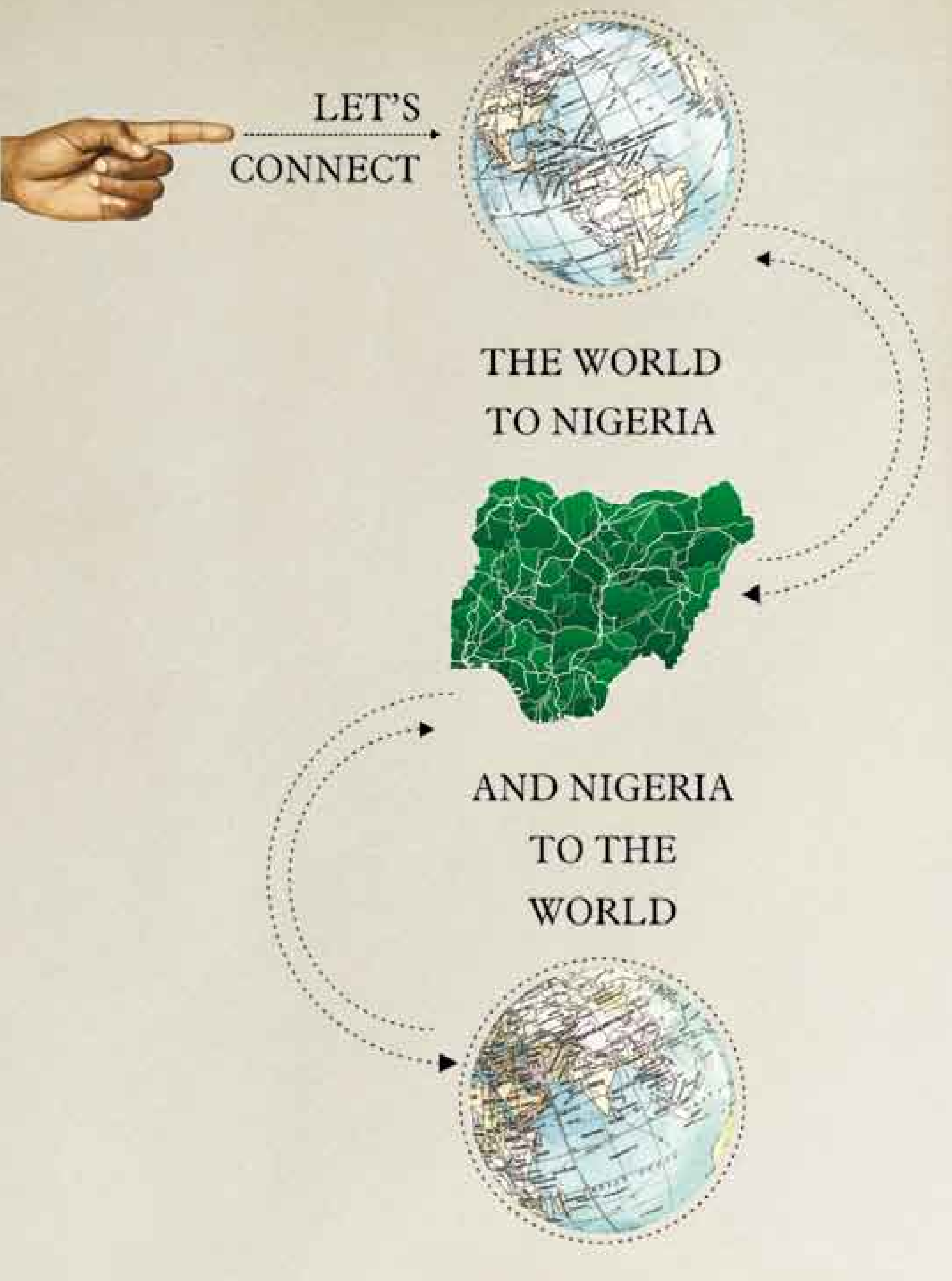
Subsidiaries

Stanbic IBTC Asset Management Ltd.
Stanbic IBTC Ventures Ltd.
Stanbic IBTC Pension Managers Ltd.
Stanbic Equities Ltd.
Stanbic Nominees (Nigeria) Ltd.
R.B. Resources Ltd. *(deregistered on 26 April 2010)*

Overseas correspondent banks

Australia and New Zealand Banking Group
Citibank
Commerzbank
Credit Suisse
Den Norske
Deutsche Bank
HSBC
ING Financial Institutions
Nordea Bank
Standard Bank Group
Standard Chartered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